MITRAJAYA HOLDINGS BERHAD

(Company No. 268257-T)

MITRAJAYA

ANNUAL REPORT
2018

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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
E-mail : mhb@mitrajaya.com.my
Web : www.mitrajaya.com.my

AUDITORS

Baker Tilly Monteiro Heng PLT
(LLP0019411-LCA & 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
Wilayah Persekutuan.

Tel : (603) 2783 9299
Fax : (603) 2783 9222
E-mail : is.enquiry@my.tricorglobal.com

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.

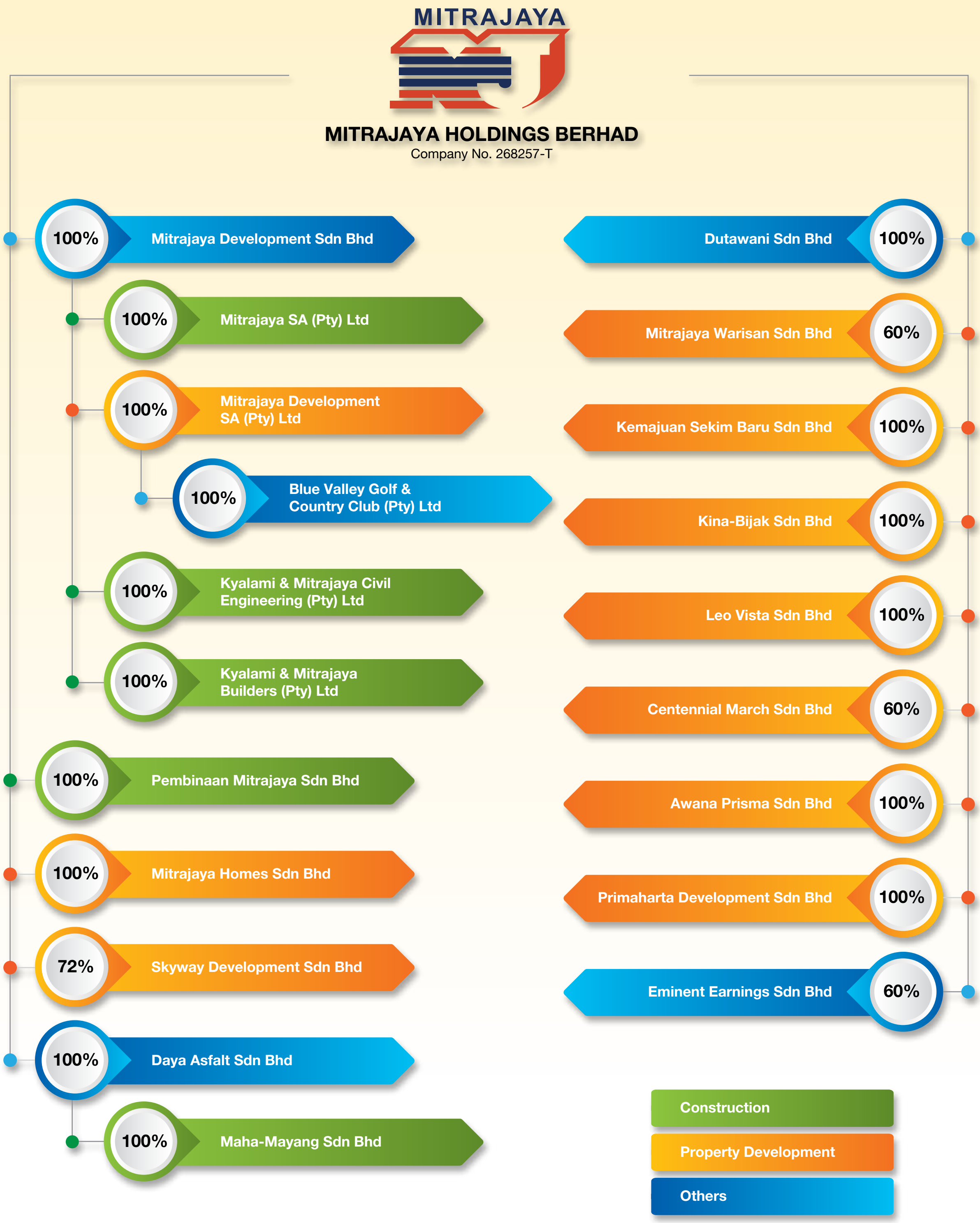
Van Der Merwe Du Toit

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 76, 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 65, was appointed as 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 40 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 64, 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 39 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 46, 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.

TAN SRI DATO' SERI MOHAMAD NOOR BIN ABDUL RAHIM

Independent Non-Executive Director

Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim, aged 74, 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 currently the President of the Asian Petanque Confederation and Committee member of the Malaysia Golf Association.

IR ZAKARIA BIN NANYAN

Independent Non-Executive Director

Ir Zakaria Bin Nanyan, aged 76, 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 62, 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:

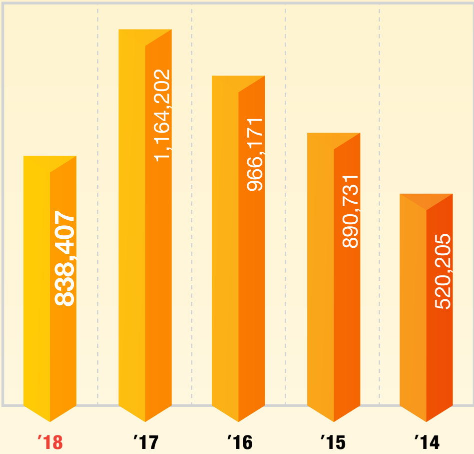
- All Directors of MHB are Malaysian and do not have any conflict of interest with MHB.
- They have not been convicted for offences within the past five (5) years other than traffic offences, if any.
- There is no family relationship amongst the Directors and major shareholders of MHB.
- The Executive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

5 YEARS FINANCIAL HIGHLIGHTS

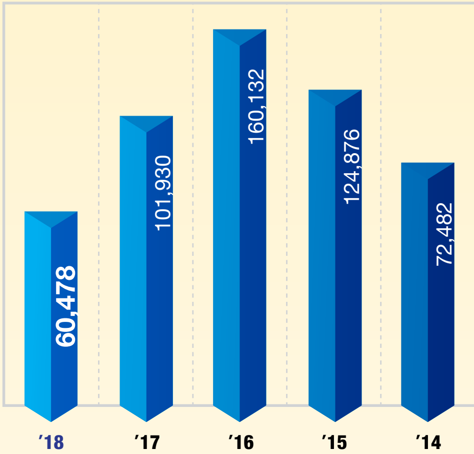
← As per respective years' audited financial statements →

Financial Year Ended 31 December		2018	2017	2016	2015	2014
Revenue	RM'000	**838,407**	1,164,202	966,171	890,731	520,205
- Construction	RM'000	**698,817**	994,208	845,573	767,225	370,674
- Property Development	RM'000	**130,810**	144,899	89,641	55,186	98,718
- South Africa Investment	RM'000	**8,382**	24,696	30,957	39,283	22,438
- Others	RM'000	**398**	399	-	-	-
- Healthcare	RM'000	**-**	-	-	29,037	27,317
- Manufacturing and Trading	RM'000	**-**	-	-	-	1,058
Profit Before Taxation	RM'000	**60,478**	101,930	160,132	124,876	72,482
Profit After Taxation	RM'000	**42,426**	72,849	121,266	86,969	53,285
Profit Attributable to Owners of the Company	RM'000	**44,878**	80,350	118,683	86,575	53,769
Share Capital	RM'000	**464,573**	381,213	334,862	321,085	198,766
Total Assets	RM'000	**1,547,633**	1,394,193	1,236,873	1,020,952	639,857
Shareholders' Funds	RM'000	**787,163**	687,672	618,558	500,500	394,418
Total Borrowings	RM'000	**347,625**	323,529	254,937	162,480	102,011
Cash and Bank Balances	RM'000	**14,409**	25,760	58,180	39,831	23,919
Gearing Ratio	%	**44.16**	47.05	41.21	32.46	25.86
Net Gearing Ratio	%	**42.33**	43.30	31.81	24.51	19.80
Basic Earnings Per Share	sen	**5.22**	11.85	18.10	13.85	13.64
Net Assets Per Share	sen	**95**	109	92	78	99
Net Dividend Per Share	sen	**1.50**	2.00	5.00	5.00	5.00
Share Performance						
Year High	RM	**0.98**	1.46	1.47	2.08	1.17
Year Low	RM	**0.23**	0.74	1.02	0.80	0.47
Year Close	RM	**0.28**	0.97	1.26	1.20	0.98
Trading Volume	Shares ('000)	**252,937**	375,061	358,233	593,906	771,360
Market Capitalisation	RM'000	**250,922**	668,797	843,850	770,603	389,581

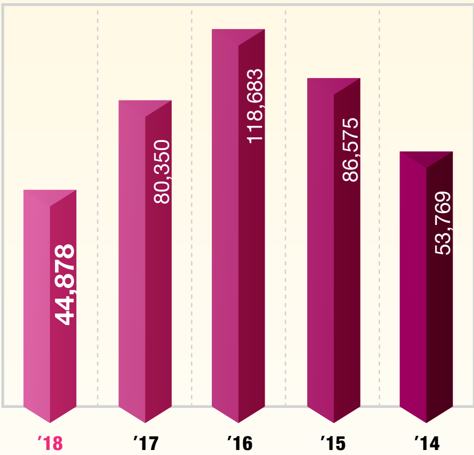
REVENUE
(RM'000)



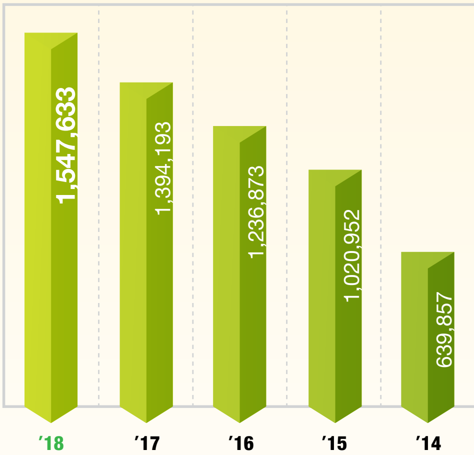
PROFIT BEFORE TAXATION
(RM'000)



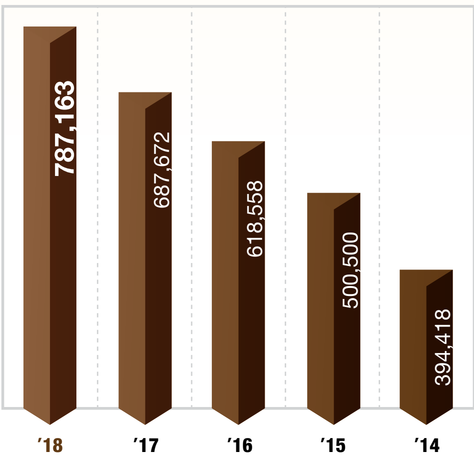
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY
(RM'000)



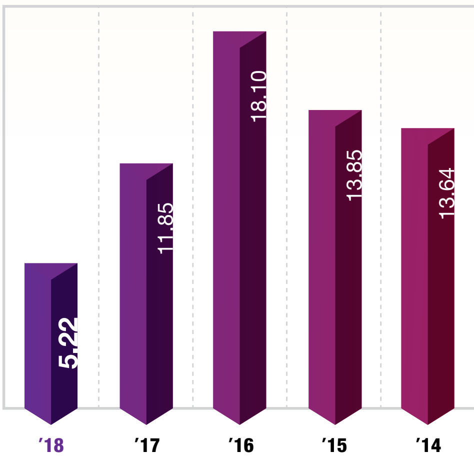
TOTAL ASSETS
(RM'000)

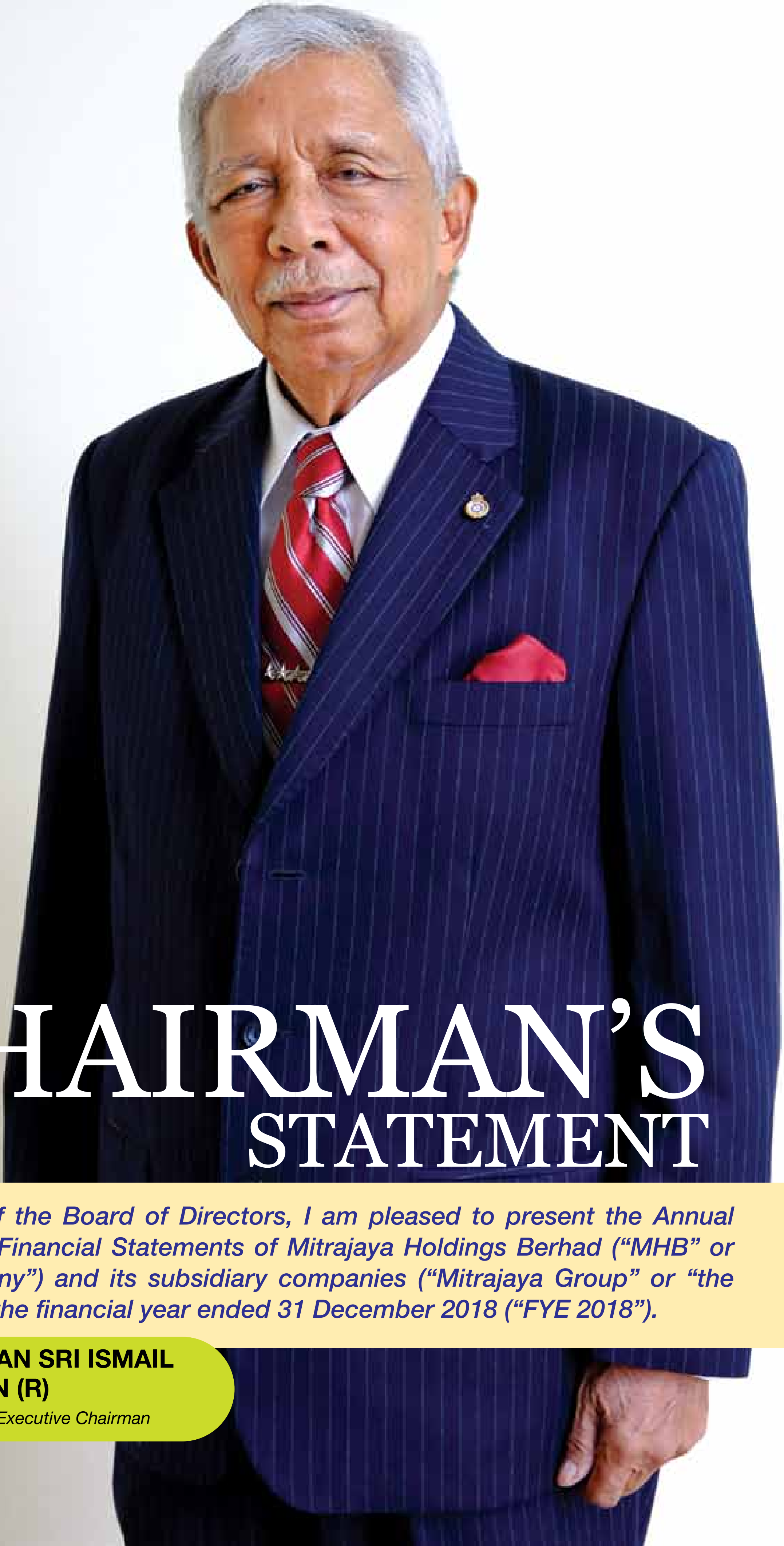


SHAREHOLDERS' FUNDS
(RM'000)



BASIC EARNINGS PER SHARE
(SEN)





CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of Mitrajaya Holdings Berhad ("MHB" or "the Company") and its subsidiary companies ("Mitrajaya Group" or "the Group") for the financial year ended 31 December 2018 ("FYE 2018").

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

PPA1M project at Precinct 5, Putrajaya

CONGRATULATORY MESSAGE

First and foremost, I would like to congratulate our wholly-owned subsidiary, Pembinaan Mitrajaya Sdn Bhd ("PMSB") for having won the International Federation of Asian and Western Pacific Contractors' Association ("IFAWPCA") Gold Medal Award under the Building Construction category for the Design & Build of the Office Building & Tower for the Malaysian Anti-Corruption Commission ("MACC") during the 44th IFAWPCA Convention 2018. The award recognises among others, key achievements in innovation, technical advancement in construction and human capital development for the successful completion of the uniquely designed MACC Office Building.

I would also like to extend my congratulations to our Group Executive Director and PMSB's Managing Director, Mr. Foo Chek Lee for winning the 2018 CEO of the Year at the Malaysian Construction Industry Excellence Awards ceremony organised by the Construction Industry Development Board Malaysia (CIDB) to recognise the industry players' achievements. PMSB was also honoured at the same event with The Best Project Award (Building Project – Major Category) for the MACC project.

OVERVIEW

The Group has reported a revenue of RM838.41 million for the financial year ended 31 December 2018 ("FYE 2018"), a reduction of RM325.80 million (28.0%) compared to our record high of RM1.16 billion in the preceding financial year ("FYE 2017"). The revenue reduction was mainly attributed to the Construction division. Construction division's revenue has reduced substantially by RM295.39 million in FYE 2018. Revenue contribution from both local & the South African Property Development division had reduced by RM30.41 million.

Consequent to the decline in Group's revenue, the Group's profit before tax ("PBT") reduced by 40.7% from RM101.93 million that was achieved during the previous financial year to RM60.48 million in FYE 2018. The Construction division contributed PBT of RM12.02 million, representing 19.9% of Group's PBT in FYE 2018 as compared to its previous year's contribution of 41.8%. In FYE 2018,

CHAIRMAN'S STATEMENT (cont'd)

the Property division maintained its PBT contribution of RM47.38 million, a marginal reduction of RM1.04 million compared to PBT of RM48.42 million in FYE 2017. Hence, the Property division has overtaken the Construction division in FYE 2018 and contributed 78.3% of Group's PBT.

Our property projects in South Africa also made a lower contribution to the Group's earnings in FYE 2018. This division contributed RM8.38 million, representing 1.0% (FYE 2017:2.1%) of Group's revenue and PBT of RM0.13 million, 0.2 % (FYE 2017: 8.7%) of Group's PBT in FYE 2018.

Further details of the Group's financial performance are contained in the Management's Discussion and Analysis section within this Annual Report.

DIVIDEND

The Board is pleased to recommend a first and final single tier dividend of 1.5 sen per ordinary share for the FYE 2018 to be approved by the shareholders at the forth coming Annual General Meeting.

The estimated dividend payment amounts to RM13.35 million as compared to RM17.91 million distributed in the previous year.

CORPORATE DEVELOPMENT

On 25 April 2018, the Company successfully completed the Rights Issue following the listing of and quotation of 137,778,282 Rights Shares, 68,889,075 Bonus Shares, 68,889,075 Warrants E and 11,516,438 Additional Warrants D on the Main Market of Bursa Securities. The Rights Issue proceeds of RM81.29 million has been fully utilised for repayment of bank borrowings for the Construction division.

The total number of issued shares of the Company has been enlarged from 689,481,413 to 896,148,770 ordinary shares.

MARKET OUTLOOK AND PROSPECTS

The growth of the construction sector is expected to slow down owing to the soon-to-be completed mega projects, deferment of new mega projects by the Government coupled with the property overhang situation in the non-residential segment. In 2019, the construction sector is expected to improve marginally following an increase in new planned supply in the affordable homes and industrial segments. The forecast growth of the construction sector in 2019 is 4.9%.

Mitrajaya Group reckons that 2019 will be another challenging year in view of its increasingly tough operating environment for construction and infrastructure players due to margin compression exacerbated by intense competition and potential cost escalation.

The Malaysian property market outlook in 2019 will continue to be soft in view of the mismatch between the demand and supply of residential units as well as office space in the country. As such, the Board and Management will be cautious when planning future upcoming property projects. We will focus on undertaking affordable and mid-range housing developments to meet current market demand.

Barring unforeseen circumstances, the Board envisage that the Group will consolidate but continue growing strength from strength in this highly competitive industry landscape.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express our appreciation to the management team and employees for their dedication and contribution to the Group. Also our appreciation to our shareholders, business associates, clients, bankers and various government agencies for their continued support to the Group. 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

TAN ENG PIOW
Group Managing Director

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 2018 ("FYE 2018") consolidated financial statements and notes.

Mitrajaya Group's revenue decreased by RM325.80 million (28.0%) to RM838.41 million for FYE 2018 compared to RM1.16 billion in the previous financial year. The decrease was mainly due to lower revenue recognition in the Construction division by RM295.39 million. Correspondingly, the Group's profit before tax ("PBT") declined by RM41.45 million (40.7%) from RM101.93 million to RM60.48 million in FYE 2018. The Construction division also contributed a significantly lower PBT of RM12.02 million compared to RM42.56 million achieved in financial year ended 31 December 2017 ("FYE 2017"). The Group's profit after tax ("PAT") was reported at RM42.43 million, a reduction of RM30.42 million (41.8%) from RM72.85 million in FYE 2017.

For the FYE 2018, the Group's revenue included an additional compensation sum of RM10.97 million (FYE 2017: RM15.95 million) received from the compulsory land acquisition of our project land located at Mukim Pengerang, Johor. This compulsory land acquisition contributed a PBT of RM10.66 million to the Group in FYE 2018 (FYE 2017: RM13.96 million). If this one-off item was excluded, the Group's PBT would have been at RM49.82 million, RM38.15 million (43.3%) lower compared to the previous year's PBT of RM87.97 million.

In FYE 2018, the Group's capital expenditure ("CAPEX") reduced to RM17.50 million from RM25.36 million during FYE 2017 as most of the CAPEX requirements had been fulfilled in the previous year. Presently, our CAPEX requirement will be incurred on a need-to basis for newly secured construction projects. Based on the 2-year hire purchase tenure, the outstanding hire purchase financing has further reduced from RM33.01 million to RM12.43 million as at 31 December 2018.

As at the end of 2018, the Group's borrowings stood at RM347.63 million, a slight increase of RM24.10 million (7.45%) from RM323.53 million as at 31 December 2017. The net gearing ratio reduced marginally from 0.43 times to 0.41 times as at 31 December 2018. The increase in borrowing was mainly due to higher amounts of short term borrowings drawndown to finance on-going projects

The current ratio as at 31 December 2018 has increased from 1.61 times to 1.75 times. Net asset per share has reduced from RM1.09 to RM0.95 as at 31 December 2018. The decrease was mainly due to the enlarged share capital after the completion of the Rights Issue in April 2018.

MANAGEMENT'S DISCUSSION
AND ANALYSIS
(cont'd)

FORWARD-LOOKING INFORMATION

The information in this Management's Discussion and Analysis ("MD&A") 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 contributed a lower revenue of RM698.82 million in FYE 2018, RM295.39 million (29.7%) lower from RM994.21 reported in the previous financial year. The lower revenue was mainly due to the reduction in the number of on-going projects during FYE 2018. Consequently, gross profit reduced substantially by RM 25.90 million (32.2%) from RM80.50 million in previous financial year to RM54.60 million in FYE 2018. Gross margin reduced slightly from 8.1% to 7.8% in FYE 2018. Nevertheless, with the increase in operating expenses and finance cost of RM4.64 million from RM37.94 million to RM42.58 million in FYE 2018, this division contributed a significantly lower PBT of RM12.02 million in FYE 2018, a total reduction of RM30.54 million (71.8%) as compared to RM42.56 million recognised in FYE 2017.

