MITRAJAYA HOLDINGS BERHAD

(Company No. 268257-T)

ANNUAL REPORT 2017

contents

MITRAJAYA IN THE NEWS

Mitrajaya on track to secure RM1b worth of jobs

BY SYAHIRAH SYED JAAFAR

KUALA LUMPUR: Mitrajaya Holdings Bhd said it is on track to secure its target order book replenishment of RM1 billion this year, and possibly even more. It has secured RM700 million so far.

"We are not too far away. We believe this is achievable over the next few months. To achieve the RM1 billion [target] is not a problem; maybe we can achieve more," managing director Tan Eng Piow told reporters after the group's annual general meeting yesterday.

The property developer's current outstanding order book stands at RM1.73 billion. Its capital expenditure (capex) allocation for the current financial year ending Dec 31, 2017 (FY17) is RM20 million.

Previously, the group's capex allocation was higher at RM77.3 million (FY16) and RM55.3 million (FY15).

Tan said the group had spent quite a fair bit of money on capex (in the past two years) mainly to support the increase in projects.

"Moving forward, this requirement will not be as much as [in] the past two years. We will still make some purchases, but not as much. This will help to improve our gearing," said Tan, adding that the group's current gearing ratio is 0.33.

Mitrajaya currently has a tender book of RM3 billion, comprising RM2.7 billion worth of building projects and RM300 million worth of infrastructure projects.

Upcoming property projects in the pipeline include a commercial development in Pengerang, Johor, with a gross development value (GDV) of RM24 million, as well as a residential development in Bukit Beruntung, Selangor, with a GDV of RM20 million. Both are scheduled to be launched by the end of this year.

Tan added that the group is currently finalising a project in Kuching but he could not reveal further details as the project is still being tendered.

The group's current land bank size in Malaysia is 254 acres (102.79ha).

In South Africa, where the group is involved in property development, it has 215 acres which are intended to be developed as an Eco Park Residential Estate. The expected GDV is 1.6 billion rand (RM530 million).

Mitrajaya's current unbilled sales stand at RM205 million for the group's ongoing projects — Wangsa 9 Residency in Wangsa Maju and the Puchong Prima affordable housing project.

Moving forward, the group sees the construction segment to continue being the main revenue driver of the group. The segment currently contributes 80% of its earnings. Property contributes 14% and the South Africa development contributes the remaining 6%.

For the first quarter of FY17, the group's net profit increased 56% to RM28.74 million from RM18.46 million a year earlier. Revenue rose 49% to RM291.43 million from RM195.8 million, mainly due to recognition of a compensation sum received from the compulsory acquisition of its land in Pengerang, Johor.

"Overall, we are hoping that we would still be able to maintain our total profit or achieve higher than what we have done in the past years," said Tan. "We [are] also look[ing] at how we can enhance the margin further via value engineering [design improvement and reduction in construction costs]."

Mitrajaya gunning for RM1b new job wins for FY17

Mitrajaya Holdings Bhd
(May 12, RM1.37)

Maintain buy with an unchanged target price of RM1.95: Mitrajaya Holdings Bhd recently announced that it had won a contract to build a higher-learning institution in Kuala Lumpur for RM160 million. The job is scheduled to be completed within two years (May 2019). This contract is Mitrajaya's second job win for the year. Recall that last month, Mitrajaya secured a RM274 million Bank Negara Malaysia-related job for "A Centre of Excellence" building in Kuala Lumpur. Overall, this brings year-to-date (YTD) job wins to RM434 million.

Mitrajaya's order book stood at RM1.5 billion as at the end of financial year 2016 (FY16). Assuming a burn rate of RM220 million in the first quarter ended March 31, 2017, coupled with YTD job wins of RM434 million, this would place its current order-book level at RM1.7 billion. This translates into a healthy cover ratio of two times on FY16 construction revenue.

Management is gunning for RM1 billion in new job wins for FY17 (43% achieved), in line with our target. This will largely comprise building-related jobs and some infrastructure works as well. Lower-than-expected order-book replenishment could slow down its earnings growth potential that has been robust over the last three years. As YTD job wins of RM434 million are still within our full-year assumption of RM1 billion, we leave our earnings forecast unchanged.

Despite its earnings growing at a compound annual growth rate (CAGR) of 69% over the last three years, Mitrajaya continues to deliver commendable results. Valuations are undemanding with FY16 and FY17 price-earnings ratios of 8.4 times and 7.7 times on the back of two-year projected earnings CAGR of 10%. — *Hong Leong Investment Bank Research, May 12*

Mitrajaya Holdings Bhd

FYE DEC (RM MIL)	2015	2016	2017F	2018F
Revenue	801	945	1,026	1,081
Ebitda	148	170	175	188
Ebit	130	145	157	170
PBT	125	138	150	164
Core Patami	87	100	109	119
vs consensus (%)			3	32
Core EPS (sen)	12.9	15.0	16.3	17.8
PER (x)	10.6	9.1	8.4	7.7
Net DPS (sen)	5.0	5.0	5.7	6.2
Net dividend yield (%)	3.6	3.6	4.2	4.6
BVPS	0.75	0.92	0.95	1.07
P/BV (x)	1.8	1.5	1.4	1.3
ROE (%)	19.3	17.0	17.4	17.7
Net gearing (%)	24.5	21.9	12.0	6.4

Source: HLIB Research

Mitrajaya secures RM160.1m job

BY NEILY SYAFIQAH EUSOFF

KUALA LUMPUR: Mitrajaya Holdings Bhd has bagged a RM160.1 million contract to build residential buildings for a higher learning institution here.

In a filing with Bursa Malaysia yesterday, Mitrajaya said its wholly-owned subsidiary Pembinaan Mitrajaya Sdn Bhd has accepted the proposed job, which will commence on May 18 for a duration of 24 months and is expected to be completed by May 2019.

"The contract is expected to contribute positively to the group's future earnings," it added.

獲1億建屋合約
美德再也籌資增競標能力

美德再也 競標30億工程
今年10億新訂單可達標

Mitrajaya a potential contender for mega rail projects

Mitrajaya Holdings Bhd
(Jan 10, 97 sen)

Maintain buy with a higher cum/ex-target price of RM1.20/RM1.03: Mitrajaya Holdings Bhd announced this week that it had bagged a 1Malaysia Civil Servants Housing Project (PPA1M) job from Putrajaya Home Sdn Bhd worth RM103.1 million slated for completion on Jan 14, 2021. The scope of work entails construction of 404 units of PPA1M apartments inclusive of one block of multilevel parking, one surau, and common facilities in Precinct 17, Putrajaya.

We remain neutral about this win as it is within our financial year 2018 (FY18) replenishment target of RM1 billion. Assuming a profit before tax margin of 8%, we expect this PPA1M job to contribute about RM2 million per annum to Mitrajaya's bottom line for the next three years. To recap, Mitrajaya clinched RM1.02 billion of contract wins in FY17 — slightly above our FY17 replenishment target of RM800 million. That said, we highlight that one of the contracts worth RM132.5 million secured in FY17 will only commence in August 2018 when profit contributions start kicking in.

Moving forward, we believe Mitrajaya is backed by a strong flow of contracts possibly from: i) Bank Negara Malaysia (BNM) — given Mitrajaya's close working relationship with BNM, who recently acquired a tract of land (22.5ha) from the government for RM2 billion to develop education and training facilities; ii) OSK's "Ryan and Miho" (gross development value of RM756 million) condominium project in Section 13 given that Mitrajaya is currently working on OSK's Petaling Jaya Midtown project (RM293 million contract value), which is within the vicinity; iii) light rail transit 3 station sub-packages; and iv) refinery and petrochemical integrated development infrastructure jobs.

Building jobs aside, we also believe Mitrajaya could be a potential contender for mega rail projects such as the East Coast Rail Line (ECRL) and high-speed rail (HSR) given that these projects are non-urban infrastructure jobs that fit in Mitrajaya's operating space. Unlike the mass rapid transit 3 (urban job) which has higher risks of delays/cost overruns due to traffic conditions, the ECRL and HSR are greenfield projects that Mitrajaya favours. On the back of the potential contract flows and a stronger balance sheet post-rights issuance, we are positive about Mitrajaya's outlook, hence we upgrade our FY18 replenishment target to RM1.2 billion (from RM1 billion). Currently, our outstanding construction order book stands at RM1.8 billion, providing visibility for 1.5 to two years, while its property unbilled sales stand at RM200 million. — *Kenanga Research, Jan 10*

Mitrajaya Holdings Bhd

FYE DEC (RM MIL)	2016A	2017E	2018E
Turnover	964.1	1,109.1	1,168.4
Ebit	162.9	85.8	145.9
PBT	155.3	72.3	136.8
Net profit (NP)	117.8	70.3	104.8
Core net profit	97.3	70.3	104.8
Consensus (NP)	na	68.7	56.4
Earnings revision (%)	0	0	7
*Core EPS (sen)	10.9	7.8	11.7
EPS growth (%)	11	-28	49
*DPS (sen)	5.0	2.0	2.0
*NTA/Share (RM)	0.84	0.76	0.95
*Core PER (x)	7.7	10.6	7.1
*BVPS (RM)	0.89	0.76	0.95
*Net gearing (x)	0.32	0.30	0.17
Dividend yield (%)	6.0	2.4	2.4

Source: Kenanga Research
*post rights (to be completed in March/April-18)

Mitrajaya bags RM132.5m Putrajaya construction job

BY ANETTE APPADURAY

KUALA LUMPUR: Mitrajaya Holdings Bhd has bagged a job to be the contractor for the main building works for a condominium project in Precinct 15, Putrajaya, for a contract price of RM132.5 million.

In a filing with Bursa Malaysia yesterday, the construction company said it had accepted a letter of award from Asima Architects Sdn Bhd for the appointment to construct 363 condominium units, together with amenities and a car park.

The group said the contract will commence on Aug 2, 2018, and is expected to be completed in 30 months or February 2021.

It said the job should contribute positively to its future earnings.

Mitrajaya bags two construction jobs worth RM377.45m

BY SYAHIRAH SYED JAAFAR & ADAM AZIZ

KUALA LUMPUR: Mitrajaya Holdings Bhd's wholly-owned unit has won two construction projects in Kuala Lumpur and Selangor for a combined contract sum of RM377.45 million.

Under the first contract, Mitrajaya said, Pembinaan Mitrajaya Sdn Bhd will undertake the construction of an academic building and a car park for a higher learning institution in Kuala Lumpur for RM333.55 million.

The two-year contract will commence on Sept 15, Mitrajaya said in a filing with Bursa Malaysia.

In a separate filing, Mitrajaya said Pembinaan Mitrajaya has been awarded a contract by Gema Padu Sdn Bhd to develop affordable housing under the Rumah Selangorku scheme for RM43.91 million.

The project comprises three blocks of apartment residences, which will house 338 units with built-up sizes ranging from 750 to 900 sq ft, in Kota Warisan, Sepang.

This contract, said Mitrajaya, is for a duration of 36 months ending August 2020.

Mitrajaya's share price rose two sen or 1.85% to RM1.10 yesterday, giving it a market capitalisation of RM757.78 million.

美德再也前景樂觀

CORPORATE INFORMATION

Board of Directors

General Tan Sri Ismail Bin Hassan (R)
Independent Non-Executive Chairman

Tan Eng Piow
Group Managing Director

Foo Chek Lee
Executive Director

Cho Wai Ling
Executive Director

Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim
Independent Non-Executive Director

Ir Zakaria Bin Nanyan
Independent Non-Executive Director

Roland Kenneth Selvanayagam
Independent Non-Executive Director

SECRETARY

Leong Oi Wah
(MAICSA No. 7023802)

REGISTERED OFFICE

No. 9, Blok D,
Pusat Perdagangan Puchong Prima,
Persiaran Prima Utama,
Taman Puchong Prima,
47150 Puchong,
Selangor Darul Ehsan.
Tel : (603) 8060 9999
Fax : (603) 8060 9998

AUDITORS

Baker Tilly Monteiro Heng (AF 0117)
Baker Tilly MH Tower,
Level 10, Tower 1, Avenue 5,
Bangsar South City,
59200 Kuala Lumpur.

PRINCIPAL BANKERS

ABSA Bank Limited (South Africa)
Al Rajhi Banking & Investment Corporation (Malaysia) Bhd
AmBank Islamic Berhad
AmBank (M) Berhad
CIMB Islamic Bank Berhad
Hong Leong Bank Berhad
Hong Leong Islamic Bank Berhad
HSBC Amanah Malaysia Berhad
Malayan Banking Berhad
Maybank Islamic Berhad
OCBC Al-Amin Bank Berhad
OCBC Bank (Malaysia) Berhad
RHB Islamic Bank Berhad
United Overseas Bank (Malaysia) Berhad

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.
Tel : (603) 2783 9299
Fax : (603) 2783 9222

SOLICITORS

Joseph Ting & Co.
Suite 12, 13 & 14,
6th Floor, IOI Business Park,
No.1, Persiaran Puchong Jaya Selatan,
Bandar Puchong Jaya, 47170 Puchong,
Selangor Darul Ehsan.

Lio & Partners
B-9-4, Setia Walk,
Persiaran Wawasan,
Pusat Bandar Puchong,
47160 Puchong,
Selangor Darul Ehsan.

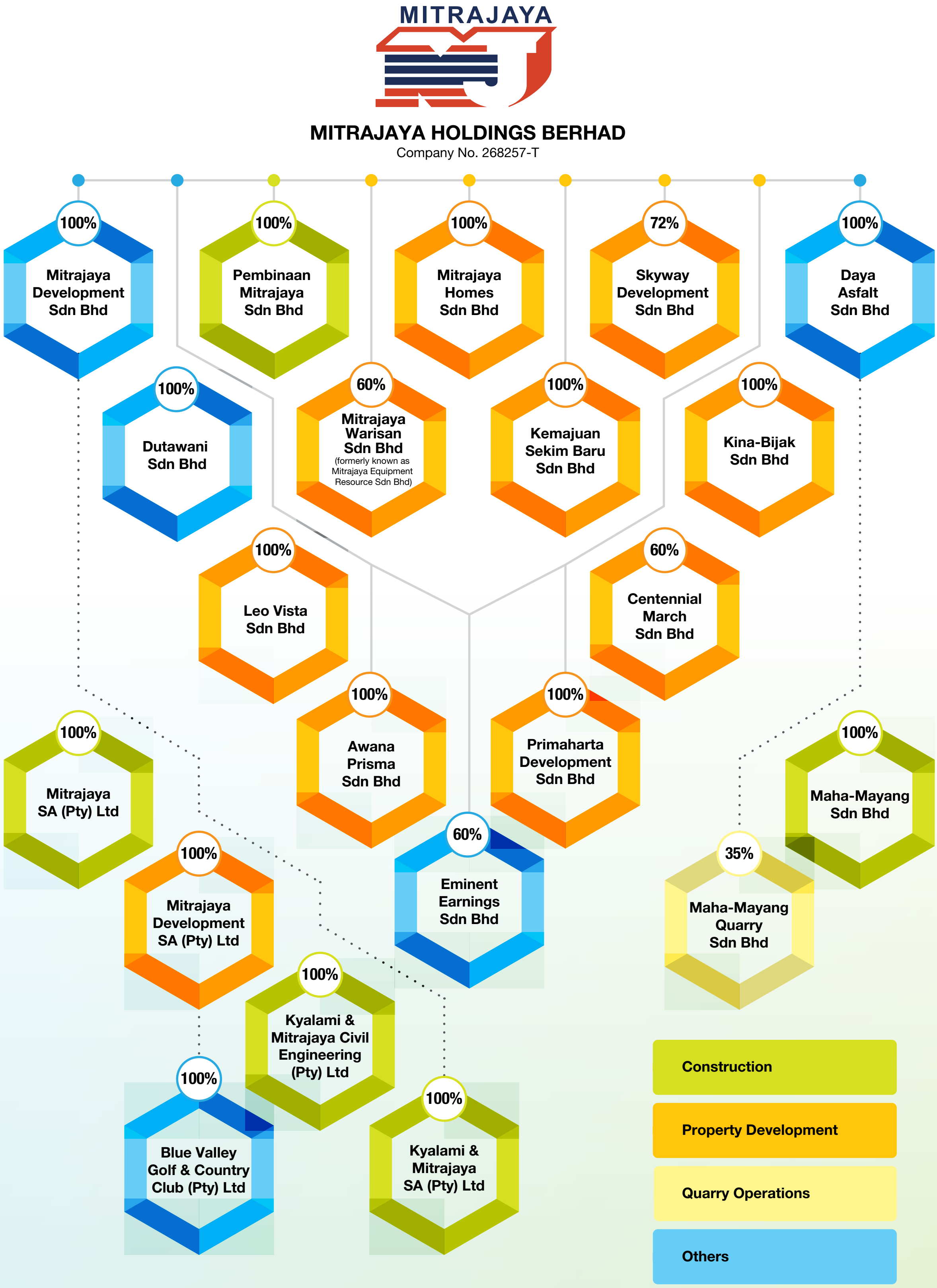
Tee Bee Kim & Partners
No. 21-4, Jalan PJU 1/42,
Dataran Prima,
47301 Petaling Jaya,
Selangor Darul Ehsan.

Van Der Merwe Du Toit
Brooklyn Place,
Cnr Bronkhors and Dey Streets,
Brooklyn, Docex 110 Pretoria,
Republic of South Africa.

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : MITRA
Stock Code : 9571

CORPORATE STRUCTURE



BOARD OF DIRECTORS

Sitting (from left to right):

Tan Eng Piow
(Group Managing Director)

General Tan Sri Ismail Bin Hassan (R)
(Independent Non-Executive Chairman)

Foo Chek Lee
(Executive Director)

Standing (from left to right):

Ir Zakaria Bin Nanyan
(Independent Non-Executive Director)

Roland Kenneth Selvanayagam
(Independent Non-Executive Director)

Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim
(Independent Non-Executive Director)

Cho Wai Ling
(Executive Director)

DIRECTORS' PROFILE

GENERAL TAN SRI ISMAIL BIN HASSAN (R)
Independent Non-Executive Chairman

General Tan Sri Ismail Bin Hassan (R), aged 75, was appointed as an Independent Non-Executive Director of Mitrajaya Holdings Berhad ("MHB") on 9 August 2000. He was appointed the Chairman of the Company on 26 November 2009. He is a member of the Audit Committee and the Nomination and Remuneration Committee. He is also a Director of Pembinaan Mitrajaya Sdn Bhd.

He graduated from the Universiti Sains Malaysia with a Bachelor of Social Sciences Degree (Hons in Politics). In the Military Professional Education, Tan Sri Ismail graduated from Command and General Staff College, Fort Leavenworth, Kansas, USA (on Commandant's List) in 1975, from Joint Services Staff College Canberra, Australia, in 1982 and he is also a graduate of the National Defense University, Washington, DC, USA in 1987. Later he was inducted into the NDU International Fellows Hall of Fame, in recognition of outstanding achievement accorded to the graduates of the University who had achieved the highest rank/ appointment in their respective Service.

Prior to joining MHB, Tan Sri Ismail has served as a Commission Officer in the Malaysian Army for 36 years and he held many key appointments at Field Command, Training Command and the Ministry of Defence levels before retiring as Chief of Army in December 1997.

Currently, he also holds directorships in Simbiotik Ventures Sdn Bhd and Alfa Venture Sdn Bhd.

TAN ENG PIOW
Group Managing Director

Tan Eng Piow, aged 64, was appointed as Group Managing Director of MHB on 9 September 1994. He is one of the founding members of Pembinaan Mitrajaya Sdn Bhd.

He holds a Bachelor of Civil Engineering (Honours) degree from University of Malaya, which was obtained in 1977. He is also a Member of the Institution of Engineers Malaysia.

He began his career as Works Engineer with Jabatan Kerja Raya – JKR (Public Works Department) from 1977 to 1979. From 1980 till 1985, he was a Project Manager with Perkuat Kuari Sdn Bhd (Quarry Operation).

He has over 35 years of extensive technical and management experience in the construction industry and has been actively involved in the management and operations of the MHB Group. He also oversees the Group's development, growth and expansion.

FOO CHEK LEE
Executive Director

Foo Chek Lee, aged 63, was appointed a Director of MHB on 1 August 1995. Currently, he is an Executive Director of MHB. He is also the Managing Director of Pembinaan Mitrajaya Sdn Bhd.

He graduated from University Technology Malaysia in 1978 with a Bachelor of Civil Engineering (Honours) degree.

Prior to joining MHB, he served with Jabatan Kerja Raya (Public Works Department) for a period of 14 years. He last served as Assistant Director of Roads, JKR Kelantan Darul Naim from 1989 to 1991, after which he joined Pembinaan Mitrajaya Sdn Bhd as General Manager. He has over 35 years of extensive technical and management experience which includes all aspects of civil engineering construction and project management.

He is a board member of Construction Industry Development Board (CIDB) and NIOSH Certification Sdn Bhd.

He also serves as President of Master Builders Association Malaysia and Council Member for both International Federation of Asian and Western Pacific Contractors' Associations (IFAWPCA) and Asean Constructors Federation (ACF).

CHO WAI LING
Executive Director

Cho Wai Ling, aged 45, was appointed as an Executive Director of MHB on 1 September 2014. She graduated from University of Malaya in 1998 with a Bachelor of Accountancy (Honours) degree and has been a member of the Malaysian Institute of Accountants since 2001.

She started her career with MHB in 1999 as an Executive in the Finance & Accounts Department and rose from rank and file to managerial position and in 2005 was promoted to Group Finance Manager. She heads the Finance & Accounts Department and handles all corporate matters of the Group. In her position as Executive Director, her role was expanded to cover investor relations function and to assist the Group Managing Director on strategic management responsibilities.

DIRECTORS' PROFILE
(cont'd)

TAN SRI DATO' SERI MOHAMAD NOOR BIN ABDUL RAHIM
Independent Non-Executive Director

Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim, aged 73, was appointed as Independent Non-Executive Director of MHB on 26 February 2002. He is the Chairman of the Audit Committee and the Nomination and Remuneration Committee.

He graduated with a Bachelor of Arts (Honours) from University of Malaya and joined the Malaysian civil service in 1968. He has held positions in the Government including State Secretary of Pulau Pinang, Kelantan Federal Development Director (Prime Minister's Department), Perak State Financial Officer, Director General of Kuala Lumpur City Hall, Under Secretary for Ministry of Defence and Ministry of Finance and Secretary General of Ministry of Domestic Trade and Consumer Affairs. His last post in the civil service was as the Secretary General of the Ministry of Home Affairs from 1998-2000.

Currently, he is Chairman of Prinsiptek Corporation Bhd and TSR Capital Berhad. He is also Independent Non-Executive Director of Pinehill Pacific Bhd. He is currently the President of the Malaysian Petanque Association and Council member of the Malaysia Golf Association.

IR ZAKARIA BIN NANYAN
Independent Non-Executive Director

Ir Zakaria Bin Nanyan, aged 75, was appointed as Independent Non-Executive Director of MHB on 26 February 2002. He is also a member of the Audit Committee and the Nomination and Remuneration Committee.

He graduated with B.Sc in Mechanical Engineering from the University of Strathclyde U.K. in 1972 and later obtained Masters of Science in Industrial Hygiene from the University of Pittsburgh USA. He is a Professional Engineer and a Member of The Institution of Engineers Malaysia.

Prior to his appointment to the MHB Board, he was the Director General of the Department of Occupational Safety and Health Malaysia, a position held from 1992 to 1998. He holds directorships in Pressure Care Sdn Bhd.

He is currently serving as Chairman of the Board of Examiners for the Site Safety Supervisors Course conducted by The Master Builders Association Malaysia.

ROLAND KENNETH SELVANAYAGAM
Independent Non-Executive Director

Roland Kenneth Selvanayagam, aged 61, was appointed an Executive Director on 23 April 1998. From 1 July 2008, he was redesignated as Non-Executive Director as he left full time employment to start his own business. On 28 March 2011 where having met the Listing Requirements criteria for Independent Director, the Board re-designated him to be an Independent Non-Executive Director of the Company. He is also a member of the Audit Committee.

He is a professionally qualified accountant with over 35 years post qualifying commercial experience. Prior to his involvement with the MHB Group, he was employed variously within the British American Tobacco Group, Sears Roebuck Group and the PT Mayora Indah Group – where he was the pioneer General Manager for their Malaysian operations.

He was President of the Malaysian Division of the Chartered Institute of Management Accountants from June 1996 - May 1998. He is a recipient of the Institute's Bronze medal – awarded in recognition of services rendered to the Institute and the profession at large.

At various times, he has held directorships (listed & unlisted companies) in various countries including South Africa, Sri Lanka, Singapore, Thailand and Australia.

Notes:

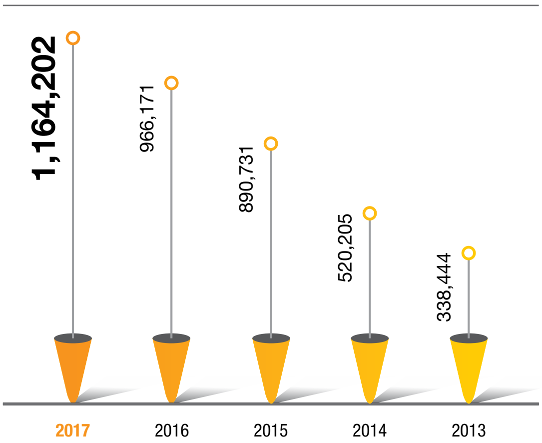
- All Directors of MHB are Malaysian and do not have any conflict of interest with MHB.
- They have not been convicted for offences within the past five (5) years other than traffic offences, if any.
- There is no family relationship amongst the Directors and major shareholders of MHB.

5 YEARS FINANCIAL HIGHLIGHTS

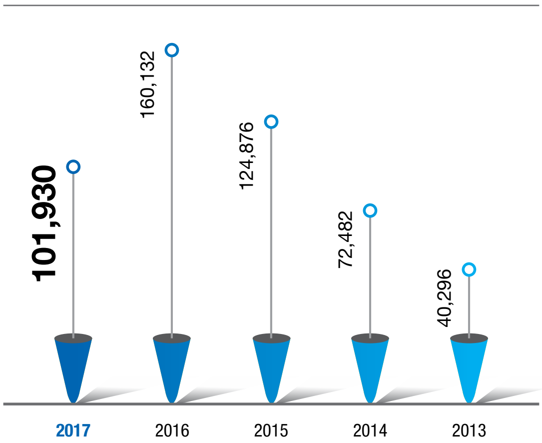
Financial Year Ended 31 December		2017	2016	2015	2014	2013
Revenue	RM'000	**1,164,202**	966,171	890,731	520,205	338,444
- Construction	RM'000	**994,208**	845,573	767,225	370,674	215,006
- Property Development	RM'000	**144,899**	89,641	55,186	98,718	82,254
- South Africa Investment	RM'000	**24,696**	30,957	39,283	22,438	17,293
- Others	RM'000	**399**	-	-	-	-
- Healthcare	RM'000	**-**	-	29,037	27,317	20,624
- Manufacturing and Trading	RM'000	**-**	-	-	1,058	3,267
Profit Before Taxation	RM'000	**101,930**	160,132	124,876	72,482	40,296
Profit After Taxation	RM'000	**72,849**	121,266	86,969	53,285	28,652
Profit Attributable to Owners of the Company	RM'000	**80,350**	118,683	86,575	53,769	29,316
Share Capital	RM'000	**381,213**	334,862	321,085	198,766	198,766
Total Assets	RM'000	**1,394,193**	1,236,873	1,020,952	639,857	560,044
Shareholders' Funds	RM'000	**687,672**	618,558	500,500	394,418	349,655
Total Borrowings	RM'000	**323,529**	254,937	162,480	102,011	81,613
Cash and Bank Balances	RM'000	**25,760**	58,180	39,831	23,919	19,101
Gearing Ratio	%	**47.05**	41.21	32.46	25.86	23.34
Net Gearing Ratio	%	**43.30**	31.81	24.51	19.80	17.88
Basic Earnings Per Share	sen	**11.85**	18.10	13.85	13.64	7.43
Net Assets Per Share	sen	**109**	92	78	99	88
Net Dividend Per Share	sen	**2.00**	5.00	5.00	5.00	2.00
Share Performance						
Year High	RM	**1.46**	1.47	2.08	1.17	0.58
Year Low	RM	**0.74**	1.02	0.80	0.47	0.40
Year Close	RM	**0.97**	1.26	1.20	0.98	0.51
Trading Volume	Shares ('000)	**375,061**	358,233	593,906	771,360	114,423
Market Capitalisation	RM'000	**668,797**	843,850	770,603	389,581	200,754

5 YEARS FINANCIAL HIGHLIGHTS
(cont'd)

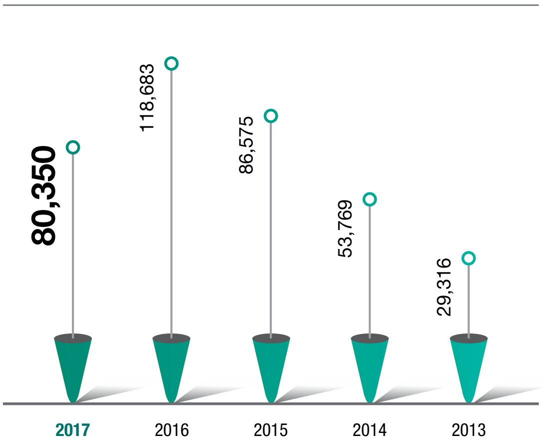
REVENUE (RM'000)



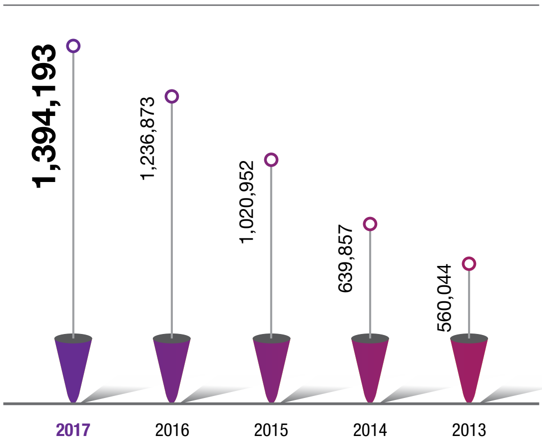
PROFIT BEFORE TAXATION (RM'000)



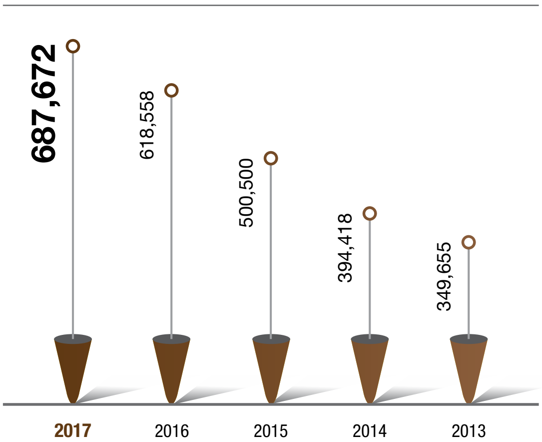
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)



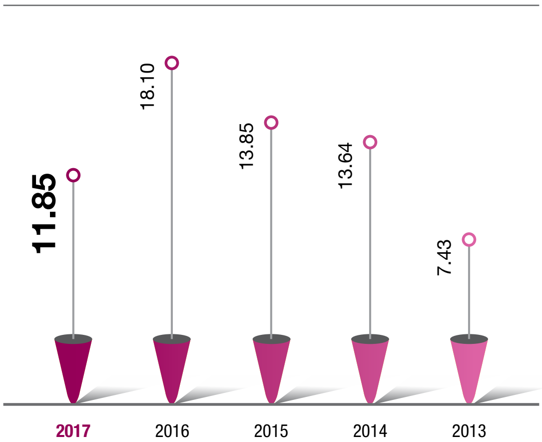
TOTAL ASSETS (RM'000)



SHAREHOLDERS' FUNDS (RM'000)



BASIC EARNINGS PER SHARE (SEN)



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I would like to present the Annual Report and Financial Statements of Mitrajaya Holdings Berhad ("the Company" or "MHB") and its subsidiary companies ("the Group" or "Mitrajaya Group") for the financial year ended 31 December 2017 ("FYE 2017").

OVERVIEW

Revenue for the financial year ended 31 December 2017 crossed the RM1.0 billion mark for the first time, hitting a record high of RM1.16 billion. This is an increase of RM198.03 million from the revenue of RM966.17 million in the preceding financial year ("FYE 2016"). The Construction Division continue to be the major revenue contributor as it brought in 85.4% (FYE 2016: 87.5%) of the Group's revenue.

While the Group saw growth of 20.5% in revenue, the bottom line retreated by 36.3% to RM101.93 million in FYE 2017 from the Group's profit before tax ("PBT") of RM160.13 million in FYE 2016. This was due to the lower margin contracts undertaken and higher operating cost. The Construction Division contributed PBT of RM42.56 million, 41.8% of Group's PBT in FYE 2017 as compared to its previous year's contribution of 68.5%. In FYE 2017, the Property Division increased its PBT contribution from RM26.61 million to RM48.42 million, 47.5% of Group's PBT. In FYE 2016, the Property Division contributed only 16.6% of Group's PBT.

Our property projects in South Africa continue to make a lower contribution to the Group's earnings in FYE 2017. This division contributed RM24.70 million, 2.1% (FYE 2016: 3.2%) of Group's revenue and PBT of RM8.88 million, 8.7% (FYE 2016: 9.5%) of Group's PBT in FYE 2017.

CHAIRMAN'S STATEMENT
(cont'd)

DIVIDEND

The Board is pleased to recommend a first and final single tier dividend of 2 sen per ordinary share for the FYE 2017 to be approved at the forthcoming Annual General Meeting by the shareholders.

The estimated dividend payment based on the enlarged share capital after issuance of the Rights and Bonus Shares will amount to RM17.91 million. This year's approximate payout ratio of 22% is slightly lower than the previous year's ratio of 29% as the Board decided to focus on the future growth.

CORPORATE DEVELOPMENT

On 13 October 2017, the Company announced a corporate proposal of a renounceable rights issue of up to 157,483,898 new ordinary shares ("Rights Shares") on the basis of one (1) Rights Share for every five (5) existing MHB ordinary shares, together with up to 78,741,949 free detachable warrants ("Warrants E") and an attached bonus issue of up to 78,741,949 new ordinary shares ("Bonus Shares") on the basis of one (1) Warrant E and one (1) Bonus Share for every two (2) Rights Shares subscribed ("Rights Issue Exercise").

This Rights Issue Exercise is expected to enhance capital base of the Company, and at the same time Bonus Shares and free Warrants E are expected to provide, an incentive to the entitled shareholders subscribing to the Rights Shares. The bonus issue of new ordinary shares was by way of utilising the credit amount in the share premium account and retained profits. The new ordinary shares and Warrants E (2018/2023) were issued and listed on Bursa Malaysia Securities Berhad on 25 April 2018.

The estimated net proceeds from the Rights Issue Exercise of RM79.64 million after netting off Rights Issue Exercise expenses will be utilised for repayment of bank borrowings of our wholly-owned subsidiary, Pembinaan Mitrajaya Sdn Bhd ("PMSB"). This will effectively reduce PMSB's gearing ratio and position PMSB to a better footing for bidding and undertaking future projects.

MARKET OUTLOOK AND PROSPECTS

The outlook for the Construction sector in the first half of 2018 is expected to be challenging. The rolling out of new projects from both public and private sector are very slow as a consequence of the 14th General Election. Nevertheless, Mitrajaya Group remains positive to secure some new projects in the second half of 2018. Apart from building projects, we are looking forward to secure some packages of the infrastructure projects such as the East Coast Rail Link and KL- Singapore High Speed Rail project.

The Malaysian property market outlook in 2018 will continue to be soft in view of a great mismatch between the demand and supply of residential units as well as office space in the country. As such, the Board will be cautious when planning our future upcoming property projects. We will focus on undertaking affordable housing developments to meet current market demand.