Overview of Package 14 of RAPID, Pengerang

This division completed and handed over a mixed development complex building at Section 13 Petaling Jaya to PJ Midtown Development Sdn Bhd during FYE 2018.

Pembinaan Mitrajaya Sdn Bhd ("PMSB") secured the following 2 projects for RM203 million during FYE 2018:

a) construction of 404 units of public apartments for Perumahan Penjawat Awam 1 Malaysia ("PPA1M") at Precinct 17, Putrajaya for Putrajaya Homes Sdn Bhd; and

b) construction of a 7-storey private hospital with 1 level basement and a 6-storey podium carpark for IMU Education Sdn Bhd.

The Construction division will continue to contribute significant revenue to the Group on the back of its outstanding order book of RM1.06 billion as at 31 March 2019. Given the uncertainty surrounding the local economy, we anticipate that the business environment in which the Group operates will be challenging for the current financial year. Nevertheless, the Group will continue to intensify efforts to replenish its order book by securing new projects.

OPERATIONS REVIEW (CONTINUED)

Local Property Development Division

The Property Development division also contributed a lower revenue of RM130.81 million for FYE 2018. It represents a decrease of RM14.09 million (9.7%) compared to RM144.90 million in FYE 2017. Nevertheless, PBT only dipped by RM1.04 million (2.1%) to RM47.38 million from RM48.42 million in FYE 2017. Revenue recognition from the Wangsa 9 Residency project and sales of completed units at the Kiara 9 Residency project had contributed positively to the current financial year. Besides this, the division also recognised an additional compensation sum of RM10.97 million (FYE 2017: RM15.95 million) for the compulsory acquisition of our project land held in Pengerang, Johor. This one-off transaction contributed a PBT of RM10.66 million in FYE 2018 (FYE 2017: RM13.96 million).

Adjusted financial results excluding the one-off transaction

If this one-off transaction was excluded from both financial years, this division would have reported revenue of RM119.84 million for FYE 2018, RM9.11 million (7.1%) lower than the previous year's revenue of RM128.95 million. However, as a result of improved profit margin from the on-going development projects in FYE 2018, the PBT increased slightly by RM2.27 million (6.6%) from RM34.45 million to RM36.72 million in FYE 2018.

Wangsa 9 Residency

The Wangsa 9 Residency project comprises 3 tower blocks of 565 units of high-rise condominiums with an estimated Gross Development Value ("GDV") of RM744.61 million. The development is situated at a strategic location in Kuala Lumpur, right opposite the Wangsa Walk Mall and within close proximity to the Sri Rampai LRT Station. The project has been successfully completed and the Certificate of Completion and Compliance for phase 1 was obtained on 20 March 2019. Phase 1 consists of 2 blocks, Block B & C (338 units) with a take up rate of 75.1%. Phase 2 consisting of Block A (227 units) was launched in early 2018. However, the take up rate is low at 9.3% due to the current soft local property market condition. The current unbilled sales as of 10 April 2019 stands at RM91.70 million. We are hopeful that with the completion of Phase 1 as well as the outdoor facilities such as the mini water theme park and the children's playground situated at the podium level, our project will be more attractive to the potential purchasers.

Affordable Homes "Rumah Selangorku" – Pangsapuri Akasia

In line with the Selangor State Government's commitment to build more affordable homes in Selangor, Mitrajaya Group has launched an affordable home development under the "Rumah SelangorKu" programme at Puchong Prima. This development, comprises 408 units of apartments with the selling price fixed by the Lembaga Perumahan dan Hartanah 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 as of 10 April 2019 of RM41.59 million is expected to be recognised in 2019 as the expected completion date for this project will be end 2019.

Kiara 9 Residency (Completed in July 2011)

During the financial year 2018, this completed project consisting of high-end condominiums and garden villas had sold 9 units and contributed a revenue of RM22.77 million (FYE 2017: RM13.13 million – 7 units). The unsold units have reduced to 14 units to-date. The current soft local property market has seriously affected the sales of the balance of the completed units. Nevertheless, we have introduced various promotion packages with higher rebates to boost sales and managed to conclude some units sale in last quarter of 2018.

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. During the year, this project sold another 10 units and recognised revenue of RM8.74 million in FYE 2018. The total sales as of 10 April 2019 was 130 units equivalent to a 46.4% take up rate. The low take-up rate is mainly due to the remaining units being 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. Aggressive marketing strategies such as attractive promotion packages and higher rebates are in place to boost sales.

280 Park Homes

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 of our land measuring 1,327.06 sqm for RM1.77 million in FYE 2017. This has made the total number of lots acquired to be 124 lots (out of a total 198 lots). 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 for 123 lots amounting to RM13.29 million. Payment for the additional compensation was received during the first quarter of 2019. The current outstanding payment is the late interest payment amounting to approximately RM1.07 million.

Proposed Mixed Development Project – Puchong Prima

We are reviewing this proposed mixed development located in Taman Puchong Prima, Selangor to align with the current economic sentiments for more affordable priced housing. We are increasing the plot ratio from 5 to 7 (maximum allowable for a TAD – Transit Adjacent Development). This Transit Adjacent Development (TAD) will be directly connected to an existing LRT station via a fully covered pedestrian link bridge. The proposed development comprises of a retail mall, offices, service apartments (unit size of around 1,000 sq ft) and affordable service apartments (550 sq ft) on a 14.5 acre freehold, commercial land. The estimated GDV for this project is in excess of RM1 billion. The division put on hold the Development Order submissions during 2018. Nevertheless, the Management is reviewing to kick start the finalisation of layout for Development Order approval submission in 2019.

Proposed Mixed Development Project – Kota Warisan, Sepang

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 for 60% of the total land value for an amount of RM111.25 million.

In early 2019, the Group commenced the mixed development planning on 22.2 acres comprising of 2 adjacent land parcels located at Kota Warisan. The proposed mixed development consists of service apartments (unit size of 845 to 1,000 sq ft) and affordable service apartments (unit size of 550 sq ft). The estimated GDV for this project is approximately RM1.0 billion.

Proposed Residential Development – Kampung Seri Aman, Puchong

A project under the early stages of planning is a residential development in Kampung Seri Aman, Puchong, Selangor. This development is a high rise residential tower sitting on a 2 acre land, with unit sizes from 900-1,000 sq ft. The selling price will be kept in the range of RM300,000 to RM400,000 per unit to cater for the growing demand of more mid-range housing, making it an ideal choice for first time home buyers and small families. The development is located close to Taman Puchong Prima and Taman Puchong Tekali, both mature townships in the Puchong area.

OPERATIONS REVIEW (CONTINUED)

Property Development in South Africa

Our overseas property project in South Africa, Blue Valley Golf & Country Estate ("BVGCE"), contributed lower revenue and profits for the FYE 2018. This Division reported a revenue of RM8.38 million, a substantial reduction of RM16.32 million (66.0%) as compared to RM24.70 million reported in the previous financial year. Correspondingly, PBT also decreased by RM8.75 million (99.0%) from RM8.88 million to RM0.13 million for FYE 2018. This Division has been reducing its contribution to the Group's earning since FYE 2016 as limited vacant bungalow lots were available for sale since 2016. All the vacant bungalow lots have been fully sold in FYE 2017. The revenue recognised in 2018 were mainly derived from rental income of Blue Valley Shopping Mall, 7 units of vacant bungalow lots sold in 2017 and 3 units of bungalow houses completed in November 2018.

Blue Valley Shopping Mall competed in April 2018

Spring Carnival held in Blue Valley Shopping Mall

We expect this Division will continue to have a lower contribution to the Group's earnings for 2019 as the main source of income will only be from the sales of the 16 units of bungalow houses completed in November 2018. Nevertheless, this Division has commenced construction of 3-storey walk up high-end apartments in August 2018 which is expected to complete in early 2020. Estimated GDV is approximately RM15 million for a total of 42 units of apartment.

Additionally, this Division has obtained the consolidation and rezoning approval to increase the density on the remaining lots in BVGCE whereby the allowable number of apartment units will increase from 93 to 260 units. The management also has the intention to convert the status of the land use from originally office development to an apartment development and further increase the planned number of apartment units by another 300 units. This proposed development will contribute positively to the future earning of the Group.

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 due to the lower number of available projects following the cancellation and deferment of some mega infrastructure projects by the Government. Competitive position will be dependent on various factors such as pricing, financial position and strength, the ability to obtain adequate financing, reputation for safety, quality and track record for timely completion of project. Due

RISK FACTORS (CONTINUED)

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.

(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 costs 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, unexpected construction constraints at the worksite or, additional costs which are not previously factored into the costing.

(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 as much as possible the defects of our works .

(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 vagaries 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 such as:-

(1) Real Property Gains Tax ("RPGT") was reinstated in 2010. The effective maximum RPGT rates were raised 5% in 2010 to 30% in 2014. Further, effective January 1st, 2019, the RPGT has been increased by 5% for disposal of a property from the sixth year onwards;

(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);

RISK FACTORS (CONTINUED)

(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 banks, 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.

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 areas like 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.

RISK FACTORS (CONTINUED)

(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.

(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, exchange 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 global economy is expected to expand 3.7% in 2019, lower than the earlier forecast of 3.9% (IMF, 2018). The downward revision reflects elevating policy uncertainties with several risks stemming to growth from escalating trade tension and outflows of capital from emerging economies. At the same time, global growth has become less synchronised with mixed developments in advanced economics while projection for emerging economies, in particular, developing Asia remains favourable.

The outlook for the Malaysian economy remains resilient in the near term despite considerable external and domestic headwinds. Real gross domestic product ("GDP") is projected to expand 4.9% in 2019, supported mainly by domestic demand. Private sector expenditure, in particular, household spending will remain as the anchor of growth following a continuous increase in employment and wage amid benign inflation.

(Source: chapter 1, Economic Management and Prospect, 2019 Economic Report, Ministry of Finance Malaysia)

The country's construction industry is expected to record slower growth in 2019 amid revision of mega projects. Nevertheless, the Group has taken steps to review and improve the work processes and efficiency of the operations within the Construction division in order to remain competitive in these challenging times of the overall slowdown in the construction industry.

MARKET OUTLOOK AND PROSPECTS (CONT'D)

The Construction division will continue to place emphasis on Health & Safety and Quality in all of our projects. Our goal is to be the preferred contractor and our portfolio of repeat clients are a strong testament to this.

Local Property Development Division

Under Budget 2019, the Federal Government has pledged to spend RM1.5 billion on such homes via the 1Malaysia People's Housing (PR1MA) scheme and Syarikat Perumahan Negara Bhd (SPNB). In early 2019, the Housing and Local Government Ministry announced intention to build one million units of affordable homes within the next 10 years to enable more people, especially the low income earners, to be house owners. As such, the affordable home segment will continue to be in strong demand for this year.

In this regard, the Property division is now more cautious on new property project planning and launching. Our upcoming property projects will focus more on proposed development for affordable and mid-range housing in both Puchong Prima and Sepang area.

Property Development in South Africa

In its recent 2019 Budget, the South African Government addressed the immediate risks to the economy and the public finances, and outlined measures to build the capacity of the state and renew economic growth. South Africa continues to confront a challenging economic environment in which global growth is slowing and trade tensions are mounting. The medium-term economic outlook has been revised down and tax revenues have significantly underperformed. The South African Government remains committed to managing the budget deficit and containing public debt at sustainable levels. Changes to the medium-term expenditure framework result in the main budget deficit widening to 4.7 per cent of GDP in 2019/20 and then narrowing to 4.3 per cent of GDP by 2021/22. Economic growth is projected to improve moderately from 1.5 per cent in 2019 to 2.1 per cent in 2021. In the longer term, the country requires higher and more inclusive growth to address unemployment and poverty. Government has begun implementing growth-enhancing reforms in line with the economic stimulus and recovery plan. Additional steps to strengthen policy certainty, improve the effectiveness of infrastructure spending and rebuild public institutions will encourage private-sector investment and bolster confidence.

(Source : Budget Review 2019, National Treasury, Republic of South Africa)

South Africa is embarking on a recovery path in which will promote confidence and investment. This will create spin-offs for the economy and improve the housing market . A reduction in transfer duty across all sectors of the market, not just the lower end, would serve to stimulate property transactions across the board, with the potential to increase volumes.

Our residential golf estate - Blue Valley Golf and Country Estate ("BVGCE") is highly ranked in South Africa. We are confident that our investment in South Africa to develop more residential apartment units within BVGCE 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

wangsa
residency
Block A
Block B
Block C
7km
to KLCC
150m
to LRT Station
30 Types Of
Extensive Facilities
Opposite
Wangsa Walk Mall
Great Accessibility
Via Major Highways
2km to
International School
Low Density
Total 565 Units
Luxury 5 Star
Living Enviroment








Mini water theme park

Children playground

Sky garden

Courtyard

Sales event

SUSTAINABILITY
REPORT

GROUP MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,

This is our second annual Sustainability Report and following our inaugural Report last year, I am pleased to inform that we are on track in achieving our short-term goals, which are to meet all regulatory and standards compliance as well as meeting our shareholder's expectations. We continue to strive to improve our integrated management systems that drive our quality, environmental, health and safety, strategies and action plans.

Among the significant events of the year were the successful completion and handover of the Raffles American School in Johor and the main infrastructure works for the Pahang Technology Park in Gambang, Pahang. As testimony to our commitment to quality, environmental, health and safety, our wholly-owned subsidiary, Pembinaan Mitrajaya Sdn Bhd ("PMSB") achieved numerous awards and recognition from our clients in 2018, namely for our on-going projects 17RM2 and 5R5, both PPA1M projects in Putrajaya and the PJ Sentral project. We have received two (2) 5-star ratings in the Safety and Health Assessment System in Construction ("SHASSIC") conducted by Construction Industry Development Board ("CIDB") Malaysia for the 17RM2 and PJ Sentral projects, with a near perfect score of 99% for the 17RM2 project, the highest score that we have ever achieved to-date.

In addition, I am proud that PMSB won the International Federation of Asian and Western Pacific Contractor's Association ("IFAWPCA") Gold Medal Award under the Building Construction category for the Design & Build of the Office Building & Tower for the Malaysian Anti-Corruption Commission ("MACC").

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.

In the medium term, Mitrajaya Holdings Berhad ("Mitrajaya" and "the Company") will aim to strengthen our Corporate Social Responsibility ("CSR") 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 ("Board"), our Management Team and our staff, we can assure our shareholders and investors that we will continue to deliver on sustainable opportunities for Mitrajaya and its subsidiaries ("Mitrajaya Group") and our stakeholders.

Group Managing Director

OUR SUSTAINABILITY PHILOSOPHY

We believe that a business organisation, while in pursuit of profit, should fulfil 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.

SCOPE OF REPORT

In this Sustainability Report our sustainability performance, including achievements and challenges, over the period 1 January 2018 to 31 December 2018, 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 Group and its subsidiaries.

This Sustainability Report 2018 is prepared according to the requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), with incorporation of some core principles of the Global Reporting Initiative ("GRI") G4 Guidelines.

CORPORATE GOVERNANCE

At Mitrajaya, we continuously endeavour for good governance. This will steer us towards managing our business and operations more sustainably and enable us to fulfil our CSR and the committees thereunder.

Our Board 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.

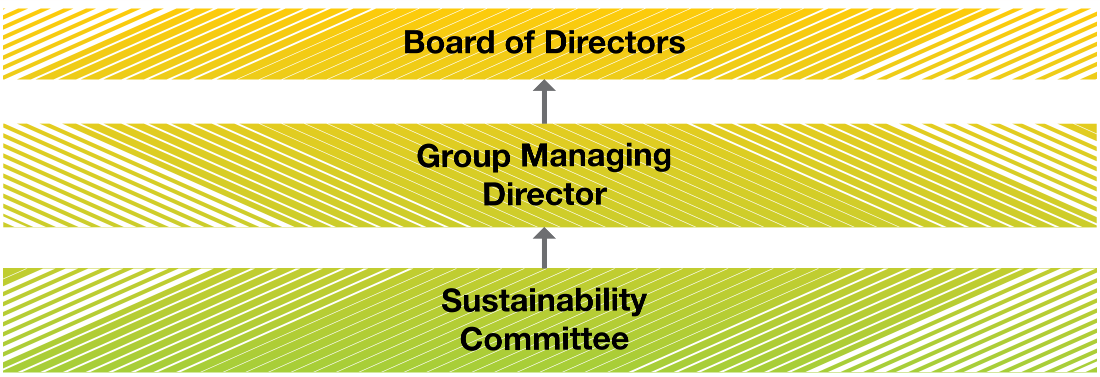
We are committed to responsible governance, applying ethics and code of conduct at all levels. In this manner we strive for transparency, accountability and long-term stability to ensure compliance at all times to all regulatory corporate governance requirements.

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, Environment Safety & Health

The reporting structure for the Sustainability Committee is as below.



SUSTAINABILITY
REPORT
(cont'd)

OUR ACHIEVEMENTS

HIGHLIGHT 1: THE ACHIEVEMENTS IN MACC HEADQUARTERS PROJECT

The new MACC headquarters located in Presint 7, Putrajaya, was planned to be the new headquarters for MACC to begin operations in 2017. PMSB was awarded the design and built contract for the new headquarters. The building was completely finished and handed over on 21 July 2017.

The three-tower building was specifically designed to accommodate MACC operational needs and administration system. Sitting on a 2.07-hectre site, the complex consists of block A, B and C with 14, 18 and 22 levels respectively.

The MACC Headquarters building project has earned PMSB various recognitions and awards locally and internationally.

INTERNATIONAL RECOGNITION

The building project of MACC Headquarters earned PMSB the IFAWPCA Gold Medal Award under the Building Construction category during the 44th IFAWPCA Convention 2018.

CIDB AWARDS

PMSB was awarded The Best Project Award (Building Project – Major Category) in the Malaysian Construction Industry Excellence Award ("MCIEA") 2018 for the MACC Headquarters.

Quality Assessment System in Construction ("QLASSIC") ACHIEVEMENTS

PMSB also received High QLASSIC Achievement Awards 2018 and a Special Appreciation for Achieving Highest Score of QLASSIC in Government Building Category for the MACC Headquarters building project during QLASSIC Day 2018.

Pertubuhan Arkitek Malaysia ("PAM") AWARD GOLD 2018

At the PAM Awards and Annual Dinner 2018, ArqhitectNIA and PMSB were presented with PAM Award Gold in the Category 8 - Commercial High Rise for the MACC Headquarters building.

SAFETY AND HEALTH RECOGNITIONS

PMSB received The Safety and Health Award in MCIEA 2017 for MACC Headquarters building project.

In additional, PMSB also recognised by Putrajaya Holdings Sdn Bhd for the design and build project of MACC Headquarters with two safety and health awards, which were – Gold Awards for Outstanding Achievement of 5 million man-hours without Lost Time Injury (LTI) and Achievement of Highest Merit Point for Year 2016 in High Risk Project Category.

SUSTAINABILITY
REPORT
(cont'd)

HIGHLIGHT 2: CEO OF THE YEAR 2018

PMSB's Managing Director – Mr. Foo Chek Lee was presented with CEO of the Year Award at MCIEA 2018 as a recognition of his contribution and role in enhancing image, performance and improvement of the construction industry.

HIGHLIGHT 3: SHASSIC ACHIEVEMENT

To show commitment in delivering a project with the best safety performance, PMSB has conducted SHASSIC assessment on every project. In 2018, two (2) projects achieved a 5-star rating, which were the PJ Sentral project and the PPA1M, 17RM2 building project. 17RM2 scored 99% in a SHASSIC assessment, highest score in the history of PMSB.

RISK MANAGEMENT

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

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.

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, Major Shareholders, Minor Shareholders, Assessors, Financiers and the Government agencies, as shown in the prioritisation matrix below.

Stakeholder's 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	

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 *Training sessions *Performance review *Festival gatherings *Staff survey * Sports club activities – on going
Shareholders	*Annual General Meeting *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 *Participation in industry related association
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, PMSB's Managing Director, Mr. Foo Chek Lee, is current serving the second term as President of Master Builders Association of Malaysia 2018/2020.

MATERIALITY

Mitrajaya 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 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, Innovation, Pollution Prevention & Management of Construction Waste. As far as possible these issues are addressed within this Sustainability Report.

MATERIALITY MATRIX

Importance

• Diversity & Equal Employment Opportunity • Human Rights • Customer Privacy	• Occupational Safety & Health • Legal Compliance • Quality Control • Project Risk Management • Business Performance • Customer Satisfaction • Employee Development • Energy Conservation & Efficiency Improvement • Innovation • Pollution Prevention & Management of Construction Waste
• Local Hiring • CSR Initiatives • Water Management	• Green Building

Influence

ECONOMY

MARKET PRESENCE

Construction Division

Through its principal subsidiary, PMSB, Mitrajaya 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. Noteworthy building projects include the MACC Headquarters in Putrajaya. PMSB has played a significant role in major national infrastructure projects, including the Kuala Lumpur International Airport (KLIA), 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.

Construction Division (Continued)

Over the years, PMSB has amassed assets of modern construction machineries and technologies, and has continued to build 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."

Property Development Division

Under our Property Development 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, comprising of three tower blocks of 565 luxury condominium units and Pangsapuri Seri Akasia in Puchong Prima, Selangor, an affordable homes development under the Rumah Selangorku initiative.

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 and Retail Development, with a World Class 18 Hole Golf Course, designed by Gary Player. It embodies the South African affluent lifestyle estate living.

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 2018, our total workforce stood at 594 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.

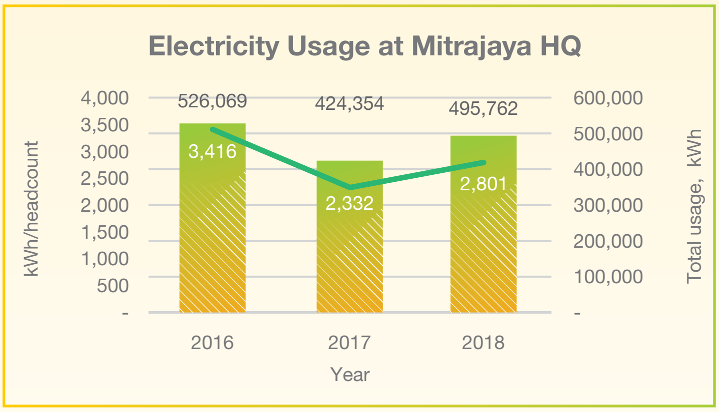
Thus Mitrajaya is able to contribute both directly and indirectly to the country's economic growth towards Vision 2020 and beyond.

ENVIRONMENT

Mitrajaya is committed to exercising due care to the environment. In our commitment we have incorporated a number of initiatives such as monitoring our usage of energy and water at our Headquarters (HQ) in Puchong Prima, Selangor. We monitor for our environmental impacts in terms of air emissions, noise, and effluent discharge. We also set our objective to reduce wastage and complying to the Environmental Quality Act and all other requirements.

Energy

We monitor the electricity usage at our HQ closely. From 2017 to 2018, the electricity usage has increased. The increase was due to the office expansion, namely the opening of our new training centre in early 2018. However, in December 2018, we had consolidated on some staff seating arrangement and standardised and increased the air conditioning temperature as part of our efforts to increase the energy efficiency.