Our property development in South Africa is expected to make a lower contribution in 2018 and 2019 as nearly all the bungalow lots in the current development project have been sold whilst the on-going development plan to build and sell the bungalow houses on the remaining residential land is at the initial stages and approvals from the various authorities will take some time to come in. We are of the view that our new products of bungalow houses and serviced apartment to be built within the gated and secured residential housing estates will be of great demand to the local market there.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express our appreciation to the management team and employees for their commitment and dedication. Also our appreciation to our shareholders, business associates, clients, bankers and various government agencies for their continued support. My appreciation is also extended to my fellow Board members for their guidance and counsel.

GENERAL TAN SRI ISMAIL BIN HASSAN (R)
Independent Non-Executive Chairman

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

The following commentary and analysis of the consolidated results of the operations and financial information of Mitrajaya Holdings Berhad ("Mitrajaya" or "the Company") should be read in conjunction with the Company's financial year ended 31 December 2017 ("FYE 2017") consolidated financial statements and notes.

Mitrajaya Group's revenue increased by RM198.03 million (20.5%) to RM1.16 billion for FYE 2017 as compared to RM966.17 million in the previous financial year. The increase was mainly due to the higher recognition of work progress in the Construction division by RM148.64 million and increase of revenue in the Property division by RM55.26 million. However, the Group's profit before tax ("PBT") declined by RM58.20 million (36.3%) from RM160.13 million to RM101.93 million in FYE 2017. The Construction division has contributed a significantly lower PBT of RM42.56 million. This is RM67.10 million (61.2%) reduction as compared to FYE 2016. Correspondingly, profit after tax ("PAT") showed a reduction of RM46.90 million (39.2%) to RM72.85 million from RM119.75 million in FYE 2016.

During the FYE 2017, the Group's revenue included a compensation sum of RM15.95 million (FYE 2016: RM19.59 million) received from the compulsory land acquisition of our project land located at Mukim Pengerang, Johor. This compulsory land acquisition contributed a profit after tax of RM10.60 million to the Group in FYE 2017 (FYE 2016: RM13.40 million). If the one-off item was excluded, the Group's PAT would have been RM62.25 million, RM44.10 million (41.5%) lower as compared to the previous year's PAT of RM106.35 million.

The Group had acquired a substantial number of construction equipment for a total amount of RM132.8 million during FYE 2015 and 2016. In FYE 2017, the Group's capital expenditure ("CAPEX") was lower at RM25.36 million as most of the CAPEX requirements had been fulfilled in the previous years. Presently, our CAPEX requirement will be incurred on a need basis for newly secured construction projects. Based on the 2-year hire purchase tenure, the outstanding hire purchase financing has reduced substantially from RM56.12 million to RM33.01 million as at 31 December 2017.

As at the end of 2017, the Group's borrowings of RM323.53 million saw an increase of RM68.59 million (26.9%) from RM254.94 million as at 31 December 2016. The net gearing ratio increased from 0.32 times to 0.43 times as at 31 December 2017. The increase in borrowings was mainly due to higher amounts of short term borrowings drawndown to finance on-going projects.

As at 31 December 2017, the Group's cash reserves reduced from RM77.78 million in the previous year to RM25.76 million. The cash reserves were utilised for payment of land acquisitions of 335.53 acres for consideration of RM185.42 million under the joint venture agreement entered with Gema Padu Sdn Bhd in February 2017. Mitrajaya's commitment is 60% of the total land value for an amount of RM111.25 million. Total cash outlay of approximately RM60 million was paid in FYE 2017 after partial settlement from properties purchased by the vendors and setting off construction cost of infrastructure projects for the vendors.

The current ratio as at 31 December 2017 has reduced slightly to 1.61 times from 1.68 times as at the end of the previous financial year end.

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)

FORWARD-LOOKING INFORMATION

The information in this Management's Discussion and Analysis includes certain forward-looking statements. Although these forward-looking statements are based on currently available competitive, financial and economic data and operating plans, they are subject to risks and uncertainties. In addition to general economic events outside Mitrajaya's control, there are factors which could cause actual results, performance or achievements to vary from those expressed or inferred herein including risks associated with an investment in the shares of Mitrajaya and the risks related to Mitrajaya's business. Risk factors are discussed in greater detail in the section on "Risk Factors" later in this MD&A. Forward looking statements include information concerning possible or assumed future results of Mitrajaya's operations and financial position, as well as statements preceded by, followed by, or that include the words "believes", "expects", "anticipates", "estimates", "projects", "intends", "should" or similar expressions. Other important factors, in addition to those discussed in this document, could affect the future results of Mitrajaya and could cause its results to differ materially from those expressed in any forward-looking statements. Mitrajaya assumes no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

OPERATIONS REVIEW

Construction Division

The Group's core business, Construction division has further increased its revenue contribution by RM148.64 million (17.6%) to RM994.21 in FYE 2017 from RM845.57 million in the previous financial year. However, this division has contributed a significant lower profit before tax ("PBT") of RM42.56 million in FYE 2017 as compared to RM109.66 million recognised in FYE 2016. This was mainly due to lower profit margins from our on-going construction projects and additional costs incurred for compliance to the stringent construction requirements imposed by PETRONAS on the infrastructure facilities at the Pengerang Integrated Complex project. As a result thereof, the gross profit eroded by RM71.14 million (46.9%) from RM151.64 million (gross margin: 17.9%) to RM80.50 million (gross margin: 8.1%) in FYE 2017.

Residensi 22 consisting of 2 blocks of 40-storey and 39-storey condominiums

This division completed and handed over the following major projects during FYE 2017:

a) MACC Headquarters in Precinct 7, Putrajaya
b) Residensi 22 at Mont Kiara, Kuala Lumpur; and
c) Infrastructure works for Pahang Technology Park, Gambang

During the FYE 2017 and early 2018, PMSB successfully replenished approximately RM1.0 billion worth of orders by securing the following major projects:

a) A Centre of Excellence in Kuala Lumpur for STF Resources Sdn Bhd
b) Asia School of Business Residential Buildings for ASB Management Sdn Bhd
c) Asia School of Business Academic Buildings for ASB Management Sdn Bhd
d) 35 stories of condominiums at Precinct 15, Putrajaya for Setia Putrajaya Sdn Bhd; and
e) 404 units of public apartments for Perumahan Penjawat Awam 1 Malaysia ("PPA1M") at Precinct 17, Putrajaya for Putrajaya Homes Sdn Bhd.

We expect the Construction division to continue driving the revenue of our Group on the back of the current strong order book. As at 31 March 2018, our Construction division's order book is approximately RM1.66 billion, of which approximately RM1 billion new contracts were secured in 2017 and in January 2018, and this will provide earnings visibility for the next two (2) years.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(cont'd)

OPERATIONS REVIEW (CONTINUED)

Local Property Development Division

The Property development division contributed a higher revenue of RM144.90 million in FYE 2017. It represents an increase of RM55.26 million (61.6%) compared to RM89.64 million in FYE 2016. Consequently, profit before tax increased by RM21.81 million (82.0%) from RM26.61 million to RM48.42 million in FYE 2017. The improvement in the financial performance was mainly due to higher revenue recognition from the Wangsa 9 Residency project. Besides this, the division also recognised an additional compensation sum of RM15.95 million (FYE 2016: RM19.59 million) for the compulsory acquisition of our project land held in Pengerang, Johor. This one-off transaction contributed a PBT of RM13.96 million in FYE 2017 (FYE 2016: RM17.63 million). If this one-off transaction was excluded from both financial years, this division would have reported revenue of RM128.95 million for FYE 2017, RM58.89 million (84.1%) higher than the previous year's revenue of RM70.05 million. With the finance cost lowered by RM4.01 million from RM7.94 million to RM3.93 million in FYE 2017 and coupled with a slightly better profit margin from the on-going development projects, the PBT increased by RM25.48 million (283.9%) from RM8.98 million to RM34.45 million in FYE 2017.

Wangsa 9 Residency

The Wangsa 9 Residency project comprises of 3 tower blocks of 565 units of high-rise condominiums with an estimated Gross Development Value ("GDV") of RM744.61 million. The development which is situated at a strategic location in Kuala Lumpur, right opposite the Wangsa Walk and within close proximity to the Sri Rampai LRT Station was launched in 2014. Phase 1 consisting of Block B & C (338 units) has a take up rate to-date of 72.8%. Current unbilled sales stands at RM120.84 million. We expect significant contribution will be recognised from phase 1 in FYE 2018 as it is in the advanced construction stage now and expected to be handed over to purchasers in early 2019. Furthermore, we have just launched the final block (Block A) consisting of 227 units recently. The show units and mock-up units as well as the outdoor facilities such as the mini water theme park, children's playground situated at the podium level are ready and open for viewing.

Block B&C in advanced construction stage

Affordable Homes "Rumah Selangorku" – Pangsapuri Akasia

In line with the Selangor State Government's commitment to build more affordable homes in Selangor, Mitrajaya has launched an affordable home development under the "Rumah SelangorKu" programme at Puchong Prima. This development, comprises of 408 units of apartments with selling price fixed by the Lembaga Perumahan dan Hartahan Selangor (LPHS) at RM180,000 for a basic unit with a built up area of 900 sq ft. All the units have been taken up and the current unbilled sales standing at RM61.00 million is expected to be recognised during 2018 and 2019. The expected completion date for this project is first quarter of 2020.

Kiara 9 Residency (Completed in July 2011)

During the financial year 2017, this completed project consisting of high-end condominiums and garden villas had sold 6 units and contributed a revenue of RM13.13 million (FYE 2016: RM18.87 million – 9 units). The unsold units have reduced to 22 units to-date. The current soft local property market and capital control imposed by the Chinese government has seriously affected the sales of the balance of the completed units. There were no new sales concluded in the second half of 2017. Nevertheless, we are working on various promotion package with property agents to boost sales and managed to conclude one new sale in January 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)

OPERATIONS REVIEW (CONTINUED)

280 Park Homes (Completed in April 2016)

This project consists of 11 blocks of 280 units of 6-storey duplex apartments with lifts, within a gated and guarded complex with clubhouse facilities. This project sold 4 units in 2017 and recognised revenue of RM3.88 million in FYE 2017. Total sales to-date is 116 units equivalent to a 41.4% take up rate. The low take-up rate is mainly due to the remaining units are of larger sizes, ranging from 2,529 sq ft to 4,370 sq ft per unit. This has resulted in a high absolute selling price of at least RM800,000 per unit. The Division is undertaking aggressive marketing strategies such as attractive promotion packages, rent-to-own schemes and marketing events to boost sales.

280 Park Homes - Chinese New Year marketing event

Compulsory land acquisition – Pengerang, Johor

In relation to the Rapid Project and the massive development coming up in Pengerang, Johor, the Johore State Government imposed a compulsory land acquisition on additional 2 lots measuring 1,327.06 sqm for RM1.77 million in FYE 2017. This has made the total lots acquired 124 lots (out of a total 198 lots). We have accepted the compensation sum offer under objection and registered our objection to the sum offered. The compensation sum offered was RM33.22 million and full payment was received in FYE 2017. Besides this, the High Court has awarded additional compensation sum for 123 lots.

Proposed Mixed development project – Puchong Prima

An upcoming project is the mixed development located in Taman Puchong Prima, Selangor. The development comprises of a retail mall, offices, service apartments and affordable service apartments on a 14.5 acre freehold, commercial land. This Transit Adjacent Development (TAD) will be directly connected to a LRT station via a fully covered pedestrian link bridge. We target to submit for Development Order by first half of 2018 and to commence earthworks by end of 2018. The GDV for this project is approximately RM 1 billion. We are conscious of the current slowdown of the retail, office and property market and as such we had reviewed the project to align it with the current economic sentiments for more affordably priced housing. We will also be utilising the office space for our new Corporate Headquarters. Further, concept for the retail mall will be a neighbourhood mall as there is a sizable catchment from the surrounding matured township of Taman Puchong Prima as well as from close to 3,000 apartment units within the development itself.

New land acquisition

In early 2017, the Group entered into a joint venture with Gema Padu Sdn Bhd for the acquisition of land comprising 335.53 acres for RM185.42 million strategically located in the prime location of Kuala Lumpur's southern corridor development. Mitrajaya's commitment is 60% of the total land value for an amount of RM111.25 million. The Group will continuously review the market conditions for the planning of the development projects for these land.

Property Development in South Africa

Our overseas property project in South Africa, Blue Valley Golf & Country Estate, has contributed lower revenue and profits for the FYE 2017. This Division reported a revenue of RM24.70 million, a reduction of RM6.26 million (20.2%) as compared to RM30.96 million reported in the previous financial year. Correspondingly, profit before tax also decreased by RM6.27 million (41.4%) from RM15.15 million to RM8.88 million for FYE 2017. This Division reduced its contribution to the Group's earning since FYE 2016 as limited vacant bungalow lots were available for sales since 2016. All the vacant bungalow lots were fully sold in FYE 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(cont'd)

OPERATIONS REVIEW (CONTINUED)

Property Development in South Africa (Continued)

We expect this Division will have a lower contribution to the Group's earnings for 2018 and 2019 because during this period, the Division will be in its planning and regulations approval stages for building 260 units of bungalow houses and target for completion progressively from 2019 until 2022. Since 2014, this Division has embarked on building houses instead of just selling the lots as land parcels. To date, there are 21 units of bungalow houses sold out of 22 completed units. There will be another 18 units to be completed in the third quarter of 2018.

Neighbourhood shopping mall

In respect of the commercial development, the construction of the neighbourhood shopping mall was completed recently and it will start operation and generate recurring rental income in May 2018. The Division is working on the planning approval for the proposed development plan for high-end serviced apartments and an office block. Its contribution will only be seen in the subsequent years.

For the 215 acres of land acquired in 2015, we are currently working on the initial planning stage of a development of an Eco Park Residential Estate, with at least 3,000 units of medium to high density cluster/apartment homes. This will further strengthen our position and ensuring continuity of our operations in South Africa.

RISK FACTORS

(a) Risk relating to Construction Division

(i) Competition from other construction players

The Malaysian construction industry is highly competitive, and our Group faces intense competition from various construction companies, both local and international companies. Competitive position is based on various factors such as pricing, financial position and strength, ability to obtain adequate financing, reputation for safety, quality and track record for timely completion of project. Due to such competitive pressures, our Group's financial performance may be affected by highly competitive pricing in the process of securing a construction contract. This may, in turn lead to lower project profit margin and hence, lower profitability to our Group.

Furthermore, some of the new construction contracts payments are based on a longer milestone payments. As such, we would require a higher capital outlay at the initial stage of the project and hence, this would increase the finance cost of the project and reduce our competitiveness in pricing the tender bids.

(ii) Delay in the completion of projects

Timely completion of construction projects is dependent on many external factors, some of which may be beyond the control of our Group such as obtaining various regulatory approvals as scheduled, sourcing and securing quality construction materials, weather conditions and satisfactory performance of our sub-contractors who are appointed to complete the construction or development projects. Any failure or delay in completing the projects within the timeframe agreed with our customers may expose our Group to additional cost and potential claims which may impact our profitability. Such claims may also affect our Group's reputation and financial performance.

(iii) Cost Overrun

Our Group carries out internal cost and budgeting estimates of raw material, labour costs, sub-contracting costs and overheads based on the indicative pricings given by our suppliers and subcontractors, as well as our own estimates of costs for tender for construction projects.

As our construction contracts usually take up to 3 years to complete, we are subject to unforeseen circumstances during the contract period which may cause project cost to overrun such as fluctuation in prices of raw materials, increase in minimum wages of foreign workers, increase in prices of subcontractor service, unfavourable weather conditions or unanticipated construction constraints at the worksite or, additional costs which are not previously factored into the costing, may arise.

RISK FACTORS (CONTINUED)

(a) Risk relating to Construction Division (Continued)

(iv) Defect liability

Our construction contracts commonly stipulate a defects liability period for work done of up to 24 months from the date of official hand-over of the completed projects, depending on the nature of the contract. This makes the contractor liable for the work carried out and for any repairs, reconstruction or rectification of any faults or defects which may surface or be identified during the defects liability period. Nevertheless, by working closely with our customers to ensure the work specifications are met, coupled with the experience and expertise of our Group, we aim to reduce the defects of our works to a minimal level.

(b) Risk related to Property Development Division

(i) Performance of the property market

Our property development business is largely dependent on the performance of the property market in Malaysia. Any material developments affecting the property markets such as changes in demographic trends, employment and income level, economic uncertainties, the deterioration in property demand and the property rental market may have an impact on our business operations and financial performance.

Furthermore, the performance of the property market is also affected by the regulatory environment. The Government has introduced several cooling measures to curb speculation in the property market in its effort to promote a more stable and sustainable property market as follows:-

(1) Real Property Gains Tax ("RPGT") was reinstated in 2010. The effective maximum RPGT rates were raised 5% in 2010 to 30% in 2014;

(2) Prohibition of acquisition by foreigners of properties valued less than RM500,000 per unit, which threshold was revised upwards to RM1,000,000 under the Guideline on the Acquisition of Properties issued by the Economic Planning Unit of the Prime Minister's Department (which was effective 1 March 2014);

(3) In 2010, BNM announced a maximum loan-to-value ratio of 70% for third home purchases by consumers; and

(4) Banks can no longer provide financing for projects with developer interest bearing scheme, wherein interest payments on the loan obtained by the buyers are borne by the property developers until the property has been completely constructed.

Any further introduction of cooling measures by the Government as well as tightening of lending criteria by the banks may lead to an imbalance of supply of, and demand for properties in Malaysia which can cause property overhang. As such, the above measures may affect the demand for our properties which in turn may negatively impact our property development business.

(ii) Scarcity of commercially viable land banks for development

We rely to a large extent on our existing land bank, as well as on our ability to identify and acquire suitable land banks with development potential to deliver sustainable growth and profitability. However, we also face competition from other property developers in identifying and acquiring strategically located land banks at commercially viable prices. The competition among industry players has to a certain extent, created scarcity for strategically located land. This may result in higher land acquisition cost, which may potentially affect our profitability and prospects.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(cont'd)

RISK FACTORS (CONTINUED)

(b) Risk related to Property Development Division (Continued)

(ii) Scarcity of commercially viable land banks for development (Continued)

There can be no assurance that we will be able to continue to identify new land banks on commercially viable prices and on suitable terms. In the face of competition, it would also be more challenging to secure opportunities to jointly develop lands with land owners on commercially viable profit sharing terms and with good development potential to spur our growth.

(iii) Competition risk

Our Group experiences competition from other property developers in Malaysia. Competitive pressures may arise in terms supply of raw materials and labour, pricing of the property as well as the sale and marketing of the property. Future success will depend significantly on the ability of our Group to respond to the ever changing economic conditions and market demands, the launch of the property development projects of our Group and marketing strategies that will be able to fulfil the needs and requirements of the target markets of our Group. We expect to remain competitive despite the increased competition due to our established brand name, track record and promotional campaigns. Our Group will continue to take measures to mitigate competition risks such as conducting market intelligence surveys to understand home buyers' needs, monitoring and adjusting development products and implementing innovative marketing strategies in response to changing economic conditions and market demands.

While we seek to remain competitive in terms of pricing, design, quality and strategic marketing, there is no assurance that such measures can effectively mitigate the potential adverse effects of competition on our future financial performance and position.

(iv) Project completion risk

Timely completion and hand-over of our projects is critical in ensuring costs are contained and our Group's reputation is safeguarded. However, delays in completion could result from unforeseen circumstances such as shortage of construction materials, adverse weather conditions, major labour disputes, unfavourable credit terms, delays in obtaining the necessary approvals from local authorities, major changes in local authorities' approval policies and/or other unforeseen circumstances.

If any of the abovementioned circumstances occur for a prolonged period, our Group may incur substantial additional costs such as liquidated and ascertained damages payable to purchasers, rectification costs to repair defects or higher material/labour costs and these may result in our financial performance being materially impacted.

(v) Compulsory land acquisition by the Government

There is an inherent risk that our Group's land held for development may be compulsorily acquired by the Government for public use or due to public interest.

If all or any portion of our development or project lands are compulsorily acquired by the Government at any point in time, the amount of compensation paid to our Group may be less than the market value of the lands and/or the purchase consideration that we have paid in acquiring such lands. Accordingly, our Group's business, financial condition, results of operations and prospects could be adversely affected.

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)

RISK FACTORS (CONTINUED)

(c) Risks relating to the Group as a whole

(i) Political, economic, market and regulatory risk

Our property development business in Malaysia and South Africa is subject to the jurisdiction of various governmental agencies and/or ministries in Malaysia and South Africa. Any adverse developments in political, economic, regulatory and social conditions in Malaysia and South Africa where our Group operates could materially affect the financial and business prospects of our Group. Such uncertainties that could unfavourably affect our Group include changes in political leadership, war, economic downturn, changes in monetary and fiscal policy, changes in foreign currency regulations or introduction of new rules or regulations, financial crisis, expropriation, nationalisation, re-negotiation or nullification of existing contracts, changes in interest rates and methods of taxation.

While we strive to continue to take precautionary measures such as implementing prudent business, financial and risk management policies, much of the above changes are beyond our Group's control and there can be no assurance that any adverse developments will not materially affect the operational conditions and performance of our Group.

MARKET OUTLOOK AND PROSPECTS

Construction Division

The construction sector is projected to grow 7.5% in 2018 (2017: 7.6%), primarily supported by the ongoing civil engineering infrastructure projects such as the East Coast Rail Link, MRT Sungai Buloh-Serdang-Putrajaya Line, Electrified DoubleTrack Gemas-Johor Bahru, Setiawangsa-Pantai Expressway, Pan Borneo Highway and Bokor Central Processing Platform. Meanwhile, the residential subsector is expected to expand further with several new planned township by private developers. In addition, the subsector will also benefit from various affordable housing programmes by the Government such as 1Malaysia Housing Projects for Civil Servants (PPA1M), MyBeautiful New Home and 1Malaysia People-Friendly Houses. On the contrary, the non-residential subsector is forecast to grow moderately following property overhang, particularly in the shop segment.

Structural works at a cooling tower in RAPID Pengerang - SAFETY FIRST

(Source: chapter 3, Economic Performance and Prospect, 2018 Economic Report, Ministry of Finance Malaysia)

With our intention to adopt the latest construction technology especially for high rise building and infrastructure works, the Construction division is exploring various options in setting up the Industrialised Building System ("IBS") in line with the Government's initiative to make the IBS compulsory for building construction. By adopting the Building Information Modelling ("BIM") with the aid of IBS, all of our construction projects will be managed in a more efficient and organised manner thus allowing for shorter construction time and reducing abortive work. Our Construction division has currently more than 30 employees in its engineering and BIM team.

We believe that our adoption of BIM technology and investment in modernising the machineries and equipment will allow us to be more competitive in securing new projects. Leveraging on our track record in affordable housing development project and expertise as a total construction solution provider, we believe we are well-positioned to secure more projects in line with the Government's initiatives to provide affordable housing which is expected to drive more tender invitations from the industry players.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(cont'd)

MARKET OUTLOOK AND PROSPECTS (CONTINUED)

Local Property Development Division

From the latest statistical report for 2017, the residential subsector continued to expand 4.7% supported by firm demand for affordable housing in choice locations with easy access. Housing starts rebounded significantly by 12.1% to 67,662 units. Condominium and apartments accounted for 42.9% of total housing starts in line with the increasing demand, especially for high rise units in major cities. However, the increase was offset by a decline in incoming supply at 3.4% to 485,433 units as developers were cautious in launching new projects to prevent accumulation of unsold properties. Likewise, new approvals declined 2.8% to 43,133 units as developers reviewed their future plans in response to market situation.

In view of the challenges facing the Malaysian property market, the Group is now more cautious on new property project planning and launching. Furthermore, the Division is undertaking various aggressive marketing strategy to boost sales for our completed projects especially Kiara 9 Residency and 280 Park Homes.

Property Development in South Africa

After three years of slowing annual average house price growth, First Nation Bank ("FHB") of South Africa forecasts that 2018 could see a slightly stronger growth rate, 5% as compared to 3.7% in 2017. However, it is much depend on the political and government policy environment, with 2018 being the run-up to the 2019 general election.

From a housing perspective, the fact is there is a pent-up demand from a groundswell of aspirant buyers wanting to acquire a foothold in the property market, while others in the marketplace - both first-time buyers and existing homeowners - are seeking homes to buy or rent as career and lifestyle changes dictate a change in address.

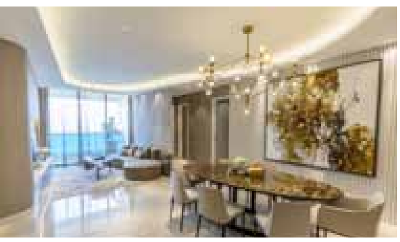
Living within a secure and gated housing estate has become increasingly popular in South Africa in recent years with residents appreciating the facilities, sense of community and high levels of security on offer. Our residential golf estate - Blue Valley Golf and Country Estate ("BVGCC") - is highly ranked in South Africa and played host to the World Amateur Golf Tournament 2016. We are confident that our investment in South Africa to develop more residential units within BVGCC will continue to make a positive contribution to the Group.

ACKNOWLEDGEMENT

On behalf of the management team, I would like to express my gratitude and sincere appreciation to our shareholders, various government departments, regulatory authorities, customers, bankers, consultants and business associates for their continued trust and support to the Group. I would like to thank our Board members and employees for their strong commitment and dedication towards the continued success of the Group.

TAN ENG PIOW
Group Managing Director

Sales event in Wangsa 9 sales gallery



Actual show units

Mini water theme park

Skate park

Actual show units

SUSTAINABILITY REPORT

GROUP MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,

This Sustainability Report 2017 is our inaugural Sustainability Report. However, sustainability has always been Mitrajaya's underlying priority in order to bring the Group to where we are today.

In the short term, our goals are to meet all regulatory and standards compliance and also to meet our shareholders' expectations. To date we are on track, as we have in place our integrated management system that drives our quality, environmental, and health and safety strategies and action plans.

Among the significant events of the year was the successful completion and handover of the Malaysian Anti-Corruption Commission (MACC) design and build project. As testimony to our commitment to quality, safety and health, Mitrajaya achieved awards in 2017, such as the Safety & Health Award in The Malaysian Construction Industry Excellence Awards 2017 for the MACC project, amongst others. Additionally, Mitrajaya was recognised in 2017 by HR Asia as one of the best companies to work for. For these and the other awards and recognitions we have received today we are grateful for the efforts of our dedicated management team and staff.

As our first year of sustainability reporting, we are satisfied with being on target with our projects in meeting all regulatory and client compliance requirements. We are not sitting on our laurels and we aim for continuous improvements in years to come whereby we will meet our targets for medium and long term.

In the medium term, Mitrajaya will aim to strengthen our Corporate Social Responsibility initiatives in order to fulfill our role as a responsible corporate citizen. For the long term, we strive to be the clients' contractor of choice, the property developer of choice and the employer of choice.

In this regard, our business strategies take into account the sustainability policies that govern the property development and construction industry. For instance, there is the Government policy that requires the establishment of Industrialised Building System (IBS) for construction work. This would produce less construction waste, with less labour required. We also note and take into account the Green Building initiatives on property development mooted by the authorities.

The property and construction industry in Malaysia faces many other challenges and issues such as growing scarcity of prime land for development, rising costs of land and building materials, more stringent control on property loans and borrowings. The fluctuations of international policies and foreign exchange also affect the availability and costs of imported building materials.

Notwithstanding these challenges, Mitrajaya moves forward into our sustainable future with confidence. Having our sustainable business strategies in place, with the continued energetic and dedicated efforts of our Board of Directors, our management team and our staff, we can assure our shareholders and investors that we will continue to deliver on sustainable opportunities for Mitrajaya Group and our stakeholders.

Group Managing Director

OUR SUSTAINABILITY PHILOSOPHY

We believe that a business organisation, while in pursuit of profit, should fulfill its role as an agent of progress and discharge its moral and corporate responsibility for sustainability to society, employees and the environment.

We strive to harmonise our precious human resources and the operating environment whereby professionalism, teamwork, total commitment and loyalty could be cultivated and nurtured to become our corporate culture and ethics.

We are able to combine our resources and technology to create the synergy for the growth and sustainability over the years. Our track record has proven our ability to provide superior service to meet all the needs of our clients from initial planning to management of the completed project.

SUSTAINABILITY REPORT
(cont'd)

SCOPE OF REPORT

In this inaugural Sustainability Report our sustainability performance, including achievements and challenges, over the period 1 January 2017 to 31 December 2017, are reported, together with highlights of related performances in the recent years that have brought us to where we are in our sustainability journey and status. Unless otherwise stated, the information within this report refers to Mitrajaya Holdings Berhad and its subsidiaries.

This Sustainability Report 2017 is prepared according to the requirements of Bursa Malaysia, with incorporation of some core principles of the Global Reporting Initiative (GRI) G4 Guidelines.

CORPORATE GOVERNANCE

At Mitrajaya Holdings Berhad we continuously endeavor for good governance. This will steer us towards managing our business and operations more sustainably and enable us to fulfill our corporate social responsibility and the committees thereunder.

Our Board of Directors and respective committees thereunder constantly review our strategic objectives in line with our commitment towards sustainability for improving performance and better results for the company and our shareholders. Increasingly, more sustainable practices are being implemented company wide, especially for operations at our project sites.

We are committed to responsible governance, applying ethics and code of conduct at all levels. In this manner we strive for transparency, accountability and long-term stability to ensure compliance at all times to all regulatory corporate governance requirements.

Through our governance structure, Mitrajaya is developing its sustainability strategy across the top management till every operational level from the economic, environmental and social perspectives. In this regard the driver for the sustainability strategy development and implementation is our Sustainability Committee. Members of the Sustainability Committee include:

Chairman: Director
Secretary: Integrated Management System (IMS) Representative
Committee Members, comprising Senior Representatives for

- Corporate Affairs
- Finance and Accounts
- Human Resources and Administration
- Projects
- Quality, Safety & Health

The reporting structure for the Sustainability Committee is as below.

Board of Directors

↑

Group Managing Director

↑

Sustainability Committee

SUSTAINABILITY REPORT
(cont'd)

OUR ACHIEVEMENTS

In 2017, Mitrajaya was proud and honoured to be recognised for our achievements in health and safety practices at our project on the MACC Headquarters, through the following awards:

MITRAJAYA ACHIEVES TOP HONOURS IN SAFETY & HEALTH

Pembinaan Mitrajaya Sdn Bhd received The Safety & Health Award in The Malaysian Construction Industry Excellence Awards 2017 for the MACC Headquarters project.

HEALTH, SAFETY & ENVIRONMENT RECOGNITION

Pembinaan Mitrajaya Sdn Bhd was recognised by Putrajaya Holdings for the design and build project of the MACC Headquarters with two awards - 'Gold Award for Excellent Achievement of 4 million man hours without Lost Time Injury (LTI)' and 'Achievement of Highest Merit Point for Year 2016, High Risk Project Category'.

SUSTAINABILITY REPORT
(cont'd)

BEST COMPANY TO WORK FOR IN ASIA 2017

HR Asia has recognised Mitrajaya Holdings Berhad as one of the Best Companies to Work For in Asia 2017 (Malaysia edition).

BEST UNDER A BILLION AWARDS 2017

Mitrajaya Holdings Berhad was selected by Focus Malaysia, Best Under Billion Awards 2017 - Best Cash Flow from Operations.

A PROUD ACHIEVEMENT IN 2017:
COMPLETION OF THE MALAYSIAN ANTI-CORRUPTION COMMISSION OFFICE BUILDING DESIGN & BUILD PROJECT

Pembinaan Mitrajaya Sdn Bhd successfully completed the MACC Headquarters design & build project.

RISK MANAGEMENT

The construction and property development industry typically consumes large amounts of resources and energy. This is due to impacts from upstream and downstream activities, namely from material extraction, product manufacturing and assembly, building structure, system maintenance, renovations and waste disposal. These activities contribute to the negative impact of construction and development projects to the environment.

The main impact on the environment by the industry's activities is its contribution to carbon dioxide (CO_2) emissions, energy requirements, water usage, solid waste, raw materials consumption and electricity consumption. In addition, the industry generates pollutants that include noise, dust and gaseous emissions, solid wastes and wastewater.

SUSTAINABILITY REPORT
(cont'd)

Such impacts would affect the local economic, environmental and social dimensions of Mitrajaya's products and services, and the local climatic conditions and variations. For instance, projects have been affected by floods, landslides, water shortages, polluted water sources, as well as safety and health incidences. The result could be project cost increase, project delays, health and safety issues, community issues, and in the worst case scenario, fatalities.

In the light of such risks as mentioned above, Mitrajaya is therefore making every effort to ensure that mitigating measures are in place for every project in order to minimise its economic, environmental and social impacts. This is applied through its integrated management system (IMS) and operational procedures.

STAKEHOLDER ENGAGEMENT

In a stakeholder exercise with management we were able to identify our significant stakeholders and prioritise their issues as shown in the following matrices. These significant stakeholders are those who have most interdependence and most influence on our operations and activities. They include our Customers, our Employees, Our Board of Directors, Major Shareholders, Minor Shareholders, Assessors, Financiers and the Government agencies, as shown in the prioritisation matrix below.

Stakeholders Prioritisation Matrix

Stakeholder Dependence on the organisation	Stakeholder Influence on the organization			
	No Influence	Low Influence	Some Influence	High Influence
High Dependence			S, F, A	C, E, B, MS G
Low Dependence		X, MiS	M, Y, N	

Legend

B - Board Of Directors	N - NGOs
C - Customers	F - Financiers
E - Employees	M - Media
G - Government	X - Communities
MS - Majority Shareholders	Y - Industry peers
MiS - Minority Shareholders	A - Assessors
S - Suppliers	

SUSTAINABILITY REPORT
(cont'd)

STAKEHOLDER ENGAGEMENT METHODS

Having identified our stakeholders, we have engaged with them in the following ways outlined below.

Internal Stakeholders	Engagement Methods
Employees	*Daily operations, *e-mail system, *Festival gatherings *Sports Club – ongoing *Company dinner *Townhall
Shareholders	*AGM *Media announcements *Annual Reports
External Stakeholders	**Engagement Methods**
Government Agencies Local Authorities	*Compliance and licensing, statutory requirements - ongoing
Customers	*Contractual engagement- ongoing *Daily operations, quotations, proposals - ongoing *Festival gathering *Client Survey
Financial Institutions/ Financial analysts	*Regular meetings - ongoing *Annual Reviews
• Industry Peers & Industry Associations	*Standards Compliance, committees - ongoing *Training *Seminars & Conferences
Students Scholarship recipients Local Communities	*CSR initiatives
Suppliers	*Contractual engagement - ongoing *Daily Operations, quotations, proposals - ongoing *Supplier evaluation
Media	*Product launch advertisement *Ad hoc interviews
Assessors	*Yearly audit *Project completion audit

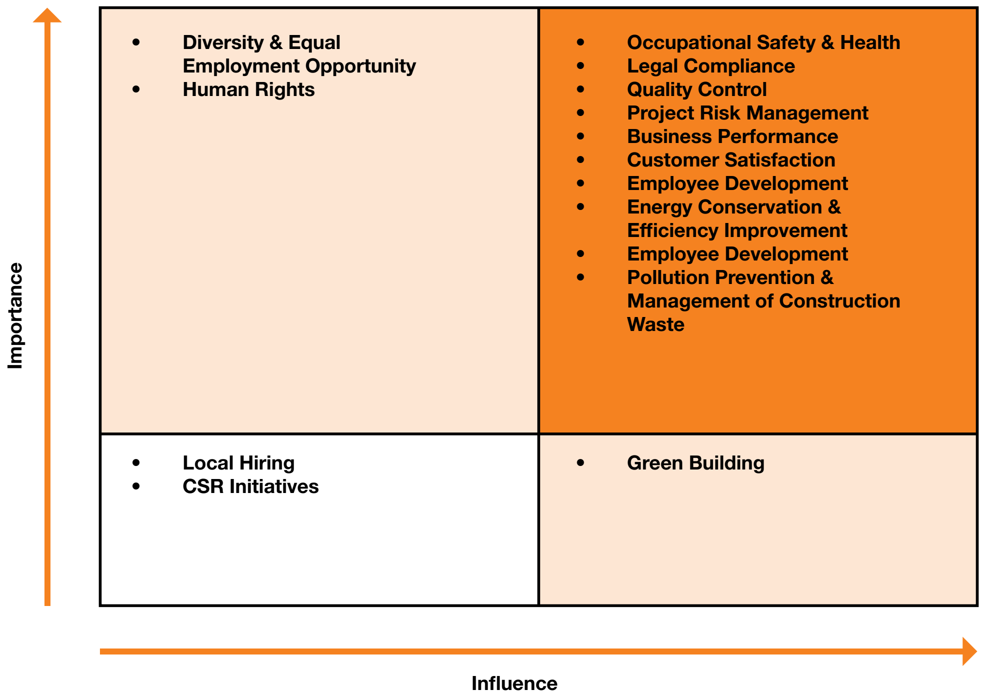
- Note:
  Among its industry peers Mitrajaya actively participates as a member of the building industry community. In this respect, our Executive Director, Mr. Foo Chek Lee, is the current President of Master Builders Association of Malaysia for the term 2016/2018.

SUSTAINABILITY REPORT
(cont'd)

MATERIALITY

Mitrajaya Holdings Berhad holds the views of our stakeholders to be important to our sustainability improvement efforts. Hence we have reviewed the materiality issues in conjunction with our stakeholders' identification. In analysing our materiality issues, we have taken into account the concerns of our stakeholders as well as that of the Organisation's vision and mission and strategic objectives, and these are outlined in the figure below. We have also referred to the Global Reporting Index (GRI G4 Guidelines) during the review. Our emphasis is thus on Occupational Safety & Health, Legal Compliance, Quality Control, Project Risk Management, Business Performance, Customer Satisfaction, Employee Development, Energy Conservation & Efficiency Improvement, Pollution Prevention & Management of Construction Waste. As far as possible these issues are addressed within this Sustainability Report.

MATERIALITY MATRIX



ECONOMY

MARKET PRESENCE

Construction Division

Through its principal subsidiary, Pembinaan Mitrajaya Sdn Bhd (PMSB), Mitrajaya Holdings Berhad has created a significant track record of successful projects in the construction and civil engineering-related arena.

PMSB is not only an infrastructure contractor, but over the past 30 years has developed into a building contractor. Its major projects have included building construction, such as high-rise and low-rise Residential and Commercial buildings, Industrial buildings, as well as Institutional buildings for Education and Healthcare. PMSB has played a significant role in major national infrastructure projects, including the Kuala Lumpur International Airport (KLIA), KL's Light Rail Transit System, the CyberJaya Flagship Zone, the Putrajaya Federal Administrative Centre, the East Coast Economic Region, the Iskandar Southern Development Corridor, Refinery and Petrochemical Integrated Development (RAPID) in Pengerang Johor, and many other projects.

SUSTAINABILITY REPORT
(cont'd)

Construction Division (Continued)

Currently PMSB employs more than 500 employees across Malaysia, and over the years has accumulated assets comprising modern construction machineries and technologies, and has continued to build its capability in cutting edge construction methodologies and the pioneering field of 3D Building Information Modelling.

"We believe in delivering our client's every dream with passion, and that is our pride."

Local Property Development Division

Under our Local Property Division, in striving for greater heights, Mitrajaya ventured into property development in 1999. Its first and flagship development was the 250-acre integrated township of Puchong Prima. This is a great example of a comprehensive master plan undertaken by Mitrajaya. This was a carefully planned township that strongly shows our strong commitment to developing a multi-faceted community and not just constructing buildings.

Mitrajaya has also achieved Quality & Architectural Excellence through venturing into luxury residential development in the upmarket Mont' Kiara area. Thus far Kiara 9 Residency has become a benchmark for luxury lifestyle in Kuala Lumpur. It showcases a 41-storey iconic condominium tower and 16 units of 3 ½ storey Garden Villas. Over the years, Mitrajaya has built a solid reputation as a property developer through the brand name Mitrajaya Homes that prides itself in providing quality products and value to its customers.

Current projects include Wangsa 9 Residency in Wangsa Maju and Pangsapuri Seri Akasia in Puchong Prima, Selangor.

International Division

Blue Valley Golf & Country Estate has been the first international venture of Mitrajaya. It is located centrally to Johannesburg, the country's Business Hub and Capital City, Pretoria and Sandton in South Africa.

This successful development has a mixed development of Tuscan Themed Homes, Office Parks, Retail Development and Hotel, with a World Class 18 Hole Golf Course, designed by Gary Player. It embodies the South African affluent lifestyle estate living.

Rated as one of South Africa's TOP 100 golf courses, Blue Valley is testimony to the Group's capability and expertise. This provides further stimulus for current and future international ventures.

INDIRECT ECONOMIC IMPACTS

One of the pillars of sustainable development is economy. While achieving our economic performance targets, Mitrajaya is committed towards the creation of sustainable indirect value and benefits through our economic activities.

In our construction and development projects we use local raw materials as much as possible, including recycled construction materials. This helps to reduce our carbon footprint along our value chain. At the same time, it also brings more cost-effective economic benefits to our operations and contributes to the nation's economic welfare and growth.

We thus strengthen the local economy in the following ways:

- Our operations and associated activities provide for new employment and job opportunities for people within the community.
- Money is transacted and circulates within the local economy to increase wealth for local businesses.

In hiring from the local talent pool this signals to our customers and stakeholders that we value our local citizenship in the locations of our operations. Thus we are invested in the growth and the well-being of our citizens, as well as the health of the local economy. In 2017 our total workforce stood at 695 staff.

Our recycling and waste reduction programs effectively impact our company's cost structure in a positive manner. Waste reduction and reuse can also reduce business costs for disposal, provide new sources of materials for the construction, and create local jobs.

SUSTAINABILITY REPORT
(cont'd)

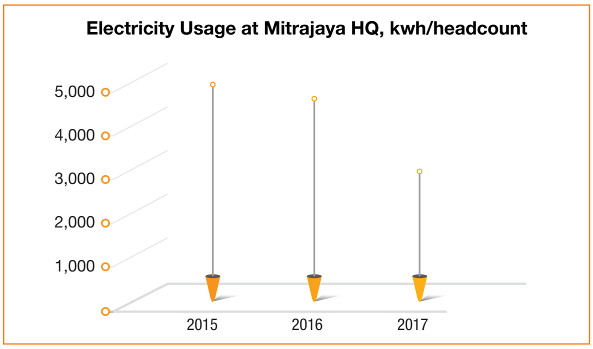
Thus Mitrajaya is able to contribute both directly and indirectly to the country's economic growth towards Vision 2020 and beyond.

ENVIRONMENT

As stated in our Mission, Mitrajaya is committed to exercising due care to the environment. This is a strong factor in providing timely and quality service to our customers. In our commitment we have incorporated a number of initiatives such as monitoring our usage of energy and water at our headquarters. We monitor for our environmental impacts in terms of air emissions, noise, and effluent discharge. We also have a strong commitment towards recycling or reuse of construction wastes at our project sites. At PMSB our integrated Quality, Environmental, Safety and Health Management System (QESHMS) guides and promotes continuous improvement in our practices in these areas. PMSB is certified for ISO 14001 and OHSAS 18001, as well as MS1722 Management System.

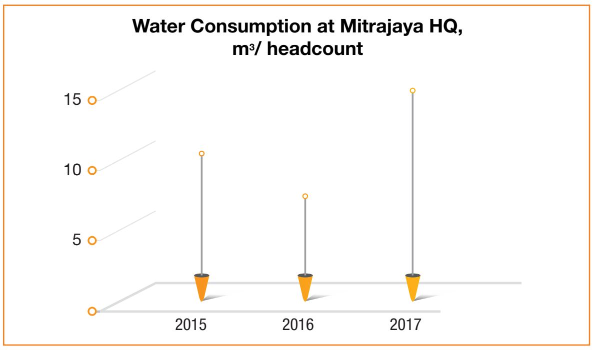
Energy

Since 2015 we had initiated the monitoring of electricity usage at our Headquarters (HQ) in Puchong Prima, Selangor. Referring to the chart, this will serve as the baseline for subsequent results in electricity usage in the years to come. The results over the 3 years showed a reduction in electricity usage per headcount of 31.7% from 2016 to 2017 as head count increased in 2017. Energy efficiency initiatives will be considered among future sustainability objectives, targets and activities at our HQ and at our project sites.



Water

At Mitrajaya's HQ in Puchong Prima, water consumption monitoring has been initiated since 2015. The data collected so far forms the baseline for subsequent results in the years to come. Water monitoring is important in consideration of water supply and availability, and possible future recyclability. The chart on the left shows the data from 2015 to 2017 at the HQ. There was an increase in water consumption in 2017 to 11.65 m3 per headcount due to an increase of 18.2% in the number of staff compared to 2016, as well as increased facilities such as new pantries and renovations undertaken in 2017. The water consumption will be continuously monitored to consider opportunities for future water conservation efforts.



Air Emissions

At the project sites we are concerned about the dust generated during the site preparation and construction period, as this can be a nuisance to our employees and contractors at site, as well as to the communities in the vicinity of the project site. In this regard we are required to monitor the Total Suspended Particulates (TSP) levels, as required according to project site job scope, which varies from site to site.

Monitoring for Total Suspended Particulates at site

SUSTAINABILITY REPORT
(cont'd)

In 2017, monthly monitoring results for TSP at those projects sites required to conduct TSP measurement showed levels ranging from 26 to 93 µg/m3 from January until October. These results were well within the ambient air quality standard of 260 µg/m3 for TSP, and were thus in compliance with the standard. Measurements were undertaken using High Volume samplers.

Noise

Noise monitoring was also carried out at site as per specific client's requirements over the periods of day and night for selected project sites. The results for those project sites that conducted noise monitoring ranged on average from 54.5 dB(A) to 62.7 dB(A) for day and 51.9 dB(A) to 55.0 dB(A) for night. The limits for noise are 65 dB(A) for day and 55 dB(A) for night. Hence the sites were in compliance with the ambient noise standards.

The noise monitoring station at 17RM2 project site

Effluent

At the project sites where the project specifications include effluent streams, the discharge of effluent is subject to the Effluent Regulations under the Environmental Quality Act of Malaysia and has to meet the discharge standards. Monitoring is normally conducted three times over a project cycle, i.e. at the start of a project, midway through the project, and on project completion. Effluent discharges are monitored for Total Suspended Solids (TSS), Dissolved Oxygen (DO), Oil & Grease (O&G), pH, Biochemical Oxygen Demand (BOD5), Chemical Oxygen Demand (COD), E-Coli, and Ammoniacal Nitrogen (NH3-N).

Discharges of effluent at site are often erratic, depending on the work cycle and work progress of the project, as well as size of project to accommodate living quarters for workers at site. Effluent discharges may also increase during the rainy days, or there may be no discharges during hot dry days, or when the work cycle does not use water. In 2017 samples were taken for discharges from August to October 2017 at various project sites.

At these project sites the discharge quality was in compliance with Standard B Effluent Discharge Standards of the Fourth Schedule of the Environmental Quality (Industrial Effluents) Regulations 2009, as well as the Second Schedule of the Environmental Quality (Sewage) Regulations 2009.

Effluent monitoring in progress at 17RM2 site

Wastes

According to SWCorp Malaysia's strategic plan 2014-2020, it is estimated that 26,000 tons of construction waste are generated daily. The Construction Industry Development Board (CIDB) estimates that construction waste makes up 30% of total solid waste in Malaysia.

In 2017, 11 out of the Mitrajaya's 19 active project sites generated construction waste totaling more than 6,495 MT. The most active construction waste generating site was that of Contract Works for the Raffles American School in Nusajaya, Johor, which accounted for 28% of the year's quantity.

However, in 2016, there were only 9 project sites generating construction waste, that amounted to a total of 9,622 MT. The highest amount was recorded at the project site for the development of 2 blocks of condominium at Mont Kiara, Kuala Lumpur, which contributed 64% of the year's construction waste.

The construction waste also included timber and debris.

SUSTAINABILITY REPORT (cont'd)

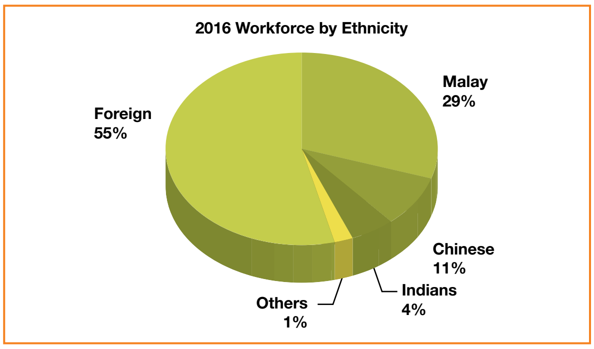
PEOPLE

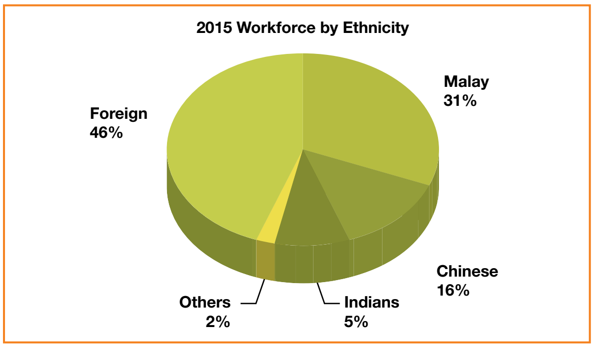
It is our corporate philosophy to cultivate and nurture professionalism, teamwork, total commitment and loyalty amongst our staff. We strive to harmonise our precious human resources and the operating environment which they work in. Our efforts towards our people have shown results and we are proud to be awarded as one of the Best Companies to Work For in Asia 2017 by HR Asia.

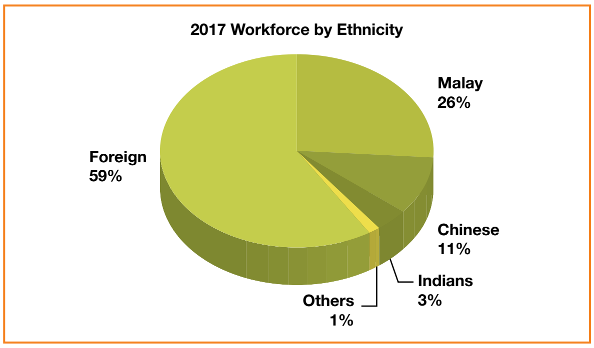
Diversity & Equal opportunity

Human resources are our valuable assets. As such, we do not discriminate against race, gender nor age. We hire based on who is best suited for the job from across the various ethnic groups found in Malaysia. The bulk of our employees who are construction workers belong to "Pembinaan Mitrajaya Sdn Bhd (PMSB)."

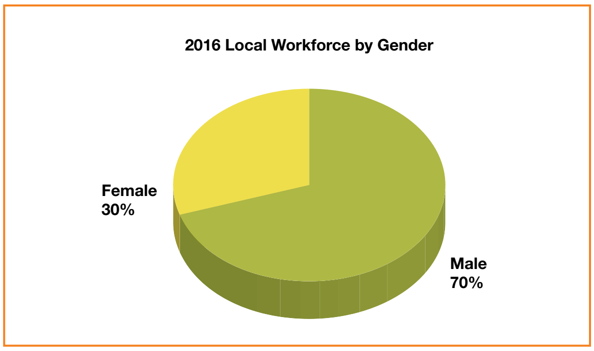
As PMSB is in a hard-labour intensive industry, we have no choice but to look towards hiring foreign workers due to a lack of locals willing to work in this sector. Illustrated on the right and below is our Workforce by Ethnicity trend from 2015 to 2017.

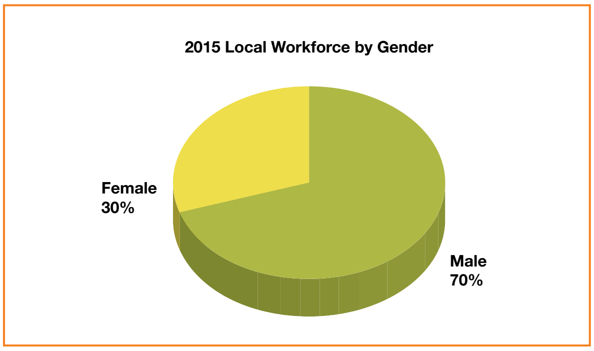


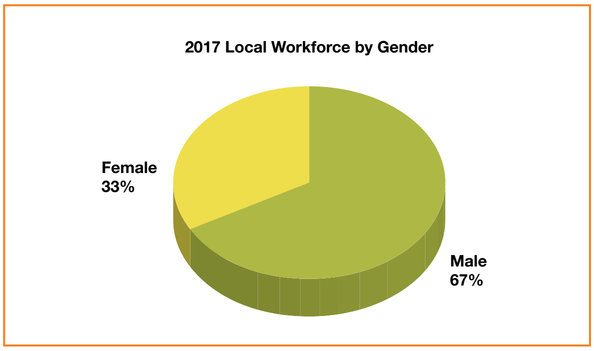




Due to the nature of the work as described earlier, it is inevitable that more men than women are hired. We understand and appreciate the importance of having women in the workforce and strive to hire women wherever possible without discriminating against men. There has been a small increase in the female portion by 3% in 2017. Despite the small proportion of female staff, we have a female on our Board of Directors. The diagrams show our workforce by gender through 2015 to 2017.





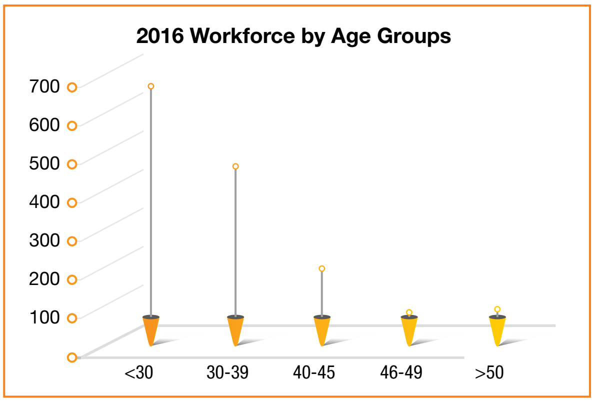


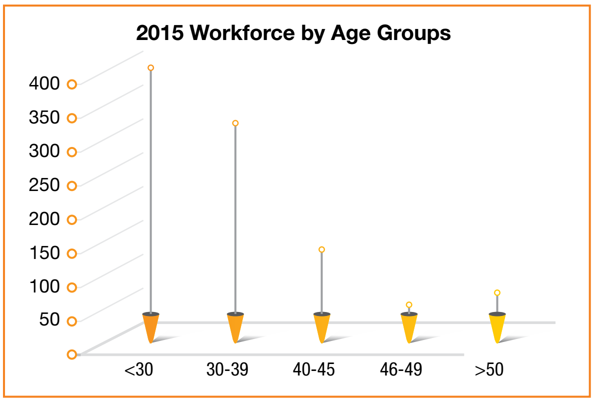
SUSTAINABILITY REPORT
(cont'd)

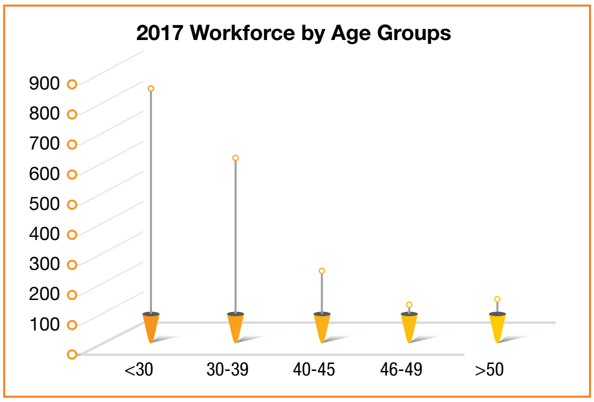
Once again, due to the nature of work, our workforce is generally on the younger side.

Although the above 50 age group is small, it has grown 20% from 2015 to 2017 to a total of 78 employees.

Overall, every age group has seen an increase in numbers.





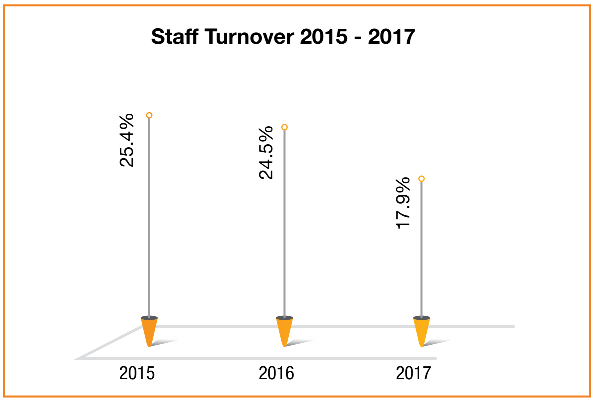


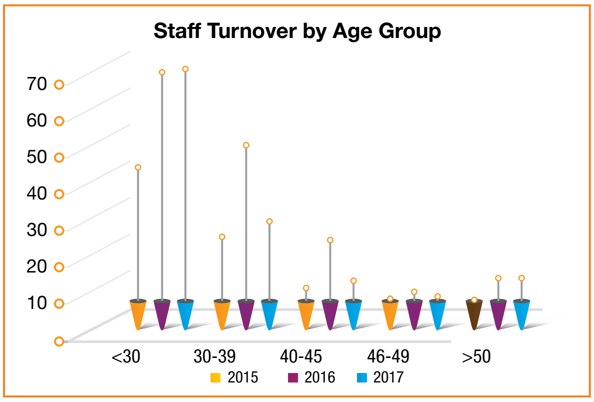
Our staff turnover record is only kept for local staff as our foreign staff is on contract. Our KPI is to keep the turnover rate to below 25% and we managed to achieve this in 2016 as well as 2017. Our staff turnover rate for the period of 2015 to 2017 is shown on the right.

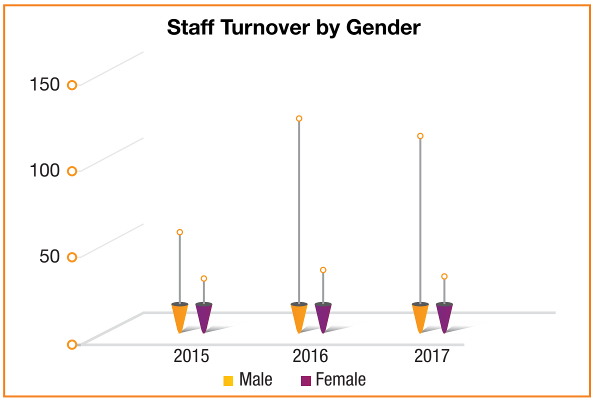
As majority of our workforce is in the below 40 age group, it is not surprising to find a higher turnover in this two age groups.

We find that the younger workers generally job-hop more often.

Since the male population is higher, it is inevitable to have a higher male turnover rate.







SUSTAINABILITY REPORT
(cont'd)

Employee Engagement

Go-Kart Racing

We engage with our staff through formal and informal channels in order to maximise our organisational performance. Formal channels include twice yearly performance appraisals, team-building events and company dinner.

Company Trip to Perth, Australia

Team Building Activity

Informal engagements are carried out through the sports club whereby trips, sporting events, festive celebrations, family day outings are organised. These events allow management and staff to develop appreciation of each other's capabilities outside the work environment and thus better team bonding results.

Family Day at Sunway Lagoon

White Water Rafting at Kuala Kubu Bharu, Selangor

Badminton Tournament

SUSTAINABILITY REPORT
(cont'd)

Staff Benefits

Over and above the statutory requirements, we offer several additional staff benefits in appreciation of their hard work and dedication towards the corporation.

For a period of 5 years commencing from 24 July 2015, all confirmed staff who have served at least 1 year of service is entitled to the Employees' Share Option Scheme (ESOS).

In appreciation of their contributions towards the corporation, the Long Service Award was launched. Awards are given every 5 years to staff who have served the corporation for 10 years and above. In 2015, we awarded 123 employees who have served between 10 to 30 years.

Employees Providence Fund (EPF) enhancements over and above the statutory requirements are provided for manager level and above.

Quality, Safety & Health

As our human resources are of paramount importance to us, we are committed to providing a work environment that is secure and which helps to ensure the good health of every member. For example, every project site has its own safety committee. This allows for immediate attention to whatever health and safety issue that might be affecting the site. We are committed to review our QESH (Quality, Environment, Safety and Health) Policy, targets and objectives annually for its effectiveness and continuing suitability.

We have in place the Integrated QESH Management System (QESHMS) to serve as guidance and promote continuous improvement to enable us to implement, control and improve our quality, environment, safety and health practices.

To mitigate any health, safety or quality issues, we implement SHASSIC (Safety and Health Assessment System in Construction) and QLASSIC (Quality Assessment System in Construction) assessment method to evaluate our health, safety and quality performance.

Mitrajaya carries out both QLASSIC & SHASSIC assessment on a voluntary basis even if it is not specified by the client. QLASSIC assessment is carried out by CIDB upon completion before the handover of the project to the client. As we value the quality of our workmanship, we encourage all staff to attend QLASSIC awareness training. To date, we have trained 13 qualified QLASSIC assessors to ensure the quality of our workmanship in day-to-day operations.

For SHASSIC, we carry out assessment on a voluntary basis 3 times during the span of the project; twice by internally trained SHASSIC assessors and once by invited external SHASSIC assessors from the Construction Research Institute of Malaysia (CREAM). The assessment is to evaluate the safety and health performance for all project sites.

Aside from this, monthly QLASSIC and housekeeping inspections are carried out by the QESH team. We do this voluntarily because we take pride in our work and care for the safety of our personnel and the quality of our projects.

We are proud to be awarded a 5-Star, the highest SHASSIC recognition, from CREAM for two of our projects: Public Apartment, Plot 5R5 Precinct 5, Putrajaya and Package 14, RAPID Project.

In addition, we are honoured that in 2017, CIBD awarded a high QLASSIC score of 81% for our MACC Headquarters design & build project.

Regular toolbox briefings are conducted to inform site personnel regarding active work activities and to promote environmental, safety and health best practices.

To cater for unforeseen situations, we have designated sick bay areas within our work sites so that the site personnel and visitors may have a place to seek assistance and to rest.

For the safety of our site personnel, we implement fencing and fall protection systems in all of our project sites. This is strictly controlled and monitored that all sites carry out this preventive measure.

To minimise safety and health hazards, every site personnel are responsible to ensure the cleanliness of the project sites. Our monthly Housekeeping Inspection will pick out any shortfall in this area and measures will be taken to ensure that employees adhere to the standard of cleanliness.

We have put measures in place such as monthly Occupational Safety & Health Committee meeting as well as training to ensure competency.

Training programmes include:

- Managing Excellent Emergency Officer Response Plan at Workplace
- Managing Crane Safety & Escalator Public Safety
- Effective Site Safety Inspection at Workplace
- Traffic Management
- Authorised Gas Tester
- Safety Induction
- CPR & First Aid at Workplace
- Never Trust Fire
- Scaffolding Competency
- Fire Evacuation
- QESH Awareness
- HSE Induction Training

These training programmes include safety awareness training for our contractors as we feel it is our obligation to ensure the safety of everyone at our sites.

Training & Education

In order to provide the best to our clients and to be an effective, efficient and productive organisation, we are committed to providing training and development to all employees throughout our corporation. We recognise this to be the fundamental role of an employer.

Aside from enhancing their functional skills, we acknowledge that soft skills development is just as important. We also see conferences and seminars as an important learning vehicle as it allows staff to tap into the expertise from within and outside the industry – an important learning session outside the scope of a classroom.

SUSTAINABILITY REPORT
(cont'd)

Some Major Training Programmes Carried Out

Leadership/Conferences/ Seminars	Functional	Soft Skills
• Leadership, Image & Communication	• Project Planning & Management	• Team Building
• Microsoft Project Conference SEA	• Quality Assessment System in Construction (QLASSIC)	• Foreign Workers' Management
• MBAM Annual Safety & Health Conference	• Hazard Effect Management Process (HEMP)	• Writing a Contract of Employment
• International Construction Conference	• Safety and Health Assessment System in Construction (SHASSIC)	• Effective Communications and Interpersonal Skills
• Seminar on Safety, Health, Diseases & Amenities at Construction Sites	• Certified Environmental Professional in Scheduled Waste Management (CePSWaM)	
• Effective Communication & Leadership	• Occupational Safety & Heath Management Systems (OSH MS)	
• Malaysian Construction Summit	• GBI Facilitator Course	
• World Bank Business Awareness Session Workshop	• Contractor's Site Supervisory Staff	
	• BCA Construction Quality Assessment System (CONQUAS)	
	• Construction Contracts	

SUSTAINABILITY REPORT
(cont'd)

Foreign Labour Management

We understand that it is very difficult to be working far away from home and loved ones. We try to make our foreign workers as comfortable as we can. Our foreign workers are provided with housing equipped with amenities such as a centralised kitchen, canteen, toilets and bathing pools, surau for the muslim staff, guardhouse with 24 hours security, and shaded waiting area beside the guard house.

Recreational areas such as football field and badminton court are also made available to them to be able to participate in sports or simply to exercise during their off-days.

In order to ensure that we treat them equitably and for better understanding of our foreign labour force, we have taken the pro-active step of enrolling for courses such as Foreign Worker's Management and attending forum on Foreign Workers Employment.

Mitrajaya foreign workers base camp

Turfed and landscaped surroundings

Centralised kitchen

Surau

Guard house with 24 hours security

Labour Practices Grievance Mechanisms

Every staff is free to bring up any grievances/complaint towards the corporation which they may have. Grievance can be any discontent or dissatisfaction, whether expressed or not, whether valid or not, arising out of anything connected with the Company or work which an employee thinks, believes or even feels to be unfair, unjust or inequitable. It is our policy that any grievance brought up should be settled as equitably and as quickly as possible in order to maintain continuous good relations and harmony between the parties concerned.

The following is our grievance resolution procedure.

Step One An employee having a grievance shall first refer the matter to his immediate superior/supervisor who will attempt to resolve the issue within five (5) working days from the time it was raised by the employee.

Step Two If the matter is not resolved or it the grievance involves the immediate superior, the employee shall within three (3) working days refer it to the Departmental Head/manager concerned who, assisted by another representative of the Company if required, shall attempt to resolve the issue within seven (7) working days from the time when the matter was referred to him.

Step Three In the event that no settlement is reached, the employee concerned may bring the matter in writing to the Human Resources & Admin Department within five (5) working days. The appointed Human Resources & Admin personnel shall attempt to resolve the matter within seven (7) working days on receipt of the matter in writing.

Step Four If the matter still remains unsettled after step three, either party may refer the dispute to the Executive Directors/Group Managing Director. The decision made by the Executive Directors/Group Managing Director shall be final and will be communicated to the employee concerned.

SUSTAINABILITY REPORT
(cont'd)

SOCIAL

We hold dear the concept of giving back to society. We endeavor to help make life a little easier for the underprivileged and less fortunate ones or those who just need a little bit of help to get back on their feet or to better their lives.

Local Communities

Of all our CSR efforts, we place particular emphasis on education as we believe that this can improve not just one individual's life but that of his/her family as well and ultimately the country as well. Therefore, we provide scholarships annually to deserving needy students.

"The Mitrajaya scholarship has definitely eased my financial worries and will enable me to concentrate on my studies.

Apart from that, I look forward to serving the 3-year bond in order to express my gratitude to Mitrajaya. This will also present an excellent opportunity for me to gain massive amount of experience."

Mr. Goh Wang Siang
Civil Engineering Student
University Malaysia Sabah (UMS)

"Mitrajaya's scholarship has assisted me in numerous ways. Aside from paying school fees, buying necessities such as books and stationery, it has also paid towards my house rent during the semester. So without the scholarship, I will not be able to pursue my studies."

En. Muhammad Shahrol Hafiz Bin Ibrahim
Quantity Survey Student
Universiti Teknologi MARA

"I'm tremendously grateful towards Mitrajaya for this scholarship. It has covered all the school fees thus reducing my parents' financial burden."

Cik Nurlieda Ellyyanna Munirrah Binti Razali
Software Engineering Student
Universiti Kebangsaan Malaysia

SUSTAINABILITY REPORT
(cont'd)

In line with our focus on education, we contributed RM10,000 to the TA Family Living Skills Centre (TAFLSC) in 2016. The aim of TAFLSC was to equip poor families living in Taman Medan with the necessary skills and knowledge to be more self-reliant.

At that time, the project was to empower single or poor mothers with sewing skills. That resulted in 150 sets of new hand-sewn school uniforms which were then donated to the needy students of SJK (C) San Yuk in Rawang.

Since 2013, Mitrajaya has organized a Blood Donation Drive annually together with Pusat Darah Negara to help replenish the blood bank. We strongly encourage our employees to give the 'gift of life' as it can make a big difference to someone's life. From 2015 to 2017, a total of 268 pints of blood has been donated by our staff.

We started our inaugural Mitrajaya Charity Run in 2016 which drew in a collection of RM83,388. Donations went to 4 charities namely, the National Kidney Foundation, Yayasan Kebajikan SSL Haemodialysis, Persatuan Bulan Sabit Merah Wilayah Persekutuan and The Penang Home for the Infirm and Aged. The event took place in Taman Puchong Prima with more than 400 participants.

SUSTAINABILITY REPORT
(cont'd)

Spurred by our success in 2016, we organised the Mitrajaya Charity Run at Taman Wetland, Putrajaya for the second time in 2017. This time, we surpassed the 2016 collections. A total of RM156,788 was raised which enable us to present to 6 charities, namely, the National Kidney Foundation, Kiwanis Down Syndrome Foundation, St. John Malaysia, Kawasan Selangor Selatan, Malaysia Nature Society and Persatuan Dialisis Kurnia Petaling Jaya. In total about 1,400 participants and more than 100 volunteers participated in this event.

In the later part of 2017, 20 employees strived to live up to being a Malaysian helping another Malaysian. They joined the Master Builders Association Malaysia's (MBAM) CSR programme, "Light for Life", at the Tasik Temenggor Orang Asli Village in the Royal Belum Forest Reserve, Perak. The objective was to upgrade the living standards of the orang asli residents in Kampung Chuweh Baru, Kampung Chuweh and Kampung Tebang. While Mitrajaya contributed cash towards this project, the staff contributed their own efforts. They repainted 2 generator sets, installed 4 water tanks, dug trenches to bury electricity cables, refurbished the mini-library, and installed standing fans. Over and above that, they donated some books and t-shirts as well to the villagers.

We carry out donations to Welfare Homes, Orphanages and Old Folks homes as well. We donate cash and items to these organisations. During festive seasons, we pay them a visit and arrange for meals and entertainment as well as donate hampers and other necessities.

SUSTAINABILITY REPORT
(cont'd)

A summary our CSR expenditures over 2016 and 2017 is presented below.

	2016	2017
Amount Spent on CSR Activities	RM157,241	RM256,880

Competitive Pricing

We strive for excellence and are constantly looking out for continuous improvements in how we work. Being competitive is how we have grown. We believe that competition is good for the industry as that will make all the players stronger which leads to a more robust industry and economy. All our projects in the past three years have been secured through open tenders and we strive to offer the best price and terms for the job.

Customer Engagement

Upon completion of our projects we will carry out a QLASSIC assessment on a voluntary basis to mitigate any shortcomings. This is done to give assurance to our clients of the quality and standard of our work.

We carry out a Client Survey at the end of every project. This enables our customers to share their experiences with us which in turn helps us to improve our services.