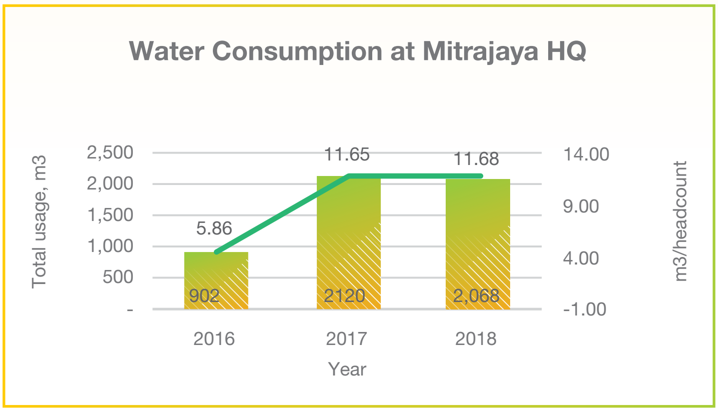


Water

At Mitrajaya's HQ, water consumption monitoring has been initiated since 2015. Water monitoring is important in consideration of water supply and availability, and possible future recyclability. The water consumption for year 2017 and 2018 recorded were an average of around 11.65 m3 to 11.68 m3 / headcount.

This data shows the trend of usage per headcount. We will consider to review and look for if there is a possible way to reduce water consumption.

Water Monitoring at ASBR



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.

In 2018, monthly monitoring results for TSP at those projects sites required to conduct TSP measurement showed levels ranging from 32 to 88 µg/m3 from January until December. 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.

Monitoring for TSP at site

Air Monitoring at WCE2

Noise

Noise monitoring was also carried out at site as per specific client's requirements over the periods of day and night forselected project sites. The results for those project sites that conducted noise monitoring ranged on average from 51.6 dB(A) to 64.3 dB(A) for day and 43.9 dB(A) to 55.0 dB(A) for night. The limits for noise are 65 dB(A) for day and 55.0 dB(A) for night. Hence the sites were in compliance with the ambient noise standards.

The noise monitoring station at 17RM2 project site

Noise monitoring at ASBA

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 (3) 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).

Effluent monitoring in progress at site

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 2018 samples were taken for discharges from January to December 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.

Waste Management

Waste management is to protect the environment, safety and health for the population. One of the objectives set by Mitrajaya is to reduce wastage of construction materials in the projects. The wastage of construction materials is reviewed in the yearly Management Review Meeting.

We recognise the following as waste:

i) waste generated from the project consumption and business operations;
ii) unsuitable soil removed from site to landfills; and
iii) scheduled waste and the waste impact on the environmental.

We minimise waste at all project sites by encouraging use of system formwork which allows reusing of materials, ordering of cut to size rebar and monitoring the usage of the materials regularly. The amount of waste generated is dependent of the size of project and the stage of construction of projects.

Mitrajaya's construction waste target

Construction material	% of waste
Steel bars	≤ 5%
Ready mix concrete	≤ 3%
Crusher-run	≤ 3%
Bituminous mix	≤ 3%

Scheduled Waste Disposed in 2018

Scheduled Waste Code	Waste Type	Amount (MT)
SW 305	Lubricating Oil	0.066
SW408	Contaminated soil, debris or matter resulting from cleaning-up of a spill of chemical, mineral oil or scheduled wastes	0.044
SW409	Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes	0.025
SW410	Rags, plastics, papers or filters contaminated with scheduled wastes	0.068

PEOPLE

Sustainability Performance

The Group's philosophy is based on the belief that a business organisation, while in pursuit of profit, should fulfill its role as an agent of progress and discharge its moral responsibility to society and employees. We are able to combine our resources and technology to create the synergy for the growth over the years.

With the Mitrajaya's vision is to be the preferred product and service provider in all our core businesses, the employees always practice company's core values of "Change, Commitment, Accountability, and Deliver quality work on time".

Mitrajaya demonstrates its commitment to its human resources, and seeks to maintain a healthy environment which shows respect for each employee, provides opportunity for each employee to contribute fully, and fosters personal growth. Human resources are our valuable assets. As such, we do not discriminate against race, gender, etc. We hire based on who is the best suited for the job from across the various ethnic groups found in Malaysia. The bulk of our employees are construction workers belonging to 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.

Workplace

(A) Employees			
Year	**2018**	**2017**	**2016**
Total Number of Employees	1,467	1,767	1,380
Note: The number shown for a total number of employees are inclusive of foreign-skilled & semi-skilled labors			
Executives	21%	20%	23%
Non-Executives	19%	19%	21%
Foreign-Skilled & Semi-Skilled Labors	60%	61%	56%

(A) Employees

Year	2018	2017	2016
Staff Category			
Permanent Staff	83%	75%	78%
Non-Permanent Staff	17%	25%	22%

Note: The percentage shown are not inclusive foreign-skilled & semi-skilled labors

Gender			
Female	32%	30%	28%
Male	68%	70%	72%

Note: The percentage shown are not inclusive foreign-skilled & semi-skilled labors

Age Group			
<30	40%	45%	45%
30-39	35%	34%	33%
40-45	15%	13%	13%
46-49	4%	4%	4%
>50	6%	4%	5%

Percentage of employees employed for age less than 30 has decreased in year 2018. Although there was a fall in 2018 workforce compared to year 2017, yet Mitrajaya's workforce was still dominated by the young peer group of people. By contrast, the number of employees between the age of 40 and above has increased slightly in year 2018. Overall, while we source for skilled hires, we are also focusing on recruiting, training and developing young talents for the company

Note: The percentage shown are not inclusive foreign-skilled & semi-skilled labors

(B) Diversity

Year	2018	2017	2016
Malay	63%	63%	63%
Chinese	28%	28%	26%
Indian	7%	7%	9%
Others	2%	2%	2%

The Race demographics remained stable over the past three (3) years.

Note: The percentage shown are not inclusive foreign-skilled & semi-skilled labors

(C) Employee Turnover Rates

Year	2018	2017	2016
Employee Turnover	32%	23%	25%

In a rapidly evolving environment and competitive world, we constantly face many challenges particularly in retaining our talents because even though we might manage to hire the best employees, keeping them around becomes one of the greatest human resource challenges. As displayed above, there wasa significant increase of 9% of staff turnover in year 2018 compared to previous years.

Note: The percentage shown are not inclusive foreign-skilled & semi-skilled labors

By Gender

	2018	2017	2016
Female	(23%) 8%	(23%) 5%	(25%) 6%
Male	(77%) 24%	(77%) 18%	(75%) 19%

It showed that the male construction workforce continues to dominate the highest population turnover rates in Mitrajaya. However, when we explore the small population of female employees, it also shows an increase of 3% in turnover rate.

Note: The percentage shown are not inclusive foreign-skilled & semi-skilled labors. The figures shown in ( ) represents the percentage from the total turnover rates.

By Age Group

	2018	2017	2016
<30	(46%) 15%	(54%) 12%	(42%) 11%
30-39	(34%) 11%	(25%) 6%	(31%) 8%
40-45	(9%) 3%	(7%) 1%	(14%) 3%
46-49	(5%) 1%	(4%) 1%	(4%) 1%
>50	(6%) 2%	(10%) 3%	(9%) 2%

Since the largest parts of our employees are below the age group of 40 and dominated by the young peer group, it is not surprising to find a higher turnover in this group. According to the study, it showed an increase in turnover for age group below 40. This group of job switchers has consistently experienced the strongest wage growth in their age group. On top of that, statistically, we found that the utmost reason is due to job hopping trend within the industry.

Note: The percentage shown are not inclusive foreign-skilled & semi-skilled labors. The figures shown in ( ) represents the percentage from the total turnover rates.

Employee Engagement & Staff Benefits

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, town hall sessions and company dinner.

Festival Celebrations – Chinese New Year

Festival Celebrations – Hari Raya

Town Hall Session with Staff Led by Our Group Managing Director, Mr. Tan Eng Piow

Company Annual Dinner 2018 – Gasby Night

Recognising the importance of health and fitness, in 2017, the company provided a fully equipped Gymnasium and Fitness Centre for the exclusive usage of Mitrajaya employees. The company organises weekly yoga, HIIT and Zumba classes held at the fitness centre. In addition, in 2018, Mitrajaya completed the new Training Centre in order to hold more in-house training sessions for the staff.

Gym & Fitness Centre for Staff

New Training Centre

Informal engagements are carried out through the sports club whereby trips, sporting events, festive celebrations, and 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.

Company Trip to Krabi, Thailand

Company Trip - Cruise to Phuket, Thailand

Bowling Tournament

Team Building at Bagan Lalang, Sepang

Quality, Environment, Safety & Health ("QESH")

QESH Management System

We are implementing the Integrated QESH Management System which is based on International Organisation for Standardisation ("ISO") and Occupational Health and Safety OHSAS standards to serve as guidance and promote continuous improvement to enable us to implement, control and improve our quality, environment, and safety and health practices. We are committed to review our QESH Policy, objectives and targets annually for its effectiveness and continuing suitability in Management Review Board Meeting every year. We have recently upgraded our certification to ISO 9001: 2015 and ISO 14001: 2015 to keep up with the latest requirements from ISO and currently planning to upgrade from OHSAS 18001: 2007 to the latest ISO 45001: 2018. We have also increased the frequency of Internal QESH Audit to twice per year in 2018 to closely monitor our quality, environment, and safety and health performance.

Safety

Safety is one of the greatest concerns and of the utmost priority to Mitrajaya. We value both the safety and health conditions in both our HQ and project site. An Environmental, Safety and Health ("ESH") Committee is established in our HQ and at every project site. Furthermore, there is an emergency drill carried out in the HQ and project site at least once a year ensuring effective emergency preparedness, response and recovery for staff and workers. In 2018, an ESH Steering Committee that consists of staff from HQ and project site has been established by the QESH Department as an effort to regulate the safety and health procedures and documentations across the company. There is also an ESH Team Meeting chaired by the Executive Director held quarterly as a platform to share knowledge and information among project sites.

At the project site, staff and workers are provided with regularly safety and health related trainings and exposures. These commonly involves toolbox talk, chemical spillage drill, waste segregation training, yearly safety campaign, joint inspection with clients, evacuation drill, working at height rescue training and many more. Regular workplace inspections are carried out to monitor and assuring the project site condition is controlled. Mitrajaya also provides all necessary facilities to safeguard the interest and wellbeing of the staff and workers at project site, these are but not limited to:-

- Designated emergency assembly point
- First-aid room and sick bay
- Portable toilets
- Canteen
- Filtered water
- Scheduled waste and chemical storage area
- Recycling point
- Rest areas

To further mitigate any health and safety issues, we also carry out SHASSIC assessment on a voluntary basis to evaluate our health, safety and quality performance. SHASSIC will be conducted three (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.

In year 2018, we have also raised the minimum benchmark to be achieved for SHASSIC assessment score to 75% which translates to 4-star rating. Five SHASSIC assessments based on Construction Industry Standard ("CIS") 10:2008 were carried out and the projects scored 4-stars rating and above. Our greatest achievement in 2018 was our Putrajaya building project PPA1M – 17RM2, which scored 99% in SHASSIC assessment by CREAM, the highest in our record. Mitrajaya is also preparing for SHASSIC assessments to keep up with the latest CIS 10: 2018 which is set to be implemented in 2019.

Quality

To minimise defects and to meet client expectations, QLASSIC assessment is carried out by CIDB upon completion before the handover of the project to the client on a voluntary basis. As we value the quality of our workmanship, we send our key staff for QLASSIC awareness training and our staff are also equipped with essential tools to carry out QLASSIC inspections.

A town hall meeting was held in 2018 and utilised as a platform to realign the top management target in achieving good quality and workmanship while reducing cost of defects.

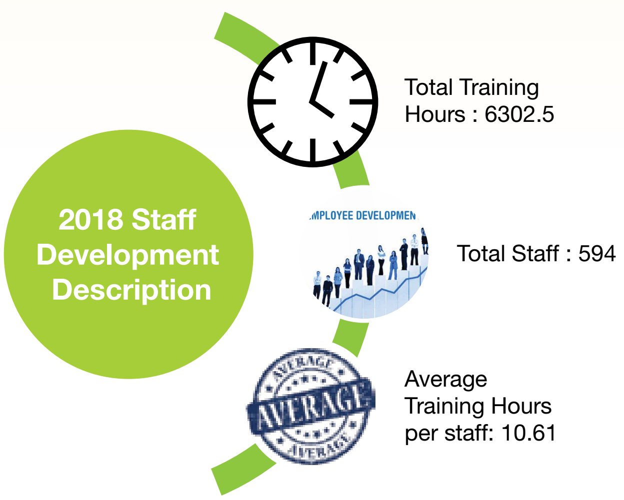
Training & Education

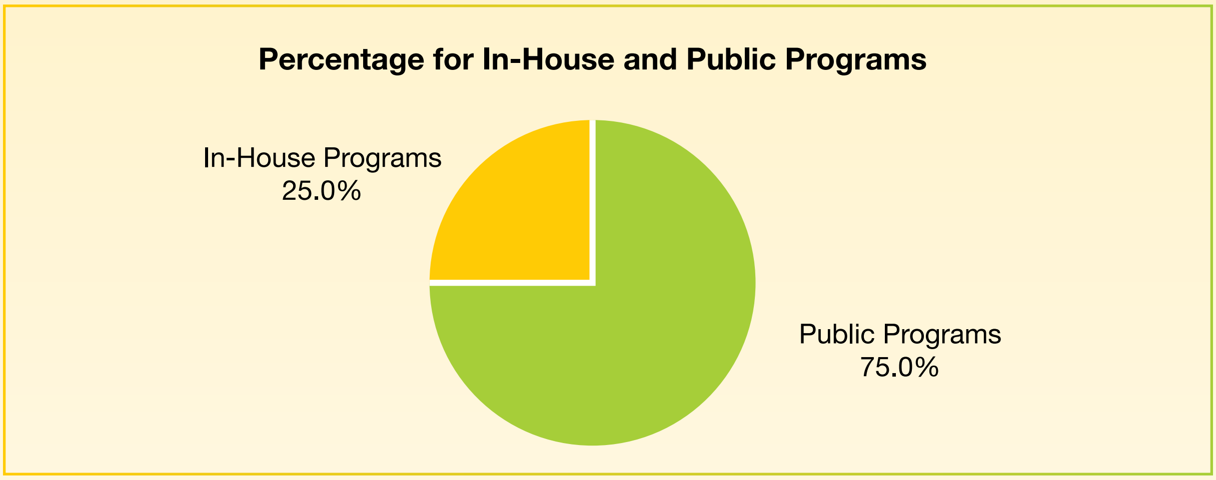
In order to provide the best to our clients and to be an effective, efficient and productive organisation, we are committed to providing training and development to all employees throughout our corporation. We recognise this to be the fundamental role of an employer.

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.

Some Major Training Programmes Carried Out

Conferences/ Seminars	Functional	Leadership/ Soft Skills
• Annual Seminar on Year 2019 Budget and Other Tax Developments	• Certified Environmental Professional in Scheduled Waste Management (CePSWaM)	• 8 Habits of Highly Performance Leaders
• Master Builders Association Malaysia ("MBAM") Annual Safety & Health Conference	• Quality Assessment System in Construction (QLASSIC)	• Drafting a Perfect Appointment Letter
• The International Powered Access Federation ("IPAF") - MBAM Asia Conference	• Hazard Effect Management Process (HEMP)	• Positive Work Culture
• Lead Auditor Integrated Management Systems (IMS)	• Contractor's Site Supervisory Staff -Induction Training	• Team building
• Building & Construction Conference 2018	• Lifting Supervisor	
• Seminar Towards Excellence in Construction	• Rigging, Slinging Training	
• 2018 International Fire Conference & Exhibition Malaysia	• Schedule Waste Management for Construction Site	
	• Scaffolding Course	
	• Internal QESH Audit Course	
	• First Aid and CPR	
	• QESH Awareness	





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.


Worker camp


Football field


Badminton court

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 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 Director/Managing Director/Group Managing Director. The decision made by the Executive Director/Managing Director/Group Managing Director shall be final and will be communicated to the employee concerned.

SOCIAL

We hold dear the concept of giving back to society. We endeavour 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)

"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

In line with our focus on education, Mitrajaya continues to have an active role in contributing positively to the society. On 20 April 2018, Mitrajaya donated a total of RM12,000 to Sekolah Menengah Kebangsaan Taman Bukit Maluri, Kepong. The objective of this donation is mainly to provide financial assistance to the school to improve the classroom facilities. Part of the donation will also be channelled to the less fortunate students.

Using our knowledge and skills in construction, Mitrajaya participated in the "Home For Life" 3-day event organised by MBAM, at Kampung Orang Asli Sungai Lalang, Semenyih, Selangor. We successfully built two (2) homes for the aboriginal families; alongside with another 68 volunteers and specialists. By participating in this home building event, our employees learnt about building community through collaboration, connection and teamwork.

Another CSR highlight for 2018, was when Mitrajaya collaborated with Kechara Soup Kitchen to distribute food, clothing and medicine to the homeless around Pudu, Chow Kit, Brickfields, Petaling Street, Pasar Seni and few other places around Kuala Lumpur. This event helped the participating staff to appreciate what they have now as well as raise their awareness on the existence of such unlucky people. Hopefully Malaysians can change their perception on the homeless for being lazy and doesn't want to work.

In addition, we carry out donations to Welfare Homes, Orphanages and Old Folks homes annually. We donate cash and items to these organisations, as well as conduct Gotong Royong activities to help perform some minor repairs and cleaning for these Homes. During festive seasons, we pay them a visit and arrange for meals and entertainment as well as donate hampers and other necessities.

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

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.

We had four completed projects in year 2018, where we have received an average satisfaction rating of 80%. The highest rating received was 86.5% while the lowest was 76.5%.

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 2018, 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 2018 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 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 EFFECTIVENESS

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 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.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVESS (CONTINUED)

The Board of Directors (Continued)

During the financial year ended 31 December 2018, 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	5/6
6.	Ir Zakaria Bin Nanyan	Independent Non-Executive Director	6/6
7.	Roland Kenneth Selvanayagam	Independent Non-Executive Director	5/6

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 10 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 recognised 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.

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 MHB Group for more than 27 years. Ms Cho Wai Ling, the Executive Director in charge of Finance has been working with the Group for more than 19 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 seven (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.

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.

DIRECTORS' TRAINING (CONTINUED)

The Nomination & 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 2018:-

Name	Title of Course
General Tan Sri Ismail Bin Hassan (R)	• Key Amendments to Listing Requirements arising from new company law (in-house)
Tan Eng Piow	• Key Amendments to Listing Requirements arising from new company law (in-house)
Foo Chek Lee	• Seminar Pemantapan Peranan Lembaga Pengarah Ke Arah Keberkesanan Tadbir Urus Korporat / Syarikat / Agensi Milik Kerajaan • 2018 Budget Seminar – Updates & Insights for Construction Industry • MBAM Annual Safety and Health Conference • IPAF Asia Conference & Showcase • Malaysia-China Business Conference 2018 • MBAM Budget Seminar • Key Amendments to Listing Requirements arising from new company law (in-house)
Cho Wai Ling	• Seminar Percukaian Kebangsaan 2018 • Implication of zero rating of GST rate effective 1 June 2018, Implementation of Sales & Service Tax 2018, Service Tax Act 2018 – Acquisition of services, Budget 2018 and its effect to Mitrajaya Group (in-house) • Seven high performance habits of effective leaders workshop. • Key Amendments to Listing Requirements arising from new company law (in-house)
Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim	• Corporate Governance Briefing Sessions : MCCG Reporting & Corporate Governance Guide • Key Amendments to Listing Requirements arising from new company law (in-house)
Ir Zakaria Bin Nanyan	• MBAM Annual Safety and Health Conference • Key Amendments to Listing Requirements arising from new company law (in-house)
Roland Kenneth Selvanayagam	• Driving better outcomes in significant projects – the keys to success • How to uncover secrets: A Guide for Aspiring Citizen Journalists • Digital Disruption in Accounting and Finance • Accounting Week Industry Event • CPA Congress 2018 – Connection the Biggest Minds

The Board is regularly updated by the Company Secretary on the latest update/amendments on the Bursa Malaysia Securities Berhad ("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 & 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.

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

Group level

Directors	Salary	EPF	SOCSO	EIS	Allowance	Bonus	Fee	BIK & Others	TOTAL (RM)
Tan Eng Piow	960,000	124,800	593	–	–	–	–	29,000	1,114,393
Foo Chek Lee	648,000	84,240	593	–	–	–	–	14,625	747,458
Cho Wai Ling	324,000	61,560	829	95	–	–	–	25,250	411,734
Roland Kenneth Selvanayagam	–	9,012	–	–	47,400	–	27,500	5,500	89,412
Tan Sri General Ismail Bin Hassan (R)	–	–	–	–	60,000	–	27,500	7,000	94,500
Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim	–	–	–	–	–	–	27,500	6,500	34,000
Ir Zakaria bin Nanyan	–	–	–	–	–	–	27,500	7,000	34,500

DIRECTORS' REMUNERATION (CONTINUED)

Company level

Directors	Salary	EPF	SOCSO	Allowance	Bonus	Fee	BIK & Others	TOTAL (RM)
Tan Eng Piow	–	–	–	–	–	–	4,000	4,000
Foo Chek Lee	–	–	–	–	–	–	4,000	4,000
Cho Wai Ling	–	–	–	–	–	–	4,000	4,000
Roland Kenneth Selvanayagam	–	9,012	–	47,400	–	27,500	5,500	89,412
General Tan Sri Ismail Bin Hassan (R)	–	–	–	–	–	27,500	7,000	34,500
Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim	–	–	–	–	–	27,500	6,500	34,000
Ir Zakaria Bin Nanyan	–	–	–	–	–	27,500	7,000	34,500

The remuneration of the top five (5) Senior Management of the Group (excluding Executive Directors) for financial year 2018 is RM2,951,247 and represents 3.9% 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 (salary, bonus, benefits in-kind, other emoluments) would not be in the best interest of the Group due to confidentiality and security concerns.

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 Statements; 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.

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 65 to 179.

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 PLT 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 2018, the Audit Committee met the External Auditors three (3) 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).

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 Group or the Company 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 2018 were as follows:

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	4/5

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2018, the Audit Committee carried out the following activities:-

- Reviewed the report by External Auditors on the review 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 materials to claim management on PJ Midtown project, PPA1M project and contract 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 the Company and recommended the same to the Board;
- Reviewed the Audit Planning Memorandum for the financial year 2018 presented by the External Auditors;
- Reviewed and approved the Internal Audit Plan;
- Reviewed the recurrent related parties transactions;
- 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 2017;
- 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 (3) times during the year without the presence of the Executive Directors and Senior Maangements.

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 2018 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 project management on PJ Midtown project, PPA1M and contract 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 Group and the Company;
(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.

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2018, 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 2018, 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 2018 that is relevant and would serve to enhance their effectiveness in the Board.

STATEMENT OF 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 2018, 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.

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 periodically updated to reflect changing risks or to address operational deficiencies.

- Planning, monitoring and reporting

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

  o 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 Quality, Environment, Safety & Health ("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:

  o ISO 14001 - Environmental Management System; and

  o 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.

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 2018, 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.

A total of RM49,500 was spent on internal audit activities for the financial year ended 31 December 2018.

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 PLT, have performed a limited assurance engagement on this Statement for inclusion in the Annual Report for the financial year ended 31 December 2018 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 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 16 April 2019.