For the last 15 projects, we have received an average satisfaction rating of 77%. The highest rating received 95.5% while the lowest was 66%.

To enhance our relationship with our customers, we hold festive gatherings as a token of our appreciation for their support.

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Board of Directors ("the Board") of Mitrajaya Holdings Berhad ("MHB" or "the Company") is committed to ensure the fulfillment of the highest standards of Corporate Governance as set out in the Malaysian Code on Corporate Governance ("the Code"), which highlights the principles and recommendations of best practices on structures and processes that the Company may use in their operations towards achieving the optimal governance framework.

The Board welcomes the constructive recommendations of the Code and will always evaluate the MHB and its subsidiaries ("MHB Group" or "the Group") corporate governance practice and procedures as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

During the financial year ended 31 December 2017, the Board considers that it has fundamentally applied the principles and practices of the Code and is pleased to report the actions taken by the Company to conform to the Code in the Corporate Governance Report that is available in the Company's website www.mitrajaya.com.my.

Summary of Corporate Governance Practices

In MHB's commitment towards sound corporate governance, it has benchmarked its practices against the practices recommended by the Code as well as other best practices. MHB has applied all the Practices encapsulated in the Code for the financial year ended 31 December 2017 except:

- Practice 4.2 (Two-tier shareholder voting process to retain an Independent Director who has served for more than 12 years);
- Practice 4.5 (Board to comprise 30% women Directors);
- Practice 6.1 (Remuneration Policy for Directors and Senior Management);
- Practice 7.2 (Disclosure of the top five Senior Management personnel's remuneration on a named basis in bands of RM50,000);
- Practice 11.2 (Adoption of integrated reporting); and
- Practice 12.3 (Voting in absentia and remote shareholders' participation at General Meetings.

The Code does provide that if the Board finds that it is unable to implement any of the Code's practices, the Board should apply a suitable alternative practice to meet the Intended Outcome. In this respect, the Company has provided forthcoming and appreciable explanations for the departures from the said practices. The explanations on the departures are supplemented with a description on the alternative measures that seek to achieve the Intended Outcome of the departed Practices, measures that the Company has taken or intends to take to adopt the departed Practices as well as the timeframe for adoption of the departed Practices. Further details on the application of each individual Practice of the Code are available in the Corporate Governance Report.

A summary of how MHB has applied the Principles as laid out in the Code is described below.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVESS

The Board of Directors

The Board Charter is the key point of reference for the Directors of the Board in relation to its role, powers, duties and functions and there is also a formal schedule of matters reserved for its decision. MHB is led and managed by a competent Board, comprising members with a wide range of experience, knowledge and skills in relevant fields such as engineering, construction, general management and finance. Together, the Directors contribute to successfully direct and supervise the Group's business activities, which are vital to the success of the Group and the enhancement of long-term shareholders' value.

CORPORATE GOVERNANCE STATEMENT
(cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVESS (CONTINUED)

The Board of Directors (Continued)

During the financial year ended 31 December 2017, the Board met a total of six (6) times. Details of the attendance are as follow:-

DIRECTORS		POSITION	BOARD MEETINGS ATTENDED
1.	General Tan Sri Ismail Bin Hassan (R)	Independent Non- Executive Chairman	6/6
2.	Tan Eng Piow	Group Managing Director	6/6
3.	Foo Chek Lee	Executive Director	6/6
4.	Cho Wai Ling	Executive Director	6/6
5.	Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim	Independent Non- Executive Director	6/6
6.	Ir Zakaria Bin Nanyan	Independent Non-Executive Director	6/6
7.	Roland Kenneth Selvanayagam	Independent Non-Executive Director	6/6

The Board has delegated specific responsibilities to the Audit Committee and the Nomination & Remuneration Committee. These Committees have the authority to examine particular issues and report back to the Board with their recommendation. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

BOARD BALANCE

The Board currently comprises seven (7) Directors, categorised as follows:-

Four (4) Independent Non-Executive Directors
Three (3) Executive Directors

A brief profile of the Directors is presented on pages 6 to 7 of the Annual Report.

The Board is expected to be active and responsible fiduciaries in the exercise of their oversight responsibilities and therefore it is essential for the Company to be able to rely on the independent judgement of the Board, to be objective and to be able to evaluate the performance of the Company without any conflict of interest or undue influence from interested parties. It is for this reason that for the past 7 years, the Company has had a majority of Independent Directors on the Board and the Chairman is also an Independent Director.

The Board has taken note of Practice 4.5 of the Code for Large Companies (with market capitalization of RM2.0 billion) to have at least 30% women directors on the Board. The appointment of Ms Cho Wai Ling to the Board on 1 September 2014 reflects that the Board recognized the value of a lady member of the Board and this was an initial step taken towards achieving a more gender diversified Board. The Company does not have a formal policy on diversity of gender, ethnicity and age as the Board views that its current composition already encompasses this.

CORPORATE GOVERNANCE STATEMENT
(cont'd)

BOARD BALANCE (CONTINUED)

There is a clear division of responsibility at the head of the Company to ensure that there is a balance of power and authority. The Board is led by the Independent Non-Executive Chairman, General Tan Sri Ismail Bin Hassan (R) and Mr Tan Eng Piow, as the Group Managing Director who is in charge of running the business and implementing the policies and strategies adopted by the Board.

The Independent Non-Executive Directors participate at the Board Meetings and also contribute in Board Committees that have been set up as part of the practice of good corporate governance within the Company. They provide an objective and independent view of the performance of management in attempting to achieve the results to which the strategy of the Company is directed. The Board has upon their assessment, concluded that each of the four (4) Independent Non-Executive Directors continues to demonstrate conduct and behavior that are essential indicators of independence and find that their length of service does not in any way interfere with their exercise of independent judgement and ability to act in the interest of the Company.

The Board not only considered the state of mind of the long-serving Independent Directors but also focused on their background, current professional activities, economic and family relationships. The assessment also took into account that they have performed their duties without being subject to the influence of Management. The quantitative aspects of independence was dealt with under the Listing Requirements and for the qualitative aspects, the Board took into consideration various factors including character, values, and skills of the individual director.

Mr Tan Eng Piow, the Group Managing Director and Mr Foo Chek Lee, the Executive Director have been steeped in the infrastructure and property construction sector since the beginning of their respective careers, and have collectively extensive experience in engineering and construction. Both of them have been with the Mitrajaya Group for more than 25 years. Ms Cho Wai Ling, the Executive Director in charge of Finance has been working with the Group for more than 15 years, starting her career in the Group as an Accounts Executive and rose from rank and file to her present position. The Group Managing Director and the Executive Directors play a pivotal role in driving the Group's direction and oversee the conduct of the Group's business.

BOARD COMMITTEES

The Board has established the Audit Committee and the Nomination & Remuneration Committee. Please refer to the Audit Committee Report and the Nomination & Remuneration Committee Report for further details.

SUPPLY OF INFORMATION

The Chairman ensures that each Director is provided with timely notices of every Board Meeting and board papers for each agenda item. For scheduled meetings, the notices and board papers are sent to the Directors 7 days prior to the meetings. This is to ensure that Directors have sufficient time to prepare for discussions, and to obtain further explanation or clarification to facilitate the decision process and discharge of their duties. The Board has unrestricted access to timely and accurate information in the furtherance of its duties.

The Board has formalised procedures for Directors, whether as a full Board or in their individual capacity, to take independent advice where necessary, in the furtherance of their duties and at the Group's expense.

Every Director has access to the advice and services of the Company Secretary. The Board believes that the Company Secretary is capable of carrying out her duties to ensure the effective functioning of the Board and the terms of appointment of the Company Secretary permits her removal and appointment of a successor only by the Board as a whole.

CORPORATE GOVERNANCE STATEMENT
(cont'd)

DIRECTORS' TRAINING

The Directors are mindful that they should receive appropriate continuous training and they have attended seminars and briefings in order to broaden their perspectives and so that they keep abreast with developments in the market place and new statutory and regulatory requirements.

The Nomination and Remuneration Committee has assessed the training needs of the Directors and are satisfied that the trainings attended have been helpful in enabling the Directors to carry out their duties and responsibilities.

The following Directors attended the following training programs in 2017:-

Name	Title of Course
General Tan Sri Ismail Bin Hassan (R)	• Key changes to MFRS 15 Revenue from Contracts with Customers and MFRS 9 Financial Instruments
Tan Eng Piow	• Key changes to MFRS 15 Revenue from Contracts with Customers and MFRS 9 Financial Instruments
Foo Chek Lee	• Program Latihan Pengarah (PROLAP) Badan-Badan Berkanun • MBAM Annual Safety & Health Conference 2017 • Seminar on Occupational Safety & Health (OSH) and Workshop on Mobile Elevated Work Platforms (MEWPs), KK SABAH • MBAM 2 Day Seminar on Occupational Safety & Health (OSH) and Workshop on Mobile Elevated Work Platforms (MEWPs), Miri • MBAM 2 Day Seminar on Occupational Safety & Health (OSH) and Workshop on Mobile Elevated Work Platforms (MEWPs), Johor • Talks on Latest Human Resources Issues in the Construction Industry • MBAM Forum on Employment of Foreign Workers in the Construction Industry • Key changes to MFRS 15 Revenue from Contracts with Customers and MFRS 9 Financial Instruments
Cho Wai Ling	• Advocacy Sessions to Enhance Quality of MD&A for CEOs and CFOs • Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers • Seminar on MFRS9, MFRS 15, MFRS 16 and the New Companies Act 2016 • Property and Construction Sector Sustainability Reporting Workshop • Sustainability Engagement Series for CFOs and CSOs • 2018 National Budget & Tax Planning Conference • In –house training on GST – Budget 2017 & Finance Bill 2016, New Tax Code, Offences & Penalties, Income Tax Treatment of GST (Public Ruling 1 & 2 & 3 / 2017) • Key changes to MFRS 15 Revenue from Contracts with Customers and MFRS 9 Financial Instruments

CORPORATE GOVERNANCE STATEMENT
(cont'd)

DIRECTORS' TRAINING (CONTINUED)

Name	Title of Course
Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim	• MINDA Power Talk on Perception meets Reality Malaysian Family Owned Business (FOBs) • In-house training on Highlights of New Companies Act 2016 changes & its Implications • Key changes to MFRS 15 Revenue from Contracts with Customers and MFRS 9 Financial Instruments
Ir Zakaria Bin Nanyan	• MBAM Annual Safety & Health Conference 2017 • Key changes to MFRS 15 Revenue from Contracts with Customers and MFRS 9 Financial Instruments
Roland Kenneth Selvanayagam	• Creating the future – the economic game-changers and megatrends impacting your business inside the Minds of Brilliant Designers • Measuring social impact and performance in commercial and non-commercial organisations-questions • Thought Leadership Forum 2017 • Key changes to MFRS 15 Revenue from Contracts with Customers and MFRS 9 Financial Instruments

The Board is regularly updated by the Company Secretary on the latest update/amendments on the Bursa Securities Main Market Listing Requirements and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

RE-ELECTION OF DIRECTORS

The Company's Articles of Association provides for all Directors (including the Group Managing Director) to retire at least once in each three (3) years at the Annual General Meeting ("AGM") and the retiring Director shall be eligible for re-election. The Directors who are due for re-election at the AGM will be first assessed by the Nomination & Remuneration Committee as to whether they meet the Board's expectations and have continued to perform in an exemplary manner, which will then submit its recommendation to the Board for deliberation and approval.

DIRECTORS' REMUNERATION

The Nomination and Remuneration Committee is entrusted under its terms of reference to assist the Board in determining the framework of Executive Director's remuneration and the remuneration package for each Executive Director, drawing from outside advice as necessary. The Nomination & Remuneration Committee shall ensure that the level of remuneration is sufficient to attract and retain the Directors needed to run the Company successfully.

The Board as a whole shall determine the Non-Executive Directors' fees with the individual concerned abstaining from deliberations and voting on discussions in respect of his fee. The level of Directors' fee shall reflect the experience and responsibilities undertaken by the particular Non-Executive Director.

CORPORATE GOVERNANCE STATEMENT
(cont'd)

DIRECTORS' REMUNERATION (CONTINUED)

The breakdown of the remuneration of the Directors in the Group and Company during the financial year is as follows:-

Group level

Directors	Salaries (RM)	Defined Contribution Plans (RM)	Social Security Cost (RM)	Allowances (RM)	Bonuses (RM)	Fees (RM)	Benefits-in-Kind and Others Remuneration (RM)	TOTAL (RM)
Tan Eng Piow	960,000	135,200	593		80,000		28,500	1,204,293
Foo Chek Lee	624,000	108,160	593		208,000		14,125	954,878
Cho Wai Ling	312,000	79,040	829		104,000		24,750	520,619
Roland Kenneth Selvanayagam		3,444		52,950		27,500	3,000	86,894
Tan Sri General Ismail Bin Hassan (R)				60,000		27,500	6,500	94,000
Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim						27,500	5,500	33,000
Ir Zakaria bin Nanyan						27,500	6,500	34,000

Company level

Directors	Salaries (RM)	Defined Contribution Plans (RM)	Social Security Cost (RM)	Allowances (RM)	Bonuses (RM)	Fees (RM)	Benefits-in-Kind and Others Remuneration (RM)	TOTAL (RM)
Roland Kenneth Selvanayagam		3,444		52,950		27,500	3,000	86,894
Tan Sri General Ismail Bin Hassan (R)						27,500	6,500	34,000
Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim						27,500	5,500	33,000
Ir Zakaria bin Nanyan						27,500	6,500	34,000

CORPORATE GOVERNANCE STATEMENT
(cont'd)

DIRECTORS' REMUNERATION (CONTINUED)

The remuneration of the top five (5) Senior Management of the Group (excluding Executive Directors) for financial year 2017 is RM3,817,820 and represents 5% of the total staff cost of the Group. The disclosure is made on an aggregate basis as the Board opines that the disclosure of the Senior Management personnel' names and the various remuneration components (salaries, bonuses, benefits in-kind, other emoluments) would not be in the best interest of the Group to safeguard the confidentiality of the compensation among the Senior Management personnel and to avoid the poaching of our executives by competitors. There are also security concerns for these personnel and their family should the disclosure be made.

In order to align the long term interest of the employees to the corporate goals of the Group and to recognise their services which are valued and considered vital to the operation and continued growth of the Group, the Company has implemented an Employee Share Option Scheme to reward the employees by allowing them to participate in the Group's profitability and eventually realise potential capital gains arising from appreciation in the value of the Company's shares.

DIALOGUE BETWEEN THE COMPANY AND INVESTORS

The Board acknowledges the importance for shareholders to be informed of all key issues and major development affecting the Company. The dissemination of the information to shareholders and other stakeholders of the Company are made through the following:-

- The Annual Report;
- The AGM;
- The various disclosures and announcements made to the Bursa Securities including the Quarterly Financial Results and Annual Financial Results; and
- The Company's website, http://www.mitrajaya.com.my.

Briefings are held with analysts to clarify information in relation to the announcements. Dialogues with institutional investors and the press are held from time to time.

The Company has in place an Investor Relations Policy to ensure that shareholders, stakeholders, investors and the investment community are provided with relevant, timely and comprehensive information about the Company. This policy provides the guidance for communication through its designated spokespersons.

AGM

The Company's AGM serves as a principal forum for dialogue with shareholders. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Members of the Board as well as the External Auditors of the Company are present to answer questions raised at the meeting. The Executive Directors meet with members of the press after the AGM to answer any queries that may be raised.

FINANCIAL REPORTING

In presenting the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates.

The quarterly and annual financial statements are reviewed by the Audit Committee and approved by the Board before its release to Bursa Securities.

CORPORATE GOVERNANCE STATEMENT
(cont'd)

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which have to be made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates as on pages 63 to 164.

The Directors have the responsibility in ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy, the financial position of the Group and the Company, which will then enable them to ensure that the financial statements comply with the requirements of the Companies Act 2016.

The Directors have the overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

RISK MANAGEMENT AND INTERNAL CONTROL

Please refer to the Statement on Risk Management and Internal Control for further details.

RELATIONSHIP WITH THE AUDITORS

The External Auditors, Messrs. Baker Tilly Monteiro Heng has continued to report to the Audit Committee on their findings which are included as part of the Company's financial report with respect to each year's audit on the statutory financial statements. In doing so, the Company has established a transparent arrangement with the External Auditors to meet their professional requirements.

The independent members of the Audit Committee make it a point to sit and discuss with the External Auditors without the presence of the Management Team to allow the External Auditors to broach issues in an uninhibited and private fashion. For the financial year 2017, the Audit Committee met the External Auditors three times independently to discuss issues arising out of the audits. There were also exchange of views and opinions in relation to the financial reporting.

The Company has a policy to assess and monitor the performances and independence of External Auditors. The policy covers selection and appointment, independence, conflict of interest, non-audit services, rotation of lead engagement partner, annual assessment and audit fees. The External Auditors do provide their written assurance of their independence annually. Based on the assessment conducted by the Audit Committee, the Board is satisfied that the quality of service, adequacy of resources provided, communication, independence and professionalism demonstrated by the External Auditors in carrying out their function.

AUDIT COMMITTEE REPORT

The Audit Committee comprises of four (4) members, all of whom are Independent Non-Executive Directors and one Audit Committee Member, namely Mr Roland Kenneth Selvanayagam is a member of the Malaysian Institute of Accountants. The current members of the Audit Committee are as follow:-

CHAIRMAN

Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim *(Independent Non-Executive Director)*

MEMBERS

General Tan Sri Ismail Bin Hassan (R) *(Independent Non-Executive Director)*
Ir Zakaria Bin Nanyan *(Independent Non-Executive Director)*
Mr Roland Kenneth Selvanayagam *(Independent Non-Executive Director)*

DUTIES

The duties of the Committee shall be:-

- to consider the appointment of the External Auditors, the audit fee, and any questions of resignation or dismissal.

- to discuss with the External Auditors, the audit plan, the evaluation of the system of internal control, the audit report and the assistance given by the employees of the Company to the external auditors.

- to review the quarterly and annual financial statements before submission to the Board of Directors ("Board") focusing particularly on:-
  - any changes in or implementation of major accounting policies and practices;
  - significant and unusual events or transactions;
  - significant judgements made by Management;
  - significant adjustments arising from the audit;
  - the going concern assumption;
  - financial reporting issues;
  - compliance with accounting standards;
  - compliance with stock exchange and legal requirements; and
  - significant matters highlighted by Management, Internal Auditors or External Auditors and how these matters are addressed.

- to review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work.

- to review the internal audit programme, process, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.

- to consider the major findings of internal investigations and Management's response.

- to discuss problems and reservations arising from the audit and any matter the External Auditors may wish to discuss (in the absence of Management where necessary).

AUDIT COMMITTEE REPORT
(cont'd)

DUTIES (CONTINUED)

- to recommend the nomination of a person or persons as External Auditors.

- to review and report to the Board any related party transaction and conflict of interests situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.

- to consider any other functions or duties as may be agreed to by the Audit Committee and the Board.

MEETING ATTENDANCE

The numbers of meetings attended by the Committee Members during the financial year ended 31 December 2017 were as follow:-

Members	**No. of Attendance**
Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim - Chairman	5/5
General Tan Sri Ismail Bin Hassan (R)	5/5
Ir Zakaria Bin Nanyan	5/5
Roland Kenneth Selvanayagam	5/5

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2017, the Audit Committee carried out the following activities:-

- Reviewed the report by External Auditors on the audit of the financial statements for financial year ended 31 December 2017;
- Reviewed the Internal Audit Reports, which highlighted the audit issues on the auditable areas of corporate governance practice, project management on PJ Midtown project and financial and information technology (IT) management;
- Reviewed and appraised the adequacy and effectiveness of Management response in resolving the audit issues reported;
- Reviewed the findings of the Internal Auditors and follow-up on the recommendations;
- Reviewed the unaudited quarterly financial results of the Group and the audited financial statements of the Group and Company and recommended the same to the Board;
- Reviewed the Audit Planning Memorandum for the financial year 2017 presented by the External Auditors;
- Reviewed and approved the Internal Audit Plan;
- Reviewed the recurrent related parties transaction;
- Reviewed the Risk Management Committee report;
- Reviewed the Statement on Risk Management and Internal Control and Audit Committee Report for the financial year ended 31 December 2016;
- Assessed the independence and performance of the External Auditors;
- Recommended the External Auditors fees and the re-appointment of Auditors; and
- Reviewed the performance of the Internal Auditors.

The Audit Committee also held discussions with the External Auditors three times during the year without the presence of the Executive Directors and Senior Management.

AUDIT COMMITTEE REPORT
(cont'd)

INTERNAL AUDIT FUNCTION

The Group's internal audit functions are outsourced to an external professional internal audit firm which reports to the Audit Committee. The Internal Auditors serves to assist the Audit Committee in the discharge of its duties and responsibilities. Its role is to undertake independent, regular and systematic reviews of internal controls, so as to provide the Audit Committee with independent and objective feedback and reports to enable the internal control systems continue to operate satisfactorily and effectively.

The activities carried out by the Internal Audit function were:-

(a) Prepared and presented the Internal Audit Plan for 2017 for the Audit Committee's consideration and approval;
(b) Regularly performed risk-based audits on strategic business processes of the Company and the Group, which covered corporate governance practice, project management on PJ Midtown project and financial and information technology (IT) management;
(c) Issued Internal Audit Reports to the Audit Committee and Senior Management identifying weaknesses and issues as well as highlighting recommendations for improvements and followed up on matters raised;
(d) Acted on comments made by the Audit Committee and/or Senior Management on concerns over operations or controls and significant issues pertinent to the Company and of the Group;
(e) Reported to the Audit Committee on the review of the adequacy, appropriateness and compliance with the procedures established to monitor related party transactions; and
(f) Reported to Audit Committee on the Sustainability Reporting requirement.

NOMINATION AND REMUNERATION COMMITTEE REPORT

The Nomination and Remuneration Committee ("NRC") comprises of the following members who are all Independent Non-Executive Directors:

CHAIRMAN

Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim

MEMBERS

General Tan Sri Ismail Bin Hassan (R)
Ir Zakaria Bin Nanyan

DUTIES

The duties of the NRC shall be:-

- To review regularly the Board of Directors ("Board") structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary.
- To propose new nominees for appointment to the Board. In making the recommendations, the NRC shall consider the candidates:-
  - skills, knowledge, expertise and experience;
  - professionalism;
  - integrity; and
  - in the case of candidates for the position of Independent Directors, the NRC shall also evaluate the candidates' ability to discharge such responsibilities or functions as expected from Independent Non-Executive Directors.
- To assess Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.
- To recommend to the Board, Directors to fill the seats on the Board Committees.
- To review annually the Board's mix of skills and experience and other qualities including core competencies which Non-Executive Directors should bring to the Board.
- To recommend to the Board for the continuation (or not) in service of Executive Director(s) and Director(s) who are due for retirement by rotation.
- To orientate and educate new Directors as to the nature of the business, current issues within the Company and the corporate strategy, the expectations of the Company concerning input from the Directors and the general responsibilities of Directors.
- To recommend the remuneration policy and review the payment of Directors' fees and allowance.

NOMINATION AND REMUNERATION COMMITTEE REPORT
(cont'd)

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2017, the NRC in discharging its functions and duties carried out the following activities:-

- Reviewed the size and composition of the Board and Board Committee;
- Reviewed the mix of skill and experience and other qualities of the Board;
- Assessed the effectiveness of the Board as a whole, the Board Committees and the Directors;
- Discussed and recommended the re-election and re-appointment of retiring Directors;
- Assessed and confirmed the independence of the Independent Directors; and
- Reviewed the payment of Directors fees and benefits.

The NRC upon its annual assessment carried out for financial year 2017, was satisfied that:-

- The size and composition of the Board is optimum with appropriate mix of knowledge skills, attribute and core competencies;
- The Board has been able to discharge its duties professionally and effectively;
- All the Directors continue to uphold the highest governance standards in discharging their duties and responsibilities;
- All the members of the Board are well qualified to hold their positions as Directors of the Company in view of their respective working experience, academic and professional qualifications, depth of knowledge, skills and experience and their personal qualities;
- The Independent Directors, General Tan Sri Ismail Bin Hassan (R), Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim, Ir Zakaria Bin Nanyan and Mr Roland Kenneth Selvanayagam are demonstrably independent;
- The Directors are able to devote sufficient time commitment to their roles and responsibilities as evidenced by their attendance records; and
- The Directors have received training during the financial year ended 31 December 2017 that is relevant and would serve to enhance their effectiveness in the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of Mitrajaya Holdings Berhad ("MHB") is committed towards maintaining a sound system of risk management and internal control and is pleased to present this Statement on Risk Management and Internal Control ("Statement") for the financial year ended 31 December 2017, which has been prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and as guided by Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"). This statement outlines the nature of risk management and internal control of MHB and its subsidiaries ("the Group").

BOARD'S RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group's system of internal controls, which includes the establishment of an appropriate risk and control framework as well as the review of its effectiveness, adequacy and integrity to safeguard shareholders' investments and the Group's assets. Such system is however, designed to manage, rather than eliminate, the risk of failure to achieve business and corporate objectives. The system can therefore only provides reasonable, but not absolute assurance, against material misstatement or loss.

There is an on-going process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies. The Board annually reviews the results of this process for each business segment on cycle basis, including measures taken by Management to address areas of key risks as identified. This process has been in place for the financial year under review and up to the date of approval of this Statement.

The Board is assisted by management in implementing the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to manage and control these risks.

RISK MANAGEMENT

The Group has a risk management framework, which includes a risk management assessment process to identify significant risks and the mitigating measures thereof. The framework also addresses the specific risk profiles of each business division and the key functional unit identified within the Group. The Board has also established a Risk Management Committee to focus on risk management, and which comprises key management staff and is chaired by an Executive Director. Significant risks affecting the Group's strategic and business plans are escalated to the Board at scheduled meeting through the Risk Assessment Report. The Risk Assessment Report is reviewed annually at a minimum to ensure it remains adequate and effective. These risk management practices serve as an on-going process to identify, evaluate and manage significant risks of the Group.

Insurance and physical security of major assets are in place to ensure that the assets of the Group are sufficiently covered against any mishap that will result in material losses to the Group.

The Board is committed to continue to foster a risk-aware culture in all decision-making and to manage all key risks proactively and effectively. This is to enable the Group to respond effectively to the changing business and competitive environment which are critical for the Group's sustainability and the enhancement of shareholders' value.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

INTERNAL CONTROLS

The Board receives and reviews quarterly reports from the management on key financial data, and operational matters. This is to ensure that matters that require the Board and Management's attention are highlighted for review and deliberated for decision making purposes on a timely basis. The results of the Group are reported quarterly and any significant fluctuations are analysed and acted on in a timely manner.

The Management Team, led by the Group Managing Director, comprises experienced personnel with vast specialised industry experience in both Construction and Property Development. The Management Team meets on monthly basis to discuss and review performance and operational matters within their respective business unit structured by projects and functional departments.

The other salient features of the Group's system of internal controls are as follows:

- Organisation structure and limits of authority

  Clearly defined and documented lines and limits of authority, responsibility and accountability have been established through the Standard Operating Procedures, organizational structures and appropriate authority limits.

- Written policies and procedures

  Clearly defined internal policies and procedures as set out in the Group's Standard Operating Procedures Manual based on the business unit are updated to reflect changing risks or to address operational deficiencies.

- Planning, monitoring and reporting

  - The Audit Committee reviews the Group's quarterly financial performance, together with Management, which is subsequently reported to the Board; and

  - Financial and non-financial information, which includes the quarterly management reports covering key financial and performance indicators based for the respective business units, is provided to Senior Management for monitoring.

- International Standards Certification

  The Group's integrated QESH policies and procedures are implemented by its wholly-owned subsidiary, Pembinaan Mitrajaya Sdn Bhd ("PMSB").

  PMSB has been certified for ISO 9001 Quality Management System since year 2000 and subsequently certified for the following standards in year 2010:

  - ISO 14001 - Environmental Management System; and

  - OHSAS 18001 and MS 1722 - Occupational Health and Safety Management System.

  Audits are carried out to ensure adherence and conformity to the QESH management systems implemented.

- Related Party Transactions

  Related party transactions are disclosed, reviewed, and monitored by the Board on a quarterly basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function and has outsourced its internal audit function to a professional services firm, as part of its effort to ensure that the Group's system of internal controls is adequate and effective. The internal audit function assists the Board and Audit Committee in providing independent assessment of the effectiveness and adequacy of the Group's system of internal controls. The internal audit function reports directly to the Audit Committee.

During the financial year ended 31 December 2017, internal audits were carried out in accordance with an internal audit plan that has been reviewed and approved by the Audit Committee. Observations from these audits are presented, together with Management's response and proposed action plans, to the Audit Committee for its review. The internal audit function also follows up and reports to the Audit Committee on the status of implementation of action plans by Management on the recommendations highlighted in the internal audit reports, especially on areas where internal control deficiencies or lapses have been noted.

A total of RM49,500 was spent on internal audit activities for the financial year ended 31 December 2017.

REVIEW BY THE BOARD

The Board has considered the adequacy and effectiveness of the risk management and internal controls process in the Group during the financial year.

Before producing this Statement, the Group Managing Director and Executive Director-Finance have provided assurance to the Board in writing stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects during the financial year under review.

Taking into consideration the above assurance from the Management Team and inputs from the relevant assurance providers, the Board is of the view, and to the best of its knowledge, that the risk management and internal control systems are satisfactory and is adequate to safeguard shareholders' investments and the Group's assets. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

REVIEW BY THE EXTERNAL AUDITORS

The external auditors, Messrs Baker Tilly Monteiro Heng, have performed a limited assurance engagement on this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 December 2017 in accordance with the Audit and Assurance Practice Guide 3 (previously RPG/5 (Revised 2015)) issued by the Malaysian Institute of Accountants. The external auditors reported to the Board that based on the procedures performed, nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Controls intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

This Statement was presented and approved by the Board on 17 April 2018.

OTHER INFORMATION

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees payable to Messrs Baker Tilly Monteiro Heng for services rendered for the financial year 2017 is as follows:

	Audit fees (RM)	Non-Audit fees (RM)
Company level	48,000	8,000
Group level	175,149	11,500

MATERIAL CONTRACTS INVOLVING DIRECTORS'/MAJOR SHAREHOLDERS' INTEREST

There were no material contracts of the Company and its subsidiaries involving Directors' and major shareholders' interests for the financial year under review.

UTILISATION OF PROCEEDS

The Company undertook a renounceable rights issue of up to 157,433,598 new ordinary shares ("Rights Share(s)") on the basis of one (1) Rights Share for every five (5) existing shares together with up to 78,716,799 free detachable warrants ("Warrant(s) E") and an attached bonus issue of up to 78,716,799 new shares ("Bonus Share(s)") on the basis of one (1) Warrant E and one (1) Bonus Share for every two (2) Rights Shares subscribed ("Rights Issue"). At the entitlement date, 137,778,282 Rights Shares were available for subscription at an issue price of RM0.59 per Rights Share and the subscription monies received by 10 April 2018. The proceeds raised from the Rights Issue was RM81,289,186.38. The status of utilisation of proceeds is as follows:

Proposed utilisation of proceeds	Proceeds raised RM'000	Utilised as at 30.4.2018 RM'000	Timeframe for utilisation
Repayment of bank borrowings	79,639	36,500	Within three (3) months upon completion
Estimated expenses in relation to the Rights Issue	1,650	401	
	81,289	36,901	

EMPLOYEE SHARE OPTION SCHEME

The Company has only implemented one Employee Share Option Scheme (ESOS) that is governed by the ESOS By-Laws approved by the shareholders on 23 June 2015.

During the financial year there were no options offered to the Non-Executive Directors and no options were granted during the year.

OTHER INFORMATION
(cont'd)

EMPLOYEE SHARE OPTION SCHEME (CONTINUED)

The total number of options exercise and outstanding since the commencement of the scheme is as follows:

	Total	Directors/ Senior Management
Total number of options granted	38,411,500	4,381,500
Total number of options exercised	6,232,700	122,000
Total number of options lapsed	2,989,000	–
Total options outstanding	29,189,800	4,259,500

Percentage of options applicable to Directors/ Senior Management under the ESOS:

	During the financial year 2017	Since the commencement up to 31.12.2017
Aggregate maximum allocation	–	60%
Actual granted	–	11%

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2017

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 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activity whilst the principal activities of the subsidiaries are as disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	72,849,465	29,504,459
Attributable to:		
Owners of the Company	80,350,544	29,504,459
Non-controlling interests	(7,501,079)	–
	72,849,465	29,504,459

DIVIDEND

The amounts of dividends paid by the Company since the end of the previous financial year was as follows:

	RM
First and final single tier dividend of 10% on 681,570,614 ordinary shares of RM0.50 each in respect of the financial year ended 31 December 2016, paid on 16 August 2017	34,078,531

At the forthcoming Annual General Meeting, a first and final single tier dividend of RM0.02 per share 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 profits in the financial year ending 31 December 2018.

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT
(cont'd)

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

(ii) any contingent liabilities in respect of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liabilities of the Group and of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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

DIRECTORS' REPORT
(cont'd)

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report was made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up capital of the Company increased from RM334,861,036 to RM381,212,690 by way of issuances of:

(a) 16,951,841 new ordinary shares of RM18,477,507 arising from the exercise of Warrants D; and

(b) 2,807,500 new ordinary shares of RM4,098,522 arising from the exercise of share options under the Employees' Share Option Scheme ("ESOS").

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

During the financial year, the Company did not issue any debentures.

WARRANTS

Warrants D

By virtue of a Deed Poll executed on 3 July 2015 for the 85,614,556 Warrants D issued in connection with the Bonus Issue of free warrants allotted and credited on 1 September 2015, each Warrants D entitles the registered holder the right at any time during the exercise period from 24 August 2015 to 23 August 2020 to subscribe in cash for one new ordinary share at an exercise price of RM1.09 each.

The salient terms of Warrants D are disclosed in Note 19(b) to the financial statements.

	Number of warrants				
	At 1.1.2017	**Alloted**	**Exercised**	**Lapsed**	**At 31.12.2017**
Warrants D	85,518,618	-	(16,951,841)	-	68,566,777

DIRECTORS' REPORT
(cont'd)

TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

The shareholders of the Company by an ordinary resolution passed in the fifteenth Annual General Meeting held on 17 June 2008, approved the mandate for the Company's plan to repurchase its own ordinary shares. On 8 June 2017, the shareholders of the Company at the twenty-fourth Annual General Meeting granted their mandate for the Company's renewal of authority to repurchase its own ordinary shares.

During the financial year, the Company repurchased 10,000 shares from the open market at an average price of RM1.32 per share. The total consideration paid for the repurchase, was RM13,302 and they were financed by internally generated funds.

As at 31 December 2017, the Company held a total of 590,000 treasury shares of its 689,481,413 issued ordinary shares. Such treasury shares are held at a carrying amount of RM585,652. Details are disclosed in Note 21 to the financial statements.

EMPLOYEES' SHARE OPTION SCHEME

The Company's ESOS is governed by the by-laws approved by the shareholders of the Company at an Extraordinary General Meeting held on 23 June 2015.

The salient features and other details of the ESOS are disclosed in Note 19(c) to the financial statements.

The options offered for the subscription of unissued ordinary shares and the respective exercise prices are as follows:

Grant date	Exercise price RM	At 1.1.2017	Number of option over ordinary shares Granted	Exercised	Lapsed	At 31.12.2017
18.08.2015	1.15	26,062,800	–	(1,807,500)	(1,565,500)	22,689,800
12.02.2016	0.98	7,500,000	–	(1,000,000)	–	6,500,000
		33,562,800	–	(2,807,500)	(1,565,500)	29,189,800

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

General Tan Sri Ismail Bin Hassan (R)*
Tan Eng Piow*
Foo Chek Lee*
Cho Wai Ling*
Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim
Ir Zakaria Bin Nanyan
Roland Kenneth Selvanayagam

* Directors of the Company and of certain subsidiaries

DIRECTORS' REPORT
(cont'd)

DIRECTORS (CONTINUED)

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Bibhuti Nath Jha	
Dato' Tan Pin Soon	
Ho Chon Teck	
Kok Siew Leng	
Liew Choong Kong	
Liew Choon Siong	
Sahrul Isa Bin Ismail	
Tan Ah Huat	
Tan Mei Yin	
Yap Cheng Hong	
Datin Yap Ai Choo	(Appointed on 27 February 2017)
Ng Jer Yiing	(Appointed on 27 February 2017)
Yap Kian Mun	(Resigned on 27 February 2017)

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares, warrants and share options of the Company and its related corporations (other than wholly-owned subsidiary) during the financial year were as follows:

	Number of ordinary shares			
	At 1.1.2017	**Exercise of warrants/ ESOS/ Bought**	**Transferred/ Sold**	**At 31.12.2017**
The Company				
Direct interest				
Tan Eng Piow	271,845,073	13,500,000	(3,500,000)	281,845,073
Foo Chek Lee	1,216,252	100,000	–	1,316,252
Cho Wai Ling	–	22,000	–	22,000
Indirect interest				
Tan Eng Piow	3,690,750 [1]	–	3,500,000	7,190,750 [1]
Foo Chek Lee	36,487 [2]	–	–	36,487 [2]

[1] Shares held through children.
[2] Shares held through spouse.

DIRECTORS' REPORT
(cont'd)

DIRECTORS' INTERESTS (CONTINUED)

	Number of Warrants D Issued Pursuant To the Deed Poll dated 3.7.2015 exercisable at any time from 24.8.2015 to 23.8.2020			
	At 1.1.2017	**Alloted**	**Exercised**	**At 31.12.2017**
The Company				
Direct interest				
Tan Eng Piow	34,606,331	–	(13,500,000)	21,106,331
Foo Chek Lee	162,166	–	–	162,166
Indirect interest				
Tan Eng Piow	486,500 [1]	–	–	486,500 [1]
Foo Chek Lee	4,865 [2]	–	–	4,865 [2]

	Number of shares under the ESOS			
	At 1.1.2017	**Granted**	**Exercised**	**At 31.12.2017**
The Company				
Direct interest				
Tan Eng Piow	1,987,500	–	–	1,987,500
Foo Chek Lee	1,528,500	–	(100,000)	1,428,500
Cho Wai Ling	865,500	–	(22,000)	843,500
Indirect interest				
Tan Eng Piow	796,500 [1]	–	–	796,500 [1]

[1] Warrants/ Share options held through children.
[2] Warrants/ Share option held through spouse.

By virtue of his interest in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Tan Eng Piow is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in shares of the Company and its related corporations during the financial year.

DIRECTORS' REPORT
(cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 34 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than for any deemed benefits which may arise from transactions entered into in the ordinary course of business as disclosed in Note 42 to the financial statements.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, other than those arising from the share options granted under the ESOS.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 32 to the financial statements.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

TAN ENG PIOW
Director

FOO CHEK LEE
Director

Date: 17 April 2018

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	116,271,551	121,195,513	1	1
Land held for property development	6	254,549,111	131,407,297	–	–
Investment properties	7	66,260,188	6,663,509	–	–
Investments in subsidiaries	8	–	–	412,462,690	287,534,856
Investment in an associate	9	1,173,307	833,769	–	–
Amounts due from subsidiaries	17	–	–	76,409,887	–
Goodwill on consolidation	10	2,208,517	2,216,219	–	–
Deferred tax assets	11	3,268,454	5,518,726	–	–
Total non-current assets		443,731,128	267,835,033	488,872,578	287,534,857
Current assets					
Amount due from customers for contract work	12	86,487,406	103,857,230	–	–
Property development costs	13	129,298,565	99,494,415	–	–
Inventories	14	178,105,851	192,307,676	–	–
Trade and other receivables	15	528,057,583	493,026,093	18,145	21,947
Tax recoverable		2,753,420	2,571,335	245,688	–
Other investment	16	–	19,600,867	–	19,600,867
Amounts due from subsidiaries	17	–	–	1,600,938	89,091,085
Deposits, cash and bank balances	18	25,759,548	58,180,152	4,001,838	11,359,327
Total current assets		950,462,373	969,037,768	5,866,609	120,073,226
TOTAL ASSETS		1,394,193,501	1,236,872,801	494,739,187	407,608,083

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017
(cont'd)

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	19	381,212,690	334,861,036	381,212,690	334,861,036
Share premium	20	–	23,714,353	–	23,714,353
Treasury shares	21	(585,652)	(572,350)	(585,652)	(572,350)
Other reserves	22	7,570,444	8,592,528	11,604,034	13,315,209
Retained earnings		299,474,212	251,962,228	31,916,593	35,357,622
Shareholders' funds		687,671,694	618,557,795	424,147,665	406,675,870
Non-controlling interests		65,668,267	(1,424,466)	–	–
Total equity		753,339,961	617,133,329	424,147,665	406,675,870
Non-current liabilities					
Borrowings	23	43,494,704	39,468,065	20,000,000	–
Deferred tax liabilities	11	5,631,125	2,066,849	–	–
Total non-current liabilities		49,125,829	41,534,914	20,000,000	–
Current liabilities					
Amount due to customers for contract work	12	16,152,809	10,003,272	–	–
Trade and other payables	28	293,522,422	336,936,573	265,437	163,568
Amounts due to subsidiaries	29	–	–	49,901,258	–
Borrowings	23	280,034,680	215,468,668	424,827	379,618
Tax payable		2,017,800	15,796,045	–	389,027
Total current liabilities		591,727,711	578,204,558	50,591,522	932,213
TOTAL LIABILITIES		640,853,540	619,739,472	70,591,522	932,213
TOTAL EQUITY AND LIABILITIES		1,394,193,501	1,236,872,801	494,739,187	407,608,083

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Continuing Operations					
Revenue	30	1,164,201,942	966,170,766	28,770,000	26,700,000
Cost of sales	31	(1,008,079,248)	(753,095,327)	–	–
Gross Profit		156,122,694	213,075,439	28,770,000	26,700,000
Other income		6,960,172	6,711,355	4,014,705	9,824,396
Administrative expenses		(29,731,740)	(33,198,222)	(931,561)	(469,822)
Other expenses		(20,496,099)	(15,797,389)	(373,067)	(307,874)
Share option expenses		(523,037)	(3,068,131)	–	–
Operating Profit	32	112,331,990	167,723,052	31,480,077	35,746,700
Finance costs	35	(10,741,549)	(7,840,127)	(1,209,451)	(16,141)
Share of results of an associate, net of tax		339,538	249,423	–	–
Profit before tax		101,929,979	160,132,348	30,270,626	35,730,559
Income tax expense	36	(29,080,514)	(40,382,907)	(766,167)	(1,929,456)
Profit for the financial year from continuing operations		72,849,465	119,749,441	29,504,459	33,801,103
Profit for the financial year from discontinued operation, net of tax	37	–	1,517,223	–	–
Profit for the financial year		72,849,465	121,266,664	29,504,459	33,801,103
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation		796,019	11,377,057	–	–
Other comprehensive income for the financial year, net of tax		796,019	11,377,057	–	–
Total comprehensive income for the financial year		73,645,484	132,643,721	29,504,459	33,801,103

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (cont'd)

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Profit attributable to:					
Owners of the Company					
-from continuing operations		80,350,544	118,508,433	29,504,459	33,801,103
-from discontinued operation		–	175,376	–	–
		80,350,544	118,683,809	29,504,459	33,801,103
Non-controlling interests					
-from continuing operations		(7,501,079)	1,241,008	–	–
-from discontinued operation		–	1,341,847	–	–
		72,849,465	121,266,664	29,504,459	33,801,103
Total comprehensive income attributable to:					
Owners of the Company					
-from continuing operations		81,146,563	129,885,490	29,504,459	33,801,103
-from discontinued operation		–	175,376	–	–
		81,146,563	130,060,866	29,504,459	33,801,103
Non-controlling interests					
-from continuing operations		(7,501,079)	1,241,008	–	–
-from discontinued operation		–	1,341,847	–	–
		73,645,484	132,643,721	29,504,459	33,801,103
Basic earnings per share (sen):					
-from continuing operations	38(a)	11.85	18.07		
-from discontinued operation	38(a)	–	0.03		
		11.85	18.10		
Diluted earnings per share (sen):					
-from continuing operations	38(b)	10.36	15.30		
-from discontinued operation	38(b)	–	0.02		
		10.36	15.32		

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		← Attributable to owners of the Company →							
Group	**Note**	**Share capital RM**	**Share premium RM**	**Other reserves RM**	**Retained profits RM**	**Treasury shares RM**	**Equity attributable to owners of the parent RM**	**Non-controlling interests RM**	**Total equity RM**
At 1 January 2017		334,861,036	23,714,353	8,592,528	251,962,228	(572,350)	618,557,795	(1,424,466)	617,133,329
Profit for the financial year		–	–	–	80,350,544	–	80,350,544	(7,501,079)	72,849,465
Other comprehensive income									
Foreign currency translation	22	–	–	796,019	–	–	796,019	–	796,019
Total comprehensive income		–	–	796,019	80,350,544	–	81,146,563	(7,501,079)	73,645,484
Realisation of revaluation reserves	22	–	–	(240,928)	240,928	–	–	–	–
Redemption of preference shares in a subsidiary	22	–	–	134,000	(134,000)	–	–	–	–
Transactions with owners									
Purchase of treasury shares	21	–	–	–	–	(13,302)	(13,302)	–	(13,302)
		–	–	–	–	(13,302)	(13,302)	–	(13,302)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (cont'd)

Group	Note	← Attributable to owners of the Company →							
		Share capital RM	Share premium RM	Other reserves RM	Retained profits RM	Treasury shares RM	Equity attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Transactions with owners (Continued)									
Subscription of shares in subsidiaries by non-controlling interests		–	–	–	–	–	–	52,349,800	52,349,800
Acquisition of subsidiary	8	–	–	–	–	–	–	22,244,012	22,244,012
Share option (ESOS) granted	22	–	–	523,037	–	–	523,037	–	523,037
Dividends on ordinary shares	39	–	–	–	(34,078,531)	–	(34,078,531)	–	(34,078,531)
ESOS lapsed	22	–	–	(1,133,043)	1,133,043	–	–	–	–
Issuance of ordinary shares arising from:	19								
- exercise of Warrants		18,477,507	–	–	–	–	18,477,507	–	18,477,507
- exercise of share option (ESOS)		4,098,522	61,272	(1,101,169)	–	–	3,058,625	–	3,058,625
Total transactions with owners		22,576,029	61,272	(1,711,175)	(32,945,488)	(13,302)	(12,032,664)	74,593,812	62,561,148
Transition to no-par regime	19,20	23,775,625	(23,775,625)	–	–	–	–	–	–
At 31 December 2017		**381,212,690**	**–**	**7,570,444**	**299,474,212**	**(585,652)**	**687,671,694**	**65,668,267**	**753,339,961**

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (cont'd)

		← Attributable to owners of the Company →							
Group	**Note**	**Share capital RM**	**Share premium RM**	**Other reserves RM**	**Retained profits RM**	**Treasury shares RM**	**Equity attributable to owners of the parent RM**	**Non-controlling interests RM**	**Total equity RM**
At 1 January 2016		321,084,776	17,741,130	(2,939,487)	165,160,593	(546,652)	500,500,360	1,126,775	501,627,135
Profit for the financial year		–	–	–	118,683,809	–	118,683,809	2,582,855	121,266,664
Other comprehensive income									
Foreign currency translation	22	–	–	11,377,057	–	–	11,377,057	–	11,377,057
Total comprehensive income		–	–	11,377,057	118,683,809	–	130,060,866	2,582,855	132,643,721
Realisation of revaluation reserves	22	–	–	(1,541,072)	1,541,072	–	–	–	–
Transactions with owners									
Purchase of treasury shares	21	–	–	–	–	(25,698)	(25,698)	–	(25,698)
		–	–	–	–	(25,698)	(25,698)	–	(25,698)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (cont'd)

Group	Note	Share capital RM	Share premium RM	Other reserves RM	Retained profits RM	Treasury shares RM	Equity attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
		← Attributable to owners of the Company →							
Transactions with owners (Continued)									
Share option (ESOS) granted	22	–	–	3,068,131	–	–	3,068,131	–	3,068,131
Dividends on ordinary shares	39	–	–	–	(33,423,246)	–	(33,423,246)	–	(33,423,246)
Issuance of ordinary shares arising from:	19								
- exercise of Warrants		12,063,660	2,459,741	–	–	–	14,523,401	–	14,523,401
- exercise of share option (ESOS)		1,712,600	3,513,482	(1,372,101)	–	–	3,853,981	–	3,853,981
Disposal of a subsidiary		–	–	–	–	–	–	(5,134,096)	(5,134,096)
Total transactions with owners		13,776,260	5,973,223	1,696,030	(33,423,246)	(25,698)	(12,003,431)	(5,134,096)	(17,137,527)
At 31 December 2016		334,861,036	23,714,353	8,592,528	251,962,228	(572,350)	618,557,795	(1,424,466)	617,133,329

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (cont'd)

Company	Note	Share capital RM	Share premium RM	Share option (ESOS) reserve RM	Treasury shares RM	Retained profits RM	Total equity RM
		Attributable to owners of the Company					
At 1 January 2016		321,084,776	17,741,130	11,619,179	(546,652)	34,979,765	384,878,198
Profit for the financial year		–	–	–	–	33,801,103	33,801,103
Transactions with owners							
Purchase of treasury shares	21	–	–	–	(25,698)	–	(25,698)
Dividends on ordinary shares	39	–	–	–	–	(33,423,246)	(33,423,246)
Share option (ESOS) granted		–	–	3,068,131	–	-	3,068,131
Issuance of ordinary shares arising from:							
- exercise of Warrants		12,063,660	2,459,741	–	–	–	14,523,401
- exercise of ESOS		1,712,600	3,513,482	(1,372,101)	–	–	3,853,981
Total transactions with owners		13,776,260	5,973,223	1,696,030	(25,698)	(33,423,246)	(12,003,431)
At 31 December 2016		**334,861,036**	**23,714,353**	**13,315,209**	**(572,350)**	**35,357,622**	**406,675,870**
Profit for the financial year		–	–	–	–	29,504,459	29,504,459
Transactions with owners							
Purchase of treasury shares	21	–	–	–	(13,302)	–	(13,302)
Dividends on ordinary shares	39	–	–	–	–	(34,078,531)	(34,078,531)
Share option (ESOS) granted		–	–	523,037	–	–	523,037
ESOS lapsed		–	–	(1,133,043)	–	1,133,043	–
Issuance of ordinary shares arising from:							
- exercise of Warrants		18,477,507	–	–	–	–	18,477,507
- exercise of ESOS		4,098,522	61,272	(1,101,169)	–	–	3,058,625
Total transactions with owners		22,576,029	61,272	(1,711,175)	(13,302)	(32,945,488)	(12,032,664)
Transition to no-par regime	19,20	23,775,625	(23,775,625)	–	–	–	–
At 31 December 2017		381,212,690	–	11,604,034	(585,652)	31,916,593	424,147,665

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES:				
Profit before taxation				
-Continuing operations	101,929,979	160,132,348	30,270,626	35,730,559
-Discontinued operation	–	1,855,757	–	–
Adjustments for:				
Bad debts written off	–	3,292	–	–
Depreciation of:				
- property, plant and equipment	7,174,856	5,404,947	–	–
- investment properties	35,224	38,944	–	–
(Gain)/Loss on disposal of:				
- property, plant and equipment	(221,016)	(957,712)	–	–
- investment in a subsidiary	–	1,325,367	–	(1,493,300)
Impairment losses of:				
- trade receivables	–	289,952	–	–
Interest expense	10,741,549	8,213,883	1,209,451	16,141
Interest income	(1,358,775)	(1,326,827)	–	–
Inventories written off	256	–	–	–
Property, plant and equipment written off	46,682	45,258	–	–
Unrealised loss/(gain) from foreign exchange	25,543	(58,725)	–	–
Share of profit in an associate	(339,538)	(249,423)	–	–
Share option expense	523,037	3,068,131	–	–
	118,557,797	177,785,192	31,480,077	34,253,400
Changes in working capital:				
Amount due from/(to) customers for contract work	43,434,745	46,319,117	–	–
Inventories	17,503,326	(54,867,618)	–	–
Property development costs	(29,673,523)	43,614,712	–	–
Trade and other receivables	(33,593,979)	(120,160,949)	3,802	101,457
Trade and other payables	(35,042,020)	(8,866,788)	101,869	(1,970,707)
Cash flows generated from operations	81,186,346	83,823,666	31,585,748	32,384,150
Tax paid	(37,667,885)	(39,829,087)	(1,400,882)	(2,140,398)
Net Operating Cash Flows	43,518,461	43,994,579	30,184,866	30,243,752

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (cont'd)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	1,358,775	1,326,827	–	–
Repayment from/(Advances to) subsidiaries	–	–	11,080,260	(2,804,037)
Uplift of deposits with licensed banks	–	11,803,551	–	11,803,552
Redemption/(Placement) of other investment	19,600,867	(18,137,473)	19,600,867	(18,137,473)
Proceeds from disposal of property, plant and equipment	665,725	1,108,577	–	–
Acquisition of a subsidiary, net of cash (Note 8(a))	(33,575,271)	–	(33,600,000)	–
Subscription of shares by non-controlling interests	52,349,800	–	–	–
Disposal of a subsidiary, net of cash	–	4,164,634	–	5,100,000
Deposit paid for purchase of land	(905,300)	–	–	–
Expenditure on :				
- land held for development	(124,284,058)	(206,821)	–	–
- investment properties	(3,326,055)	(421,707)	–	–
Investment in subsidiaries	–	–	(90,804,797)	–
Purchase of property, plant and equipment (Note 5(b))	(9,073,532)	(28,440,979)	–	–
Net Investing Cash Flows	(97,189,049)	(28,803,391)	(93,723,670)	(4,037,958)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Interest paid	(10,741,549)	(8,213,883)	(1,209,451)	(16,141)
Advances from subsidiaries	–	–	49,901,258	–
Dividend paid	(34,078,531)	(33,423,246)	(34,078,531)	(33,423,246)
Drawdown of term loans	20,000,000	25,330,000	20,000,000	–
Repayment of term loans	(4,753,279)	(3,350,883)	–	–
Drawdown/(Repayment) of other borrowings				
- bankers' acceptance	16,967,000	(7,702,000)	–	–
- short term revolving credit	70,404,000	61,796,000	–	–
Payment of hire purchase	(47,811,336)	(39,638,241)	–	–
Proceeds from the warrants exercised	18,477,507	14,523,401	18,477,507	14,523,401
Purchase of treasury shares	(13,302)	(25,698)	(13,302)	(25,698)
Proceeds from ESOS exercised	3,058,625	3,853,981	3,058,625	3,853,981
Net Financing Cash Flows	31,509,135	13,149,431	56,136,106	(15,087,703)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (cont'd)

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
NET CHANGES IN CASH AND CASH EQUIVALENTS		(22,161,453)	28,340,619	(7,402,698)	11,118,091
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		657,076	4,692,369	–	–
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		11,929,157	(21,103,831)	10,979,709	(138,382)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		(9,575,220)	11,929,157	3,577,011	10,979,709
Cash and bank balances	18	20,714,581	34,872,171	1,838	60,975
Deposits with licensed banks	18	5,044,967	23,307,981	4,000,000	11,298,352
		25,759,548	58,180,152	4,001,838	11,359,327
Bank overdrafts	24	(35,334,768)	(46,250,995)	(424,827)	(379,618)
		(9,575,220)	11,929,157	3,577,011	10,979,709

(a) Reconciliation of liabilities arising from financing activities:

Group	1 January 2017 RM	Cash flows RM	Non-cash Acquisition RM	31 December 2017 RM
Bankers' acceptances	21,655,000	16,967,000	–	38,622,000
Term loan	24,611,233	15,246,721	–	39,857,954
Finance lease liabilities	56,123,505	(47,811,336)	24,702,493	33,014,662
Short term revolving credit	106,296,000	70,404,000	–	176,700,000
	208,685,738	54,806,385	24,702,493	288,194,616

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are located at No. 9, Blok D, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor Darul Ehsan.

The Company is principally engaged in investment holding activity whilst the principal activities of the subsidiaries are as disclosed in Note 8. There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements are expressed in Ringgit Malaysia (“RM”). All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 17 April 2018.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards (“FRSs”) and the requirements of the Companies Act 2016 in Malaysia.

(b) Adoption of Amendments/Improvements to FRSs

The Group and the Company have adopted the following amendments/improvements to FRSs that are mandatory for the current financial year:

<u>Amendments/Improvements to FRSs</u>

FRS 12	Disclosure of Interest in Other Entities
FRS 107	Statement of Cash Flows
FRS 112	Income Taxes

The adoption of the above amendments/improvements to FRSs did not have any significant effect on the financial statements of the Group and of the Company, except for that as discussed below:

Amendments to FRS 107 Statement of Cash Flows

Amendments to FRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activites.

The Group and the Company have applied the amendments prospectively and accordingly, have disclosed the reconciliation in the statements of cash flows.

2. BASIS OF PREPARATION (CONTINUED)

(c) MASB Approved Accounting Standards ("MFRSs")

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the MASB had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1 January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int 15 Agreements for the Construction of Real Estate ("Transitioning Entities"). The Transitioning Entities are given an option to defer the adoption of MFRSs Framework and shall apply the MFRSs framework for annual periods beginning on or after 1 January 2018. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework. As such, the Group and the Company will prepare their first MFRSs financial statements using the MFRSs framework for financial year ending 31 December 2018. The main effects arising from the transition to the MFRSs Framework are discussed below.

Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

MFRS 9 Financial Instruments

MFRS 9 replaces the guidance of MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and liabilities, on impairment of financial assets, and on hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. **BASIS OF PREPARATION (CONTINUED)**

(c) **MASB Approved Accounting Standards ("MFRSs") (Continued)**

MFRS 9 Financial Instruments (Continued)

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification and measurement of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses which replaces the "incurred loss" model in MFRS 139. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised. Trade receivables and contract assets that do not contain a significant financing component shall always measure the loss allowance at an amount equal to lifetime expected credit losses.

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

The Group will apply MFRS 9 retrospectively. Based on the Group's initial assessment, the Group does not expect material financial impact to the financial statements in the period of its initial application. The Group will conclude its assessment upon completion of its detailed analysis on initial application of this standard.

2. BASIS OF PREPARATION (CONTINUED)

(c) MASB Approved Accounting Standards ("MFRSs") (Continued)

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:
(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

The Group is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the transition adjustments on its financial statements.

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

On initial adoption of MFRS 16, there may be impact on the accounting treatment for leases, which the Group as a lessee currently accounts for as operating leases. On adoption of this standard, the Group will be required to capitalise its rented premises and equipment on the statements of financial position by recognising them as 'right-of-use' assets and their corresponding lease liabilities for the present value of future lease payments.

The Group and the Company plan to adopt this standard when it becomes effective in the financial year beginning 1 January 2019 by applying the transitional provisions, and include the required additional disclosure in their financial statements of that year.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

2. BASIS OF PREPARATION (CONTINUED)

(d) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in the summary of significant accounting policies.

(e) Use of estimates and judgement

The preparation of financial statements in conformity with FRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires management to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the management's best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in financial statements of the Group and of the Company.

(a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting period as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

In business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the cost of acquisition over the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 3(g). Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised as bargain purchase gain in profit or loss on the date of acquisition.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of Consolidation (Continued)

Transaction costs for acquisition between 1 January 2006 and 31 December 2010, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Transaction costs for acquisition on or after 1 January 2011 will no longer be capitalised as part of the cost of acquisition but will be expensed immediately.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Prior to 1 January 2011, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and this carrying amount would be regarded as cost on initial measurement of the investment.

(b) Transactions with Non-Controlling Interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity.

The losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have deficit balance. The change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not have impact on earnings per share.

Prior to 1 January 2011, where losses applicable to the non-controlling interests exceed the Company's interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interest, were charged against the Group's interest except to the extent that the non-controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had been recovered.

(c) Separate financial statements

In the Company's statement of financial position, investments in subsidiaries are measured at cost less any impairment losses, unless the investment is classified as held for sale or distribution.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign Currency

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange difference arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign Operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the end of the reporting period and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recognised at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is stated at valuation less impairment losses. Any revaluation increase is credited to equity as revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation decrease is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised as an expense. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%
Fixtures, fittings and office equipment	10% - 33%
Renovations	10% - 20%
Plant and machinery	10% - 33%
Motor vehicles	20% - 25%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

Depreciation of property, plant and equipment which are used for a specific project will be charged to that particular project. Depreciation of other property, plant and equipment are charged to profit or loss accordingly.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment loss.

The policy for the recognition and measurement of impairment losses is in accordance with Note 3(k).

No depreciation is provided on the freehold land as it has indefinite useful life. Depreciation of buildings is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at 2% of annual rates.

Freehold land of the Group under investment properties have not been revalued since they were first revalued in 1993 and 2016. The Directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of International Accounting Standard No. 16 ("IAS16") (Revised), Property, Plant and Equipment, these assets continue to be stated at their 1993 and 2016 valuation less accumulated depreciation. Surplus arising from revaluation is credited directly to revaluation reserve.

(g) Intangible Assets

Goodwill

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

For acquisition prior to 1 January 2006, goodwill represents the excess of the cost of acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

For acquisition between 1 January 2006 and 31 December 2010, goodwill represents the excess of the cost of the acquisition over the Group's net interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree.

For acquisition on or after 1 January 2011, the Group considers the following in measuring goodwill at the acquisition date:

- The fair value of the consideration transferred;
- The recognised amount of any non-controlling interests in the acquisition;
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; and
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Intangible Assets (Continued)

Goodwill (Continued)

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

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

As permitted under the transitional provision of FRS 121: The Effects of Changes in Foreign Exchange Rates, goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note d (iii).

(h) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(i) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of an available-for-sale financial asset or a held for trading financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Associates (Continued)

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(j) Financial Assets

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

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

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

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

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

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

Financial asset at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortization process.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial Assets (Continued)

(iii) Held-to-maturity investment

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

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

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

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

(k) Impairment of Non-Financial Assets

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

An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future value cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of the assets exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in subsequent period.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment of Financial Assets

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

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

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

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

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

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

(m) Construction Contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Land Held for Property Development and Property Development Costs

(i) Land Held for Property Development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property Development Costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the profit or loss is classified as progress billings within trade payables.

(o) Inventories

Inventories are stated at the lower of cost and net realisable value and cost is determined based on the following methods:

Completed development properties and leasehold land	Specific identification
Raw materials	First-in-first-out

The cost of unsold completed development units comprises cost associated with the acquisition of land, construction costs and appropriate proportions of common development costs.

Net realisable value is the estimated selling price in ordinary course of business less the estimated costs to completion and estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include cash in hand and at bank, deposits at call and short term (with maturity of three months or less) highly liquid investments which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(q) Financial Liabilities

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

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

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

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

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

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

(r) Financial Guarantee Contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group as issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(i) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that assets. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Any upfront lease payments are classified as land use rights within intangible assets.

(ii) Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

(t) Provisions for Liabilities

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Provisions for Liabilities (Continued)

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

(u) Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(v) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in profit or loss as incurred.

(iii) Share-based Compensation

The Company Employees' Share Options Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

The Company recognised the impact of the estimate of the number of options that are expected to become exercisable on vesting date, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred directly to retained profits.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Revenue and Other Operating Income Recognition

Revenue and income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Construction Contracts

Revenue from construction contracts is accounted for by the stage of completion method. The stage of completion method is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

(ii) Sale of properties

Revenue from sale of properties is accounted for by the stage of completion method in respect of the property units sold. The stage of completion method is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Any expected loss on development project is recognised as an expense immediately, including costs to be incurred over the defects liability period.

(iii) Golf Management

Revenue of the Group from golf management are recognised when services are rendered.

(iv) Sale of Goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(v) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(vi) Dividend Income

Dividend income is recognised when the right to receive payment is established.

(vii) Rental Income

Rental income is recognised on a straight line basis over the term of the lease.

(viii) Income from Short Term Funds

Income from short term funds is recognised when right to receive payment is established.

(ix) Building Management

Revenue from building management are recognised when services are rendered.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Taxes

(i) Income Tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current Tax

Income tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Taxes (Continued)

(i) Income Tax (Continued)

Deferred Tax (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(ii) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

(y) Discontinued Operation

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and;

- represents a separate major line of business or geographical area of operations;

- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as discontinued operation, the comparative statements of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services which are reviewed regularly by the chief operating decision maker, which is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(aa) Share Capital and Share Issuance Expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in liabilities in the period in which they are declared.

(ab) Treasury Shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(ac) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

(ad) Fair Value Measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ad) Fair Value Measurements (Continued)

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:

(a) Net Realisable Values of Inventories (Note 14)

Reviews are made periodically by directors on future saleability and net realisable value of its inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

As at the end of the reporting period, the Directors of the Company are of the opinion that there is no adjustment required resulting from the review.

(b) Construction (Notes 30 and 31)

The Group recognises contract revenue and corresponding costs in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that the contract costs incurred for work performed to date bear to the estimated total contract costs.

Significant judgements is required in determining the stage of completion, the extent of contract costs incurred to-date, the estimated total costs, as well as the recoverability of the construction projects. The estimated total revenue and costs is affected by a variety of uncertainties that depend on the outcome of future events.

(c) Property Development (Notes 30 and 31)

The Group recognises property development revenue and corresponding costs in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred to date bear to the estimated total property development costs and taking into consideration the actual sales made against the total estimated gross development value of the project.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred to-date, the estimated total property development revenue and costs, as well as the recoverability of the property development costs. The estimated total revenue and costs is affected by a variety of uncertainties that depend on the outcome of future events.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

	Buildings RM	Fixtures, fittings and office equipment RM	Renovations RM	Motor vehicles RM	Plant and machinery RM	Total RM
Group						
2017						
Cost						
At 1 January 2017	9,495,284	6,574,026	2,089,453	19,516,404	176,048,917	213,724,084
Additions	–	1,469,022	322,024	4,096,162	19,472,254	25,359,462
Reclassifications	–	(3,028)	–	–	(512,280)	(515,308)
Disposals	–	–	–	(864,125)	(816,419)	(1,680,544)
Written off	–	(47,940)	–	–	(50,785)	(98,725)
Exchange differences	(3,199)	4,740	–	4,853	12,683	19,077
At 31 December 2017	9,492,085	7,996,820	2,411,477	22,753,294	194,154,370	236,808,046
Accumulated Depreciation						
At 1 January 2017	1,598,608	3,572,462	1,224,427	11,584,372	74,548,702	92,528,571
Depreciation for the financial year	171,777	849,097	114,942	2,930,955	25,211,484	29,278,255
Disposals	–	–	–	(666,080)	(571,288)	(1,237,368)
Written off	–	(41,886)	–	–	(10,157)	(52,043)
Exchange differences	–	4,212	–	4,849	10,019	19,080
At 31 December 2017	1,770,385	4,383,885	1,339,369	13,854,096	99,188,760	120,536,495
Carrying Amount						
At 31 December 2017	7,721,700	3,612,935	1,072,108	8,899,198	94,965,610	116,271,551

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RM	Fixtures, fittings and office equipment RM	Renovations RM	Motor vehicles RM	Plant and machinery RM	Total RM
Group						
2016						
Cost						
At 1 January 2016	8,518,861	9,438,549	6,264,551	17,658,619	138,420,478	180,301,058
Additions	17,216,322	994,158	523,574	2,725,762	73,985,770	95,445,586
Transfer from investment properties	700,000	–	–	–	–	700,000
Disposals	–	(7,118)	–	(681,700)	(114,772)	(803,590)
Written off	–	(220,530)	–	–	(2,319,808)	(2,540,338)
Disposal of a subsidiary	(17,216,322)	(3,709,008)	(4,698,672)	(283,063)	(34,130,673)	(60,037,738)
Exchange differences	276,423	77,975	–	96,786	207,922	659,106
At 31 December 2016	9,495,284	6,574,026	2,089,453	19,516,404	176,048,917	213,724,084
Accumulated Depreciation						
At 1 January 2016	1,425,303	6,016,141	3,370,694	9,532,246	84,675,063	105,019,447
Depreciation for the financial year	288,080	888,887	386,764	2,656,397	20,486,782	24,706,910
Disposals	–	(2,411)	–	(537,278)	(113,036)	(652,725)
Written off	–	(178,997)	–	–	(2,316,083)	(2,495,080)
Disposal of a subsidiary	(114,775)	(3,224,208)	(2,533,031)	(163,779)	(28,344,076)	(34,379,869)
Exchange differences	–	73,050	–	96,786	160,052	329,888
At 31 December 2016	1,598,608	3,572,462	1,224,427	11,584,372	74,548,702	92,528,571
Carrying Amount						
At 31 December 2016	7,896,676	3,001,564	865,026	7,932,032	101,500,215	121,195,513

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Office equipment 2017 RM	Office equipment 2016 RM
Company		
Cost		
At 1 January/31 December	1,511	1,511
Accumulated Depreciation		
At 1 January/31 December	1,510	1,510
Carrying Amount		
At 31 December	1	1

(a) Carrying amount of property, plant and equipment held under hire purchase are as follows:

	Group 2017 RM	Group 2016 RM
Plant and machinery	65,458,369	73,954,152
Motor vehicles	4,934,628	5,045,312
	70,392,997	78,999,464

(b) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM25,359,462 (2016: RM95,445,586) of which RM16,115,330 (2016: RM58,417,442) and RM170,600 (2016: RM8,587,165) were acquired by means of hire purchase and on credit terms respectively.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

6. LAND HELD FOR PROPERTY DEVELOPMENT

Group 2017	Freehold land RM	Leasehold land RM	Development cost RM	Total RM
Cost				
At 1 January 2017	67,952,812	43,024,390	21,130,095	132,107,297
Additions	53,665	124,196,893	33,500	124,284,058
Disposal	(362,057)	–	(929,267)	(1,291,324)
Exchange difference	149,080	–	–	149,080
At 31 December 2017	67,793,500	167,221,283	20,234,328	255,249,111
Accumulated impairment losses				
At 1 January/31 December 2017	700,000	–	–	700,000
Net carrying amount				
At 31 December 2017	67,093,500	167,221,283	20,234,328	254,549,111
2016				
Cost				
At 1 January 2016	45,524,456	46,076,697	3,324,185	94,925,338
Additions	72,882	–	206,821	279,703
Reclassification	3,052,307	(3,052,307)	–	–
Transfer to property development costs (Note 13)	17,420,691	–	18,308,110	35,728,801
Disposal	(548,976)	–	(709,021)	(1,257,997)
Exchange difference	2,431,452	–	–	2,431,452
At 31 December 2016	67,952,812	43,024,390	21,130,095	132,107,297
Accumulated impairment losses				
At 1 January/31 December 2016	700,000	–	–	700,000
Net carrying amount				
At 31 December 2016	67,252,812	43,024,390	21,130,095	131,407,297

The carrying amount of RM79,041,248 (2016: RM41,947,522) of the land held for development of the Group has been pledged to financial institutions to secure the term loan facility granted to the Group as disclosed in the Note 26.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

7. INVESTMENT PROPERTIES

	Group 2017 RM	Group 2016 RM
Cost		
At 1 January	11,699,786	11,917,862
Addition	3,397,924	-
Acquisition of subsidiary	56,233,979	-
Transfer from/(to) :		
Property development costs (Note 13)	-	481,924
Property, plant and equipment	-	(700,000)
At 31 December	71,331,689	11,699,786
Accumulated depreciation		
At 1 January	613,798	574,854
Depreciation for the financial year	35,224	38,944
At 31 December	649,022	613,798
Accumulated impairment losses		
At 1 January/31 December	4,422,479	4,422,479
Carrying amount		
At 31 December	66,260,188	6,663,509

(a) Included in investment properties is a building on a freehold land under construction with carrying amount of RM3,879,848 (2016: RM481,924). The fair value of investment properties under construction cannot be reliably and separately determined until the construction is completed or the fair value becomes reliably determinable, whichever is earlier.