OTHER INFORMATION

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees payable to Messrs Baker Tilly Monteiro Heng PLT for services rendered for the financial year 2018 is as follows

	Audit fees (RM)	Non-Audit fees (RM)
Company level	45,000	14,000
Group level	197,520	21,000

MATERIAL CONTRACTS INVOLVING THE INTEREST OF DIRECTORS OR MAJOR SHAREHOLDERS

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 together with free detachable warrants and an attached bonus issue in 2018 and the rights issue proceeds of RM81,289,186.38 has been fully utilized.

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.

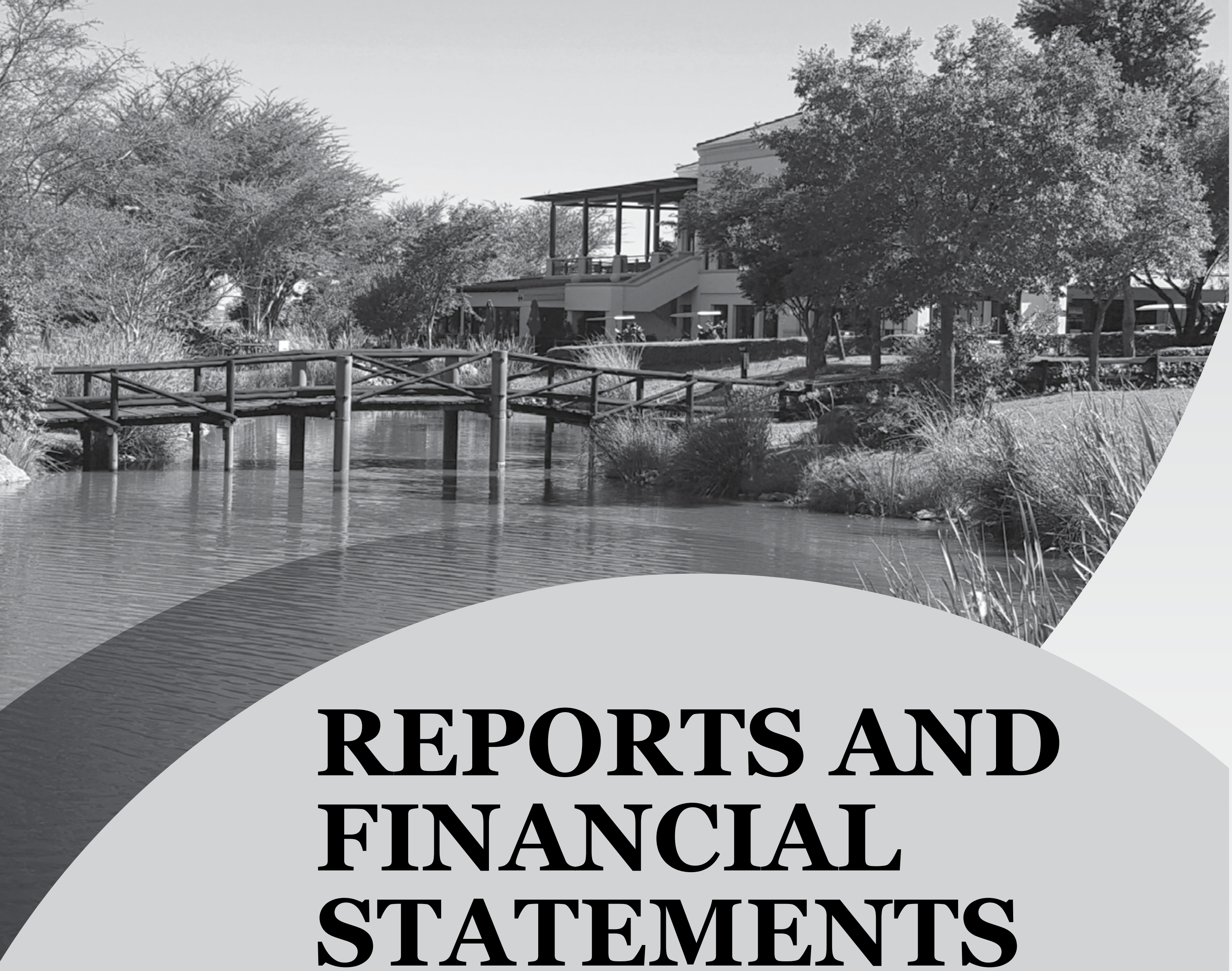
During the financial year 2018, save for the adjustment to the number of options held resultant from the rights issue and bonus issue exercise as per the ESOS By-Laws, there were no options offered to the Non-Executive Directors and no options were granted during the year.

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
Adjustment to options resultant from rights issue and bonus issue	4,801,884	715,536
Total number of options lapsed	4,083,312	–
Total options outstanding	32,897,372	4,975,036

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

	During the financial year 2018	Since the commencement up to 31.12.2018
Aggregate maximum allocation	–	60%
Actual granted	–	11%



REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2018

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The 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	42,425,944	12,097,486
Attributable to:		
Owners of the Company	44,878,031	12,097,486
Non-controlling interests	(2,452,087)	–
	42,425,944	12,097,486

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 2.0 sen per ordinary share in respect of the financial year ended 31 December 2017, paid on 2 August 2018	17,911,175

At the forthcoming Annual General Meeting, a first and final single tier dividend of 1.5 sen per ordinary 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 2019.

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.

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 as bad debts or the amount of provision for doubtful debts in the financial statement 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 (12) 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.

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 following issue of shares were issued by the Company:

	Class	Number	Term of issue	Purpose of issue
(i)	Ordinary shares	137,778,282	Cash	Rights issue of one (1) new ordinary share for every five (5) existing ordinary shares at an exercise price of RM0.59 per rights share.
(ii)	Ordinary shares	68,889,075	Non-cash	Bonus issue of one (1) new ordinary share for every two (2) rights shares subscribed.

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, 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 (1) new ordinary share at an exercise price of RM1.09 each.

The salient terms of Warrants D are disclosed in Note 17(b) to the financial statements.

In accordance with the provisions under the Deed Poll-Warrant D and consequential to the Rights Issue and Bonus Issue, an additional 11,516,438 Warrants D were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 25 April 2018. The exercise price for the Warrants D was revised from RM1.09 to RM0.94 each.

	Number of warrants				
	At 1.1.2018	Effect of rights issue and bonus issue	Exercised	Lapsed	At 31.12.2018
Warrants D	68,566,777	11,516,438	–	–	80,083,215

WARRANTS (CONTINUED)

Warrants E

By virtue of a Deed Poll executed on 12 March 2018 for the 68,889,075 free detachable Warrants E issued in connection with the rights issue allotted, each Warrants E entitles the registered holder the right at any time during the exercise period from 18 April 2018 to 17 April 2023 to subscribe in cash for one (1) new ordinary share at an exercise price of RM0.94 each.

The salient terms of Warrants E are disclosed in Note 17(b) to the financial statements.

	Number of warrants				
	At 1.1.2018	Alloted	Exercised	Lapsed	At 31.12.2018
Warrants E	–	68,889,075	–	–	68,889,075

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 21 June 2018, the shareholders of the Company at the twenty-fifth 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 5,886,400 shares from the open market at an average price of RM0.34 per share. The total consideration paid for the repurchase, was RM1,988,590 and they were financed by internally generated funds.

As at 31 December 2018, the Company held a total of 6,476,400 treasury shares of its 896,148,770 issued ordinary shares. Such treasury shares are held at a carrying amount of RM2,574,242. Details are disclosed in Note 19 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 17(c) to the financial statements.

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

			Number of option over ordinary shares			
Grant date	Exercise price (Before rights issue and bonus issue) RM	Exercise price (After rights issue and bonus issue) RM	At 1.1.2018	Effect of rights issue and bonus Issue	Lapsed	At 31.12.2018
18.08.2015	1.15	0.99	22,689,800	3,709,975	(1,094,312)	25,305,463
12.02.2016	0.98	0.85	6,500,000	1,091,909	–	7,591,909
			29,189,800	4,801,884	(1,094,312)	32,897,372

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

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
Datin Yap Ai Choo
Dato' Tan Pin Soon
Ho Chon Teck
Kok Siew Leng
Liew Choong Kong
Liew Choon Siong
Ng Jer Yiing
Sahrul Isa Bin Ismail
Tan Ah Huat
Tan Mei Yin
Yap Cheng Hong

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 1.1.2018	**Effect of rights issue and bonus issue**	**Transferred/ Sold**	**At 31.12.2018**
The Company				
Direct interest				
Tan Eng Piow	281,845,073	89,803,390	–	371,648,463
Foo Chek Lee	1,316,252	418,124	–	1,734,376
Cho Wai Ling	22,000	6,600	–	28,600
Indirect interest				
Tan Eng Piow	7,190,750 [1]	2,157,225	–	9,347,975 [1]
Foo Chek Lee	36,487 [2]	10,945	–	47,432 [2]

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

DIRECTORS' INTERESTS (CONTINUED)

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: (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 1.1.2018	**Effect of rights issue and bonus issue**	**Exercised**	**At 31.12.2018**
The Company				
Direct interest				
Tan Eng Piow	21,106,331	3,545,567	–	24,651,898
Foo Chek Lee	162,166	27,240	–	189,406
Indirect interest				
Tan Eng Piow	486,500 [1]	81,725	–	568,225 [1]
Foo Chek Lee	4,865 [2]	817	–	5,682 [2]

	Number of Warrants E Issued Pursuant To the Deed Poll dated 12.3.2018 exercisable at any time from 18.4.2018 to 17.4.2023			
	At 1.1.2018	**Alloted**	**Exercised**	**At 31.12.2018**
The Company				
Direct interest				
Tan Eng Piow	–	29,934,463	–	29,934,463
Foo Chek Lee	–	139,374	–	139,374
Cho Wai Ling	–	2,200	–	2,200
Indirect interest				
Tan Eng Piow	–	719,075	–	719,075 [1]
Foo Chek Lee	–	3,648	–	3,648 [2]

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

DIRECTORS' INTERESTS (CONTINUED)

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: (Continued)

	Number of shares under the ESOS			
	At 1.1.2018	Effect of rights issue and bonus issue	Exercised	At 31.12.2018
The Company				
Direct interest				
Tan Eng Piow	1,987,500	333,872	–	2,321,372
Foo Chek Lee	1,428,500	239,968	–	1,668,468
Cho Wai Ling	843,500	141,696	–	985,196
Indirect interest				
Tan Eng Piow	796,500 [1]	133,801	–	930,301 [1]

[1] Share options held through children.

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' 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 32 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 39 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.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 30 to the financial statements.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT (converted from a conventional partnership, Baker Tilly Monteiro Heng on 5 March 2019), 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: 16 April 2019

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	31.12.2018 RM	31.12.2017 RM Restated	1.1.2017 RM Restated
Group				
ASSETS				
Non-current assets				
Property, plant and equipment	5	97,949,943	116,271,551	121,195,513
Inventories	6	253,813,118	254,549,111	131,407,297
Investment properties	7	74,535,036	66,260,188	6,663,509
Investment in an associate	9	–	1,173,307	833,769
Goodwill on consolidation	10	2,297,338	2,208,517	2,216,219
Deferred tax assets	11	11,663,282	3,268,454	5,518,726
Total non-current assets		440,258,717	443,731,128	267,835,033
Current assets				
Contract assets	12	192,062,336	108,888,495	94,592,167
Inventories	6	317,176,605	307,404,416	291,802,092
Trade and other receivables	13	573,435,829	505,478,968	470,192,195
Tax recoverable		2,450,193	2,753,420	2,571,335
Other investment	14	7,840,000	–	19,600,867
Deposits, cash and bank balances	16	14,408,899	25,759,548	58,180,152
Total current assets		1,107,373,862	950,284,847	936,938,808
TOTAL ASSETS		1,547,632,579	1,394,015,975	1,204,773,841

STATEMENTS OF
FINANCIAL POSITION
AS AT 31 DECEMBER 2018
(cont'd)

	Note	31.12.2018 RM	31.12.2017 RM Restated	1.1.2017 RM Restated
Group				
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	17	464,573,433	381,212,690	334,861,036
Share premium	18	–	–	23,714,353
Treasury shares	19	(2,574,242)	(585,652)	(572,350)
Other reserves	20	3,979,252	7,570,444	8,592,528
Retained earnings		321,184,122	299,474,212	251,962,228
Shareholders' funds		787,162,565	687,671,694	618,557,795
Non-controlling interests		63,216,180	65,668,267	(1,424,466)
Total equity		850,378,745	753,339,961	617,133,329
Non-current liabilities				
Borrowings	21	57,797,181	43,494,704	39,468,065
Deferred tax liabilities	11	5,351,304	5,631,125	2,066,849
Total non-current liabilities		63,148,485	49,125,829	41,534,914
Current liabilities				
Contract liabilities	12	25,295,893	48,598,355	25,479,505
Trade and other payables	26	312,144,879	260,899,350	289,361,380
Borrowings	21	289,827,803	280,034,680	215,468,668
Tax payable		6,836,774	2,017,800	15,796,045
Total current liabilities		634,105,349	591,550,185	546,105,598
TOTAL LIABILITIES		697,253,834	640,676,014	587,640,512
TOTAL EQUITY AND LIABILITIES		1,547,632,579	1,394,015,975	1,204,773,841

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

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2018 (cont'd)

	Note	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Company				
ASSETS				
Non-current assets				
Property, plant and equipment	5	1	1	1
Investments in subsidiaries	8	456,662,690	412,462,690	287,534,856
Amounts due from subsidiaries	15	73,520,521	76,409,887	–
Total non-current assets		530,183,212	488,872,578	287,534,857
Current assets				
Trade and other receivables	13	8,133	18,145	21,947
Tax recoverable		250,048	245,688	–
Other investment	14	7,840,000	–	19,600,867
Amounts due from subsidiaries	15	14,230,000	1,600,938	89,091,085
Deposits, cash and bank balances	16	5,295,549	4,001,838	11,359,327
Total current assets		27,623,730	5,866,609	120,073,226
TOTAL ASSETS		557,806,942	494,739,187	407,608,083

STATEMENTS OF
FINANCIAL POSITION
AS AT 31 DECEMBER 2018
(cont'd)

	Note	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Company				
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	17	464,573,433	381,212,690	334,861,036
Share premium	18	–	–	23,714,353
Treasury shares	19	(2,574,242)	(585,652)	(572,350)
Other reserves	20	19,785,317	11,604,034	13,315,209
Retained earnings		15,850,064	31,916,593	35,357,622
Total equity		497,634,572	424,147,665	406,675,870
Non-current liabilities				
Borrowings	21	42,509,000	20,000,000	–
Total non-current liabilities		42,509,000	20,000,000	–
Current liabilities				
Trade and other payables	26	268,018	265,437	163,568
Amounts due to subsidiaries	27	4,648,418	49,901,258	–
Borrowings	21	12,746,934	424,827	379,618
Tax payable		–	–	389,027
Total current liabilities		17,663,370	50,591,522	932,213
TOTAL LIABILITIES		60,172,370	70,591,522	932,213
TOTAL EQUITY AND LIABILITIES		557,806,942	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 2018

		Group		Company	
		2018	2017	2018	2017
		RM	RM	RM	RM
	Note		Restated		
Revenue	28	838,406,992	1,164,201,942	13,216,000	28,770,000
Cost of sales	29	(721,623,367)	(1,008,079,248)	–	–
Gross profit		116,783,625	156,122,694	13,216,000	28,770,000
Other income		5,610,542	6,960,172	4,228,197	4,014,705
Administrative expenses		(24,810,128)	(29,731,740)	(892,059)	(931,561)
Other expenses		(22,600,879)	(20,496,099)	(1,816,063)	(373,067)
Share option expenses		–	(523,037)	–	–
Operating profit	30	74,983,160	112,331,990	14,736,075	31,480,077
Finance costs	33	(14,505,396)	(10,741,549)	(2,058,573)	(1,209,451)
Share of results of an associate, net of tax		–	339,538	–	–
Profit before tax		60,477,764	101,929,979	12,677,502	30,270,626
Income tax expense	34	(18,051,820)	(29,080,514)	(580,016)	(766,167)
Profit for the financial year		42,425,944	72,849,465	12,097,486	29,504,459
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation		(6,776,581)	796,019	–	–
Other comprehensive income for the financial year, net of tax		(6,776,581)	796,019	–	–
Total comprehensive income for the financial year		35,649,363	73,645,484	12,097,486	29,504,459

STATEMENTS OF PROFIT OR
LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(cont'd)

		Group		Company	
		2018	2017	2018	2017
		RM	RM	RM	RM
	Note		Restated		
Profit attributable to:					
Owners of the Company		44,878,031	80,350,544	12,097,486	29,504,459
Non-controlling interests		(2,452,087)	(7,501,079)	–	–
		42,425,944	72,849,465	12,097,486	29,504,459
Total comprehensive income attributable to:					
Owners of the Company		38,101,450	81,146,563	12,097,486	29,504,459
Non-controlling interests		(2,452,087)	(7,501,079)	–	–
		35,649,363	73,645,484	12,097,486	29,504,459
Earnings per share (sen):					
- Basic	35	5.22	9.78		
- Diluted	35	5.22	8.74		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Group	Note	← Attributable to owners of the Company			→			
		Share capital 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 2018		381,212,690	7,570,444	299,474,212	(585,652)	687,671,694	65,668,267	753,339,961
Profit for the financial year		–	–	44,878,031	–	44,878,031	(2,452,087)	42,425,944
Other comprehensive income								
Foreign currency translation	20	–	(6,776,581)	–	–	(6,776,581)	–	(6,776,581)
Total comprehensive income		–	(6,776,581)	44,878,031	–	38,101,450	(2,452,087)	35,649,363
Realisation of revaluation reserve	20	–	(5,105,894)	5,105,894	–	–	–	–
Redemption of preference shares in a subsidiary	20	–	110,000	(110,000)	–	–	–	–
Transactions with owners								
Purchase of treasury shares	19	–	–	–	(1,988,590)	(1,988,590)	–	(1,988,590)

STATEMENTS OF
CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(cont'd)

Group	Note	Share capital 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)								
ESOS lapsed	20	–	(416,073)	416,073	–	–	–	–
Dividends on ordinary shares	36	–	–	(17,911,175)	–	(17,911,175)	–	(17,911,175)
Issuance of ordinary shares arising from:								
- rights issue	17	72,691,830	–	–	–	72,691,830	–	72,691,830
- bonus issue	17	10,668,913	–	(10,668,913)	–	–	–	–
Issuance of free warrants arising from rights issue	20	–	8,597,356	–	–	8,597,356	–	8,597,356
Total transactions with owners		83,360,743	8,181,283	(28,164,015)	(1,988,590)	61,389,421	–	61,389,421
At 31 December 2018		464,573,433	3,979,252	321,184,122	(2,574,242)	787,162,565	63,216,180	850,378,745

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

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							
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	20	–	–	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	20	–	–	(240,928)	240,928	–	–	–	–
Redemption of preference shares in a subsidiary	20	–	–	134,000	(134,000)	–	–	–	–
Transactions with owners									
Purchase of treasury shares	19	–	–	–	–	(13,302)	(13,302)	–	(13,302)

STATEMENTS OF
CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (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)									
Subscription of shares in subsidiaries by non-controlling interests		–	–	–	–	–	–	52,349,800	52,349,800
Acquisition of subsidiary		–	–	–	–	–	–	22,244,012	22,244,012
Share option (ESOS) granted	20	–	–	523,037	–	–	523,037	–	523,037
Dividends on ordinary shares	36	–	–	–	(34,078,531)	–	(34,078,531)	–	(34,078,531)
ESOS lapsed	20	–	–	(1,133,043)	1,133,043	–	–	–	–
Issuance of ordinary shares arising from:									
- exercise of Warrants	17	18,477,507	–	–	–	–	18,477,507	–	18,477,507
- exercise of share option (ESOS)	17, 20	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	17,18	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.

		Attributable to owners of the Company					
Company	**Note**	**Share capital RM**	**Share premium RM**	**Other reserve RM**	**Treasury shares RM**	**Retained profits RM**	**Total equity RM**
At 1 January 2017		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	19	–	–	–	(13,302)	–	(13,302)
Dividends on ordinary shares	36	–	–	–	–	(34,078,531)	(34,078,531)
Share option (ESOS) granted	20	–	–	523,037	–	–	523,037
ESOS lapsed	20	–	–	(1,133,043)	–	1,133,043	–
Issuance of ordinary shares arising from:							
- exercise of Warrants	17	18,477,507	–	–	–	–	18,477,507
- exercise of ESOS	17,20	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		23,775,625	(23,775,625)	–	–	–	–
At 31 December 2017		381,212,690	–	11,604,034	(585,652)	31,916,593	424,147,665
Profit for the financial year		–	–	–	–	12,097,486	12,097,486
Transactions with owners							
Purchase of treasury shares	19	–	–	–	(1,988,590)	–	(1,988,590)
Dividends on ordinary shares	36	–	–	–	–	(17,911,175)	(17,911,175)
ESOS lapsed	20	–	–	(416,073)	–	416,073	–
Isuance of ordinary shares arising from:							
- rights issue	17	72,691,830	–	–	–	–	72,691,830
- bonus issue	17	10,668,913	–	–	–	(10,668,913)	–
Issuance of free warrants arising from rights issue	20	–	–	8,597,356	–	–	8,597,356
Total transactions with owners		83,360,743	–	8,181,283	(1,988,590)	(28,164,015)	61,389,421
At 31 December 2018		464,573,433	–	19,785,317	(2,574,242)	15,850,064	497,634,572

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

STATEMENTS OF
CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group		Company	
	2018 RM	2017 RM Restated	2018 RM	2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES:				
Profit before taxation	60,477,764	101,929,979	12,677,502	30,270,626
Adjustments for:				
Bad debts written off	571,185	–	–	–
Depreciation of:				
- property, plant and equipment	7,816,294	7,174,856	–	–
- investment properties	205,603	35,224	–	–
Loss/(Gain) on disposal of property, plant and equipment	2,066,782	(221,016)	–	–
Gain on disposal of shares in associated company	(751,693)	–	–	–
Interest expense	14,505,396	10,741,549	2,058,573	1,209,451
Interest income	(1,899,689)	(1,358,775)	–	–
Inventories written off	–	256	–	–
Property, plant and equipment written off	86,328	46,682	–	–
Unrealised loss from foreign exchange	204,892	25,543	–	–
Share of profit in an associate	–	(339,538)	–	–
Share option expense	–	523,037	–	–
	83,282,862	118,557,797	14,736,075	31,480,077
Changes in working capital:				
Contract assets/liabilities	(87,701,515)	28,737,905	–	–
Inventories	(11,219,800)	(12,170,197)	–	–
Trade and other receivables	(68,482,035)	(33,722,559)	10,012	3,802
Trade and other payables	51,110,099	(20,216,600)	2,581	101,869
Cash flows (to)/generated from operations	(33,010,389)	81,186,346	14,748,668	31,585,748
Tax paid	(21,712,936)	(37,667,885)	(584,376)	(1,400,882)
Net Operating Cash Flows	(54,723,325)	43,518,461	14,164,292	30,184,866