(b) The Group's investment properties comprise commercial properties that are leased to third parties. Each lease contains an initial non-cancellable period of 3 years with option to renew for subsequent 3 years. Subsequent renewals are negotiated with the lessee.

	Group 2017 RM	Group 2016 RM
Rental income	98,000	84,000
Direct operating expenses:		
- Income generating investment properties	15,367	11,943
- non-income generating investment properties	142,397	35,981

7. INVESTMENT PROPERTIES (CONTINUED)

(c) *Fair value information*

The fair value for the above completed investment properties of approximately RM69.8 million (2016: RM12.2 million) are determined based on information available through internal research and Directors' best estimate.

Fair value of investment properties are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2017	–	–	69,766,377	69,766,377
2016	–	–	12,233,269	12,233,269

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017 RM	2016 RM
Unquoted shares, at cost	162,736,795	136,936,798
Investment in redeemable cumulative convertible preference shares of subsidiaries	234,629,200	136,024,400
ESOS granted to employees of subsidiaries	15,232,699	14,709,662
	412,598,694	287,670,860
Less: Impairment losses	(136,004)	(136,004)
At 31 December	412,462,690	287,534,856

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of Company	Principal Place of Business and Country of Incorporation	Proportion Ownership Interest/ Voting Rights 2017 %	2016 %	Principal Activities
Held by the Company:				
Pembinaan Mitrajaya Sdn. Bhd.	Malaysia	100	100	Civil engineering, building and road construction works and supply of construction material
Daya Asfalt Sdn. Bhd.	Malaysia	100	100	Investment holding
Dutawani Sdn. Bhd.	Malaysia	100	100	Maintenance of properties
Mitrajaya Homes Sdn. Bhd.	Malaysia	100	100	Construction and property development
Mitrajaya Warisan Sdn. Bhd. (formerly known as Mitrajaya Equipment Resource Sdn. Bhd.)	Malaysia	60	100	Construction and property development
Mitrajaya Development Sdn. Bhd.	Malaysia	100	100	Investment holding
Primaharta Development Sdn. Bhd.	Malaysia	100	100	Property development
Leo Vista Sdn. Bhd.	Malaysia	100	100	Property development
Awana Prisma Sdn. Bhd.	Malaysia	100	100	Property development
Kina-Bijak Sdn. Bhd.	Malaysia	100	100	Property development
Skyway Development Sdn. Bhd.	Malaysia	72	72	Property development
Kemajuan Sekim Baru Sdn. Bhd.	Malaysia	100	100	Property development
Centennial March Sdn. Bhd.	Malaysia	60	–	Construction and property development
Eminent Earnings Sdn. Bhd.	Malaysia	60	–	Investment property

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (Continued)

Name of Company	Principal Place of Business and Country of Incorporation	Proportion Ownership Interest/ Voting Rights 2017 %	2016 %	Principal Activities
Held through Daya Asfalt Sdn. Bhd.:				
Maha-Mayang Sdn. Bhd.	Malaysia	100	100	Sub-contract for land scaping and road works
Held through Pembinaan Mitrajaya Sdn. Bhd.:				
Consortium of Pembinaan Mitrajaya Sdn. Bhd. & Syarikat Ismail Ibrahim Sdn. Bhd. #	Malaysia	51	51	Civil engineering, building and road construction works and supply of construction material
Held through Mitrajaya Development Sdn. Bhd.:				
Mitrajaya SA (Pty) Ltd. *	South Africa	100	100	Civil engineering, building and road construction works and property development
Kyalami & Mitrajaya Civil Engineering (Pty) Ltd. *	South Africa	100	100	Civil engineering, building and road construction works and property development
Kyalami & Mitrajaya Builders (Pty) Ltd. *	South Africa	100	100	Builders
Mitrajaya Development SA (Pty) Ltd. *	South Africa	100	100	Property development
Held through Mitrajaya Development SA (Pty) Ltd.:				
Blue Valley Golf and Country Club (Pty) Ltd.*	South Africa	100	100	Golf management

* *Audited by audit firm other than Baker Tilly Monteiro Heng.*
\# *Unincorporated entity*

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) Acquisition of subsidiaries or subscription of shares in subsidiaries

On 27 February 2017, the Company subscribed for 600 ordinary shares in Centennial March Sdn. Bhd. ("CMSB") for a total cash consideration of RM600, representing 60% equity interest in CMSB. Consequently, CMSB became a subsidiary of the Company. On 26 May 2017, the Company subscribed for 599,400 ordinary shares and 45,633,380 redeemable cumulative convertible preference shares ("RCCPS") in CMSB for cash consideration of RM599,400 and via capitalisation of amount due from CMSB of RM45,633,380 respectively. On 29 December 2017, the Company further subscribed 3,520,120 RCCPS in CMSB for cash consideration of RM3,520,120.

On 27 February 2017, the Company acquired 60,000 ordinary shares in Eminent Earnings Sdn. Bhd. ("EESB") for a total cash consideration of RM60,000. On 26 May 2017, the Company subscribed for 540,000 ordinary shares for a total cash consideration of RM540,000 and 33,000,000 RCCPS in EESB via capitalisation of amount due from EESB of RM11,816,467 and cash consideration of RM21,183,533, representing 60% equity interest in EESB. Consequently, EESB became a subsidiary of the Company.

On 27 February 2017, the Company subscribed for 298 ordinary shares in Mitrajaya Warisan Sdn. Bhd. ("MWSB") (formerly known as Mitrajaya Equipment Resource Sdn. Bhd.) for a total cash consideration of RM298. On 20 December 2017, the Company further subscribed for 599,700 ordinary shares in MWSB for a total consideration of RM599,700 and 28,171,300 RCCPS for cash consideration of RM28,171,300.

On 28 July 2017, the Company subscribed for 24,000,000 ordinary shares in Pembinaan Mitrajaya Sdn. Bhd. ("PMSB") a total cash consideration of RM24,000,000.

The acquisition of EESB does not constitute a business. As such, the purchase consideration has been allocated to the individual identifiable assets and liabilities of EESB on the basis of their relative fair values at the date of acquisition. The transaction did not give rise to any goodwill.

The effect of acquisition of EESB is as follows:

	2017 RM
Assets	
Investment property	56,233,979
Other receivables	58,810
Cash and bank balances	24,729
Total assets	56,317,518
Liabilities	
Deferred tax liability	448,823
Other payables	24,681
Total liabilities	473,504
Total identifiable net assets acquired	55,844,014
Non-controlling interest	(22,244,014)
Fair value consideration transferred	33,600,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) Acquisition of subsidiaries or subscription of shares in subsidiaries (Continued)

	EESB RM
Fair value consideration transferred	33,600,000
Less: Cash and cash equivalents	(24,729)
Net cash outflows on acquisition	33,575,271

In prior financial year, the Company, via capitalisation of the amount due from subsidiaries subscribed for:

(i) 3,000,000 RCCPS of RM1 each in Mitrajaya Homes Sdn. Bhd. at an issue price of RM30 each;

(ii) 400 RCCPS of RM1 each in MWSB at an issue price of RM61 each;

(iii) 250,000 RCCPS of RM1 each in Kina-Bijak Sdn. Bhd. at an issue price of RM80 each; and

(iv) 2,600,000 RCCPS of RM1 each in Primaharta Development Sdn. Bhd. at an issue price of RM10 each.

The Salient features of the RCCPS are as follows:

(1) Dividends

(i) Each RCCPS shall confer on the holder thereof the right to be paid, out of such profits of the respective RCCPS issuer available for distribution determined by the directors at their discretion to be distributed in respect of each financial year or other accounting period of the RCCPS issuer and rank pari passu to any payment in respect of any other class of shares in the capital of the RCCPS issuer, a cumulative dividend at a rate as Board of Directors and the holders of the RCCPS shall mutually agree from time to time.

(ii) The holder of the RCCPS shall not be entitled to participate in the surplus profits or assets of the RCCPS issuer beyond such rights as are expressly set out herein.

(2) Voting rights

The RCCPS carry rights to vote at any general meeting of the respective RCCPS issuer if:

(i) any resolution is proposed for the winding up of the RCCPS issuer, in which case the holder of the RCCPS may only then vote at such general meeting on the election of a chairman, any motion for adjournment and the resolution for winding up; or

(ii) the meeting is convened for the purpose of considering the reduction of the capital of the respective RCCPS issuer; or

(iii) the meeting is relating to any dividend or part thereof unpaid on any RCCPS; or

(iv) the proposition which is submitted to the meeting proposes to abrogate or vary or otherwise directly affects the special rights and privileges attaching to the RCCPS

in which event the holder of the RCCPS shall have such number of votes for each RCCPS registered in his name equivalent to the number of ordinary shares, which solely for the purpose of calculating the number of votes of the holder of the RCCPS is entitled to, one RCCPS held by the holder of RCCPS shall be deemed to be equivalent to one of ordinary share of the RCCPS issuer. The holder of the RCCPS shall further be entitled to speak, demand a poll, to move resolutions and participate in the meeting of the shareholders of RCCPS of the respective RCCPS issuer.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) Acquisition of subsidiaries or subscription of shares in subsidiaries (Continued)

The Salient features of the RCCPS are as follows: (Continued)

(3) Redemption

(i) Subject to the provision of the Companies Act 2016, the RCCPS issuer shall have the right to redeem all or any of the RCCPS at anytime after the date of issuance of RCCPS; and

(ii) no RCCPS redeemed by the respective RCCPS issuer shall be capable of reissue.

(4) Conversion

The respective RCCPS issuer is entitled, at any time during the period commencing on the date of issuance of RCCPS to convert all or any of the RCCPS registered in the name of each holder of the RCCPS. Each RCCPS shall be converted into 1 ordinary share in the share capital of the respective RCCPS issuer. The ordinary shares issued and allotted herein shall rank pari passu in all respects with all other ordinary shares in issue at the date of conversion.

(b) Redemption in RCCPS of subsidiaries

During the financial year, Kina-Bijak Sdn. Bhd. redeemed 146,500 RCCPS at RM80 each via utilisation of RM11,720,000 due from the Company.

(c) The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:

	Eminent Earnings Sdn. Bhd. RM	Centennial March Sdn. Bhd. RM	Mitrajaya Warisan Sdn. Bhd. (formerly known as Mitrajaya Equipment Resource Sdn. Bhd.) RM	Consortium of Pembinaan Mitrajaya Sdn. Bhd. & Syarikat Ismail Ibrahim Sdn. Bhd. RM	Other individually immaterial subsidiaries RM	Total RM
2017						
NCI effective ownership interest and voting interest	40%	40%	40%	49%		
Carrying amount of NCI	22,202,720	33,179,042	19,192,269	(5,572,398)	(3,333,366)	65,668,267
(Loss)/Profit allocated to NCI	(41,294)	10,041	11,412	(6,830,319)	(650,921)	(7,501,081)
Total comprehensive (loss)/income allocated to NCI	(41,294)	10,041	11,412	(6,830,319)	(650,921)	(7,501,081)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(d) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as of the reporting date are as follows:

	Eminent Earnings Sdn. Bhd. RM	Centennial March Sdn. Bhd. RM	Mitrajaya Warisan Sdn. Bhd. (formerly known as Mitrajaya Equipment Resource Sdn. Bhd.) RM	Consortium of Pembinaan Mitrajaya Sdn. Bhd. & Syarikat Ismail Ibrahim Sdn. Bhd. RM
2017				
Assets and liabilities				
Non-current assets	56,000,000	78,646,363	45,550,530	–
Current assets	21,987	4,898,913	2,778,009	78,184,252
Non-current liabilities	(448,823)	–	–	–
Current liabilities	(66,363)	(597,672)	(347,867)	(89,556,492)
Net assets/(liabilities)	55,506,801	82,947,604	47,980,672	(11,372,240)

(e) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as of the reporting date are as follows:

	Eminent Earnings Sdn. Bhd. RM	Centennial March Sdn. Bhd. RM	Mitrajaya Warisan Sdn. Bhd. (formerly known as Mitrajaya Equipment Resource Sdn. Bhd.) RM	Consortium of Pembinaan Mitrajaya Sdn. Bhd. & Syarikat Ismail Ibrahim Sdn. Bhd. RM
2017				
Results				
Revenue	–	1,144,603	893,105	109,124,137
(Loss)/Profit for the financial year	(103,234)	25,103	28,530	(13,939,426)
Total comprehensive (loss)/ income for the financial year	(103,234)	25,103	28,530	(13,939,426)
Cash flows (used in)/from:				
- operating activities	(517,032)	(3,286,868)	(2,277,676)	(1,119,544)
- investing activities	–	(79,551,663)	(45,550,530)	1,748,979
- financing activities	314,209	82,922,500	47,952,098	(1,689,613)
Net (decrease)/increase in cash and cash equivalents	(202,823)	83,969	123,892	(1,060,178)
Dividends paid to NCI	–	–	–	–

The Group does not have any material non-controlling interests in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

9. INVESTMENT IN AN ASSOCIATE

	Group 2017 RM	Group 2016 RM
Unquoted shares - at cost	350,000	350,000
Share of post - acquisition reserves	823,307	483,769
	1,173,307	833,769

Details of the associate is as follows:

Name of Associate	Principal Place of Business and Country of Incorporation	Proportion Ownership Interest/ Voting Rights 2017 %	Proportion Ownership Interest/ Voting Rights 2016 %	Principal Activities
Held by Daya Asfalt Sdn. Bhd.:				
Maha-Mayang Quarry Sdn. Bhd. *	Malaysia	35	35	Quarrying, rough trimming and sawing of monumental and building stone

* *Audited by audit firm other than Baker Tilly Monteiro Heng.*

The Group does not have any material associate.

10. GOODWILL ON CONSOLIDATION

	Group 2017 RM	Group 2016 RM
At 1 January	2,216,219	3,300,760
Disposal of a subsidiary	–	(957,843)
Exchange differences	(7,702)	(126,698)
At 31 December	2,208,517	2,216,219

Goodwill has been allocated to the Group's cash generating units ("CGU") identified according to business segments as follows:

	2017 RM	2016 RM
Investment in South Africa	2,208,517	2,216,219

10. GOODWILL ON CONSOLIDATION (CONTINUED)

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount. As the Group are of the opinion that since the CGU are to be held on a long term basis, value-in-use would best reflect its recoverable amount. The value-in-use is determined by discounting future cash flows over a three-year period. The future cash flows are based the Group's three-year business plan, which is the best estimate of future performance. The ability to achieve the business plan targets is a key assumption in determining the recoverable amount for each cash-generating unit.

There remains a risk that, due to unforeseen changes in the economies in which the cash-generating units operate and/or global economic conditions, the ability to achieve management's business plan will be adversely affected. Key assumptions on which the Group has based its cash flow projection for the purposes of impairment testing of goodwill on property development are pre-tax discount rate, budgeted sales and operating expenses of the CGU.

The Group believe that no reasonably possible change in any of the above key assumptions would cause the carrying values of the CGU to materially exceed their recoverable amounts.

11. DEFERRED TAX ASSETS/(LIABILITIES)

(a) The deferred tax assets and liabilities are made up of the following:

	Group	
	2017 RM	**2016 RM**
Deferred Tax Assets		
At 1 January	5,518,726	2,627,195
Effect of movements in exchange rate	(45)	54,711
Recognised in profit or loss (Note 36)	(2,250,227)	2,836,820
At 31 December	3,268,454	5,518,726
Deferred Tax Liabilities		
At 1 January	(2,066,849)	(1,440,694)
Acquisition of a subsidiary	(448,823)	–
Disposal of a subsidiary (Note 37)	–	(13,996)
Recognised in profit or loss (Note 36)	(3,115,453)	(612,159)
At 31 December	(5,631,125)	(2,066,849)

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

11. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

(b) The components of recognised deferred tax assets and liabilities are as follows:

	Group 2017 RM	Group 2016 RM
Deferred Tax Assets		
Deductible temporary differences in respect of expenses	–	2,578,272
Unrealised profit arising from development activities	2,808,987	2,850,593
Tax implication arising from development property activities reclassified to investment property	459,467	497,813
Differences between the carrying amounts of property, plant and equipment and its tax base	–	(407,952)
	3,268,454	5,518,726
Deferred Tax Liabilities		
Differences between the carrying amounts of property, plant and equipment and its tax base	(5,631,125)	(2,066,849)

(c) Deferred tax assets have not been recognised in respect of the following temporary difference items:

	Group 2017 RM	Group 2016 RM
Unused tax losses	18,751,813	17,066,411
Unabsorbed capital allowances	2,779,847	2,779,847
Other deductible temporary differences	30,408	25,874
	21,562,068	19,872,132

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries are subject to no substantial changes in shareholdings of those subsidiaries under Section 44(5A) and (5B) of Income Tax Act,1967 and guidelines issued by the tax authorities.

12. AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	Group 2017 RM	Group 2016 RM
Aggregate construction contract costs incurred to date	2,405,304,635	1,634,625,839
Add: Attributable profits	391,528,941	335,147,861
	2,796,833,576	1,969,773,700
Less: Progress billings	(2,727,040,997)	(1,876,332,028)
	69,792,579	93,441,672
Exchange difference	542,018	412,286
	70,334,597	93,853,958
Amount due from customers for contract work	86,487,406	103,857,230
Amount due to customers for contract work	(16,152,809)	(10,003,272)
	70,334,597	93,853,958

The following are costs incurred during the financial year:

	2017 RM	2016 RM
Depreciation of property, plant and equipment	20,177,606	15,236,986
Employee benefits expense:		
- wages and salaries	41,381,879	33,320,721
- social security costs	297,409	230,244
- defined contribution plans	3,935,614	4,135,721
- others	9,520,595	5,912,450
Hire of motor vehicles, plant and machinery	47,752,228	22,203,758

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

13. PROPERTY DEVELOPMENT COSTS

	Leasehold land RM	Freehold land RM	Development cost RM	Total RM
Group				
2017				
Cost				
At 1 January 2017	19,376,037	25,410,823	217,278,138	262,064,998
Add:				
Incurred during the financial year	–	–	105,173,348	105,173,348
Less:				
Exchange difference	–	285,804	1,135,062	1,420,866
At 31 December 2017	19,376,037	25,696,627	323,586,548	368,659,212
Accumulated development cost recognised in Profit or Loss				
At 1 January 2017	1,646,666	22,925,927	137,997,990	162,570,583
Add:				
Recognised during the financial year	2,403,576	43,196	73,222,336	75,669,108
Less:				
Exchange difference	–	222,854	898,102	1,120,956
At 31 December 2017	4,050,242	23,191,977	212,118,428	239,360,647
Carrying amount				
At 31 December 2017	15,325,795	2,504,650	111,468,120	129,298,565

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

13. PROPERTY DEVELOPMENT COSTS (CONTINUED)

	Leasehold land RM	Freehold land RM	Development cost RM	Total RM
Group				
2016				
Cost				
At 1 January 2016	25,791,432	39,678,028	224,339,094	289,808,554
Add:				
Incurred during the financial year	–	–	74,615,628	74,615,628
Transfer from/(to):				
- inventories	(5,836,488)	(1,781,285)	(74,416,766)	(82,034,539)
- investment properties (Note 7)	–	(118,450)	(363,474)	(481,924)
- land held for property development (Note 6)	–	(17,420,691)	(18,308,110)	(35,728,801)
Less:				
Completed project	(578,907)	–	(6,678,423)	(7,257,330)
Exchange difference	–	5,053,221	18,090,189	23,143,410
At 31 December 2016	19,376,037	25,410,823	217,278,138	262,064,998
Accumulated development cost recognised in Profit or Loss				
At 1 January 2016	1,017,401	18,409,622	95,283,171	114,710,194
Add:				
Recognised during the financial year	1,208,172	218,916	34,974,415	36,401,503
Less:				
Completed project	(578,907)	–	(6,678,423)	(7,257,330)
Exchange difference	–	4,297,389	14,418,827	18,716,216
At 31 December 2016	1,646,666	22,925,927	137,997,990	162,570,583
Carrying amount				
At 31 December 2016	17,729,371	2,484,896	79,280,148	99,494,415

The carrying amount of RM107,415,792 (2016: RM78,095,395) of the leasehold land and development costs of the Group has been pledged to financial institutions to secure the banking facility granted to the Group as disclosed in the Note 24.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

13. PROPERTY DEVELOPMENT COSTS (CONTINUED)

The following are costs incurred during the financial year:

	Group	
	2017 **RM**	**2016** **RM**
Depreciation of property, plant and equipment	1,925,793	2,455,845
Directors' remuneration:		
- wages and salaries	1,737,500	1,814,600
- social security costs	2,250	1,829
- defined contribution plan	267,725	280,550
- others	60,225	50,625
Employee benefits expense:		
- wages and salaries	3,835,989	3,646,235
- social security costs	29,828	26,710
- defined contribution plans	520,394	524,188
- others	178,304	182,814
Interest expense	1,103,515	3,122,610
Hire of motor vehicles, plant and machinery	1,116,941	427,425

14. INVENTORIES

	Group	
	2017 **RM**	**2016** **RM**
At Cost		
Completed development units	149,659,867	163,861,436
Leasehold land	28,424,020	28,424,020
Other stocks	21,964	22,220
	178,105,851	192,307,676

Included in the inventories are completed development units of RM39,285,858 (2016: RM47,086,470) which are pledged to financial institution to secure banking facilities as disclosed in Note 24.

During the financial year, inventories of the Group recognised as cost of sales amounted to RM14,478,430 (2016: RM21,507,358).

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade				
Trade receivables	349,733,499	330,348,034	–	–
Retention sums	104,956,719	104,318,265	–	–
Stakeholder sums	318,175	2,814,836	–	–
	455,008,393	437,481,135	–	–
Less: Allowance for impairment	(289,952)	(289,952)	–	–
	454,718,441	437,191,183	–	–
Accrued billings in respect of property development costs	22,564,918	8,890,805	–	–
Non-trade				
Other receivables	7,396,126	4,861,110	500	9,017
Amount due from an associate	1,000,000	1,025,997	–	–
GST refundable	15,780,194	13,634,515	17,444	12,729
Advances to sub-contractors	11,670,158	16,321,874	–	–
Deposits	5,125,222	2,249,044	201	201
Prepayments	9,802,524	8,851,565	–	–
	528,057,583	493,026,093	18,145	21,947

(a) Trade receivables

(i) These amounts are non-interest bearing and the Group's normal trade credit terms ranging from 30 to 90 days (2016: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. The credit period varies from customers to customers after taking into consideration their payment track record, financial background, length of business relationship and size of transactions. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(ii) Stakeholder sums on property development are amounts held by the Group's solicitors.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (Continued)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2017 RM	**2016 RM**
Neither past due nor impaired	404,948,387	389,053,184
Past due not impaired:		
1 to 30 days	21,073,717	14,293,464
31 to 60 days	8,231,455	8,012,164
61 to 90 days	3,518,407	6,635,395
91 to 120 days	3,789,482	7,907,414
More than 121 days	13,156,993	11,289,562
	49,770,054	48,137,999
Impaired	289,952	289,952
	455,008,393	437,481,135

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and amount due from house buyers which are mostly with end financiers. In respect of house buyers with no end financing facilities, the Group retains the legal title to all properties sold until the full contracted sales value is settled. Accordingly, under normal circumstances, amounts due from house buyers are not impaired.

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2017 RM	**2016 RM**
Individually impaired		
Trade receivables		
- nominal value	289,952	289,952
Less : Allowance for impairment	(289,952)	(289,952)
	–	–

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (Continued)

Receivables that are impaired (Continued)

Movement in allowance accounts:

	Group	
	2017 RM	**2016 RM**
As at 1 January	289,952	–
Charge for the year (Note 32)	–	289,952
As at 31 December	289,952	289,952

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties or have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Other receivables

Included in the other receivables of the Group are amounts totalling RM1,003,167 (2016: RM Nil) due from a corporate shareholder of subsidiaries which are non-trade, unsecured, repayable on demand, bear no interest and are to be settled in cash.

(c) Amount due from an associate

This amount is non-trade, unsecured, repayable on demand, bear no interest and is to be settled in cash.

(d) Deposits

Included in the deposits of the Group are down payment paid for the acquisition of plant and equipment amounting to RM2,283,004 (2016: RM322,143). The balance of these purchase considerations are disclosed as capital commitment in Note 43.

16. OTHER INVESTMENT

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Financial Assets at Fair Value through Profit or Loss:				
Short term funds				
- redeemable upon 1 day notice	–	19,600,867	–	19,600,867

Short term funds comprise fixed income fund placed with non-bank financial institution.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

17. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2017 RM	2016 RM
Non-current	76,409,887	–
Current	1,600,938	89,091,085
	78,010,825	89,091,085

Included in the amounts due from subsidiaries are amounts of RM77,852,341 (2016: RM66,933,015) of which the balances bear interest rates at 3.10% to 5.70% (2016: 3.20% to 5.65%) per annum. The non-current portion are not expected to be settled within the next 12 months whilst the current portion are repayable on demand and to be settled in cash. These amounts are unsecured and non-trade in nature.

18. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash in hand and at banks	20,714,581	34,872,171	1,838	60,975
Deposits with licensed banks	5,044,967	23,307,981	4,000,000	11,298,352
	25,759,548	58,180,152	4,001,838	11,359,327

(a) Included in cash and bank balances for the Group is an amount of RM3,759,381 (2016: RM673,306) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966.

(b) The interest rates and maturity period of deposits are as follows:

	Group	
	2017	2016
Interest rates (%) per annum	3.90	3.00 - 7.40
Maturity period (days)	90	30 - 90

19. SHARE CAPITAL

	Group and Company			
	2017		2016	
	Number of shares Unit	RM	Number of shares Unit	RM
Issued and fully paid:				
At 1 January	669,722,072	334,861,036	642,169,551	321,084,776
Issuance of shares:				
- exercise of Warrants C	–	–	24,031,383	12,015,691
- exercise of Warrants D	16,951,841	18,477,507	95,938	47,969
- exercise of share options	2,807,500	4,098,522	3,425,200	1,712,600
Transition to no-par value regime				
- Share premium	–	23,775,625	–	–
At 31 December	689,481,413	381,212,690	669,722,072	334,861,036

(a) Share Capital

Effective from 31 January 2017, the new Companies Act 2016 abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium becomes part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Companies Act 2016. Notwithstanding this provision, the Company may within 24 months upon the commencement of the Companies Act 2016, use this amount for purposes as set out in Section 618(3) of the Companies Act 2016. There is no impact on the numbers of ordinary shares in issue of the relative entitlement of any of the members as a result of this transition.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

During the financial year, the issued and paid-up capital of the Company was increased from RM334,861,036 to RM381,212,690 by way of issuance of:

(i) 16,951,841 new ordinary shares of RM18,477,507 arising from the exercise of Warrants D; and

(ii) 2,807,500 new ordinary shares of RM4,098,522 arising from the exercise of share options under the ESOS granted.

(b) Warrants

Warrants C

By virtue of a Deed Poll executed on 21 June 2011 for the 47,729,947 Warrants C ("Warrants C") issued in connection with the Share Split and Bonus Issue allotted and credited on 1 July 2011, each Warrants C entitles the registered holder the right at any time during the exercise period from 5 July 2011 to 4 July 2016 to subscribe in cash for one new ordinary share at an exercise price of RM0.90 each.

In accordance with the provisions under the Deed Poll-Warrants C and consequential to the Bonus Issue on 19 August 2015, an additional 8,593,789 Warrants C were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 20 August 2015. The exercise price for the Warrants C was revised from RM0.90 to RM0.60 each.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

19. SHARE CAPITAL (CONTINUED)

(b) Warrants (Continued)

Warrants C (Continued)

The salient features of the warrants are as follows:

(i) entitles its registered holder for free one (1) warrant for every eight (8) ordinary shares held;

(ii) each warrant entitles the holder to subscribe for one (1) new ordinary share at the exercise price at time during the exercise period;

(iii) the warrants may be exercised at any time within a period commencing on or after the date the Warrants are used and ending at 5pm on the date immediately preceding the fifth (5th) anniversary not exercised during the exercise period shall thereafter lapse and cease to be valid; and

(iv) The new ordinary shares to be issued pursuant to the exercise of the warrants shall, upon issue and allotment rank pari passu in all respects with the then existing ordinary shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of the allotment of the new ordinary shares arising from the exercise of the Warrants.

Warrants C has lapsed on 4 July 2016.

Warrants D

By virtue of a Deed Poll executed on 3 July 2015 for the 85,614,556 Warrants D ("Warrants D") issued in connection with the Bonus Issue of free warrants allotted and credited on 1 September 2015, each Warrants D entitles the registered holder the right at any time during the exercise period from 24 August 2015 to 23 August 2020 to subscribe in cash for one new ordinary share at an exercise price of RM1.09 each.

The salient features of the warrants are as follows:

(i) entitles its registered holder for one (1) free warrant for every five (5) ordinary shares held;

(ii) each warrant entitles the holder to subscribe for one (1) new ordinary share at the exercise price at time during the exercise period;

(iii) the warrants may be exercised at any time within a period commencing on or after the date the Warrants are used and ending at 5pm on the date immediately preceding the fifth anniversary not exercised during the exercise period shall thereafter lapse and cease to be valid; and

(iv) the new ordinary shares to be issued pursuant to the exercise of the warrants shall, upon issue and allotment rank pari passu in all respects with the then existing ordinary shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of the allotment of the new ordinary shares arising from the exercise of the Warrants.

19. SHARE CAPITAL (CONTINUED)

(b) Warrants (Continued)

Warrants D (Continued)

The movement of both Warrants C and Warrants D during the financial year are as follows:

	2017	2016	
	Warrants D Units	Warrants D Units	Warrants C Units
At 1 January	85,518,618	85,614,556	25,777,640
Exercise of warrants	(16,951,841)	(95,938)	(24,031,383)
Lapsed of warrants	–	–	(1,746,257)
At 31 December	68,566,777	85,518,618	–

(c) ESOS

The ESOS is governed by the ESOS By-Laws approved by the shareholders of the Company at an Extraordinary General Meeting held on 23rd June 2015. The main features of the ESOS are as follows:

(i) the ESOS options granted to eligible directors (including Non-Executive and/or Independent Director) and eligible employees of the Company and its subsidiaries which are not dormant ("the Group") to subscribe for new ordinary shares of RM0.50 each in the Company.

An eligible employee and/or director is an employee of the Group who at the date of allocation:

(i) has attained the age of eighteen (18) years and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings; and
(ii) is a confirmed employee of the Group with at least one (1) year of continuous service;

(ii) the ESOS is for a period of five (5) years commencing from 24 July 2015, subject to an extension for a further period of five (5) years commencing from the expiration of the aforesaid five (5) years, provided always that the ESOS does not exceed ten (10) years in aggregate from the effective date of the ESOS;

(iii) the maximum number of shares to be offered shall not exceed 15% of the issued and paid-up capital of the Company at any point in time during the existence of the ESOS and the number of shares of the Company that may be offered to each eligible employee is determined by ESOS committee appointed by the Board of Directors in accordance with the ESOS By-Laws;

(iv) the options granted under the ESOS cannot be assigned, transferred or otherwise disposed of in any manner whatsoever;

(v) the option price of each share shall be based on a discount of not more than 10% of the weighted average market price of the ordinary shares of the Company as shown in the Daily Official List for the five market days immediately preceding the offer date, subject to the minimum price of RM0.50;

(vi) the option may be exercised in full or in part provided that such exercise of the option shall not be less than and shall be multiples of 100 shares. Subject to the foregoing, a partial exercise of an option shall not preclude the grantee from exercising his option with respect to the balance of the new shares comprised in his option.; and

(vii) the new shares to be allotted upon the exercise of the ESOS options shall rank pari passu with the existing issued ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

19. SHARE CAPITAL (CONTINUED)

(c) ESOS (Continued)

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise price ("WAEP") of, and movements in share options during the financial year:

	2017		2016	
	Number of shares Unit	WAEP RM	Number of shares Unit	WAEP RM
Outstanding at 1 January	33,562,800	1.11	30,411,500	1.15
- Granted	–	–	8,000,000	0.98
- Exercised	(2,807,500)	1.09	(3,425,200)	1.13
- Lapsed	(1,565,500)	1.15	(1,423,500)	1.15
Outstanding at 31 December	29,189,800		33,562,800	
Exercisable at 31 December	29,189,800	1.11	33,498,300	1.11

In prior financial year, the Company has granted a total of 8,000,000 options to eligible employees of the Company and certain of its subsidiaries.

The weighted average share price at the date of exercise of the options exercised during the financial year was RM1.38 (2016: RM1.32).

The weighted average exercise price for options outstanding at the end of the financial year was RM1.11 (2016: RM1.11). The weighted average remaining contracted life these options is approximately 2.5 years (2016: 3.5 years).

20. SHARE PREMIUM

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of shares. Pursuant to Section 618(2) of the Companies Act 2016, the sum of RM23,775,625 standing to the credit of the Company's share premium account has been transferred and became part of the Company's share capital as disclosed in Note 19.

21. TREASURY SHARES

The shareholders of the Company by an ordinary resolution passed in the fifteenth Annual General Meeting held on 17 June 2008, approved the mandate for the Company's plan to repurchase its own ordinary shares. On 8 June 2017, the shareholders of the Company at the twenty-fourth Annual General Meeting granted their mandate for the Company's renewal of authority to repurchase its own ordinary shares.

During the financial year, the Company repurchased 10,000 (2016: 20,000) shares from the open market at an average price of RM1.32 (2016: RM1.28) per share. The total consideration paid for the repurchase, was RM13,302 (2016: RM25,698) and they were financed by internally generated funds.

As at 31 December 2017, the Company held a total of 590,000 treasury shares of its 689,481,413 issued ordinary shares. Such treasury shares are held at a carrying amount of RM585,652.

22. OTHER RESERVES

	Exchange reserves RM	Revaluation reserve RM	Capital reserve RM	Share option (ESOS) reserve RM	Total RM
Group					
At 1 January 2016	(23,458,125)	8,899,459	–	11,619,179	(2,939,487)
Other comprehensive income:					
Foreign currency translation	11,377,057	–	–	–	11,377,057
Realisation of revaluation reserve	122,797	(1,663,869)	–	–	(1,541,072)
Transaction with owners:					
Share option (ESOS) granted	–	–	–	3,068,131	3,068,131
Share option (ESOS) exercised	–	–	–	(1,372,101)	(1,372,101)
At 31 December 2016	(11,958,271)	7,235,590	–	13,315,209	8,592,528
Other comprehensive income:					
Foreign currency translation	796,019	–	–	–	796,019
Realisation of revaluation reserve	21,347	(262,275)	–	–	(240,928)
Redemption of preference shares in a subsidiary	–	–	134,000	–	134,000
Transaction with owners:					
Lapsed of ESOS	–	–	–	(1,133,043)	(1,133,043)
Share option (ESOS) granted	–	–	–	523,037	523,037
Share option (ESOS) exercised	–	–	–	(1,101,169)	(1,101,169)
At 31 December 2017	(11,140,905)	6,973,315	134,000	11,604,034	7,570,444

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

22. OTHER RESERVES (CONTINUED)

	Share option (ESOS) reserve 2017 RM	2016 RM
Company		
At 1 January	13,315,209	11,619,179
Transaction with owners:		
Lapsed of ESOS	(1,133,043)	–
Share option (ESOS) granted	523,037	3,068,131
Share option (ESOS) exercised	(1,101,169)	(1,372,101)
At 31 December	11,604,034	13,315,209

(a) *Exchange reserves*

The exchange reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

(b) *Revaluation reserves*

The balance represents net revaluation surplus arising from valuation of freehold lands.