	Group		Company	
	2018 RM	2017 RM Restated	2018 RM	2017 RM
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	1,899,689	1,358,775	–	–
(Advances to)/Repayment from subsidiaries	–	–	(54,992,536)	11,080,260
(Placement)/Redemption of other investment	(7,840,000)	19,600,867	(7,840,000)	19,600,867
Proceeds from disposal of investments in associate	1,925,000	–	–	–
Proceeds from disposal of property, plant and equipment	4,471,592	665,725	–	–
Acquisition of a subsidiary, net of cash	–	(33,575,271)	–	(33,600,000)
Subscription of shares by non-controlling interests	–	52,349,800	–	–
Deposit paid for purchase of land	–	(905,300)	–	–
Expenditure on:				
- land held for development	(984,054)	(124,284,058)	–	–
- investment properties	(9,740,775)	(3,326,055)	–	–
Investment in subsidiaries	–	–	(44,200,000)	(90,804,797)
Purchase of property, plant and equipment (Note 5(b))	(7,088,984)	(9,073,532)	–	–
Net Investing Cash Flows	(17,357,532)	(97,189,049)	(107,032,536)	(93,723,670)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Interest paid	(14,505,396)	(10,741,549)	(2,058,573)	(1,209,451)
Advances from subsidiaries	–	–	–	49,901,258
Dividend paid	(17,911,175)	(34,078,531)	(17,911,175)	(34,078,531)
Drawdown of term loans	37,518,084	20,000,000	34,509,000	20,000,000
Repayment of term loans	(7,639,542)	(4,753,279)	–	–
(Repayment)/Drawdown of other borrowings:				
- bankers' acceptance	(5,892,000)	16,967,000	–	–
- invoice financing	7,689,969	–	–	–
- short term revolving credit	17,862,000	70,404,000	–	–
Payment of hire purchase	(31,187,588)	(47,811,336)	–	–
Proceeds from the warrants exercised	–	18,477,507	–	18,477,507
Purchase of treasury shares	(1,988,590)	(13,302)	(1,988,590)	(13,302)
Proceeds from rights issue	81,289,186	–	81,289,186	–
Proceeds from ESOS exercised	–	3,058,625	–	3,058,625
Net Financing Cash Flows	65,234,948	31,509,135	93,839,848	56,136,106

STATEMENTS OF
CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

		Group		Company	
	Note	2018 RM	2017 RM Restated	2018 RM	2017 RM
NET CHANGES IN CASH AND CASH EQUIVALENTS		(6,845,909)	(22,161,453)	971,604	(7,402,698)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		170,777	657,076	–	–
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		(9,575,220)	11,929,157	3,577,011	10,979,709
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		(16,250,352)	(9,575,220)	4,548,615	3,577,011
Cash and bank balances	16	13,329,055	20,714,581	5,295,549	1,838
Deposits with licensed banks	16	1,079,844	5,044,967	–	4,000,000
		14,408,899	25,759,548	5,295,549	4,001,838
Bank overdrafts	22	(30,659,251)	(35,334,768)	(746,934)	(424,827)
		(16,250,352)	(9,575,220)	4,548,615	3,577,011

(a) Reconciliation of liabilities arising from financing activities:

			Non-cash		
Group	1 January 2018 RM	Cash flows RM	Acquisition RM	Foreign exchange movement RM	31 December 2018 RM
Bankers' acceptance	38,622,000	(5,892,000)	–	–	32,730,000
Term loan	39,857,954	29,878,542	–	(187,570)	69,548,926
Finance lease liabilities	33,014,662	(31,187,588)	10,607,764	–	12,434,838
Short term revolving credit	176,700,000	17,862,000	–	–	194,562,000
Invoice financing	–	7,689,969	–	–	7,689,969
	288,194,616	18,350,923	10,607,764	(187,570)	316,965,733

			Non-cash		
Group	1 January 2017 RM	Cash flows RM	Acquisition RM	Foreign exchange movement RM	31 December 2017 RM
Bankers' acceptance	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 16 April 2019.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Explanation of transition to MFRSs and change in accounting policy

(a) Transition to MFRSs

The financial statements of the Group and of the Company for the financial year ended 31 December 2018 are the first set of financial statements prepared in accordance with the MFRSs, including MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards. For periods up to and including the financial year ended 31 December 2017, the Group and the Company prepared their financial statements in accordance with the Financial Reporting Standards ("FRSs") in Malaysia.

In preparing these financial statements, the Group’s and the Company’s opening MFRSs statements of financial position were prepared as at 1 January 2017 (the date of transition to MFRSs).

The Group and the Company have opted to adopt the short-term exemption from the requirement to restate the comparative information for MFRS 9 where the comparative information in the Group’s and the Company’s first MFRS financial statements need not comply with MFRS 7 Financial Instruments: Disclosure of MFRS 9, to the extent that the disclosures required by MFRS 7 relate to items within the scope of MFRS 9. The date of transition to MFRS 7 and MFRS 9 is the beginning of the first MFRS reporting period (1 January 2018).

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(a) Transition to MFRSs (Continued)

The Group and the Company have consistently applied the same accounting policies in the preparation of the financial statements of the Group and of the Company for the financial year ended 31 December 2018, the comparative financial statements for the financial year ended 31 December 2017, and the opening MFRSs statements of financial position as at 1 January 2017, other than those as discussed below. The transition to the MFRSs framework does not have any significant effect on the financial statements of the Group and of the Company except for those discussed below.

(i) MFRS 15 Revenue from Contracts with Customers

The Group and the Company have applied MFRS 15 in accordance with the full retrospective transitional approach without using the practical expedients for completed contracts in MFRS 15.C5(a), and (b), or for modified contracts in MFRS 15.C5(c) but using the expedient in MFRS 15.C5(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the first MFRS reporting period, i.e. 1 January 2018.

The adoption of MFRS 15 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. Other than the enhanced new disclosures relating to contracts with customers, which the Group and the Company have complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

(a) Presentation of contract assets and contract liabilities

The Group has changed the presentation of certain amounts in the statements of financial position to reflect the terminology of MFRS 15:

(i) Contract assets recognised in relation to property development contracts which were previously presented as accrued billings and stakeholders sum as part of trade and other receivables.

(ii) Contract liabilities/assets recognised in relation to construction contracts which were previously presented as part of amount due to/by contract customers.

(b) Presentation of land held for property development and property development costs

The Group has reclassified the land held for property development and property development costs to inventories.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(a) Transition to MFRSs (Continued)

(ii) MFRS 9 Financial instruments

(a) Classification and measurement

The following are the changes in the classification of the Group's and the Company's financial assets:

(i) Loans and receivables classified as amortised cost

Trade and other receivables and other financial assets, including refundable deposits previously classified as Loans and Receivables under MFRS 139 as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Accordingly, these financial assets are classified and measured as debt instruments at amortised cost beginning 1 January 2018.

In summary, the Group and the Company had the following required reclassifications as at 1 January 2018:

	MFRS 9 measurement category Amortised cost RM
MFRS 139 measurement category	
Financial assets	
Group	
Loan and receivables	
Trade and other receivables *	468,226,093
Deposits, cash and bank balances	25,759,548
	493,985,641
Company	
Loan and receivables	
Amount due from subsidiaries	78,010,825
Trade and other receivables *	701
Deposits, cash and bank balances	4,001,838
	82,013,364

* *Down payment paid for acquisition of plant and equipment, advances to sub-contractors, prepayments and GST refundable were excluded from trade and other receivables.*

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(a) Transition to MFRSs (Continued)

(ii) MFRS 9 Financial instruments (Continued)

(b) Impairment

In previous financial years, trade and other receivables are impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the receivables (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the receivables ("incurred loss model"). Upon adoption of MFRS 9, the Group and the Company are recording expected credit losses on all its trade and other receivables, either on a 12-month or lifetime basis.

The Group and the Company applied MFRS 9 from 1 January 2018, and the comparative for 2017 have not been restated. Based on the Group's assessment, the application of MFRS 9 did not have a material financial impact to the financial position, financial performance and cash flows of the Group and of the Company.

(iii) Exemption for business combinations

MFRS 1 provides the option to apply MFRS 3 Business Combinations prospectively from the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition. For the acquisition before date of transition, i.e. 1 January 2017, the Group has elected to apply MFRS 3 prospectively from the date of transition. In addition, the Group has also applied the exemption for MFRS 10 Consolidated Financial Statements, acquisitions of investments in associates, interests in joint ventures and interests in joint operations in which the activity of the joint operation constitutes a business, as defined in MFRS 3.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(b) (i) Impact on statement of financial position

Group	Note	As previously reported RM	Adjustments RM	As restated RM
At 1 January 2017				
Land held for poperty development	2.2(a)(i)(b)	131,407,297	(131,407,297)	–
Property development costs	2.2(a)(i)(b)	99,494,415	(99,494,415)	–
Inventories:				
- Land held for property development	2.2(a)(i)(b)	–	131,407,297	131,407,297
- Property development costs	2.2(a)(i)(b)	–	99,494,415	99,494,415
Trade and other receivables	2.2(a)(i)(a)	493,026,093	(22,833,898)	470,192,195
Trade and other payables	2.2(a)(i)(a)	(336,936,573)	47,575,193	(289,361,380)
Contract assets	2.2(a)(i)(a)	–	94,592,167	94,592,167
Contract liabilities	2.2(a)(i)(a)	–	(25,479,505)	(25,479,505)
Amount due from customers for contract works	2.2(a)(i)(a)	103,857,230	(103,857,230)	–
Amount due to customers for contract works	2.2(a)(i)(a)	(10,003,272)	10,003,272	–
At 31 December 2017				
Land held for poperty development	2.2(a)(i)(b)	254,549,111	(254,549,111)	–
Property development costs	2.2(a)(i)(b)	129,298,565	(129,298,565)	–
Inventories:				
- Land held for property development	2.2(a)(i)(b)	–	254,549,111	254,549,111
- Property development costs	2.2(a)(i)(b)	–	129,298,565	129,298,565
Trade and other receivables	2.2(a)(i)(a)	528,057,583	(22,578,615)	505,478,968
Trade and other payables	2.2(a)(i)(a)	(293,522,422)	32,623,072	(260,899,350)
Contract assets	2.2(a)(i)(a)	–	108,888,495	108,888,495
Contract liabilities	2.2(a)(i)(a)	–	(48,598,355)	(48,598,355)
Amount due from customers for contract works	2.2(a)(i)(a)	86,487,406	(86,487,406)	–
Amount due to customers for contract works	2.2(a)(i)(a)	(16,152,809)	16,152,809	–

(ii) Reconciliation of statements of cash flows

There is no difference between the restated statements of cash flows presented and the statements of cash flows presented under the FRSs.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2021#
MFRS 2	Share-based Payment	1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*/ 1 January 2021#
MFRS 5	Non-current Assets Held for Sale and Discounted Operations	1 January 2021#
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 7	Financial Instruments: Disclosures	1 January 2021#
MFRS 9	Financial Instruments	1 January 2019/ 1 January 2021#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 15	Revenue from Contract with Customers	1 January 2021#
MFRS 101	Presentation of Financial Statements	1 January 2020*/ 1 January 2021#
MFRS 107	Statements of Cash Flows	1 January 2021#
MFRS 108	Accounting Policies,Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 116	Property, Plant and Equipment	1 January 2021#
MFRS 119	Employee Benefits	1 January 2019/ 1 January 2021#
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2019/ Deferred/ 1 January 2021#
MFRS 132	Financial Instruments: Presentation	1 January 2021#
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 136	Impairment of Assets	1 January 2021#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*/ 1 January 2021#
MFRS 138	Intangible Assets	1 January 2020*/ 1 January 2021#
MFRS 140	Investment Property	1 January 2021#

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (Continued)

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective: (Continued)

		Effective for financial periods beginning on or after
New IC Int		
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IC Int		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 32	Intangible Assets – Web Site Costs	1 January 2020*

* Amendments to References to the Conceptual Framework in MFRS Standards.
\# Amendments as to the consequence of effective of MFRS 17 Insurance Contract.

The Group and the Company plan to adopt the above applicable new MFRSs, amendments/ improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below.

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 "rights- of-use" assets and their corresponding lease liabilities for the present value of future lease payments.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (Continued)

MFRS 16 Leases (Continued)

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 disclosures in their financial statements of that year. The Group is likely electing the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under MFRS 16.

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall:

(i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.

(ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (Continued)

Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a revised Conceptual Framework for Financial Reporting and amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information need to assess management's stewardship of the entity's economic resources.

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

The Group and the Company are currently assessing the impact of the adoption of these standards.

2.4 IFRS Interpretations Committee ("IFRIC")'s Agenda Decision on IAS 23 Borrowing Costs ("Agenda Decision")

In March 2019, the IFRIC has concluded that receivable, contract asset and inventory (work-in-progress) for unsold units under construction are not qualifying assets.

The Malaysian Accounting Standards Board ("MASB") announced that non-private entities in the real estate industry might need to change their accounting policy as a result of the IFRIC Agenda Decision. In ensuring consistent application of the MFRS, which are word-for-word the IFRS Standards, the MASB decided that an entity shall apply the change in accounting policy as a result of the Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020 ("Mandatory Date").

The Group and the Company plan to adopt the change in accounting policy on borrowing costs once the impact is quantified. The Group and the Company are currently still in the midst of assessing the financial impact of the application.

2.5 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.

2.6 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.

2. BASIS OF PREPARATION (CONTINUED)

2.7 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs 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.

3.1 Basis of Consolidation

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

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of Consolidation (Continued)

(a) Subsidiaries and business combination (Continued)

For a new acquisition, goodwill is initially measured at cost, being the excess of the following: (Continued)

- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.6.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of Consolidation (Continued)

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non- controlling interests even if the losses exceed the non-controlling interests.

(c) 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.

When the Group's interest in an associate decrease 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.

(d) Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 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.

3.3 Foreign Currency Transactions and Operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 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.

3.5 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 3.8(b).

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Investment Properties (Continued)

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.

3.6 Intangible Assets

Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8(b).

In respect of equity-accounted associates and joint venture, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

3.7 Financial Instruments

Financial instruments 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.

<u>Accounting policies applied from 1 January 2018</u>

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

* Financial assets at amortised cost
* Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
* Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
* Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial Instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(a) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows: (Continued)

(i) Financial assets (Continued)

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- **Amortised cost**

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.8(a). Gains and losses are recognised in profit or loss and when the financial asset is recognised, modified or impaired.

- **Fair value through other comprehensive income (FVOCI)**

  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.8(a). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

- **Fair value through profit or loss (FVPL)**

  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial Instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(a) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows: (Continued)

(i) Financial assets (Continued)

Debt instruments (Continued)

- **Fair value through profit or loss (FVPL) (Continued)**

  Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial Instruments (Continued)

<u>Accounting policies applied from 1 January 2018 (Continued)</u>

(a) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows: (Continued)

(ii) Financial liabilities (Continued)

<u>Financial liabilities at amortised cost</u>

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

(b) 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 a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial Instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive cash flows from the financial asset expire, or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial Instruments (Continued)

Accounting policies applied until 31 December 2017

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

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, held-to-maturity investments and available-for-sale financial assets.

Financial assts 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.

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)**

3.7 Financial Instruments (Continued)

Accounting policies applied until 31 December 2017 (Continued)

(a) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows: (Continued)

(i) Financial assets (Continued)

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.

(ii) Financial liabilities

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

(b) 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.

(c) Regular way purchase or sale of financial assets

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial Instruments (Continued)

Accounting policies applied until 31 December 2017 (Continued)

(d) Derecognition

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

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

(e) Offsetting of financial instruments

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

3.8 Impairment of Assets

(a) Impairment of financial assets and contract assets

Accounting policies applied from 1 January 2018

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income (FVOCI), lease receivables, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12- month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, contract assets and lease receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment of Assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

Accounting policies applied from 1 January 2018 (Continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment of Assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

Accounting policies applied from 1 January 2018 (Continued)

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to;
- the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

Accounting policies applied until 31 December 2017

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment of Assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

Accounting policies applied until 31 December 2017 (Continued)

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

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.

(b) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment of Assets (Continued)

Accounting policies applied until 31 December 2017 (Continued)

(b) Impairment of non- financial assets (Continued)

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.

3.9 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.

Property under development

Cost includes:

- freehold and leasehold rights for land
- amounts paid to contractors for construction
- borrowing costs, planning and design costs, costs for site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative sale value of the property sold.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Contract Assets/(Liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance).

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8(a).

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

3.11 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.

3.12 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.

(a) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Leases (Continued)

(b) 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.

3.13 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.

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.

3.14 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.

3.15 Employee Benefits

(a) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Employee Benefits (Continued)

(b) 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.

(c) 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.

3.16 Revenue and Other Income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group is applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics in the property development business if the Group reasonably expect that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Revenue and Other Income (Continued)

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group estimates it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group has assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts. Any cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability is disclosed in Note 12.

Financing components

The Group has applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group expects that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(a) Property development

The Group develops and sell residential and commercial properties. Contracts with customers may include multiple distinct promises to customers and therefore accounted for as separate performance obligations if the contract with customer contains more than one performance obligation, when the stand-alone selling price are not directly observable, they are estimated based on expected cost plus margin.

Revenue from residential and commercial properties are recognised as and when the control of the asset is transferred to the customer. Based on the terms of the contract and the laws that apply to the contract, control of the asset is transferred over time as the Group's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of property development costs incurred for work performed to date bear to the estimated total property development costs (an input method).

The consideration is due based on the scheduled payments in the contract, therefore, no element of financing is deemed present. When a particular milestone is reached in excess of the scheduled payments, a contract asset will be recognised for the excess of revenue recognised to date under the input method over the progress billings to-date and include deposits or advances received from customers. When the progress billings to-date and deposits or advances received from customers exceeds revenue recognised to date then the Group recognise a contract liability for the difference.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Revenue and Other Income (Continued)

(a) Property development (Continued)

Consistent with market practice, the Group collects deposit from customers for sale of properties. A contract liability is recognised for the customer deposits as the Group has obligations to transfer the goods or services to the customer in respect of deposits received. Customer deposits would be recognised as revenue upon transfer of goods or services to the customer.

Where legal fees are borned by the Group, revenue is recognised based on the transaction price agreed in the contracts, net of the customers' legal fees. The Group uses its experience in estimating the legal fees to be incurred. The Group uses the expected value method because it is the method that the Group expects to better predict the amount of consideration to which they will be entitled.

(b) Construction contracts

The Group construct commercial and industrial properties and infrastructures under long-term contracts with customers. Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control of the commercial and industrial properties and infrastructures are transferred over time as the Group creates or enhance an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

Sales are made with a credit term of 30 to 60 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group and the Company become entitled to invoice customers for construction of commercial and industrial properties and infrastructures based on achieving a series of performance-related milestones.

The Group recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group recognises a contract liability for the difference.

(c) Golf management

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

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Dividend income

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

(f) Rental income

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Revenue and Other Income (Continued)

(g) Income from short term funds

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

(h) Building management

Revenue from building management are recognised when services are rendered.

3.17 Taxes

(a) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Taxes (Continued)

(a) Income tax (Continued)

Deferred Tax (Continued)

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.

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.

(b) 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.

3.18 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.

3.19 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 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.

3.21 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.

3.22 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.23 Contract Costs

(a) Recognition and measurement

Contract costs include costs of obtaining and fulfilling a contract.

The incremental costs of obtaining a contract are those costs that the Group and the Company incur to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as part of contract costs when the Group and the Company expect those costs are recoverable.

The costs incurred in fulfilling a contract with a customer which are not within the scope of another MFRSs, such as MFRS 102 Inventories, MFRS 116 Property, Plant and Equipment or MFRS 138 Intangible Assets, are recognised as part of contract costs when all of the following criteria are met:

(a) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;
(b) the costs generate or enhance resources of the Group and the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
(c) the costs are expected to be recovered.

(b) Amortisation

The costs of obtaining and fulfilling a contract are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates, i.e. in accordance with the pattern of transfer of goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108 Accounting Policies, Changes in Accounting Estimate and Errors.

(c) Impairment

Impairment loss are recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

(i) the remaining amount of consideration that the entity expects to receive in exchange for the goods or services to which the asset relates; less
(ii) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Before an impairment loss is recognised for contract costs, the Group and the Company shall recognise any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group and the Company shall include the resulting carrying amount of the contract costs in the carrying amount of the cash- generating unit to which it belongs for the purpose of applying MFRS 136 Impairment of Assets to that cash-generating unit.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.23 Contract Costs (Continued)

(c) Impairment (Continued)

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

The Group and the Company have applied the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity would have recognised is one year or less.

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 6)

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.

(b) Construction (Notes 28 and 29)

The Group recognised construction revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction revenue and expenses, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(c) Property Development (Notes 28 and 29)

The Group recognised property development revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the property development costs incurred, the estimated total property development revenue and expenses, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

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						
2018						
Cost						
At 1 January 2018	9,492,085	7,996,820	2,411,477	22,753,294	194,154,370	236,808,046
Additions	–	483,452	145,198	6,121	16,891,378	17,526,149
Reclassifications	–	3,028	–	–	512,280	515,308
Disposals	–	(41,029)	–	(543,530)	(12,264,154)	(12,848,713)
Written off	–	(25,394)	–	–	(330,164)	(355,558)
Exchange differences	(175,996)	(54,448)	–	(76,299)	(159,833)	(466,576)
At 31 December 2018	9,316,089	8,362,429	2,556,675	22,139,586	198,803,877	241,178,656
Accumulated Depreciation						
At 1 January 2018	1,770,385	4,383,885	1,339,369	13,854,096	99,188,760	120,536,495
Depreciation for the financial year	149,597	948,280	147,201	2,964,532	25,287,809	29,497,419
Disposals	–	(41,007)	–	(450,653)	(5,818,679)	(6,310,339)
Written off	–	(24,218)	–	–	(245,012)	(269,230)
Exchange differences	–	(49,818)	–	(66,523)	(109,291)	(225,632)
At 31 December 2018	1,919,982	5,217,122	1,486,570	16,301,452	118,303,587	143,228,713
Carrying Amount						
At 31 December 2018	7,396,107	3,145,307	1,070,105	5,838,134	80,500,290	97,949,943

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						
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 1 January 2017	7,896,676	3,001,564	865,026	7,932,032	101,500,215	121,195,513
At 31 December 2017	7,721,700	3,612,935	1,072,108	8,899,198	94,965,610	116,271,551

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Office equipment	
	2018	**2017**
	RM	**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 1 January/31 December	1	1

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

		Group	
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
Plant and machinery	25,315,745	65,458,369	73,954,152
Motor vehicles	3,600,459	4,934,628	5,045,312
	28,916,204	70,392,997	78,999,464

(b) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM17,526,149 (31.12.2017: RM25,359,462; 1.1.2017: RM95,445,586) of which RM10,437,165 (31.12.2017: RM16,115,330; 1.1.2017: RM58,417,442) and RM Nil (31.12.2017: RM170,600; 1.1.2017: RM8,587,165) were acquired by means of hire purchase and on credit terms respectively.

6. INVENTORIES

	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Group			
At lower of cost and net realisable value:			
Non-current			
Property held for development			
- Freehold land at cost	65,482,176	67,093,500	67,252,812
- Leasehold land at cost	167,319,616	167,221,283	43,024,390
- Development costs	21,011,326	20,234,328	21,130,095
	253,813,118	254,549,111	131,407,297
Current			
Property under development			
- Freehold land at cost	2,160,192	2,504,650	2,484,896
- Leasehold land at cost	11,423,299	15,325,795	17,729,371
- Development costs	135,949,492	111,468,120	79,280,148
Completed properties	167,621,658	178,083,887	192,285,456
Others stocks	21,964	21,964	22,221
	317,176,605	307,404,416	291,802,092
	570,989,723	561,953,527	423,209,389

(a) The carrying amount of RM79,915,119 (31.12.2017: RM79,041,248; 1.1.2017: RM41,947,522) of the land held for development of the Group has been pledged to financial institutions to secure the banking facility granted to the Group as disclosed in the Notes 22, 23 and 24.

(b) The carrying amount of RM132,555,890 (31.12.2017: RM107,415,792; 1.1.2017: 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 Notes 22 and 24.

(c) Included in the inventories are completed development units of RM27,019,343 (31.12.2017: RM39,285,858; 1.1.2017: RM47,086,470) which are pledged to financial institution to secure banking facilities as disclosed in Notes 22 and 24.

(d) During the financial year, inventories of the Group recognised as cost of sales amounted to RM16,591,016 (31.12.2017: RM14,478,430; 1.1.2017: RM21,507,358).

The following are costs incurred during the financial year:

	Group	
	31.12.2018 RM	31.12.2017 RM
Directors' remuneration:		
- wages and salaries	1,519,200	1,737,500
- social security costs	2,440	2,250
- defined contribution plan	231,048	267,725
- others	60,225	60,225

7. INVESTMENT PROPERTIES

	Group 31.12.2018 RM	Group 31.12.2017 RM
Cost		
At 1 January	71,331,689	11,699,786
Addition	9,809,023	3,397,924
Acquisition of subsidiary	–	56,233,979
Transfer from/(to) :		
Property development costs	–	–
Property, plant and equipment	–	–
Exchange differences	(1,282,124)	–
At 31 December	79,858,588	71,331,689
Accumulated depreciation		
At 1 January	649,022	613,798
Depreciation for the financial year	205,603	35,224
Exchange differences	46,448	–
At 31 December	901,073	649,022
Accumulated impairment losses		
At 1 January/31 December	4,422,479	4,422,479
Carrying amount		
At 31 December	74,535,036	66,260,188

(a) In prior financial years, included in investment properties is a building on a freehold land under construction with carrying amount of RM3,879,848 as at 31 December 2017 and RM481,924 as at 1 January 2017. 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 carrying amount of RM12,189,919 (31.12.2017: RMNil; 1.1.2017: RMNil) of the investment properties has been pledged to financial institution to secure the term loan facility granted to the Group as disclosed in Note 24.

(c) 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.

The following are recognised in profit and loss in respect of investment properties:

	Group 31.12.2018 RM	Group 31.12.2017 RM
Rental income	84,000	98,000
Direct operating expenses:		
- income generating investment properties	15,132	15,367
- non-income generating investment properties	156,416	142,397

7. INVESTMENT PROPERTIES (CONTINUED)

(c) Fair value information

The fair value for the above completed investment properties of approximately RM92.3 million (31.12.2017: RM69.8 million; 1.1.2017: 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:

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2018	–	–	92,250,640	92,250,640
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	
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Unquoted shares, at cost	214,736,795	162,736,795	136,936,798
Investment in redeemable cumulative convertible preference shares of subsidiaries	226,829,200	234,629,200	136,024,400
ESOS granted to employees of subsidiaries	15,232,699	15,232,699	14,709,662
	456,798,694	412,598,694	287,670,860
Less: Impairment losses	(136,004)	(136,004)	(136,004)
At 31 December/1 January	456,662,690	412,462,690	287,534,856

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 31.12.2018 %	31.12.2017 %	1.1.2017 %	Principal Activities
Held by the Company:					
Pembinaan Mitrajaya Sdn. Bhd.	Malaysia	100	100	100	Civil engineering, building and road construction works and supply of construction material
Daya Asfalt Sdn. Bhd.	Malaysia	100	100	100	Investment holding
Dutawani Sdn. Bhd.	Malaysia	100	100	100	Maintenance of properties
Mitrajaya Homes Sdn. Bhd.	Malaysia	100	100	100	Construction and property development
Mitrajaya Warisan Sdn. Bhd.	Malaysia	60	60	100	Construction and property development
Mitrajaya Development Sdn. Bhd.	Malaysia	100	100	100	Investment holding
Primaharta Development Sdn. Bhd.	Malaysia	100	100	100	Property development
Leo Vista Sdn. Bhd.	Malaysia	100	100	100	Property development
Awana Prisma Sdn. Bhd.	Malaysia	100	100	100	Property development
Kina-Bijak Sdn. Bhd.	Malaysia	100	100	100	Property development
Skyway Development Sdn. Bhd.	Malaysia	72	72	72	Property development
Kemajuan Sekim Baru Sdn. Bhd.	Malaysia	100	100	100	Property development
Centennial March Sdn. Bhd.	Malaysia	60	60	–	Construction and property development
Eminent Earnings Sdn. Bhd.	Malaysia	60	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 31.12.2018 %	31.12.2017 %	1.1.2017 %	Principal Activities
Held through Daya Asfalt Sdn. Bhd.:					
Maha-Mayang Sdn. Bhd.	Malaysia	100	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	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	100	Civil engineering, building and road construction works and property development
Kyalami & Mitrajaya Civil Engineering (Pty) Ltd. *	South Africa	100	100	100	Civil engineering, building and road construction works and property development
Kyalami & Mitrajaya Builders (Pty) Ltd. *	South Africa	100	100	100	Builders
Mitrajaya Development SA (Pty) Ltd. *	South Africa	100	100	100	Property development and property investment
Held through Mitrajaya Development SA (Pty) Ltd.:					
Blue Valley Golf and Country Club (Pty) Ltd.*	South Africa	100	100	100	Golf management

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

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) 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. RM	Consortium of Pembinaan Mitrajaya Sdn. Bhd. & Syarikat Ismail Ibrahim Sdn. Bhd. RM	Other individually immaterial subsidiaries RM	Total RM
2018						
NCI effective ownership interest and voting interest	40%	40%	40%	49%		
Carrying amount of NCI	22,144,442	33,174,604	19,170,270	(7,220,751)	(4,052,385)	63,216,180
Loss allocated to NCI	(58,278)	(4,438)	(21,998)	(1,648,353)	(719,020)	(2,452,087)
Total comprehensive loss allocated to NCI	(58,278)	(4,438)	(21,998)	(1,648,353)	(719,020)	(2,452,087)
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)	(650,919)	(7,501,079)
Total comprehensive (loss)/profit allocated to NCI	(41,294)	10,041	11,412	(6,830,319)	(650,919)	(7,501,079)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) 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. RM	Consortium of Pembinaan Mitrajaya Sdn. Bhd. & Syarikat Ismail Ibrahim Sdn. Bhd. RM
2018				
Assets and liabilities				
Non-current assets	56,000,000	78,713,143	45,582,083	–
Current assets	22,105	4,319,856	2,524,811	86,303,668
Non-current liabilities	(448,823)	–	–	–
Current liabilities	(212,177)	(96,490)	(181,218)	(101,039,894)
Net assets/(liabilities)	55,361,105	82,936,509	47,925,676	(14,736,226)
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	78,006,727
Non-current liabilities	(448,823)	–	–	–
Current liabilities	(66,363)	(597,672)	(347,867)	(89,378,967)
Net assets/(liabilities)	55,506,801	82,947,604	47,980,672	(11,372,240)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) 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. RM	Consortium of Pembinaan Mitrajaya Sdn. Bhd. & Syarikat Ismail Ibrahim Sdn. Bhd. RM
2018				
Results				
Revenue	–	–	–	58,222,948
Loss for the financial year	(145,696)	(11,094)	(54,996)	(3,363,986)
Total comprehensive loss for the financial year	(145,696)	(11,094)	(54,996)	(3,363,986)
Cash flows (used in)/from:				
- operating activities	(100,158)	3,305,685	(94,388)	3,652,392
- investing activities	–	(3,231,299)	(31,553)	27,718
- financing activities	99,976	(124,957)	33,487	(3,617,766)
Net (decrease)/increase in cash and cash equivalents	(182)	(50,571)	(92,454)	62,344
Dividends paid to NCI	–	–	–	–
2017				
Results				
Revenue	–	1,144,603	893,105	109,124,137
(Loss)/Profit for the financial year	(103,234)	25,103	28,530	(13,939,427)
Total comprehensive (loss)/ income for the financial year	(103,234)	25,103	28,530	(13,939,427)
Cash flows (used in)/from:				
- operating activities	(616,435)	(4,424,408)	(2,318,366)	(1,119,544)
- investing activities	–	(78,646,363)	(45,550,530)	1,748,979
- financing activities	616,829	83,154,740	47,992,788	(1,689,613)
Net increase/ (decrease) in cash and cash equivalents	394	83,969	123,892	(1,060,178)
Dividends paid to NCI	–	–	–	–

9. INVESTMENT IN AN ASSOCIATE

		Group	
	31.12.2018 RM	31.12.2017 RM	1.1.2017 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			Principal Activities
		31.12.2018 %	31.12.2017 %	1.1.2017 %	
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 PLT.*

The Group does not have any material associate.

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.

10. GOODWILL ON CONSOLIDATION

	Group	
	31.12.2018 RM	31.12.2017 RM
At 1 January	2,208,517	2,216,219
Exchange differences	88,821	(7,702)
At 31 December	2,297,338	2,208,517

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

	31.12.2018 RM	31.12.2017 RM
Investment in South Africa	2,297,338	2,208,517

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 is 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 believes 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	
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
Deferred Tax Assets			
At 1 January	3,268,454	5,518,726	2,627,195
Effect of movements in exchange rate	(70,007)	(45)	54,711
Recognised in profit or loss (Note 34)	8,464,835	(2,250,227)	2,836,820
At 31 December	11,663,282	3,268,454	5,518,726
Deferred Tax Liabilities			
At 1 January	(5,631,125)	(2,066,849)	(1,440,694)
Acquisition of a subsidiary	–	(448,823)	–
Disposal of a subsidiary	–	–	(13,996)
Recognised in profit or loss (Note 34)	279,821	(3,115,453)	(612,159)
At 31 December	(5,351,304)	(5,631,125)	(2,066,849)

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

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

	Group		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Deferred Tax Assets			
Deductible temporary differences in respect of expenses	–	–	2,578,272
Unrealised profit arising from			
- development activities	3,032,213	2,808,987	2,850,593
- sale of inventory	7,140,578	–	–
Tax implication arising from development property activities reclassified to investment property	663,561	459,467	497,813
Differences between the carrying amounts of property, plant and equipment and its tax base	–	–	(407,952)
Unutilised tax losses	826,930	–	–
	11,663,282	3,268,454	5,518,726
Deferred Tax Liabilities			
Differences between the carrying amounts of property, plant and equipment and its tax base	(5,351,304)	(5,631,125)	(2,066,849)

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

	Group		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Unused tax losses	18,457,037	15,855,752	17,066,411
Unabsorbed capital allowances	–	–	2,779,847
Other deductible temporary differences	216,739	(116,743)	25,874
	18,673,776	15,739,009	19,872,132

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

Pursuant to Section 11 of the Act 812, special provision relating to Sections 43 and 44 of Income Tax Act 1967, a time limit has been imposed on the unutilised business losses, to be carried forward for a maximum of seven (7) consecutive years of assessment. This section has effect from the year of assessment 2019 and subsequent year of assessment. Any unutilised business losses brought forward from year of assessment 2018 can be carried forward for another seven (7) years consecutive years of assessment (i.e. from year of assessments 2019 to 2025).

12. CONTRACT ASSETS/(LIABILITIES)

	Group 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Contract assets relating to construction service contracts	154,529,851	76,668,330	79,443,572
Contract assets relating to property development contracts	37,532,485	32,220,165	15,148,595
Total contract assets	192,062,336	108,888,495	94,592,167
Contract liabilities relating to construction service contracts	(16,850,039)	(43,541,523)	(23,284,444)
Contract assets relating to property development contracts	(8,445,854)	(5,056,832)	(2,195,061)
Total contract liabilities	(25,295,893)	(48,598,355)	(25,479,505)

(a) Significant changes in contract balances

	Group 31.12.2018		31.12.2017	
	Contract assets Increase/ (decrease) RM	Contract liabilities (Increase)/ decrease RM	Contract assets Increase/ (decrease) RM	Contract liabilitie (Increase)/ decrease RM
Revenue recognised that was included in contract liability at the beginning of the financial year	–	31,047,497	–	23,986,547
Increases due to consideration received from customers, but revenue not recognised	–	(7,745,035)	–	(47,105,397)
Increases due to revenue recognised, but no right to consideration	133,906,664	–	52,425,834	–
Transfer from contract assets recognised at the beginning of the year to receivables	(50,732,823)	–	(38,129,506)	–

(b) Revenue recognised in relation to contract balances

Revenue recognised that was included in the contract liability balance at the beginning of the year represented primarily revenue from the sale of property development contracts when percentage of completion increases.

Revenue recognised from performance obligations satisfied (or partially satisfied) in previous years, mainly due to changes in the estimate of the progress towards complete satisfaction of performance obligation of property development contracts.

13. TRADE AND OTHER RECEIVABLES

	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Group			
Trade			
Trade receivables	416,487,910	349,733,499	330,348,034
Retention sums	109,685,173	104,956,719	104,318,265
Stakeholder sums	–	318,175	2,814,836
	526,173,083	455,008,393	437,481,135
Less: Impairment losses	(289,952)	(289,952)	(289,952)
	525,883,131	454,718,441	437,191,183
Non-trade			
Other receivables	7,277,567	7,382,430	6,857,688
Amount due from an associate	–	1,000,000	1,025,997
GST refundable	16,921,623	15,780,193	13,634,514
Advances to sub-contractors	17,440,012	11,670,158	2,519,182
Deposits	3,024,124	5,125,222	2,249,044
Prepayments	2,889,372	9,802,524	6,714,587
	573,435,829	505,478,968	470,192,195
Company			
Non-trade			
Other receivables	500	500	9,017
GST refundable	7,432	17,444	12,729
Deposits	201	201	201
	8,133	18,145	21,947

(a) Trade receivables

(i) Included in the trade receivables of the Group is an amount of RM40,012,000 due from a customer for contracts under legal proceedings. Details are as follows:

Pembinaan Mitrajaya Sdn. Bhd. ("PMSB"), a subsidiary of the Company, was a claimant under the Construction Industry Payment and Adjudication Act 2012 ("CIPAA") against a customer in respect of a construction project. On 24 January 2019, the CIPAA awarded in favour of PMSB for the work performed including late payment interest.

However, the customer did not pay PMSB in full. PMSB subsequently issued a winding up petition against the customer in March 2019. On 26 March 2019, the customer filed for an injunction of the said winding up petition and initiated a counter claim against PMSB for construction services provided.

The court have set the hearing on 24 May 2019.

The directors are in the opinion that the balance is recoverable in full due to the favourable outcome from the CIPAA claim by PMSB and upon consultation with its solicitor.

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (Continued)

(ii) The trade receivables are non-interest bearing and the Group's normal trade credit terms ranging from 30 to 90 days (31.12.2017: 30 to 90 days; 1.1.2017: 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.

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

(b) Other receivables

Included in the other receivables of the Group are amounts totalling RM3,588,765 (31.12.2017: RM1,003,167; 1.1.2017: 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 RM230,656 (31.12.2017: RM2,283,004; 1.1.2017: RM322,143). The balance of these purchase considerations are disclosed as capital commitment in Note 40.

14. OTHER INVESTMENT

	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Group			
Financial Assets at Fair Value through Profit or Loss:			
Short term funds			
- redeemable upon 1 day notice	7,840,000	–	19,600,867
Company			
Financial Assets at Fair Value through Profit or Loss:			
Short term funds			
- redeemable upon 1 day notice	7,840,000	–	19,600,867

Short term funds comprise fixed income fund paid with non-bank financial institution.

15. AMOUNTS DUE FROM SUBSIDIARIES

		Company	
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Non-current	73,520,521	76,409,887	–
Current	14,230,000	1,600,938	89,091,085
	87,750,521	78,010,825	89,091,085

Included in the amounts due from subsidiaries are amounts of RM87,494,154 (31.12.2017: RM77,852,341; 1.1.2017: RM66,933,015) of which the balances bear interest rates at 4.82% to 5.90% (31.12.2017: 3.10% to 5.70%; 1.1.2017: 3.20% to 5.65%) per annum. The non-current portion are not expected to be settled within the next twelve (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.

16. DEPOSITS, CASH AND BANK BALANCES

	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Group			
Cash in hand and at banks	13,329,055	20,714,581	34,872,171
Deposits with licensed banks	1,079,844	5,044,967	23,307,981
	14,408,899	25,759,548	58,180,152
Company			
Cash in hand and at banks	5,295,549	1,838	60,975
Deposits with licensed banks	–	4,000,000	11,298,352
	5,295,549	4,001,838	11,359,327

(a) Included in cash and bank balances for the Group is an amount of RM4,654,359 (31.12.2017: RM3,759,381; 1.1.2017: 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	
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Interest rates (%) per annum	3.45 - 7.36	3.90 - 7.63	3.00 - 7.40
Maturity period (days)	90 - 365	90 - 365	30 - 90

17. SHARE CAPITAL

	Group and Company			
	2018		2017	
	Number of shares Unit	RM	Number of shares Unit	RM
Issued and fully paid:				
At 1 January	689,481,413	381,212,690	669,722,072	334,861,036
Issuance of shares:				
- exercise of Warrants D	–	–	16,951,841	18,477,507
- exercise of share options	–	–	2,807,500	4,098,522
- rights issue	137,778,282	72,691,830	–	–
- bonus shares	68,889,075	10,668,913	–	–
Transition to no-par value regime				
- Share premium	–	–	–	23,775,625
At 31 December	896,148,770	464,573,433	689,481,413	381,212,690

(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 twenty four (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 increased from RM381,212,690 to RM464,573,433 by way of issuance of:

(i) 137,778,282 new ordinary shares of RM72,691,830 arising from the rights issue; and

(ii) 68,889,075 new ordinary shares of RM10,668,913 arising from bonus issue.

(b) Warrants

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, 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 (1) new ordinary share at an exercise price of RM1.09 each.

In accordance with the provisions under the Deed Poll-Warrant D and consequential to the Rights Issue and Bonus Issue, an additional 11,516,438 Warrants D were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 25 April 2018. The exercise price for the Warrant D was revised from RM1.09 to RM0.94 each.

17. SHARE CAPITAL (CONTINUED)

(b) Warrants

Warrants D (Continued)

The salient features of the Warrants D 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.

Warrants E

By virtue of a Deed Poll executed on 12 March 2018 for the 68,889,075 free detachable Warrants E issued in connection with the rights issue allotted, each Warrants E entitles the registered holder the right at any time during the exercise period from 18 April 2018 to 17 April 2023 to subscribe in cash for one new ordinary share at an exercise price of RM0.94 each.

The salient features of the Warrants E are as follows:

(i) entitles its register holder for one (1) free Warrant for every two (2) rights shares subscribed;

(ii) 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

(iii) 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.

The movement of both Warrants D and Warrants E during the financial year are as follows:

	2018		2017
	Warrants E Units	**Warrants D Units**	**Warrants D Units**
At 1 January	–	68,566,777	85,518,618
Effect of rights issue and bonus issue	–	11,516,438	–
Allotment of Warrants	68,889,075	–	–
Exercise of Warrants	–	–	(16,951,841)
At 31 December	68,889,075	80,083,215	68,566,777

17. SHARE CAPITAL (CONTINUED)

(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 23 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 to subscribe for new ordinary shares in the Company.

An eligible employee and/or director is an employee of the Group who at the date of allocation:

- has attained the age of eighteen (18) years and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings; and
- 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 (5) 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.

17. 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:

	2018		2017	
	Number of shares Unit	WAEP RM	Number of shares Unit	WAEP RM
Outstanding at 1 January	29,189,800	1.11	33,562,800	1.11
- Effect of rights issue and bonus issue	4,801,884	0.96	–	–
- Exercised	–	–	(2,807,500)	1.09
- Lapsed	(1,094,312)	1.08	(1,565,500)	1.15
Outstanding at 31 December	32,897,372		29,189,800	
Exercisable at 31 December	32,897,372	0.96	29,189,800	1.11

The WAEP for shares options outstanding at the end of the financial year was RM0.96 (2017: RM1.11). The weighted average remaining contracted life these options is approximately 1.5 years (2017: 2.5 years).

18. 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 RM Nil (2017: 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 17.

19. 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 21 June 2018, the shareholders of the Company at the twenty-fifth 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 5,886,400 (2017: 10,000) shares from the open market at an average price of RM0.34 (2017: RM1.32) per share. The total consideration paid for the repurchase, was RM1,988,590 (2017: RM13,302) and they were financed by internally generated funds.

As at 31 December 2018, the Company held a total of 6,476,400 treasury shares of its 896,148,770 issued ordinary shares. Such treasury shares are held at a carrying amount of RM2,574,242.

20. OTHER RESERVES

	Exchange reserve RM	Revaluation reserve RM	Capital reserve RM	Share option (ESOS) reserve RM	Warrants reserve RM	Total RM
Group						
Other comprehensive income:						
At 1 January 2017	(11,958,271)	7,235,590	–	13,315,209	–	8,592,528
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
Other comprehensive income:						
Foreign currency translation	(6,776,581)	–	–	–	–	(6,776,581)
Realisation of revaluation reserve	1,867,421	(6,973,315)	–	–	–	(5,105,894)
Redemption of preference shares in a subsidiary	–	–	110,000	–	–	110,000
Transaction with owners:						
Issuance of free warrants arising from rights issue	–	–	–	–	8,597,356	8,597,356
Lapsed of ESOS	–	–	–	(416,073)	–	(416,073)
At 31 December 2018	(16,050,065)	–	244,000	11,187,961	8,597,356	3,979,252

20. OTHER RESERVES (CONTINUED)

	Share option (ESOS) reserve RM	Warrants reserve RM	Total RM
Company			
At 1 January 2017	13,315,209	–	13,315,209
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	11,604,034	–	11,604,034
Transaction with owners:			
Issuance of free warrants arising from rights issue	–	8,597,356	8,597,356
Lapsed of ESOS	(416,073)	–	(416,073)
At 31 December 2018	11,187,961	8,597,356	19,785,317

(a) *Exchange reserve*

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 reserve*

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 capital. When the share options expire, the amount from the share option reserve is transferred to retained profits.

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.

(e) *Warrants reserve*

The Company allotted and issued 68,889,075 free detachable Warrants E issued in connection with the rights issue allotted constituted under the deed poll dated 12 March 2018.

The salient features of the warrants are disclosed in Note 17(b).