(c) *Capital reserve*

This capital reserve represents the capitalisation of retained earnings equivalent to the nominal value of the redeemable cumulative convertible preference shares of a subsidiary redeemed by the Company.

(d) *Share option reserve*

The share option reserve comprises the cumulative value of the Group's employee services received for the issue of share options. The reserve is recorded over the vesting period commencing from the grant date and is reduced by the expiry or exercise of the share options. When the option is exercised, the amount from the share option reserve is transferred to share premium. When the share options expire, the amount from the share option reserve is transferred to retained profits.

The fair value of share options granted were determined using a binomial option pricing model, and the inputs were:

	2017	2016
Fair value of share options and assumptions		
Fair value of share option at grant date (RM)	–	0.37
Weighted average share price (RM)	–	1.11
Option life (years)	–	4.50
Risk-free rate (%)	–	3.36
Expected dividend yield (%)	–	3.00
Expected volatility (%)	–	37.30

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not be necessarily be the actual outcome.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

23. BORROWINGS

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Current				
Secured:				
Bank overdrafts (Note 24)	32,909,941	43,871,377	–	–
Term loans (Note 26)	1,752,123	1,656,913	–	–
Finance lease liabilities (Note 27)	27,625,789	39,609,760	–	–
	62,287,853	85,138,050	–	–
Unsecured:				
Bank overdrafts (Note 24)	2,424,827	2,379,618	424,827	379,618
Bankers' acceptance (Note 25)	38,622,000	21,655,000	–	–
Short term revolving credit (Note 25)	176,700,000	106,296,000	–	–
	280,034,680	215,468,668	424,827	379,618
Non-current				
Secured:				
Term loans (Note 26)	38,105,831	22,954,320	20,000,000	–
Finance lease liabilities (Note 27)	5,388,873	16,513,745	–	–
	43,494,704	39,468,065	20,000,000	–
Total Borrowings				
Secured:				
Bank overdrafts (Note 24)	32,909,941	43,871,377	–	–
Term loans (Note 26)	39,857,954	24,611,233	20,000,000	–
Finance lease liabilities (Note 27)	33,014,662	56,123,505	–	–
	105,782,557	124,606,115	20,000,000	–
Unsecured:				
Bank overdrafts (Note 24)	2,424,827	2,379,618	424,827	379,618
Bankers' acceptance (Note 25)	38,622,000	21,655,000	–	–
Short term revolving credit (Note 25)	176,700,000	106,296,000	–	–
	323,529,384	254,936,733	20,424,827	379,618

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

24. BANK OVERDRAFTS

The secured bank overdrafts amounting to RM32,909,941 (2016: RM43,871,377) bear interest rates ranging from 6.65% to 7.60% (2016: 6.65% to 7.85%) per annum are secured and supported by:

- completed development units as disclosed in Note 14;
- leasehold land in property development costs as disclosed in Note 13;
- corporate guarantee provided by the Company.

The unsecured bank overdrafts amounting to RM2,424,827 (2016: RM2,379,618) bear interest rate ranging from 7.65% to 7.70% (2016: 7.65% to 7.85%) per annum.

25. SHORT TERM BORROWINGS

The bankers' acceptance bear interest rates ranging from 3.49% to 4.91% (2016: 3.58% to 5.28%) per annum and are supported by corporate guarantee provided by the Company.

The short term revolving credit bear interest rates ranging from 3.83% to 4.88% (2016: 3.83% to 5.01%) per annum and are supported by corporate guarantee provided by the Company.

26. TERM LOANS

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Within the next twelve months	1,752,123	1,656,913	–	–
After the next twelve months				
- not later than two years	15,815,272	6,213,682	12,000,000	–
- later than two years but not later than five years	21,998,792	14,257,888	8,000,000	–
- later than five years	291,767	2,482,750	–	–
	38,105,831	22,954,320	20,000,000	–
	39,857,954	24,611,233	20,000,000	–

(i) The Term Loan I bear interest rates at 5.60% (2016: 5.60% to 5.85%) per annum and repayable by 63 (2016: 75) months. The term loan is secured and supported by:

- land held for property development (Note 6); and
- corporate guarantee provided by the Company.

(ii) The Term Loan II bear interest rates ranging from 6.65% to 6.70% (2016: 6.65% to 6.70%) per annum and repayable by 24 (2016: 36) months. The term loan is secured and supported by:

- completed development units as disclosed in Note 14;
- leasehold land in property development costs as disclosed in Note 13;
- corporate guarantee provided by the Company.

(iii) The Term Loan III bear interest rates at 5.51% (2016: Nil) per annum and repayable by 72 (2016: Nil) months. The term loan is secured and supported by:

- land held for property development (Note 6).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

27. FINANCE LEASE LIABILITIES

	Group	
	2017 RM	2016 RM
Minimum hire purchase payments:		
- not later than one year	28,617,497	42,553,759
- later than one year but not later than five years	5,426,583	15,566,629
	34,044,080	58,120,388
Less: Future finance charges	(1,029,418)	(1,996,883)
Present value of hire purchase payables	33,014,662	56,123,505
Represented by:		
Current		
- not later than one year	27,625,789	39,609,760
Non-current		
- later than one year but not later than five years	5,388,873	16,513,745
	33,014,662	56,123,505

The hire purchase bears nominal interest rates ranging from 2.30% to 3.92% (2016: 2.30 % to 3.92%) per annum.

28. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade				
Trade payables	190,189,188	253,664,139	–	–
Retention sum	68,670,230	47,065,379	–	–
	258,859,418	300,729,518	–	–
Progress billings in respect of property development costs	4,474,881	1,955,999	–	–
Non-trade				
Other payables	7,915,130	5,578,336	114,556	20,987
Accruals	12,888,806	15,989,350	143,300	136,700
GST payable	9,384,187	12,683,370	7,581	5,881
	30,188,123	34,251,056	265,437	163,568
	293,522,422	336,936,573	265,437	163,568

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group ranging from 30 to 90 days (2016: 30 to 90 days).

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

28. TRADE AND OTHER PAYABLES (CONTINUED)

(a) Trade payables (Continued)

Included in trade payables of the Group are amounts totalling RM2,824,909 (2016: RM1,420,775) due to companies in which certain Directors have interest in.

(b) Other payables

Included in other payables of the Group are amounts totalling RM50,147 (2016: RM Nil) due to a corporate shareholder of subsidiaries which is non-trade, unsecured, repayable on demand, bear no interest and is to be settled in cash.

29. AMOUNTS DUE TO SUBSIDIARIES

Included in the amounts due to subsidiaries are amounts of RM49,901,258 (2016: Nil) of which the balances are non-trade, unsecured, repayable on demand, bears interest rate at 3.10% to 5.26% (2016: Nil) per annum and are expected to be settled in cash.

30. REVENUE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Continuing operations				
Revenue from construction works	994,208,170	845,572,899	–	–
Revenue from property development	166,044,614	117,503,454	–	–
Building management income	398,568	–	–	–
Golf management	3,550,590	3,094,413	–	–
Dividend income from subsidiaries	–	–	28,770,000	26,700,000
	1,164,201,942	966,170,766	28,770,000	26,700,000

Included in revenue from property development are revenue recognised based on the stage of completion method in respect of the property units sold amounting to RM110,316,360 (2016: RM48,572,018).

31. COST OF SALES

	Group	
	2017 RM	2016 RM
Continuing operations		
Construction costs	913,707,402	693,928,470
Development costs	94,032,667	59,166,857
Building management cost	339,179	–
	1,008,079,248	753,095,327

Included in development costs are cost of sales recognised based on the stage of completion method in respect of the property units sold amounting to RM72,486,890 (2016: RM36,401,503).

32. OPERATING PROFIT

Operating profit of continuing operations has been arrived at:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
After charging :				
Audit fees:				
- statutory audit:				
· current financial year	241,082	195,528	48,000	36,000
· prior financial years	31,581	7,207	12,000	–
- other services	11,500	11,500	8,000	8,000
Bad debts written off	–	19	–	–
Depreciation of:				
- property, plant and equipment	7,174,856	4,846,047	–	–
- investment properties	35,224	38,944	–	–
Directors' remuneration	3,932,590	7,086,889	187,894	161,776
Employee benefits expense (Note 33)	17,732,316	20,646,185	–	–
Hire of plant and machinery	950,246	46,747	–	–
Impairment losses on:				
- trade receivables	–	289,952	–	–
Loss on foreign exchange:				
- realised	–	822,862	–	–
- unrealised	25,543	–	–	-
Office rental	148,880	151,695	–	–
Property, plant and equipment written-off	46,682	13	–	–
And crediting:				
Gain on foreign exchange:				
- realised	2,705	153,175	–	–
- unrealised	–	58,725	–	–
Gain on disposal of:				
- property, plant and equipment	221,016	954,919	–	–
- investment in a subsidiary	–	–	–	1,493,300
Income from short term fund	–	2,289	–	2,289
Interest income				
- subsidiaries	–	–	3,366,323	7,502,070
- other interest income	1,999,779	2,138,952	648,382	778,294
Rental income:				
- land	752,000	720,000	–	–
- building	1,073,593	892,944	–	–
- others	181,226	198,987	–	–
Changes in fair value of other investment	–	14,613	–	14,613

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

33. EMPLOYEE BENEFITS EXPENSE

	Group	
	2017 RM	2016 RM
Wages, salaries and fees	14,671,193	15,990,366
Social security costs	131,892	118,481
Share options granted under ESOS	523,037	1,235,131
Defined contribution plans	1,739,281	2,081,546
Other staff related expenses	666,913	1,220,661
	17,732,316	20,646,185

34. DIRECTORS' REMUNERATION

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Directors of the Company				
Executive				
- salaries, allowances and bonuses	2,288,000	2,531,000	–	–
- defined contribution plans	322,400	355,490	–	–
- others	69,389	52,183	–	–
	2,679,789	2,938,673	–	–
Non-executive				
- allowances	112,950	107,200	52,950	47,200
- defined contribution plans	3,444	4,576	3,444	4,576
- fees	110,000	110,000	110,000	110,000
- others	21,500	–	21,500	–
Total	2,927,683	3,160,449	187,894	161,776
Directors of subsidiaries				
Executive				
- salaries, allowances and bonuses	2,611,913	3,677,457	–	–
- share options granted under ESOS	–	1,833,000	–	–
- defined contribution plans	244,625	375,049	–	–
- others	216,069	188,538	–	–
	3,072,607	6,074,044	–	–
Total	6,000,290	9,234,493	187,894	161,776

The estimated monetary value of benefits-in-kind received and receivable by directors of the Company from the Group amounted to RM56,875 (2016: RM50,750).

35. FINANCE COSTS

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Continuing operations				
Interest expenses				
- hire purchase	2,274,852	2,184,285	–	–
- bank borrowings	8,466,697	5,653,827	14,626	16,141
- others	–	2,015	1,194,825	–
	10,741,549	7,840,127	1,209,451	16,141

36. INCOME TAX EXPENSE

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Continuing operations				
Current tax				
- current financial year				
- Malaysian income tax	20,762,000	37,929,703	768,024	1,938,240
- Foreign income tax	3,216,476	4,914,643	–	–
- prior financial years				
- Malaysian income tax	(263,642)	(236,778)	(1,857)	(8,784)
	23,714,834	42,607,568	766,167	1,929,456
Deferred tax (Note 11)				
- current financial year	4,767,216	(2,183,023)	–	–
- prior financial years	598,464	(41,638)	–	–
	5,365,680	(2,224,661)	–	–
Tax expense attributable to continuing operations	29,080,514	40,382,907	766,167	1,929,456
Discontinued operation				
Income tax expense attributable to discontinued operation (Note 37)				
- current tax	–	338,534	–	–
Total tax expense recognised in profit or loss	29,080,514	40,721,441	766,167	1,929,456

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

36. INCOME TAX EXPENSE (CONTINUED)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% of the estimated assessable profit for the financial year.

Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdiction.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before tax from:				
- continuing operations	101,929,979	160,132,348	30,270,626	35,730,559
- discontinued operation (Note 37)	–	3,181,125	–	–
Total	101,929,979	163,313,473	30,270,626	35,730,559
Tax at applicable statutory income tax rate of 24% (2016: 24%)	24,463,195	39,195,234	7,264,950	8,575,334
Tax effects arising from				
- effect of different tax rate in other country	355,367	606,106	–	–
- effect of share of result of an associate	(81,489)	(59,862)	–	–
- non-deductible expenses	1,870,399	1,856,013	563,485	174,960
- non-taxable income	(29,180)	(619,075)	(7,060,411)	(6,812,054)
- witholding tax on dividend	969,600	–	–	–
Share of divisible loss/(profit) by joint venture partner	1,681,556	(430,400)	–	–
Deferred tax assets not recognised	523,949	477,316	–	–
Utilisation of previous unrecognised deferred tax	(118,364)	(25,475)	–	–
Tax incentive on reduction in chargeable income	(889,341)	–	–	–
(Over)/Under provision in prior financial years				
- current tax	(263,642)	(236,778)	(1,857)	(8,784)
- deferred tax	598,464	(41,638)	–	–
Tax expense for the year	29,080,514	40,721,441	766,167	1,929,456

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

37. DISCONTINUED OPERATION

On 5 February 2016, the Company entered into a Sale and Purchase Agreement with Optimax Healthcare Services Sdn. Bhd. for disposal of 1,275,000 ordinary shares of RM1.00 each, representing 51% equity interest in Optimax Eye Specialist Centre Sdn. Bhd. ("Optimax"), which is the healthcare segment of the Group, for a total cash consideration of RM5,100,000. The disposal was completed on 18 October 2016 and consequently, Optimax together with its subsidiaries ceased to be subsidiaries of the Group.

(a) An analysis of the results of disposal of the subsidiaries are as follows:

	Group	
	2017 RM	2016 RM
Revenue	–	21,666,064
Cost of sales	–	(11,448,340)
Gross Profit	–	10,217,724
Other income	–	756,070
Administrative expenses	–	(4,790,850)
Other expenses	–	(2,628,063)
Profit from operations	–	3,554,881
Finance costs	–	(373,756)
Profit before tax	–	3,181,125
Income tax expense (Note 36)	–	(338,534)
Profit after tax	–	2,842,591
Loss on disposal	–	(1,325,368)
Profit for the financial year	–	1,517,223
Profit attributable to:		
Owners of the Company	–	175,376
Non-controlling interests	–	1,341,847
	–	1,517,223

(b) Cash flows generated from/(used in) discontinued operation:

	2017 RM	2016 RM
Net cash flows from operating activities	–	6,669,940
Net cash flows used in investing activities	–	(17,965,152)
Net cash flows generated from financing activities	–	8,154,594
	–	(3,140,618)

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

37. DISCONTINUED OPERATION (CONTINUED)

(c) The following amounts have been included in arriving at profit before tax of the discontinued operation:

	Group 2017 RM	2016 RM
Audit fees		
- current financial year	–	34,348
- prior financial year	–	–
Bad debt written off	–	3,273
Depreciation of property, plant and equipment	–	2,168,032
Directors' remuneration (ii)	–	229,986
Employee benefits expense (i)	–	3,765,758
Hire of plant and machinery	–	3,805
Interest expenses	–	373,756
Office rental	–	942,890
Property, plant and equipment written off	–	45,246
Gain on disposal of property, plant and equipment	–	2,793
Rental income		
- building	–	17,600
- others	–	–

(i) Employee benefits expense

	Group 2017 RM	2016 RM
Wages,salaries and fees	–	3,330,076
Social security costs	–	39,510
Defined contribution plans	–	384,357
Other staff related expenses	–	11,815
	–	3,765,758

(ii) Director's remuneration

	Group 2017 RM	2016 RM
Salaries and fees	–	209,700
Social security costs	–	534
Defined contribution plans	–	19,752
	–	229,986

37. DISCONTINUED OPERATION (CONTINUED)

(d) Effect of disposal of subsidiary on the financial position of the Group:

	Note	Group 2016 RM
Property, plant and equipment	5	25,657,869
Goodwill	10	957,843
Inventories		958,314
Trade and other receivables		1,496,630
Tax assets		318,416
Cash and cash equivalents		935,366
Deferred tax asset	11	13,996
Trade and other payables		(6,500,652)
Finance lease payables		(12,278,319)
Net assets attributable to discontinued operations		11,559,463
Non-controlling interest		(5,134,096)
Cash consideration received		(5,100,000)
Loss on disposal of subsidiaries		1,325,367

(e) The cash flows attributable to the disposed subsidiaries are as follows:

	Group 2016 RM
Net cash inflow arising from disposal:	
Cash consideration received	5,100,000
Cash and cash equivalents	(935,366)
	4,164,634

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

38. EARNINGS PER SHARE

(a) Basic

Basic earnings per share are calculated by dividing the net profit for the financial year attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	Group	
	2017 RM	**2016 RM**
Profit for the financial year attributable to owners of the Company:		
-Continuing operations	80,350,544	118,508,433
-Discontinued operation	–	175,376
	80,350,544	118,683,809

	Number of shares	
	Unit	**Unit**
Number of shares in issue (less treasury share) as of 1 January	669,142,072	641,609,551
Effect of:		
Share buyback, net of resale	(4,493)	(6,749)
Exercise of Warrants C	–	12,464,013
Exercise of Warrants D	7,334,394	29,707
Exercise of share options	1,526,460	1,653,861
Weighted average number of ordinary shares in issue	677,998,433	655,750,384
Basic earnings per share (sen)		
-Continuing operations	11.85	18.07
-Discontinued operation	–	0.03
	11.85	18.10

38. EARNINGS PER SHARE (CONTINUED)

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, arising from warrants and ESOS.

	Group	
	2017 RM	2016 RM
Profit for the financial year attributable to owners of the Company		
-Continuing operations	80,350,544	118,508,433
-Discontinued operation	–	175,376
	80,350,544	118,683,809

	Number of shares	
	Unit	Unit
Weighted average number of ordinary shares in issue	677,998,433	655,750,384
Effect of:		
- dilution of Warrants D	68,566,777	85,518,618
- dilution of share options	29,189,800	33,498,300
Weighted average number of ordinary shares at 31 December	775,755,010	774,767,302
Diluted earnings per share (sen)		
-Continuing operations	10.36	15.30
-Discontinued operation	–	0.02
	10.36	15.32

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

39. DIVIDENDS

	Amount		Net dividend per ordinary share	
	2017 RM	2016 RM	2017 RM	2016 RM
Group and Company				
Dividend on ordinary shares:				
- First and final single tier dividend of 10% on 668,464,912 ordinary shares of RM0.50 each paid for the year ended 31 December 2015	–	33,423,246	–	0.05
- First and final single tier dividend of 10% on 681,570,614 ordinary shares of RM0.50 each paid for the year ended 31 December 2016	34,078,531	–	0.05	–

At the forthcoming Annual General Meeting, a single tier final dividend of RM0.02 per ordinary share, amounting to RM13,777,828 based on outstanding ordinary shares, net of treasury shares as at financial year end in respect of the current financial year, will be proposed for the 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 2018.

40. CORPORATE AND PERFORMANCE GUARANTEES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Corporate guarantees to financial institutions for:				
- banking facilities granted to subsidiaries	–	–	478,618,975	332,977,707
- hire purchase facilities granted to subsidiaries	–	–	26,794,008	48,406,619
Corporate guarantees to trade payables of subsidiaries	–	–	446,064	600,000
Performance guarantees extended to third parties - project related	17,220,816	14,899,053	15,306,319	14,885,053
	17,220,816	14,899,053	521,165,366	396,869,379

At the end of the financial year, it was not probable that the counterparties to the corporate guarantee contracts will claim under the contract.

41. SEGMENT REPORTING

General Information

The Group identifies its operating segments on the basis of internal reports that are regularly reviewed by the Group managing director in order to allocate resources to the segments and assess their performance.

The information reported to the Group managing director to make decisions about resources to be allocated and for assessing their performance is based on the nature of the industry (business segments) and operational location (geographical segments) of the Group.

Measurement of Reportable Segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Transactions between reportable segments are measured on the basis that is similar to those external customers.

Segment statements of comprehensive income are profit earned or loss incurred by each segment without allocation of central administrative costs, non-operating investment revenue, finance costs and income tax expense. There are no significant changes from prior financial year in the measurement methods used to determine reported segment statements of comprehensive income.

All the Group's assets are allocated to reportable segments other than assets used centrally for the Group and deferred tax assets.

All the Group's liabilities are allocated to reportable segments other than liabilities incurred centrally for the Group, tax payable and deferred tax liabilities.

(a) Business Segments

The Group operates predominantly in the construction and property development, involving various types of activities as disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

41. SEGMENT REPORTING (CONTINUED)

(a) Business Segments (Continued)

	Continuing Operations													Discontinued Operation	
	Construction		Property development		Investment in South Africa		Others		Eliminations		Note	Consolidated		Healthcare	Consolidated
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016		2017	2016	2016	2016
	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
Revenue															
External sales	994,208	845,573	144,899	89,641	24,696	30,957	399	-	-	-		1,164,202	966,171	21,666	987,837
Inter-segment sales	8,451	1,614	-	-	-	-	28,770	26,700	(37,221)	(28,314)		-	-	-	-
Total segment revenue	1,002,659	847,187	144,899	89,641	24,696	30,957	29,169	26,700	(37,221)	(28,314)		1,164,202	966,171	21,666	987,837
Segment results	52,130	116,786	52,347	34,543	8,900	15,206	2,689	9,097	(3,734)	(7,909)	(b)	112,332	167,723	3,555	171,278
Results from operating activities												112,332	167,723		171,278
Finance costs	(9,573)	(7,130)	(3,931)	(7,937)	(16)	(54)	(1,236)	(50)	4,014	7,331	(b)	(10,742)	(7,840)	(374)	(8,214)
Share of results of associate												340	249		249
Taxation												(29,081)	(40,383)	(338)	(40,721)
Profit net of tax												72,849	119,749		122,592
Profit from discontinued operation												-	1,517		
												72,849	121,266		
Non-controlling interest												7,501	(2,583)		
Net profit attributable to owners of the Company												80,350	118,683		
Segments assets	743,033	705,501	524,206	419,671	58,607	79,556	61,153	23,222	-	-		1,386,999	1,227,950	-	1,227,950
Tax recoverable	604	-	1,676	2,489	188	36	285	46	-	-		2,753	2,571		2,571
Investment in associate												1,173	833		833
Unallocated corporate assets												3,268	5,518		5,518
Total assets												1,394,193	1,236,872		1,236,872

41. SEGMENT REPORTING (CONTINUED)

(a) Business Segments (Continued)

	Continuing Operations													Discontinued Operation	
	Construction		Property development		Investment in South Africa		Others		Eliminations		Note	Consolidated		Healthcare	Consolidated
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000		2017 RM'000	2016 RM'000	2016 RM'000	2016 RM'000
Segment liabilities	512,008	492,029	95,262	104,797	4,815	4,119	21,120	931	-	-		633,205	601,876	-	601,876
Tax payable	-	8,027	2,017	6,766	1	614	-	389	-	-		2,018	15,796	-	15,796
Deferred tax liabilities	4,153	1,573	646	494	384	-	448	-	-	-		5,631	2,067	-	2,067
Total liabilities												640,854	619,739		619,739
Capital expenditure	23,447	70,872	1,826	6,589	3,484	11	56,234	-	-	-		84,991	77,472	17,974	95,446
Depreciation	6,506	4,101	716	694	(12)	74	-	16	-	-		7,210	4,885	2,168	7,053
Non-cash items other than depreciation and impairment loss	525	3,303	45	55	26	(59)	-	-	-	-	(c)	596	3,299	45	3,344

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

41. SEGMENT REPORTING (CONTINUED)

(b) Reconciliation of segment results are as follow:

Reconciliation of segment results

	Continuing Operations		Discontinued Operation		Consolidated	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Elimination of inter-segment finance costs	4,014	7,331	-	-	4,014	7,331
Elimination of inter-segment profits	(7,800)	(15,290)	-	-	(7,800)	(15,290)
Others	52	50	-	-	52	50
	(3,734)	(7,909)	-	-	(3,734)	(7,909)

(c) Other non-cash items other than depreciation and impairment loss of property, plant and equipment and investment properties consist of the following:

	Continuing Operations		Discontinued Operation		Consolidated	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Impairment loss on trade receivables	–	290	–	–	–	290
Unrealised loss/(gain) from foreign exchange	26	(59)	–	–	26	(59)
Property, plant and equipment written-off	47	–	–	45	47	45
Share options granted under ESOS	523	3,068	–	–	523	3,068
	596	3,299	–	45	596	3,344

41. SEGMENT REPORTING (CONTINUED)

(d) Geographical Information

The Group's four major business segments are operating in two principal geographical areas. In Malaysia, its home country, the Group is principally involved in the civil engineering, building and road construction works and property development. In South Africa, the Group is principally involved in civil engineering, construction works, property development and golf management.

	Continuing Operations						Discontinued Operation			
	Malaysia		South Africa		Consolidated		Malaysia		Consolidated	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Total revenue from external customers	1,139,506	935,214	24,696	30,957	1,164,202	966,171	–	21,666	1,164,202	987,837
Non-current assets (exclude deferred tax assets and financial assets)	419,327	244,872	21,136	17,444	440,463	262,316	–	–	440,463	262,316

(e) Information about major customers

Three (2016: Four) major customers from construction segment contribute approximately 39% (2016: 51%) of the Group's total revenue.

42. RELATED PARTY TRANSACTIONS

(a) Identification 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 operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group and of the Company include:

(i) Subsidiaries;

(ii) Associate; and

(iii) Key management personnel which comprise persons (including the directors of the Company) having the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

42. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Related party transactions and balances

Related party transactions other than disclosed elsewhere in the financial statements are shown below. Information on outstanding balances with related parties of the Company are disclosed in Notes 15, 17, 28 and 29.

Group	2017 RM	2016 RM
Transactions with companies in which the directors have substantial controlling interests:		
Purchases of hardware from Mitrajaya Trading Sdn. Bhd., a company in which a director of the Company has interest in	7,618,202	3,949,557
Wages payable by a subsidiary to Gema Padu Sdn. Bhd., a company in which certain directors of the subsidiary have interest in	48,846	–
Rent payable to Modal Saujana Sdn. Bhd., a company in which a director of a disposed subsidiary has interest in	–	98,573
Rent payable by a disposed subsidiary to Sena Letrik Sdn. Bhd., a company in which a director of a disposed subsidiary has interest in	–	33,768
Rent payable by a disposed subsidiary to Top Compliment Sdn. Bhd., a company in which a director of a disposed subsidiary has interest in	–	42,330
Mobilisation cost, hire of plant and machinery and transportation charges payable to Pembinaan Segamuda Sdn. Bhd., a company in which a person connected to a director of the Company has interest in	594,263	573,560
Doctor fees payable by a disposed subsidiary to See Well Services Sdn. Bhd., a company in which a director of a disposed subsidiary has interest in	–	912,433
Doctor fees payable by a disposed subsidiary to RZ70 Sdn. Bhd., a company in which a director of a disposed subsidiary has interest in	–	169,695
Doctor fees payable by a disposed subsidiary to SuraVision Sdn Bhd., a company in which a director of a disposed subsidiary has interest in	–	80,307
Consultation fees payable by a disposed subsidiary to Optimax Healthcare Services Sdn. Bhd., a company in which a director of a disposed subsidiary has interest in	–	3,060

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

42. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Related party transactions and balances (Continued)

Company	2017 RM	2016 RM
Transactions with subsidiaries:		
Exempt dividend income from:		
- Pembinaan Mitrajaya Sdn. Bhd.	–	(15,000,000)
- Kemajuan Sekim Baru Sdn. Bhd.	(10,000,000)	(11,700,000)
- Mitrajaya Development Sdn. Bhd.	(18,770,000)	–
Interest income from:		
- Daya Asfalt Sdn. Bhd.	(26,706)	(34,211)
- Kina-Bijak Sdn. Bhd.	–	(996,258)
- Maha-Mayang Sdn. Bhd.	(275,639)	(298,327)
- Pembinaan Mitrajaya Sdn. Bhd.	–	(528,144)
- Mitrajaya Homes Sdn. Bhd.	(561,307)	(2,511,012)
- Skyway Development Sdn. Bhd.	(2,499,912)	(2,403,561)
- Primaharta Development Sdn. Bhd.	(1,579)	(725,468)
- Kemajuan Sekim Baru Sdn. Bhd.	–	(5,089)
- Centennial March Sdn. Bhd.	(1,180)	–
Subscription of RCCPS in subsidiaries by way of capitalisation of the amounts due from subsidiaries in:		
- Kina-Bijak Sdn. Bhd.	–	20,000,000
- Mitrajaya Homes Sdn. Bhd.	–	90,000,000
- Primaharta Development Sdn. Bhd.	–	26,000,000
- Mitrajaya Warisan Sdn. Bhd. (formerly known as Mitrajaya Equipment Resource Sdn. Bhd.)	28,171,300	24,400
- Centennial March Sdn. Bhd.	45,633,380	–
- Eminent Earnings Sdn. Bhd.	11,816,467	–
Subscription of RCCPS by way of cash in:		
- Eminent Earnings Sdn. Bhd.	21,183,533	–
- Centennial March Sdn. Bhd.	3,520,120	–
Redemption of RCCPS in subsidiary by way of utilisation of amount due from the Company:		
- Kina-Bijak Sdn. Bhd.	11,720,000	–

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

42. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Compensation of key management personnel

Total compensation of key management personnel comprise:

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Short-term employee benefits	8,990,800	10,549,224	184,450	157,200
Post employment benefits	1,159,117	1,367,938	3,444	4,576
Share-based payment	12,802	2,972,424	–	–
	10,162,719	14,889,586	187,894	161,776

Other key management personnel comprises persons other than directors of the Company and its subsidiaries, having authority and responsibility for planning, directing and controlling the activities of the Group and the Company, either directly or indirectly.

Directors' interest in employees' share option scheme

During the financial year, there are 122,000 (2016: Nil) number of shares options exercised by directors.

At the reporting date, the total number of outstanding share options granted by the Company to the above-mentioned directors under the ESOS plan amounts to 4,259,500 (2016: 4,381,500).

43. CAPITAL COMMITMENT

	Group	
	2017 RM	**2016 RM**
Approved and contracted for:		
- Property, plant and equipment	4,940,870	9,809,456
- Land held for property development	8,147,700	–
Approved but not contracted for:		
- Property, plant and equipment	1,739,830	330,000
	14,828,400	10,139,456

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

44. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Loans and receivables RM	Financial assets at fair value through profit or loss RM	Financial liabilities at amortised cost RM	Total RM
Group				
2017				
Financial Assets				
Amount due from customers for contract work	86,487,406	–	–	86,487,406
Trade and other receivables *	490,804,707	–	–	490,804,707
Deposits, cash and bank balances	25,759,548	–	–	25,759,548
	603,051,661	–	–	603,051,661
Financial Liabilities				
Borrowings	–	–	323,529,384	323,529,384
Trade and other payables #	–	–	279,663,354	279,663,354
	–	–	603,192,738	603,192,738
2016				
Financial Assets				
Amount due from customers for contract work	103,857,230	–	–	103,857,230
Trade and other receivables *	454,218,139	–	–	454,218,139
Other investment	–	19,600,867	–	19,600,867
Deposits, cash and bank balances	58,180,152	–	–	58,180,152
	616,255,521	19,600,867	–	635,856,388
Financial Liabilities				
Borrowings	–	–	254,936,733	254,936,733
Trade and other payables #	–	–	322,297,204	322,297,204
	–	–	577,233,937	577,233,937

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

44. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (Continued)

	Loans and receivables RM	Financial assets at fair value through profit or loss RM	Financial liabilities at amortised cost RM	Total RM
Company				
2017				
Financial Assets				
Amounts due from subsidiaries	78,010,825	–	–	78,010,825
Trade and other receivables *	701	–	–	701
Deposits, cash and bank balances	4,001,838	–	–	4,001,838
	82,013,364	–	–	82,013,364
Financial Liabilities				
Amounts due to subsidiaries	–	–	49,901,258	49,901,258
Borrowings	–	–	20,424,827	20,424,827
Trade and other payables #	–	–	257,856	257,856
	–	–	70,583,941	70,583,941
2016				
Financial Assets				
Amounts due from subsidiaries	89,091,085	–	–	89,091,085
Trade and other receivables *	9,218	–	–	9,218
Other investment	–	19,600,867	–	19,600,867
Deposits, cash and bank balances	11,359,327	–	–	11,359,327
	100,459,630	19,600,867	–	120,060,497
Financial Liabilities				
Borrowings	–	–	379,618	379,618
Trade and other payables #	–	–	157,687	157,687
	–	–	537,305	537,305

* Down payment paid for acquisition of plant and equipment, advances to sub-contractors, prepayments and GST refundable were excluded from trade and other receivables.

\# Progress billings in respect of property development costs and GST payable were excluded from trade and other payables.

44. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial Risk Management and Objectives

The Group seeks to manage effectively the various risks namely credit, interest rate, liquidity and foreign currency risks, to which the Group is exposed to in its daily operations.

(i) Credit Risk

Credit risks, or the risk of counterparties defaulting, are controlled by application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by strictly limiting the Group's associations to customers with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures. The Group through its Directors and management reviews all significant exposure to individual customers and counterparties and reviews any major concentration of credit risk related to any financial instruments. The management has a credit procedure in place to monitor and minimise the exposure of default. The management has a credit policy in place to monitor on an on-going basis.

(a) Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of trade and other receivables recognised in the statement of financial position.

Information regarding credit enhancements for trade receivables is disclosed in Note 15.

(b) Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the ageing profile of its trade receivables on an on-going basis. The Group's trade receivables credit risk is concentrated in Malaysia.

The credit risk concentration profile of the Group at the reporting date arising from construction segment of RM206,453,555 (2016: RM255,714,326) representing approximately 46% (2016: 59%) of the total trade receivables from 4 individual debtors in the current financial year.

(c) Financial assets that are neither past due nor impaired

Information regarding to trade receivables that are neither past due nor impaired is disclosed in Note 15.

Deposits with banks and other financial institutions are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

(d) Inter-company balance

The Company provides advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

As at the end of reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

44. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial Risk Management and Objectives (Continued)

(i) Credit Risk (Continued)

(e) Financial guarantee contacts

The Company is exposed to credit risk in relation to corporate and performance guarantees in respect of bank facilities granted to certain subsidiaries and trade payables of subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks is disclosed in Note 40.

As at the reporting date, there was no indication that the subsidiaries would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(ii) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt; the Group had no substantial long term interest-bearing assets as at 31 December 2017. The investments in financial assets are mainly short term in nature and have been mostly placed in short term deposit.

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The Group's primary interest rate risk relates to interest-bearing debts as at 31 December 2017.

	Effective Interest Rate % per annum	Carrying Amount Within 1 Year RM	1 - 5 Years RM	more than 5 Years RM	Total RM
Group					
2017					
Financial Liabilities					
Bank overdrafts	6.65 - 7.70	35,334,768	–	–	35,334,768
Bankers' acceptances	3.49 - 4.91	38,622,000	–	–	38,622,000
Term loans	5.51 - 6.70	1,752,123	37,814,064	291,767	39,857,954
Short term revolving credit	3.83 - 4.88	176,700,000	–	–	176,700,000

44. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial Risk Management and Objectives (Continued)

(ii) Interest Rate Risk (Continued)

	Effective Interest Rate % per annum	Within 1 Year RM	Carrying Amount 1 - 5 Years RM	more than 5 Years RM	Total RM
Group					
2016					
Financial Liabilities					
Bank overdrafts	6.65 - 7.85	46,250,995	–	–	46,250,995
Bankers' acceptances	3.58 - 5.28	21,655,000	–	–	21,655,000
Term loans	5.60 - 6.85	1,656,913	20,471,570	2,482,750	24,611,233
Short term revolving credit	3.83 - 5.01	106,296,000	–	–	106,296,000

	Effective Interest Rate %	Within 1 Year RM	Carrying Amount 1 - 5 Years RM	more than 5 Years RM	Total RM
Company					
2017					
Financial Liabilities					
Bank overdrafts	7.65 - 7.70	424,827	–	–	424,827
Term loans	5.51	–	20,000,000	–	20,000,000

	Effective Interest Rate %	Within 1 Year RM	Carrying Amount 1 - 5 Years RM	more than 5 Years RM	Total RM
Company					
2016					
Financial Liabilities					
Bank overdrafts	7.65 - 7.85	379,618	–	–	379,618

Interest rate risk sensitivity

An increase in market interest rates by 1% on financial liabilities of the Group which have variable interest rates at the end of the reporting period would decrease the profit before tax by RM2,905,147 (2016: RM1,988,132). This analysis assumes that all other variables remain unchanged.