21. BORROWINGS

	Group 31.12.2018 RM	Group 31.12.2017 RM	Group 1.1.2017 RM
Current			
Secured:			
Bank overdrafts (Note 22)	27,912,317	32,909,941	43,871,377
Invoice financing (Note 23)	7,689,969	–	–
Short term revolving credit (Note 23)	22,000,000	–	–
Term loans (Note 24)	13,589,782	1,752,123	1,656,913
Finance lease liabilities (Note 25)	10,596,801	27,625,789	39,609,760
	81,788,869	62,287,853	85,138,050
Unsecured:			
Bank overdrafts (Note 22)	2,746,934	2,424,827	2,379,618
Bankers' acceptance (Note 23)	32,730,000	38,622,000	21,655,000
Short term revolving credit (Note 23)	172,562,000	176,700,000	106,296,000
	289,827,803	280,034,680	215,468,668
Non-current			
Secured:			
Term loans (Note 24)	55,959,144	38,105,831	22,954,320
Finance lease liabilities (Note 25)	1,838,037	5,388,873	16,513,745
	57,797,181	43,494,704	39,468,065
Total Borrowings			
Secured:			
Bank overdrafts (Note 22)	27,912,317	32,909,941	43,871,377
Invoice financing (Note 23)	7,689,969	–	–
Short term revolving credit (Note 23)	22,000,000	–	–
Term loans (Note 24)	69,548,926	39,857,954	24,611,233
Finance lease liabilities (Note 25)	12,434,838	33,014,662	56,123,505
	139,586,050	105,782,557	124,606,115
Unsecured:			
Bank overdrafts (Note 22)	2,746,934	2,424,827	2,379,618
Bankers' acceptance (Note 23)	32,730,000	38,622,000	21,655,000
Short term revolving credit (Note 23)	172,562,000	176,700,000	106,296,000
	347,624,984	323,529,384	254,936,733

21. BORROWINGS (CONTINUED)

	Company 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Current			
Secured:			
Term loans (Note 24)	12,000,000	–	–
Unsecured:			
Bank overdrafts (Note 22)	746,934	424,827	379,618
	12,746,934	424,827	379,618
Non-current			
Secured:			
Term loans (Note 24)	42,509,000	20,000,000	–
	42,509,000	20,000,000	–
Total Borrowings			
Secured:			
Term loans (Note 24)	54,509,000	20,000,000	–
	54,509,000	20,000,000	–
Unsecured:			
Bank overdrafts (Note 22)	746,934	424,827	379,618
	55,255,934	20,424,827	379,618

22. BANK OVERDRAFTS

The secured bank overdrafts amounting to RM27,912,317 (31.12.2017: RM32,909,941; 1.1.2017: RM43,871,377) bear interest rates ranging from 6.70% to 10.25 % (31.12.2017: 6.65% to 7.60%; 1.1.2017: 6.65% to 7.85%) per annum are secured and supported by:

- completed development units as disclosed in Note 6;
- property under development as disclosed in Note 6; and
- corporate guarantee provided by the Company.

The unsecured bank overdrafts amounting to RM2,746,934 (31.12.2017: RM2,424,827; 1.1.2017: RM2,379,618) bear interest rates ranging from 7.70% to 8.40% (2017: 7.65% to 7.70%; 1.1.2017: 7.65% to 7.85%) per annum.

23. SHORT TERM BORROWINGS

The invoice financing bear interest rates ranging from 6.06% to 6.32% (31.12.2017: Nil; 1.1.2017: Nil) per annum and are secured and supported by the land held for property development as disclosed in Note 6 and corporate guarantee provided by the Company.

The secured short term revolving credit amounting to RM22,000,000 (31.12.2017: RM Nil; 1.1.2017: RM Nil) bear interest rates ranging from 4.71% to 4.96% (31.12.2017: Nil; 1.1.2017: Nil) per annum and are secured and supported by land held for property development as disclosed in Note 6 and corporate guarantee provided by the Company.

The unsecured short term revolving credit amounting to RM172,562,000 (31.12.2017: RM176,700,000; 1.1.2017: RM106,296,000) bear interest rates ranging from 3.95% to 5.12% (31.12.2017: 3.83% to 4.88%; 1.1.2017: 3.83% to 5.01%) per annum and are supported by corporate guarantee provided by the Company.

The bankers' acceptance bear interest rates ranging from 3.75% to 5.10% (31.12.2017: 3.49% to 4.91%; 1.1.2017: 3.58% to 5.28%) per annum and are supported by corporate guarantee provided by the Company.

24. TERM LOANS

	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Group			
Within the next twelve (12) months	13,589,782	1,752,123	1,656,913
After the next twelve (12) months			
- not later than two (2) years	16,113,889	15,815,272	6,213,682
- later than two (2) years but not later than five (5) years	36,579,033	21,998,792	14,257,888
- later than five (5) years	3,266,222	291,767	2,482,750
	551,959,144	38,105,831	22,954,320
	69,548,926	39,857,954	24,611,233
Company			
Within the next twelve (12) months	12,000,000	–	–
After the next twelve (12) months			
- not later than two (2) years	12,000,000	12,000,000	–
- later than two (2) years but not later than five (5) years	30,509,000	8,000,000	–
	42,509,000	20,000,000	–
	54,509,000	20,000,000	–

(i) The Term Loan I bears interest rate at 5.60% (31.12.2017: 5.60%; 1.1.2017: 5.60% to 5.85%) per annum and repayable by Nil (31.12.2017: 63; 1.1.2017: 75) months. The term loan is secured and supported by:

- land held for property development as disclosed in Note 6; and
- corporate guarantee provided by the Company.

The term loan had been settled during the year.

24. TERM LOANS (CONTINUED)

(ii) The Term Loan II bear interest rates ranging from 6.70% to 6.95% (31.12.2017: 6.65% to 6.70%; 1.1.2017: 6.65% to 6.70%) per annum and repayable by 12 (31.12.2017: 24; 1.1.2017: 36) months. The term loan is secured and supported by:

- completed development units and leasehold land in property development costs as disclosed in Note 6; and
- corporate guarantee provided by the Company.

(iii) The Term Loan III bear interest rates ranging from 5.26% to 5.52% (31.12.2017: 5.51%; 1.1.2017: Nil) per annum and repayable by 60 (31.12.2017: 72; 1.1.2017: Nil) months. The term loan is secured and supported by:

- land held for property development as disclosed in Note 6.

(iv) The Term Loan IV bear interest rates ranging from 10.00% to 10.25% (31.12.2017: Nil; 1.1.2017: Nil) per annum and repayable by 118 (31.12.2017: Nil; 1.1.2017: Nil) months. The term loan is secured and supported by:

- Investment property as disclosed in Note 7.

(v) The Term Loan V bear interest rates ranging from 5.42% to 6.14% (31.12.2017: Nil; 1.1.2017: Nil) per annum and repayable by 73 (31.12.2017: Nil; 1.1.2017: Nil) months. The term loan is secured and supported by:

- land held for property development as disclosed in Note 6; and
- corporate guarantee provided by the Company.

25. FINANCE LEASE LIABILITIES

	Group		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
Minimum hire purchase payments:			
- not later than one (1) year	5,479,427	28,617,497	42,553,759
- later than one (1) year but not later than five (5) years	7,319,783	5,426,583	15,566,629
	12,799,210	34,044,080	58,120,388
Less: Future finance charges	(364,372)	(1,029,418)	(1,996,883)
Present value of hire purchase payables	12,434,838	33,014,662	56,123,505
Represented by:			
Current			
- not later than one (1) year	10,596,801	27,625,789	39,609,760
Non-current			
- later than one (1) year but not later than five (5) years	1,838,037	5,388,873	16,513,745
	12,434,838	33,014,662	56,123,505

The hire purchase bear nominal interest rates ranging from 2.30% to 3.92% (31.12.2017: 2.30% to 3.92%; 1.1.2017: 2.30% to 3.92%) per annum.

26. TRADE AND OTHER PAYABLES

	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Group			
Trade			
Trade payables	198,560,100	161,647,845	207,707,041
Retention sum	93,014,582	68,670,230	47,065,379
	291,574,682	230,318,075	254,772,420
Non-trade			
Other payables	9,231,265	8,308,282	5,916,240
Accruals	3,553,303	12,888,806	15,989,350
GST payable	7,785,629	9,384,187	12,683,370
	20,570,197	30,581,275	34,588,960
	312,144,879	260,899,350	289,361,380
Company			
Non-trade			
Other payables	83,672	114,556	20,987
Accruals	179,800	143,300	136,700
GST payable	4,546	7,581	5,881
	268,018	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 (31.12.2017: 30 to 90 days; 1.1.2017: 30 to 90 days).

Included in trade payables of the Group are amounts totalling RM2,640,119 (31.12.2017: RM2,824,909; 1.1.2017: 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 RM134,992 (31.12.2017: RM50,147; 1.1.2017: 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.

27. AMOUNTS DUE TO SUBSIDIARIES

Included in the amounts due to subsidiaries are amounts of RM4,497,303 (31.12.2017: RM49,901,258; 1.1.2017: RM Nil) of which the balances are non-trade, unsecured, repayable on demand, bear interest rates ranging from 4.81% to 5.90% (31.12.2017: 3.10% to 5.26%; 1.1.2017: Nil) per annum and are expected to be settled in cash.

28. REVENUE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Revenue from contract customer				
Revenue from construction works	698,817,129	994,208,170	–	–
Revenue from property development	135,925,964	166,044,164	–	–
Building management income	397,197	398,568	–	–
Golf club management	3,266,702	3,550,590	–	–
	838,406,992	1,164,201,942	–	–
Revenue from other sources				
Dividend income from subsidiaries	–	–	13,216,000	28,770,000
	838,406,992	1,164,201,942	13,216,000	28,770,000

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 RM93,428,672 (2017: RM110,316,360).

(a) Disaggregation of revenue

The Group reports the following major segments: construction, property development, investment in South Africa and others. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into primary geographical markets, major goods or services, timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

	Construction RM	Property development RM	Investment in South Africa RM	Others RM	Total RM
Group					
2018					
Primary geographical markets:					
Malaysia	698,817,129	130,810,306	–	397,197	830,024,632
South Africa	–	–	8,382,360	–	8,382,360
	698,817,129	130,810,306	8,382,360	397,197	838,406,992
Major goods or services:					
Construction services	698,817,129	–	–	–	698,817,129
Residential units	–	130,810,306	5,115,658	–	135,925,964
Management of property and golf club	–	–	3,266,702	397,197	3,663,899
	698,817,129	130,810,306	8,382,360	397,197	838,406,992
Timing of revenue recognition:					
At a point of time	–	37,381,634	8,224,211	397,197	46,003,042
Over time	698,817,129	93,428,672	158,148	–	792,403,949
	698,817,129	130,810,306	8,382,359	397,197	838,406,991

28. REVENUE (CONTINUED)

(a) Disaggregation of revenue (Continued)

	Construction RM	Property development RM	Investment in South Africa RM	Others RM	Total RM
Group					
2017					
Primary geographical markets:					
Malaysia	994,208,170	144,899,113	–	398,568	1,139,505,851
South Africa	–	–	24,696,091	–	24,696,091
	994,208,170	144,899,113	24,696,091	398,568	1,164,201,942
Major goods or services:					
Construction services	994,208,170	–	–	–	994,208,170
Residential units	–	144,899,113	21,145,501	–	166,044,614
Management of property and golf club	–	–	3,550,590	398,568	3,949,158
	994,208,170	144,899,113	24,696,091	398,568	1,164,201,942
Timing of revenue recognition:					
At a point of time	–	34,582,753	24,359,808	398,568	59,341,129
Over time	994,208,170	110,316,360	336,283	–	1,104,860,813
	994,208,170	144,899,113	24,696,091	398,568	1,164,201,942

(b) Transaction price allocated to the remaining performance obligations

As of 31 December 2018, the aggregate amount of the transaction price allocated to the remaining performance obligation is RM1.19 billion and the Group will recognise this revenue as the properties or construction are completed, which is expected to occur over the next one (1) to three (3) years.

In accordance with the transitional provisions in paragraph MFRS 1, the Group has applied the practical expedient provided under MFRS 15 and, for all reporting periods presented before the beginning of the first MFRS reporting period, do not disclose the amount of the transaction price allocated to the remaining performance obligations.

29. COST OF SALES

	Group 2018 RM	Group 2017 RM
Construction costs	644,216,617	913,707,402
Development costs	77,056,953	94,032,667
Building management cost	349,797	339,179
	721,623,367	1,008,079,248

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 RM58,114,167 (2017: RM72,486,890).

30. OPERATING PROFIT

Operating profit has been arrived at:

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
After charging :				
Audit fees:				
- statutory audit:				
· current financial year	293,888	241,082	45,000	48,000
· prior financial years	36,729	31,581	(3,000)	12,000
- other services:				
· current financial year	21,000	11,500	14,000	8,000
· prior financial years	9,500	–	6,000	–
Bad debts written off	571,185	–	–	–
Depreciation of:				
- property, plant and equipment	7,816,294	7,174,856	–	–
- investment properties	205,603	35,224	–	–
Directors' remuneration	3,043,023	3,932,590	204,412	187,894
Employee benefits expense (Note 31)	17,639,223	17,732,316	–	–
Hire of plant and machinery	(47,486)	950,246	–	–
Loss on foreign exchange:				
- unrealised	204,892	25,543	–	–
Loss on disposal of:				
- property, plant and equipment	2,109,711	–	–	–
Office rental	137,356	148,880	–	–
Property, plant and equipment written-off	86,328	46,682	–	–

30. OPERATING PROFIT (CONTINUED)

Operating profit has been arrived at: (Continued)

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
And crediting:				
Gain on foreign exchange:				
- realised	16	2,705	–	–
Gain on disposal of:				
- property, plant and equipment	42,929	221,016	–	–
- shares in associated company	751,693	–	–	–
Interest income				
- subsidiaries	–	–	3,945,425	3,366,323
- other interest income	2,182,461	1,999,779	282,772	648,382
Rental income:				
- land	355,500	752,000	–	–
- building	1,785,479	1,073,593	–	–
- others	944,175	181,226	–	–

31. EMPLOYEE BENEFITS EXPENSE

	Group	
	2018 RM	2017 RM
Wages, salaries and fees	14,775,598	14,671,193
Social security costs	128,680	131,892
Share options granted under ESOS	–	523,037
Defined contribution plans	2,003,966	1,739,281
Other staff related expenses	730,979	666,913
	17,639,223	17,732,316

32. DIRECTORS' REMUNERATION

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Directors of the Company				
Executive				
- salaries, allowances and bonuses	1,932,000	2,288,000	–	–
- defined contribution plans	270,600	322,400	–	–
- others	70,984	69,389	12,000	–
	2,273,584	2,679,789	12,000	–
Non-executive				
- allowances	107,400	112,950	47,400	52,950
- defined contribution plans	9,012	3,444	9,012	3,444
- fees	110,000	110,000	110,000	110,000
- others	26,000	21,500	26,000	21,500
Total	2,525,996	2,927,683	204,412	187,894
Directors of subsidiaries				
Executive				
- salaries, allowances and bonuses	2,015,451	2,611,913	–	–
- defined contribution plans	202,008	244,625	–	–
- others	112,481	216,069	–	–
	2,329,940	3,072,607	–	–
Total	4,855,936	6,000,290	204,412	187,894

The estimated monetary value of benefits-in-kind received and receivable by directors of the Company from the Group amounted to RM56,875 (2017: RM56,875).

33. FINANCE COSTS

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Interest expenses				
- hire purchase	1,220,713	2,274,852	–	–
- bank borrowings	13,284,683	8,466,697	1,493,367	14,626
- others	–	–	565,206	1,194,825
	14,505,396	10,741,549	2,058,573	1,209,451

34. INCOME TAX EXPENSE

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Current tax				
- current financial year				
- Malaysian income tax	17,733,081	20,762,000	592,158	768,024
- Foreign income tax	264,001	3,216,476	–	–
- prior financial years				
- Malaysian income tax	8,799,394	(263,642)	(12,142)	(1,857)
	26,796,476	23,714,834	580,016	766,167
Deferred tax (Note 11)				
- current financial year	(1,435,556)	4,767,216	–	–
- prior financial years	(7,309,100)	598,464	–	–
	(8,744,656)	5,365,680	–	–
Tax expense	18,051,820	29,080,514	580,016	766,167

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.

34. INCOME TAX EXPENSE (CONTINUED)

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 of the Company are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit before taxation	60,477,764	101,929,979	12,677,502	30,270,626
Tax at applicable statutory income tax rate of 24% (2017: 24%)	14,514,663	24,463,195	3,042,600	7,264,950
Tax effects arising from				
- effect of different tax rate in other country	5,316	355,367	–	–
- effect of share of result of an associate	–	(81,489)	–	–
- non-deductible expenses	1,730,462	1,870,399	742,197	563,485
- non-taxable income	(576,771)	(29,180)	(3,192,639)	(7,060,411)
- witholding tax on dividend	–	969,600	–	–
Share of divisible loss by joint venture partner	464,178	1,681,556	–	–
Deferred tax assets not recognised	704,344	523,949	–	–
Utilisation of previous unrecognised deferred tax	–	(118,364)	–	–
Tax incentive on reduction in chargeable income	(280,666)	(889,341)	–	–
Under provision/(Over) in prior financial years				
- current tax	8,799,394	(263,642)	(12,142)	(1,857)
- deferred tax	(7,309,100)	598,464	–	–
Tax expense for the year	18,051,820	29,080,514	580,016	766,167

35. 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	
	2018 RM	2017 RM
Profit for the financial year attributable to owners of the Company	44,878,031	80,350,544

35. EARNINGS PER SHARE (CONTINUED)

(a) Basic (Continued)

	Group 2018 Number of shares Unit	Group 2017 Number of shares Unit
Number of shares in issue (less treasury share) as of 1 January	688,891,413	669,142,072
Effect of:		
Share buyback, net of resale	(990,536)	(4,493)
Exercise of Warrants D	–	7,334,394
Exercise of share options	–	1,526,460
Rights and bonus issues	172,267,366	143,914,762
Weighted average number of ordinary shares in issue	860,168,243	821,913,195
Basic earnings per share (sen)	5.22	9.78

(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 2018 RM	Group 2017 RM
Profit for the financial year attributable to owners of the Company	44,878,031	80,350,544

	Number of shares 2018 Unit	Number of shares 2017 Unit
Weighted average number of ordinary shares in issue	860,168,243	821,913,195
Effect of:		
- dilution of Warrants D	–	68,566,777
- dilution of share options	–	29,189,800
Weighted average number of ordinary shares at 31 December	860,168,243	919,669,772
Diluted earnings per share (sen)	5.22	8.74

The diluted earnings per share of the Company is the same as the basic earnings per ordinary share of the Company as the potential ordinary shares are anti-dilutive for the financial year ended 31 December 2018.

35. EARNINGS PER SHARE (CONTINUED)

The comparative figures for weighted average number of ordinary shares for both basic and diluted earnings per ordinary share computation have been restated to reflect the adjusted arising from the rights and bonus issues which were completed on 25 April 2018.

36. DIVIDENDS

	Amount 31.12.2018 RM	31.12. 2017 RM
Group and Company		
- First and final single tier dividend of 5.0 sen per ordinary share in respect of the financial year ended 31 December 2016, paid on 16 August 2017	–	34,078,531
- First and final single tier dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 December 2017, paid on 2 August 2018	17,911,175	–

At the forthcoming Annual General Meeting, a first and final single tier dividend of 1.5 sen per ordinary share, amounting to RM13,345,086 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 2019.

37. CORPORATE AND PERFORMANCE GUARANTEES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Corporate guarantees to financial institutions for:				
- banking facilities granted to subsidiaries	–	–	445,632,450	478,618,975
- hire purchase facilities granted to subsidiaries	–	–	12,202,117	26,794,008
Corporate guarantees to trade payables of subsidiaries	–	–	500,000	446,064
Performance guarantees extended to third parties				
- project related	18,239,376	17,220,816	14,644,878	15,306,319
	18,239,376	17,220,816	472,979,445	521,165,366

At the end of the financial year, it was not probable that the counterparties to the corporate guarantee contracts will claim under the contract.

38. 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.

38. SEGMENT REPORTING (CONTINUED)

(a) Business segments (Continued)

	Construction		Property development		Investment in South Africa		Others		Eliminations		Note	Consolidated	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000		2018 RM'000	2017 RM'000
Revenue													
External sales	698,817	994,208	130,810	144,899	8,382	24,696	398	399	–	–		838,407	1,164,202
Inter-segment sales	121	8,451	–	–	–	–	13,216	28,770	(13,337)	(37,221)		–	–
Total segment revenue	698,938	1,002,659	130,810	144,899	8,382	24,696	13,614	29,169	(13,337)	(37,221)		838,407	1,164,202
Segment results	23,071	52,130	52,300	52,347	440	8,900	2,075	2,689	(2,903)	(3,734)	(b)	74,983	112,332
Results from operating activities												74,983	112,332
Finance costs	(11,049)	(9,573)	(4,916)	(3,931)	(307)	(16)	(2,066)	(1,236)	3,833	4,014	(b)	(14,505)	(10,742)
Share of results of associate												–	340
Taxation												(18,052)	(29,081)
Profit net of tax												42,426	72,849
Non-controlling interest												2,452	7,501
Net profit attributable to owners of the Company												44,878	80,350
Segments assets	800,239	742,855	603,134	524,206	62,281	58,607	67,865	61,153	–	–		1,533,519	1,386,821
Tax recoverable	355	604	1,418	1,676	374	188	303	285	–	–		2,450	2,753
Investment in associate												–	1,173
Unallocated corporate assets												11,664	3,269
Total assets												1,547,633	1,394,016

38. SEGMENT REPORTING (CONTINUED)

(a) Business segments (Continued)

	Construction		Property development		Investment in South Africa		Others		Eliminations		Note	Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017		2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Segment liabilities	510,125	511,831	107,792	95,261	11,234	4,815	55,915	21,120	–	–		685,066	633,027
Tax payable	–	–	6,837	2,017	–	1	–	–	–	–		6,837	2,018
Deferred tax liabilities	3,310	4,153	1,124	646	469	384	448	448	–	–		5,351	5,631
Total liabilities												697,254	640,676
Capital expenditure	15,826	23,447	1,225	1,826	10,284	3,484	–	56,234	–	–		27,335	84,991
Depreciation	7,072	6,506	637	716	313	(12)	–	–	–	–		8,022	7,210
Non-cash items other than depreciation	82	525	1	45	208	26	–	–	–	–	(c)	291	596

38. SEGMENT REPORTING (CONTINUED)

(b) Reconciliation of segment results are as follow:

	2018 RM'000	2017 RM'000
Elimination of inter-segment finance costs	3,833	4,014
Elimination of inter-segment profits	(6,818)	(7,800)
Others	82	52
	(2,903)	(3,734)

(c) Other non-cash items other than depreciation consist of the following:

	2018 RM'000	2017 RM'000
Unrealised loss from foreign exchange	205	26
Property, plant and equipment written-off	86	47
Share options granted under ESOS	–	523
	291	596

(d) Geographical information

The Group's four (4) major business segments are operating in two (2) 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.

	Malaysia		South Africa		Consolidated	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Total revenue from external customers	830,025	1,139,506	8,382	24,696	838,407	1,164,202
Non-current assets (exclude deferred tax assets and financial assets)	400,621	419,327	27,974	21,136	428,595	440,463

(e) Information about major customers

Three (2017: Three) major customers from construction segment contribute approximately 48% (2017: 39%) of the Group's total revenue.

39. 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.

(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 13, 15, 26 and 27.