A decrease in market interest rates by 1% on financial liabilities of the Group which have variable interest rates at the end of the reporting period would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

44. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial Risk Management and Objectives (Continued)

(iii) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

		Contractual Cash Flows			
	Carrying Amount RM	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group					
2017					
Financial liabilities					
Borrowings	323,529,384	302,201,048	25,226,731	293,612	327,721,391
Trade and other payables #	279,663,354	279,663,354	–	–	279,663,354
	603,192,738	581,864,402	25,226,731	293,612	607,384,745
2016					
Financial liabilities					
Borrowings	254,936,733	219,883,572	38,638,831	2,567,964	261,090,367
Trade and other payables #	322,297,204	322,297,204	–	–	322,297,204
	577,233,937	542,180,776	38,638,831	2,567,964	583,387,571

\# Progress billings in respect of property development costs and GST payable were excluded from trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

44. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial Risk Management and Objectives (Continued)

(iii) Liquidity Risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On demand or within one year RM
Company			
2017			
Financial liabilities			
Amount due to subsidiaries	49,901,258	49,901,258	49,901,258
Borrowings	20,424,827	20,424,827	20,424,827
Trade and other payables #	257,856	257,856	257,856
Financial guarantee contracts *	–	505,859,047	505,859,047
	70,583,941	576,442,988	576,442,988
2016			
Financial liabilities			
Borrowings	379,618	379,618	379,618
Trade and other payables #	157,687	157,687	157,687
Financial guarantee contracts *	–	381,984,326	381,984,326
	537,305	382,521,631	382,521,631

* The Company has given corporate guarantee to bank and trade payables on behalf of certain subsidiaries. The potential exposure of the financial guarantee contracts is equivalent to the amount of the banking facilities being utilised by the said subsidiaries.

\# GST payable were excluded from trade and other payables.

(iv) Foreign Currency Risk

The Group is exposed to currency translation risk arising from its net investments in subsidiaries in South Africa.

The Group does not hedge its investment in South Africa.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

44. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair values

(i) Determination of Fair Value

The methods and assumptions used to estimate the fair value of the following classes of financial assets and liabilities are as follows:

(i) *Deposits, cash and bank balances, trade and other receivables and payables*

The carrying amounts approximate fair values due to the relatively short term maturities of these financial assets and liabilities.

(ii) *Other investment*

The fair value of short term funds is derived based on their redemption price.

(iii) *Borrowings*

The carrying amounts of bank overdrafts, bankers' acceptance, short term revolving credits and short term loans approximate fair values due to the relatively short term maturities of these financial liabilities.

The carrying amounts of long term floating rate loans approximate their fair values as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of hire purchase and finance lease payables is estimated using discounted cash flow analysis, based on current lending rates for similar types of lending arrangements.

(ii) Fair Value Hierarchy

The table below analyses financial instruments not carried at fair value for which fair value disclosed, together with their fair value any carrying amounts shown in the statements of financial position.

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
Group						
2017						
Financial liabilities						
Finance lease liabilities	–	(33,626,648)	–	(33,626,648)	(33,626,648)	(33,014,662)
2016						
Financial assets						
Other investment	19,600,867	–	–	19,600,867	19,600,867	19,600,867
Financial liabilities						
Finance lease liabilities	–	(56,354,740)	–	(56,354,740)	(56,354,740)	(56,123,505)
Company						
2016						
Financial assets						
Other investment	19,600,867	–	–	19,600,867	19,600,867	19,600,867

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

44. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair values (Continued)

(iii) There has been no transfer between Level 1 and Level 2 fair values during the financial year (2016: no transfer in either directions).

45. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company 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 financial years ended 31 December 2017 and 31 December 2016.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, term loan, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the Company.

	Group	
	2017 RM	**2016 RM**
Borrowings	323,529,384	254,936,733
Trade and other payables (Note 28) #	279,663,354	322,297,204
Less: Deposits, cash and bank balances (Note 18)	(25,759,548)	(58,180,152)
Net debt	577,433,190	519,053,785
Equity attributable to the owners of the Company	687,671,694	618,557,795
Total capital	687,671,694	618,557,795
Capital and net debt	1,265,104,884	1,137,611,580
Gearing ratio	46%	46%

Progress billings in respect of property development costs and GST payable were excluded from trade and other payables.

A subsidiary of the Company is required to maintain certain gearing ratio for its revolving credit and bank guarantee facilities granted by a financial institution. The subsidiary has complied with this capital requirement as at the financial year end.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

46. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) On 1 January 2018, a wholly-owned subsidiary of the Company, Daya Asfalt Sdn. Bhd. has entered into a share sale agreement to dispose its entire 350,000 ordinary shares to East Rock Sdn. Bhd. representing 35% equity stakes in Maha-Mayang Quarry Sdn. Bhd. for a total consideration of RM1,925,000. This transaction was not completed at the date of authorisation of these financial statements.

(b) On 26 March 2018, the Company announced to undertake a renounceable rights issue of up to 157,433,598 new ordinary shares in the Company at an issue price of RM0.59 per rights share, on the basis of 1 rights share for every 5 existing ordinary shares held, together with up to 78,716,799 free detachable warrants and an attached bonus issue of up to 78,716,799 new ordinary shares in the Company on the basis of 1 warrant E and 1 bonus share for every 2 rights shares subscribed.

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **TAN ENG PIOW** and **FOO CHEK LEE**, being two of the directors of MITRAJAYA HOLDINGS BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 70 to 164 are drawn up in accordance with the Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and their cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

TAN ENG PIOW
Director

FOO CHEK LEE
Director

Selangor Darul Ehsan

Date: 17 April 2018

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, **CHO WAI LING**, being the director primarily responsible for the financial management of MITRAJAYA HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 70 to 164 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHO WAI LING
MIA Membership No: 18688

Subscribed and solemnly declared by the abovenamed at Puchong in Selangor on 17 April 2018.

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MITRAJAYA HOLDINGS BERHAD
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mitrajaya Holdings Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 70 to 164.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Key Audit Matters

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

Group

Revenue and cost of sales recognition (Note 4 (ii), 4(iii), 30 and 31 to the financial statements)

We focused on this area because the amount of revenue and corresponding cost of sales recognised in the construction and property development activities requires the directors to apply significant judgement. The revenue and corresponding cost of sales is recognised based on the estimated total project revenue and costs, the extent of costs incurred to-date, the stage of completion and the recoverability of the projects. The stage of completion is determined by reference to costs incurred for work performed to date bear to the estimated total costs for each project. The estimated total revenue and costs is affected by a variety of uncertainties that depend on the outcome of future events.

Our audit response:

Our audit procedures on a selected sample of major projects included, among others:

- understanding the design and implementation of key controls over the Group's process in preparing project budget and the calculation of the stage of completion;
- challenging the Group's major assumptions of identified projects by comparing to contractual terms, historical margin and our understanding gathered from the analysis of changes in the assumptions from previous year;
- discussing the progress of the projects with the respective project directors or managers and to obtain an understanding of the basis on which the estimates are made;
- assessing the reasonableness of computed stage of completion for identified projects against architect or consultant certificates; and
- checking the mathematical computation of the recognised revenue and corresponding cost of sales recognised during the financial year.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MITRAJAYA HOLDINGS BERHAD
(Incorporated in Malaysia) (cont'd)

Key Audit Matters (Continued)

Inventory (Note 4(i) and 14 to the financial statements)

We focused on this area because the Group held significant number of unsold properties. In addition, the assessment of these properties at lower of cost and net realisable value by the directors require judgement and estimates on their future saleability and net realisable value.

Our audit response:

Our audit procedures included, among others:

- performing physical sighting to examine the physical existence and condition of the selected properties to assess any potential write down due to physical deterioration; and
- challenging the Group's assessment of the selling price of unsold properties by comparing to, where applicable, recently transacted prices or independent valuation report.

<u>Company</u>

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to be communicated in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MITRAJAYA HOLDINGS BERHAD
(Incorporated in Malaysia) (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MITRAJAYA HOLDINGS BERHAD
(Incorporated in Malaysia) (cont'd)

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 8 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Lee Kong Weng
No. 02967/07/2019 J
Chartered Accountant

Kuala Lumpur

Date: 17 April 2018

SHAREHOLDING ANALYSIS

Issued Shares	:	689,481,413 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share
No. of treasury shares held	:	590,000 ordinary shares
No. of voting shares	:	688,891,413 ordinary shares

ANALYSIS OF SHAREHOLDINGS AS AT 26 MARCH 2018

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
Less than 100	283	4.05	12,270	0.00
100 – 1,000	684	9.78	434,794	0.06
1,001 – 10,000	3,449	49.33	19,108,991	2.77
10,001 – 100,000	2,222	31.78	70,611,883	10.24
100,001 – less than 5% of issued shares	351	5.02	346,878,402	50.31
5% and above of issued shares	3	0.04	251,845,073	36.53
Treasury shares	N/A	N/A	590,000	0.09
TOTAL	6,992	100.00	689,481,413	100.00

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 26 MARCH 2018
(excluding treasury shares)

NO.	NAME	NO. OF SHARES	%
1.	Tan Eng Piow	140,845,073	20.45
2.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Tan Eng Piow	60,000,000	8.71
3.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Eng Piow	51,000,000	7.40
4.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	30,043,300	4.36
5.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – Ambank (M) Berhad for Tan Eng Piow (SMART)	30,000,000	4.35
6.	Amanahraya Trustees Berhad Amanah Saham Malaysia	20,159,500	2.93
7.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	20,000,000	2.90
8.	Aw Eng Soon	13,889,413	2.02
9.	Lembaga Tabung Haji	13,466,700	1.95
10.	Permodalan Nasional Berhad	13,399,400	1.95
11.	Amanahraya Trustees Berhad Amanah Saham Didik	7,556,200	1.10

SHAREHOLDING ANALYSIS
(cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 26 MARCH 2018 (CONT'D)
(excluding treasury shares)

NO.	NAME	NO. OF SHARES	%
12.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (F.Temislamic)	6,596,700	0.96
13.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kok Siew Leng	6,227,890	0.90
14.	Teo Guan Lee Holdings Sendirian Berhad	5,983,000	0.87
15.	Maybank Nominees (Tempatan) Sdn Bhd National Trust Fund (IFM Kenanga)	5,245,900	0.76
16.	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund SD4N for government of the province of Alberta	4,604,850	0.67
17.	Valuecap Sdn Bhd	4,603,900	0.67
18.	Song Kim Lee	4,500,000	0.65
19.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (ARIM)	4,000,000	0.58
20.	Malacca Securities Sdn Bhd RSS/SBL IVT (022V)	4,000,000	0.58
21.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Mei Yin	3,690,750	0.54
22.	Tan Mei Wan	3,500,000	0.51
23.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	3,211,100	0.47
24.	Maybank Nominees (Tempatan) Sdn Bhd Bank Kerjasama Rakyat (M) Berhad	3,100,000	0.45
25.	Amanah Raya Berhad Kumpulan Wang Bersama Syariah	2,770,100	0.40
26.	Kok Siew Leng	2,751,698	0.40
27.	Tan Eng @ Tan Chin Huat	2,604,800	0.38
28.	Citigroup Nominees (Tempatan) Sdn Bhd Kenanga Islamic Investors Bhd for Lembaga Tabung Haji	2,589,100	0.38
29.	DB (Malaysia) Nominee (Asing) Sdn Bhd The Bank of New York Mellon for Ensign Peak Advisors Inc	2,542,300	0.37
30.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (KNGA SML CAP FD)	2,423,000	0.35

SHAREHOLDING ANALYSIS
(cont'd)

SUBSTANTIAL SHAREHOLDERS AS AT 26 MARCH 2018

	No Of Shares			
	Direct Interest	%	Indirect Interest	%
Tan Eng Piow	281,845,073	40.91	–	–
Employees Provident Fund Board	43,207,200	6.27	–	–

WARRANTHOLDING ANALYSIS

ANALYSIS OF 2015/2020 WARRANTHOLDINGS (WARRANT D) AS AT 26 MARCH 2018

No of 2015/2020 Warrants issued	:	85,614,556
No of 2015/2020 Warrants outstanding	:	68,566,777
Voting Rights at Warrantholders' Meeting	:	One vote per warrant

SIZE OF WARRANTHOLDINGS	NO. OF 2015/2020 WARRANTHOLDERS	%	NO. OF 2015/2020 WARRANTS	%
Less than 100	434	13.39	12,771	0.02
100 – 1,000	965	29.76	552,749	0.81
1,001 – 10,000	1,296	39.98	4,690,645	6.84
10,001 – 100,000	474	14.62	14,986,648	21.86
100,001 – less than 5% of issued warrants	72	2.22	27,367,633	39.91
5% and above of issued warrants	1	0.03	20,956,331	30.56
TOTAL	3,242	100.00	68,566,777	100.00

LIST OF THIRTY LARGEST 2015/2020 WARRANTHOLDERS (WARRANT D) AS AT 26 MARCH 2018

NO.	NAME	NO. OF WARRANTS	%
1.	Tan Eng Piow	20,956,331	30.78
2.	Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hui Koon Chor @ Hee Ah Leek (Penang-CL)	3,235,340	4.72
3.	Aw Eng Soon	1,859,921	2.71
4.	Tan Cheng Chin	1,793,460	2.62
5.	Cheah Meow Choong	1,641,900	2.39
6.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Cheah Chee Siong (PBCL-0G0473)	1,245,000	1.82
7.	Teo Guan Lee Holdings Sendirian Berhad	1,215,300	1.77
8.	Song Kim Lee	1,000,000	1.46
9.	Choo Yee Ling	698,300	1.02
10.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kok Siew Leng (CEB)	645,390	0.94
11.	Ng Bieng San	644,000	0.94
12.	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund SD4N for government of the province of Alberta	613,980	0.90

WARRANTHOLDING ANALYSIS
(cont'd)

LIST OF THIRTY LARGEST 2015/2020 WARRANTHOLDERS (WARRANT D) AS AT 26 MARCH 2018 (CONT'D)

NO.	NAME	NO. OF WARRANTS	%
13.	Lau Chuan Aik	605,000	0.88
14.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Thong Kim Ying @ Thong Kum Ying (021)	500,000	0.73
15.	Tan Mei Yin	486,500	0.71
16.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chiam Lee Wah (001)	440,700	0.64
17.	Lee Bee Seng	400,000	0.58
18.	Chong Kah An	381,800	0.56
19.	Kok Siew Leng	372,639	0.54
20.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sua Chong Yew	323,400	0.47
21.	Ng Chee Thong	317,600	0.46
22.	Heng Swee Ngee	300,000	0.44
23.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ting Sie Hiing	300,000	0.44
24.	DB (Malaysia) Nominees (Asing) Sdn Bhd The Bank of New York Mellon for Ensign Peak Advisors Inc.	260,560	0.38
25.	Maybank Nominees (Tempatan) Sdn Bhd Ho Chia Yong	257,000	0.37
26.	Foo May Fong	250,200	0.36
27.	Sim Mui Khee	250,000	0.36
28.	Tan Geok Keng	247,700	0.36
29.	Looi Boon Fui	246,300	0.36
30.	Lee Choo Ngu	246,000	0.36

WARRANTHOLDING ANALYSIS
(cont'd)

DIRECTORS' INTEREST AS AT 26 MARCH 2018

	Ordinary Shares			
	Direct Interest	%	Indirect Interest	%
Tan Eng Piow	281,845,073	40.91	7,190,750	1.04
Foo Chek Lee	1,316,252	0.19	36,487	0.01
Cho Wai Ling	22,000	–	–	–

	Warrant D			
	Direct Interest	%	Indirect Interest	%
Tan Eng Piow	21,106,331	30.78	486,500	0.71
Foo Chek Lee	162,166	0.24	4,865	0.01

	ESOS			
	Direct Interest	%	Indirect Interest	%
Tan Eng Piow	1,987,500	0.30	796,500	0.12
Foo Chek Lee	1,428,500	0.21	–	–
Cho Wai Ling	843,500	0.12	–	–

The other Directors do not have interest.

SHARES IN RELATED CORPORATION

By virtue of his interest in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Tan Eng Piow is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in shares of the Company and its related corporations during the financial year.

LIST OF PROPERTIES

The details on the Mitrajaya Holdings Berhad Group's properties as at 31 December 2017 are set out below:-

PROPRIETOR	LOCATION	DESCRIPTION	CURRENT USE	AGE OF BUILDING	TENURE	DATE OF EXPIRY	LAND AREA	BUILT-UP AREA	NET BOOK VALUE RM	DATE OF ACQUISITION / REVALUATION*
PMSB	Lot 999, C.T. 3871 Mukim and District of Port Dickson, Negeri Sembilan.	Agricultural land	Planted with rubber trees	N/A	Freehold	N/A	10.71 acres	N/A	700,000	25.10.1993*
PMSB	Baiduri Apartments, Kijal Beach Resort Parcel No. 27B, South Block, Storey No. Two, Kijal, Kemaman, Terengganu D.I.	Apartment	Employees resort apartment	23 years	Freehold	N/A	N/A	850 sq.f.	105,280	28.06.1996
PMSB	D-01-09, Block D, Jalan Prima 5/1, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor.	Shoplot	Office	15 years	Freehold	N/A	N/A	1,498 sq.f.	279,386	07.07.2003
PMSB	D-02-03, Block D, Jalan Prima 5/1, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor.	Shoplot	Office	15 years	Freehold	N/A	N/A	663 sq.f.	101,500	14.10.2003
PMSB	5 units staff apartment Pangsapuri Teratai, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor. (E-04-04, F-04-05, A-04-06, F-04-07, A-04-08)	Apartment	Employees apartment	15 years	Freehold	N/A	N/A	4,000 sq.f.	272,881	07.04.2004
PMSB	29 units corporate office building Block D, Jalan Prima 5/1, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor. (D-02-02, D-02-04 to D-02-12, D-03-02 to D-03-12 & D-04-02 to D-04-09)	Shoplot	Office	15 years	Freehold	N/A	N/A	39,372 sq.f.	3,238,603	01.09.2004

LIST OF PROPERTIES
(cont'd)

The details on the Mitrajaya Holdings Berhad Group's properties as at 31 December 2017 are set out below:-

PROPRIETOR	LOCATION	DESCRIPTION	CURRENT USE	AGE OF BUILDING	TENURE	DATE OF EXPIRY	LAND AREA	BUILT-UP AREA	NET BOOK VALUE RM	DATE OF ACQUISITION / REVALUATION*
PMSB	6 units corporate office building Block B, Jalan Prima 5/5, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor. (B-02-14, B-03-14, B-04-09, B-02-13, B-03-13 & B-04-10)	Shoplot	1) Training room 2) Employee gym room 3) Archieve store	15 years	Freehold	N/A	N/A	12,504 sq.f.	1,319,666	28.02.2015
PMSB	17-G, Blok D, Jaya 1, 72A Jalan Universiti, 46200 Petaling Jaya. Selangor.	Shoplot (Retail/ Showroom)	Rented	10 years	Leasehold	12.04.2060	N/A	150 sq.m.	946,936	14.04.2006
PMSB	Apartment Mawar, Jalan Mawar 2, Prima Beruntung, 48300 Rawang. (E4-02, F2-04, F2-06, F3-04, F3-06, F4-02, F4-04, F4-06)	Apartment	Vacant	16 years	Freehold	N/A	N/A	5,760 sq.f.	335,508	29.12.2010
PMSB	26 units of retail and office suites Menara Larkin Utama, Jalan Tun Abdul Razak Susur 5, Taman Dato'Onn, Johor Bahru, Johor.	Retail and office suites	Vacant	10 years	Leasehold	21.04.2093	N/A	13,082 sq.f.	Nil	15.12.2011
PMSB	Lot no. PT2 to PT93 and PT367, Town of Kawasan Bandar XLIII, District of Melaka Tengah, State of Melaka.	92 parcels of bungalow lots	Vacant	N/A	Leasehold	09.11.2096	17.84 acres	N/A	28,424,020	31.12.2006
APSB	HS (M) 26788, PT 40761 HS (M) 30054, PT 40366 HS (M) 30055, PT 40352 Kg Sri Aman Dalam, Mukim Petaling, Daerah Petaling, Selangor.	Residential land	Vacant	N/A	Leasehold	22.05.2099 12.09.2106 25.09.2106	2.00 acres	N/A	1,089,531	25.07.2007

LIST OF PROPERTIES
(cont'd)

The details on the Mitrajaya Holdings Berhad Group's properties as at 31 December 2017 are set out below:-

PROPRIETOR	LOCATION	DESCRIPTION	CURRENT USE	AGE OF BUILDING	TENURE	DATE OF EXPIRY	LAND AREA	BUILT-UP AREA	NET BOOK VALUE RM	DATE OF ACQUISITION / REVALUATION*
KBSB	HS (D) 119815, PT 9926, Mukim Setapak, Daerah Kuala Lumpur, Wilayah Persekutuan.	Residential land	On-going development project	N/A	Leasehold	12.05.2114	7.52 acres	N/A	107,415,633	01.03.1999
KSBSB	Various sub-divided lots in Sungai Buntu, Mukim Pengerang, Daerah Kota Tinggi, Johor.	Residential land	Vacant	N/A	Freehold	N/A	4.50 acres	N/A	2,565,472	27.12.1996
LVSB	HS (D) 315128, PT 82584, PN 100704 to 100708, Lot 98383 to 98387, Kg Sri Aman Dalam, Mukim Petaling, Daerah Petaling, Selangor.	Residential land	On-going development project	N/A	Leasehold	15.12.2107	4.30 acres	N/A	2,746,350	May 2004
LVSB	PT 10725 to PT 11033, HS (D) 38483 to 38782 and HS (D) 38784 to 38792, Mukim Serendah, Daerah Hulu Selangor, Selangor.	308 parcels of residential lots	Vacant	N/A	Freehold	N/A	9.81 acres	N/A	4,863,918	31.12.2006
MHSB	HS (D) 8178, PT 7100, HS (D) 27478, PT 7563, HS (D) 18253 to 18255, PT 767 to 769, Mukim Serendah, Daerah Hulu Selangor, Selangor.	Industrial land	Vacant	N/A	Freehold	N/A	7.08 acres	N/A	4,901,060	11.12.1997
MHSB	HS (D) 97248, PT 29 'A', Seksyen 28, Mukim Bandar Petaling Jaya, Daerah Petaling, Selangor.	Industrial land	Vacant	N/A	Leasehold	11.04.2067	9.30 acres	N/A	41,947,522	28.08.2009

LIST OF PROPERTIES
(cont'd)

The details on the Mitrajaya Holdings Berhad Group's properties as at 31 December 2017 are set out below:-

PROPRIETOR	LOCATION	DESCRIPTION	CURRENT USE	AGE OF BUILDING	TENURE	DATE OF EXPIRY	LAND AREA	BUILT-UP AREA	NET BOOK VALUE RM	DATE OF ACQUISITION / REVALUATION*
MDSA	Portion 251 & 252 of the farm Olievenhoutbosch 389, Registration Division J.R. Province of Gauteng, South Africa.	Land for Development	On-going development project	N/A	Freehold	N/A	48.28 acres	N/A	21,453,501	07.04.2006*
MDSA	Portion 237 (a Portion of Portion 7) of the farm Knopjeslaagte Number 385, Registration Division J.R. City of Tshwane Metropolitan Municipality, South Africa.	Land for Development	Vacant	N/A	Freehold	N/A	215 acres	N/A	13,370,770	23.10.2015
PDSB	HS (D) 135348, PT 1159, Mukim of Pekan Puchong Perdana, Daerah Petaling, Selangor.	Land for Development	Rented	N/A	Freehold	N/A	1.08 acres	N/A	1,961,871	17.05.1999
PDSB	HS (D) 311924, PT7357, Mukim Pekan Puchong Perdana, Daerah Petaling, Selangor.	Land for Development	Vacant	N/A	Freehold	N/A	14.53 acres	N/A	37,093,726	17.05.1999
SDSB	Geran 25563, Lot 481, Mukim Tanjung Duabelas, Daerah Kuala Langat, Selangor.	Land for Development	Planted with oil palm	N/A	Freehold	N/A	198 acres	N/A	29,220,238	19.01.2007
CMSB	Lot 11535, Lot 11846, Lot 12376, Lot 11517 to 11522, Lot 12374, Lot 11536, Lot 12375, HS (D) 128459A, PT 22682, Mukim Setul, Daerah Seremban, Negeri Sembilan.	Mixed development	Vacant	N/A	Leasehold	13.12.2082	252.63 acres	N/A	78,646,363	26.05.2017
EESB	Geran 322001, Lot 108264, Mukim Dengkil, Daerah Sepang, Selangor.	Commercial	Vacant	N/A	Freehold	N/A	21.55 acres	N/A	56,233,979	26.05.2017

LIST OF PROPERTIES
(cont'd)

The details on the Mitrajaya Holdings Berhad Group's properties as at 31 December 2017 are set out below:-

PROPRIETOR	LOCATION	DESCRIPTION	CURRENT USE	AGE OF BUILDING	TENURE	DATE OF EXPIRY	LAND AREA	BUILT-UP AREA	NET BOOK VALUE RM	DATE OF ACQUISITION / REVALUATION*
MWSB	HS (D) 36857, PT51006, Mukim Dengkil, Daerah Sepang, Selangor.	Industrial	Vacant	N/A	Leasehold	30.12.2092	20.15 acres	N/A	41,199,301	3.11.2017
MWSB	Geran 4593, Lot 19003, Mukim Dengkil, Daerah Sepang, Selangor.	Agricultural land	Vacant	N/A	Leasehold	25.05.2104	2.13 acres	N/A	4,351,229	21.07.2017

Remarks: Net book value of the development properties are stated at Group land cost together with the related development expenditure incurred to the remaining unsold properties.

KEY:
APSB - Awana Prisma Sdn Bhd
CMSB - Centennial March Sdn Bhd
EESB - Eminent Earnings Sdn Bhd
KBSB - Kina-Bijak Sdn Bhd
KSBSB - Kemajuan Sekim Baru Sdn Bhd
LVSB - Leo Vista Sdn Bhd
MDSA - Mitrajaya Development SA (Pty) Ltd
MHSB - Mitrajaya Homes Sdn Bhd
MWSB - Mitrajaya Warisan Sdn Bhd (formerly known as Mitrajaya Equipment Resource Sdn Bhd)
PDSB - Primaharta Development Sdn Bhd
PMSB - Pembinaan Mitrajaya Sdn Bhd
SDSB - Skyway Development Sdn Bhd

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fifth Annual General Meeting of the Company will be held at Mitrajaya Training Room, B-04-10, Block B, Jalan Prima 5/5, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor Darul Ehsan on Thursday, 21 June 2018 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 and the Reports of the Directors and Auditors thereon.

2. To declare a first and final single tier cash dividend of 2 sen per share in respect of the financial year ended 31 December 2017. *Resolution 1*

3. To approve the payment of Directors' Fees of RM110,000 to the Independent Directors for the financial year ended 31 December 2017. *Resolution 2*

4. To approve the payment of allowances of not more than RM95,000 for the period from July 2018 to June 2019. *Resolution 3*

5. To re-elect the following Directors who are retiring pursuant to Article 84 of the Articles of Association of the Company:-

   5.1 Mr Roland Kenneth Selvanayagam *Resolution 4*
   5.2 Ms Cho Wai Ling *Resolution 5*

6. To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration. *Resolution 6*

7. **SPECIAL BUSINESS**
   To consider and if thought fit, pass the following Resolutions:

   ORDINARY RESOLUTION *Resolution 7*
   Continuation in office as Independent Non-Executive Director

   "THAT approval be and is hereby given to General Tan Sri Ismail Bin Hassan (R) who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company."

   ORDINARY RESOLUTION *Resolution 8*
   Continuation in office as Independent Non-Executive Director

   "THAT approval be and is hereby given to Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company."

   ORDINARY RESOLUTION *Resolution 9*
   Continuation in office as Independent Non-Executive Director

   "THAT approval be and is hereby given to Ir Zakaria Bin Nanyan who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company."

NOTICE OF ANNUAL GENERAL MEETING
(cont'd)

ORDINARY RESOLUTION *Resolution 10*
Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

ORDINARY RESOLUTION *Resolution 11*
Proposed Renewal of Authority for the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company ("Proposed Renewal of Share Buy-Back")

"THAT subject to the provisions under the Companies Act 2016 ("Act"), the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all prevailing laws, rules, regulations, orders and guidelines as well as the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company ("MHB Shares") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of MHB Shares purchased pursuant to this resolution or held as treasury shares does not exceed ten percent (10%) of the total number of issued shares of the Company at the time of purchase;

THAT the maximum amount of funds to be utilised for the purpose of the Proposed Renewal of Share Buy-Back shall not exceed the Company's retained profits account;

THAT authority be and is hereby given to the Directors of the Company to decide at their discretion, as may be permitted and prescribed by the Act and/or any prevailing laws, rules, regulations, orders and guideline and requirements issued by any relevant authorities for the time being in force to deal with any MHB Shares so prescribed by the Company in the following manner:-

(i) to cancel the MHB Shares so purchased; or
(ii) to retain the MHB Shares so purchased as treasury shares for distribution as share dividends to the shareholders of MHB and/or be resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or
(iii) to transfer as share award or share consideration; or
(iv) combination of (i), (ii) and (iii) above;

THAT the authority conferred by this resolution will be effective immediately from the passing of this Ordinary Resolution until:-

(i) the conclusion of the Company's next AGM following the general meeting at which such resolution was passed at which time the authority would lapse unless renewed by ordinary resolution; or
(ii) the passing of the date on which the Company's next AGM is required by law to be held; or
(iii) the authority is revoked or varied by ordinary resolution that the shareholders pass in general meeting;

NOTICE OF ANNUAL GENERAL MEETING
(cont'd)

whichever occurs first.

AND THAT the Directors be and are hereby authorised to take all steps as are necessary and/or to do all such acts and things as the Directors deem fit and expedient in the interest of the Company to give full effect to the aforesaid Proposed Renewal of Share Buy-Back with full powers to assent to any condition, modification, variation and/or amendment (if any) as may be imposed by the relevant authorities."

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a first and final single tier cash dividend of 2 sen in respect of the financial year ended 31 December 2017, if so approved at the Twenty-Fifth Annual General Meeting, will be paid on 2 August 2018 to Shareholders whose names appear in the Records of Depositors at the close of business on 18 July 2018.

A Depositor shall qualify for entitlement only in respect of:-

a) Shares transferred into the depositor's securities account before 4.00 p.m. on 18 July 2018 in respect of ordinary transfers; and

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

By Order of the Board

LEONG OI WAH (MAICSA 7023802)
Company Secretary

30 April 2018

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead.

2. When a member appoints more than one proxy (subject always to a maximum of two proxies at each meeting), the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if such appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

4. The instrument appointing a proxy must be deposited at the Registered Office at No. 9, Blok D, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

5. Depositors who appear in the Record of Depositors as at 13 June 2018 shall be regarded as member of the Company entitled to attend the Twenty-Fifth Annual General Meeting or appoint a proxy to attend and vote on his behalf.

NOTICE OF ANNUAL GENERAL MEETING
(cont'd)

6. Explanatory notes to Special Business:

Resolutions No. 7, 8 & 9

General Tan Sri Ismail Bin Hassan (R), Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim and Ir Zakaria Bin Nanyan have all served as Independent Non-Executive Directors for more than 9 years.

The Board had assessed the independence of General Tan Sri Ismail Bin Hassan (R), Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim and Ir Zakaria Bin Nanyan at its meetings held on 17 April 2018 and has recommended that they be allowed to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

a) They provide a check and balance and bring an element of objectively to the Board of Directors.
b) They continue to be scrupulously independent in their thinking and in their effectiveness as constructive challengers of the Managing Director and Executive Directors.
c) They actively participated in board discussion and provided an independent voice on the Board.

Resolution No. 10

The proposed Ordinary Resolution will give powers to the Directors to issue up to a maximum ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors would consider in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

The general mandate sought for issue of securities is a renewal of the mandate that was approved by the shareholders on 8 June 2017. The Company did not utilise the mandate that was approved last year. The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

Resolution No. 11

Please refer to Statement to the Shareholders dated 30 April 2018.

MITRAJAYA

MITRAJAYA HOLDINGS BERHAD
(268257-T)

FORM OF PROXY

I/We,.......……...(NRIC/ Co. No...………………........…..)

of......…..

being a *member/members of **MITRAJAYA HOLDINGS BERHAD** hereby appoint …………………...........................………

……...(NRIC/ Co.No..…………………........…..) of……...............

....……..

and/or failing him/her...……......……(NRIC/ Co. No...………………........…..)

of...........................……...

or the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty-Fifth Annual General Meeting of the Company to be held at Mitrajaya Training Room, B-04-10, Block B, Jalan Prima 5/5, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor Darul Ehsan on Thursday, 21 June 2018 at 10.00 a.m. and at any adjournment thereof.

*My/Our proxy(ies) is/are to vote as indicated below:-

	Resolutions	**For**	**Against**
Resolution 1	To declare a first and final single tier cash dividend of 2 sen per share in respect of the financial year ended 31 December 2017.		
Resolution 2	To approve the payment of Directors' Fees for the financial year ended 31 December 2017.		
Resolution 3	To approve the payment of allowances for the period from July 2018 to June 2019.		
Resolution 4	To re-elect Mr Roland Kenneth Sevanayagam as Director.		
Resolution 5	To re-elect Ms Cho Wai Ling as Director.		
Resolution 6	To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration.		
Resolution 7	To approve the continuation in office of General Tan Sri Ismail Bin Hassan (R) as Independent Non-Executive Director.		
Resolution 8	To approve the continuation in office of Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim as Independent Non-Executive Director.		
Resolution 9	To approve the continuation in office of Ir Zakaria Bin Nanyan as Independent Non-Executive Director.		
Resolution 10	To approve the authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
Resolution 11	To approve the proposed renewal of authority for the Company to purchase its own shares of up to 10% of the number of issued shares of the Company.		

(Please indicate with "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion).

Dated this........................ of..2018

CDS Account No.	
Number of shares	

....
[Signature/Common Seal of Shareholder(s)]
[*Delete if not applicable]

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead.
2. When a member appoints more than one proxy (subject always to a maximum of two proxies at each meeting), the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if such appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office at No. 9, Blok D, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.
5. Depositors who appear in the Record of Depositors as at 13 June 2018 shall be regarded as member of the Company entitled to attend the Twenty-Fifth Annual General Meeting or appoint a proxy to attend and vote on his behalf.

Please fold this flap for sealing

Please fold here

Postage

MITRAJAYA HOLDINGS BERHAD **(Company No: 268257-T)**
No. 9 Blok D
Pusat Perdagangan Puchong Prima
Persiaran Prima Utama
Taman Puchong Prima
47150 Puchong
Selangor Darul Ehsan
Malaysia

Please fold here

MITRAJAYA HOLDINGS BERHAD
(Company No. 268257-T)

No. 9, Blok D, Pusat Perdagangan Puchong Prima,
Persiaran Prima Utama, Taman Puchong Prima,
47150 Puchong, Selangor Darul Ehsan.

Tel : (603) 8060 9999
Fax : (603) 8060 9998
E-mail: mhb@mitrajaya.com.my

www.mitrajaya.com.my