Group	2018 RM	2017 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	9,368,194	7,618,202
Wages payable by a subsidiary to Gema Padu Sdn. Bhd., a company in which certain directors of the subsidiary have interest in	40,914	48,846
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	583,388	594,263

39. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Related party transactions and balances (Continued)

Company	2018 RM	2017 RM
Transactions with subsidiaries:		
Exempt dividend income from:		
- Daya Asfalt Sdn. Bhd.	(1,570,000)	–
- Kina-Bijak Sdn. Bhd.	(1,776,000)	–
- Kemajuan Sekim Baru Sdn. Bhd.	(9,870,000)	(10,000,000)
- Mitrajaya Development Sdn. Bhd.	–	(18,770,000)
Interest income from:		
- Daya Asfalt Sdn. Bhd.	(8,114)	(26,706)
- Maha-Mayang Sdn. Bhd.	(337,907)	(275,639)
- Mitrajaya Development Sdn Bhd	(44,519)	–
- Pembinaan Mitrajaya Sdn. Bhd.	(21,618)	–
- Mitrajaya Homes Sdn. Bhd.	(795,971)	(561,307)
- Skyway Development Sdn. Bhd.	(2,737,296)	(2,499,912)
- Primaharta Development Sdn. Bhd.	–	(1,579)
- Centennial March Sdn. Bhd.	–	(1,180)
Management fee paid to:		
- Mitrajaya Homes Sdn. Bhd.	312,494	–
Interest expenses paid to:		
- Centennial March Sdn. Bhd.	102,124	–
- Daya Asfalt Sdn. Bhd.	1,492	–
- Kemajuan Sekim Baru Sdn. Bhd.	91,642	–
- Pembinaan Mitrajaya Sdn. Bhd.	369,949	–

Subscription of RCCPS in subsidiaries by way of capitalisation of the amounts due from subsidiaries in:

Company	2018 RM	2017 RM
- Mitrajaya Warisan Sdn. Bhd.	–	28,171,300
- Centennial March Sdn. Bhd.	–	45,633,380
- Eminent Earnings Sdn. Bhd.	–	11,816,467

Subscription of RCCPS in subsidiaries by way of cash.

Company	2018 RM	2017 RM
- Eminent Earnings Sdn. Bhd.	–	21,183,533
- Centennial March Sdn. Bhd.	–	3,520,120

39. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Related party transactions and balances (Continued)

Redemption of RCCPS in subsidiary by way of utilisation of amount due from the Company:

Company	2018 RM	2017 RM
- Kina-Bijak Sdn. Bhd.	7,800,000	11,720,000

(c) Compensation of key management personnel

Total compensation of key management personnel comprise:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Short-term employee benefits	6,892,372	8,990,800	195,400	184,450
Post employment benefits	893,028	1,159,117	3,444	3,444
Share-based payment	–	12,802	–	–
	7,785,400	10,162,719	198,844	187,894

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 Nil (2017: 122,000) 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 4,975,036 (2017: 4,259,500).

40. CAPITAL COMMITMENT

	Group	
	2018 RM	2017 RM
Approved and contracted for:		
- Property, plant and equipment	1,546,119	4,940,870
- Inventories - Property held for property development	8,147,700	8,147,700
Approved but not contracted for:		
- Property, plant and equipment	–	1,739,830
	9,693,819	14,828,400

41. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

From 1 January 2018:
(i) Fair value through profit or loss
(ii) Designated fair value through profit or loss
(iii) Amortised cost
(iv) Fair value through other comprehensive income
(v) Designated fair value through other comprehensive income

On or before 31 December 2017
(i) Loan and receivables
(ii) Fair value through profit or loss
(iii) Other financial liabilities

	Carrying amount RM	Financial assets at amortised cost RM	Financial assets at fair value through profit or loss RM	Financial liabilities at amortised cost RM
At 31 December 2018				
Group				
Financial Assets				
Trade and other receivables *	536,184,822	536,184,822	–	–
Other investment	7,840,000	–	7,840,000	–
Deposits, cash and bank balances	14,408,899	14,408,899	–	–
	558,433,721	550,593,721	7,840,000	–
Financial Liabilities				
Borrowings	347,624,984	–	–	347,624,984
Trade and other payables #	304,359,250	–	–	304,359,250
	651,984,234	–	–	651,984,234
Company				
Financial Assets				
Amount due from subsidiaries	87,750,521	87,750,521	–	–
Trade and other receivables *	701	701	–	–
Other investment	7,840,000	–	7,840,000	–
Deposits, cash and bank balances	5,295,549	5,295,549	–	–
	100,886,771	93,046,771	7,840,000	–
Financial Liabilities				
Amount due to subsidiaries	4,648,418	–	–	4,648,418
Borrowings	55,255,934	–	–	55,255,934
Trade and other payables #	263,472	–	–	263,472
	60,167,824	–	–	60,167,824

41. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (Continued)

	Carrying amount RM	Loans and receivables RM	Financial liabilities at amortised cost RM
At 31 December 2017			
Group			
Financial Assets			
Trade and other receivables *	468,226,093	468,226,093	–
Deposits, cash and bank balances	25,759,548	25,759,548	–
	493,985,641	493,985,641	–
Financial Liabilities			
Borrowings	323,529,384	–	323,529,384
Trade and other payables #	251,515,163	–	251,515,163
	575,044,547	–	575,044,547
Company			
Financial Assets			
Amount 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			
Amount 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

41. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (Continued)

	Carrying amount RM	Loans and receivables RM	Financial assets at fair value through profit or loss RM	Financial liabilities at amortised cost RM
At 1 January 2017				
Group				
Financial Assets				
Trade and other receivables *	447,323,912	447,323,912	–	–
Other investment	19,600,867	–	19,600,867	–
Deposits, cash and bank balances	58,180,152	58,180,152	–	–
	525,104,931	505,504,064	19,600,867	–
Financial Liabilities				
Borrowings	254,936,733	–	–	254,936,733
Trade and other payables #	276,678,010	–	–	276,678,010
	531,614,743	–	–	531,614,743
Company				
Financial Assets				
Amount 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	–	–
	120,060,497	100,459,630	19,600,867	–
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.*

\# *GST payable was excluded from trade and other payables.*

41. 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

Trade receivables and contract assets

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

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 Group and the Company determine the credit risk concentration of its trade receivables and contract assets by industry sector profile on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables and contract assets at the reporting date are as follows:

Trade receivables:

	31.12.2018		31.12.2017		1.1.2017	
	RM	%	RM	%	RM	%
Group						
Construction	493,027,695	94%	436,280,226	96%	413,656,811	95%
Property development	32,846,744	6%	16,109,495	3%	23,528,446	5%
Investment in South Africa	8,692	0%	6,416	0%	5,926	0%
Others	–	0%	2,322,304	1%	–	0%
	525,883,131	100%	454,718,441	100%	437,191,183	100%

41. **FINANCIAL INSTRUMENTS (CONTINUED)**

(b) **Financial risk management and objectives (Continued)**

(i) **Credit risk (Continued)**

Trade receivables and contract assets (Continued)

Credit risk concentration profile (Continued)

Contract assets:

	31.12.2018 RM	%	31.12.2017 RM	%	1.1.2017 RM	%
Group						
Construction	154,529,851	80%	76,668,329	70%	79,443,572	84%
Property development	35,996,491	19%	22,564,918	21%	8,890,805	9%
Investment in South Africa	1,535,994	1%	9,655,248	9%	6,257,790	7%
	192,062,336	100%	108,888,495	100%	94,592,167	100%

The Group and the Company apply the simplified approach to providing for expected credit losses prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

The information about credit risk exposure on the Group's trade receivables and contract assets using provision matrix are as follows:

	Current RM'000	1-30 days RM'000	> 30 days past due RM'000	> 60 days past due RM'000	> 90 days past due RM'000	Total RM'000
Group						
At 31 December 2018						
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Gross carrying amount at default	27,578	1,083	200	59	3,935	32,855
Expected credit losses	–	–	–	–	–	–

For construction contracts, as there are only a few customers, the Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable.

41. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management and objectives (Continued)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

As at 31 December 2017, the ageing analysis of the Group's and Company's trade receivables were as follows:

	Group 31.12.2017 RM
Neither past due nor impaired	404,948,387
Past due not impaired:	
1 to 30 days	21,073,717
31 to 60 days	8,231,455
61 to 90 days	3,518,407
91 to 120 days	3,789,482
More than 121 days	13,156,993
	49,770,054
Impaired individually	289,952
	455,008,393

Other receivables and other financial assets

For other receivables and other financial assets (including investment securities, cash and cash equivalents and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.8(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

As at the end of the reporting date, the Group and the Company did not recognised any loss allowance for impairment for other receivables and other financial assets.

41. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management and objectives (Continued)

(i) Credit risk (Continued)

Other receivables and other financial assets (Continued)

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 37.

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 2018. 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 2018.

	Effective Interest Rate % per annum	Carrying Amount Within 1 Year RM	1 - 5 Years RM	more than 5 Years RM	Total RM
Group					
2018					
Financial Liabilities					
Bank overdrafts	6.70 - 10.50	30,659,251	–	–	30,659,251
Bankers' acceptance	3.75 - 5.10	32,730,000	–	–	32,730,000
Invoice financing	6.06 - 6.32	7,689,969	–	–	7,689,969
Term loans	5.26 - 10.25	13,589,782	52,692,922	3,266,222	69,548,926
Short term revolving credit	3.95 - 5.12	172,562,000	–	–	172,562,000

41. **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 (Continued)					
2017					
Financial Liabilities					
Bank overdrafts	6.65 - 7.70	35,334,768	–	–	35,334,768
Bankers' acceptance	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
Company					
2018					
Financial Liabilities					
Bank overdrafts	7.70 - 7.95	746,934	–	–	746,934
Term loans	5.26 - 5.52	12,000,000	42,509,000	–	54,509,000
2017					
Financial Liabilities					
Bank overdrafts	7.65 - 7.70	424,827	–	–	424,827
Term loans	5.51	–	20,000,000	–	20,000,000

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 RM3,351,901 (2017: RM2,905,147). 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.

41. 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					
2018					
Financial liabilities					
Borrowings	347,624,984	317,520,595	17,842,569	3,786,613	339,149,777
Trade and other payables #	304,359,250	304,359,250	–	–	304,359,250
	651,984,234	621,879,845	17,842,569	3,786,613	643,509,027
2017					
Financial liabilities					
Borrowings	323,529,384	302,201,048	25,226,731	293,612	327,721,391
Trade and other payables #	251,515,163	251,515,163	–	–	251,515,163
	575,044,547	553,716,211	25,226,731	293,612	579,236,554

GST payable were excluded from trade and other payables.

41. **FINANCIAL INSTRUMENTS (CONTINUED)**

(b) **Financial risk management and objectives (Continued)**

(iii) **Liquidity risk (Continued)**

Analysis of financial instruments by remaining contractual maturities (Continued)

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. (Continued)

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On demand or within one year RM
Company			
2018			
Financial liabilities			
Amount due to subsidiaries	4,648,418	4,648,418	4,648,418
Borrowings	55,255,934	55,255,934	55,255,934
Trade and other payables #	263,472	263,472	263,472
Financial guarantee contracts *	–	458,334,567	458,334,567
	60,167,824	518,502,391	518,502,391
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

* *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.

41. 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, invoice financing, 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						
2018						
Financial assets						
Other investments	7,840,000	–	–	7,840,000	7,840,000	7,840,000
Financial liabilities						
Finance lease liabilities	–	(12,414,921)	–	(12,414,921)	(12,414,921)	(12,434,838)
2017						
Financial liabilities						
Finance lease liabilities	–	(33,626,648)	–	(33,626,648)	(33,626,648)	(33,014,662)
Company						
2018						
Financial assets						
Other investment	7,840,000	–	–	7,840,000	7,840,000	7,840,000

41. 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 (2017: no transfer in either directions).

42. CAPITAL MANAGEMENT

The primary objective of the Group 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 Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2018 and 31 December 2017.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group 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		
	31.12.2018 RM	**31.12.2017 RM**	**1.1.2017 RM**
Borrowings	347,624,984	323,529,384	254,936,733
Trade and other payables (Note 26) #	304,359,250	251,515,163	276,678,010
Less: Deposits, cash and bank balances (Note 16)	(14,408,899)	(25,759,548)	(58,180,152)
Net debt	637,575,335	549,284,999	473,434,591
Equity attributable to the owners of the Company	787,162,565	687,671,694	618,557,795
Total capital	787,162,565	687,671,694	618,557,795
Capital and net debt	1,424,737,900	1,236,956,693	1,091,992,386
Gearing ratio	45%	44%	43%

\# *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.

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 73 to 179 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 2018 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: 16 April 2019

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 73 to 179 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 16 April 2019.

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 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 73 to 179.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We 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.

<u>Group</u>

Revenue and cost of sales recognition (Notes 4(b), 4(c), 28 and 29 to the financial statements)

The amount of revenue and corresponding costs of the Group's property development and construction activities are recognised over the period of contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to proportion of construction costs incurred for works performed to date bear to the estimated total costs for each project. We focused on this area because significant directors' judgement is required, in particular with regards to determining the progress towards satisfaction of a performance obligation, the extent of the property development and construction costs incurred, the estimated total property development and construction revenue and costs, as well as the recoverability of the development and construction projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend of 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;
- reviewing 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;
- matching computed stage of completion for identified projects against architect or consultant certificates; and
- checking the computation of the recognised revenue and corresponding cost of sales recognised during the financial year.

Key Audit Matters (Continued)

Group

Inventory (Notes 4(a) and 6 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 on selected properties; and
- reviewing the Group's assessment of the selling price of unsold properties with their comparison to transacted prices or independent valuation report.

Company

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.

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

1. As stated in Note 2 to the financial statements, Mitrajaya Holdings Berhad adopted the Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Company as at 31 December 2017 and 1 January 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year ended 31 December 2017 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2018 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as at 31 December 2018 and the financial performance and cash flows for the financial year then ended.

2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng PLT
LLP0019411-LCA & AF 0117
Chartered Accountants

Andrew Choong Tuck Kuan
No. 03264/04/2021 J
Chartered Accountant

Kuala Lumpur

Date: 16 April 2019

SHAREHOLDING
ANALYSIS

Issued Shares	:	896,148,770 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share
No. of treasury shares held	:	6,476,400 ordinary shares
No. of voting shares	:	889,672,370 ordinary shares

ANALYSIS OF SHAREHOLDINGS AS AT 9 APRIL 2019

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
Less than 100	311	3.91	13,805	0.00
100 – 1,000	610	7.68	343,556	0.04
1,001 – 10,000	3,263	41.08	18,390,405	2.05
10,001 – 100,000	3,200	40.28	103,330,373	11.53
100,001 – less than 5% of issued shares	556	7.00	405,945,768	45.30
5% and above of issued share	4	0.05	361,648,463	40.36
Treasury shares	N/A	N/A	6,476,400	0.72
TOTAL	7,944	100.00	896,148,770	100.00

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 9 APRIL 2019
(excluding treasury shares)

NO.	NAME	NO. OF SHARES	%
1.	Tan Eng Piow	95,598,463	10.75
2.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Eng Piow	90,050,000	10.12
3.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – Ambank (M) Berhad For Tan Eng Piow (SMART)	88,000,000	9.89
4.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Tan Eng Piow (01-00866-000)	88,000,000	9.89
5.	Amanahraya Trustee Berhad Amanah Saham Bumiputera 2	26,621,900	2.99
6.	Amanahraya Trustees Berhad Amanah Saham Malaysia	26,207,350	2.95
7.	Aw Eng Soon	18,056,236	2.03
8.	Urusharta Jamaah Sdn Bhd	17,506,710	1.97
9.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	14,516,290	1.63
10.	Permodalan Nasional Berhad	13,266,950	1.49
11.	Song Kim Lee	12,000,000	1.35
12.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 - Didik	11,823,060	1.33

SHAREHOLDING
ANALYSIS
(cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 9 APRIL 2019 (CONTINUED)
(excluding treasury shares)

NO.	NAME	NO. OF SHARES	%
13.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt an for Bank of Singapore Limited	10,000,000	1.12
14.	Valuecap Sdn Bhd	8,953,900	1.01
15.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kok Siew Leng	7,996,257	0.90
16.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (ARIM)	5,500,000	0.62
17.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Mei Yin	4,797,975	0.54
18.	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund SD4N for Government of the Province of Alberta	4,604,850	0.52
19.	Tan Mei Wan	4,550,000	0.51
20.	Tan Eng @ Tan Chin Huat	3,686,240	0.41
21.	Kok Siew Leng	3,673,901	0.41
22.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Khoo Yok Kee (PB)	3,608,700	0.41
23.	Lembaga Tabung Haji	3,365,830	0.38
24.	Maybank Nominees (Tempatan) Sdn Bhd Bank Kerjasama Rakyat (M) Berhad (412803)	3,100,000	0.35
25.	Amsec Nominees (Asing) Sdn Bhd Pledged Securities Account for Jha Bibhuti Nath	3,036,100	0.34
26.	Geoffrey Lim Fung Keong	2,890,300	0.32
27.	Teo Guan Lee Holdings Sendirian Berhad	2,856,300	0.32
28.	Cindy Chew Ai Mei	2,823,000	0.32
29.	Ideal Structure Sdn Bhd	2,806,300	0.32
30.	Melodi Ragam Sdn Bhd	2,806,300	0.32

SUBSTANTIAL SHAREHOLDERS AS AT 9 APRIL 2019

	No Of Shares			
	Direct Interest	%	Indirect Interest	%
Tan Eng Piow	371,648,463	41.77	–	–

ANALYSIS OF 2015/2020 WARRANTHOLDINGS (WARRANTS D) AS AT 9 APRIL 2019

No of 2015/2020 Warrants issued	:	97,130,994
No of 2015/2020 Warrants outstanding	:	80,083,215
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	519	15.93	18,085	0.02
100 – 1,000	731	22.44	362,077	0.45
1,001 – 10,000	1,375	42.22	4,409,963	5.51
10,001 – 100,000	520	15.97	16,398,603	20.48
100,001 – less than 5% of issued warrants	111	3.41	34,417,786	42.98
5% and above of issued warrants	1	0.03	24,476,701	30.56
TOTAL	3,257	100.00	80,083,215	100.00

LIST OF THIRTY LARGEST 2015/2020 WARRANTHOLDERS (WARRANTS D) AS AT 9 APRIL 2019

NO.	NAME	NO. OF WARRANTS	%
1.	Tan Eng Piow	24,476,701	30.56
2.	Aw Eng Soon	2,172,361	2.71
3.	Tan Cheng Chin	2,094,736	2.62
4.	Song Kim Lee	1,500,986	1.87
5.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Cheah Chee Siong (PBCL-0G0473)	1,454,142	1.82
6.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chu Chee Leong	844,719	1.05
7.	Choo Yee Ling	765,604	0.96
8.	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund SD4N for government of the province of Alberta	717,120	0.90
9.	Lau Chuan Aik	708,031	0.88
10.	Ng Bieng San	680,000	0.85
11.	Ng Chee Thong	574,352	0.72
12.	Tan Mei Yin	568,225	0.71

SHAREHOLDING
ANALYSIS
(cont'd)

LIST OF THIRTY LARGEST 2015/2020 WARRANTHOLDERS (WARRANTS D) AS AT 9 APRIL 2019 (CONTINUED)

NO.	NAME	NO. OF WARRANTS	%
13.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kok Siew Leng (CEB)	563,000	0.70
14.	Looi Boon Fui	557,374	0.70
15.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chiam Lee Wah (001)	514,731	0.64
16.	Tan Poi Len	500,000	0.62
17.	Ideal Structure Sdn Bhd	473,151	0.59
18.	Melodi Ragam Sdn Bhd	473,151	0.59
19.	Teo Guan Lee Holdings Sendirian Berhad	473,151	0.59
20.	Lee Bee Seng	467,194	0.58
21.	Maybank Nominees (Tempatan) Sdn Bhd Kua Song Tuck	466,737	0.58
22.	Lee Choo Ngu	437,324	0.55
23.	Kok Siew Leng	435,237	0.54
24.	Too Cherng Tsong	400,000	0.50
25.	Sai Mee Hing	386,777	0.48
26.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sua Chong Yew	377,726	0.47
27.	Sim Mui Khee	368,996	0.46
28.	Maybank Nominees (Tempatan) Sdn Bhd Ho Chia Yong	366,672	0.46
29.	Heng Swee Ngee	350,395	0.44
30.	Teh Teng Look	350,000	0.44

ANALYSIS OF 2018/2023 WARRANTHOLDINGS (WARRANTS E) AS AT 9 APRIL 2019

No of 2018/2023 Warrants issued	:	68,889,075
No of 2018/2023 Warrants outstanding	:	68,889,075
Voting Rights at Warrantholders' Meeting	:	One vote per warrant

SIZE OF WARRANTHOLDINGS	NO. OF 2018/2023 WARRANTHOLDERS	%	NO. OF 2018/2023 WARRANTS	%
Less than 100	131	4.59	6,107	0.01
100 – 1,000	1,225	42.95	672,330	0.98
1,001 – 10,000	1,144	40.11	3,814,574	5.54
10,001 – 100,000	276	9.68	9,537,194	13.84
100,001 – less than 5% of issued warrants	73	2.56	24,924,407	36.18
5% and above of issued warrants	3	0.11	29,934,463	43.45
TOTAL	2,852	100.00	68,889,075	100.00

LIST OF THIRTY LARGEST 2018/2023 WARRANTHOLDERS (WARRANTS E) AS AT 9 APRIL 2019

NO.	NAME	NO. OF WARRANTS	%
1.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Eng Piow	17,350,000	25.19
2.	Tan Eng Piow	6,584,463	9.56
3.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Tan Eng Piow (01-00866-000)	6,000,000	8.71
4.	Tan Yu Yeh	2,995,450	4.35
5.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	2,404,330	3.49
6.	Permodalan Nasional Berhad	1,481,050	2.15
7.	Aw Eng Soon	1,388,941	2.02
8.	Tye Yien Yin	896,600	1.30
9.	Lee Kee Huat	834,500	1.21
10.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kok Siew Leng	622,789	0.90
11.	Lau Chuan Aik	554,800	0.81
12.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Leong Sze Sin	500,000	0.73

LIST OF THIRTY LARGEST 2018/2023 WARRANTHOLDERS (WARRANTS E) AS AT 9 APRIL 2019 (CONTINUED)

NO.	NAME	NO. OF WARRANTS	%
13.	Song Kim Lee	500,000	0.73
14.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Ai Leng	465,000	0.67
15.	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Bieng San (472675)	427,700	0.62
16.	Kenanga Nominees (Tempatan) Sdn Bhd Khaw Yee Kuan	400,000	0.58
17.	Tan Hai Ling	400,000	0.58
18.	Bu Seng Beng	397,500	0.58
19.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Ai Choo (001)	380,000	0.55
20.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Mei Yin	369,075	0.54
21.	Chong Kah An	353,900	0.51
22.	Tan Mei Wan	350,000	0.51
23.	HLIB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Bhd for Ewe Hong Khoon	316,100	0.46
24.	Kok Siew Leng	307,401	0.45
25.	Ho Soon Ming	283,500	0.41
26.	Kenanga Nominees (Tempatan) Sdn Bhd Abdul Rasik Bin Talip (012)	281,400	0.41
27.	Lee Choo Ngu	270,000	0.39
28.	Kok Yee Meng	261,412	0.38
29.	Tan Eng @ Tan Chin Huat	260,480	0.38
30.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loh Boon Sen	250,000	0.36

DIRECTORS' INTEREST AS AT 9 APRIL 2019

	Ordinary Shares			
	Direct Interest	%	Indirect Interest	%
Directors				
Tan Eng Piow	371,648,463	41.77	9,347,975	1.05
Foo Chek Lee	1,734,376	0.19	47,432	0.01
Cho Wai Ling	28,600	–		

	Warrants D			
	Direct Interest	%	Indirect Interest	%
Directors				
Tan Eng Piow	24,651,898	30.78	568,225	0.71
Foo Chek Lee	189,406	0.24	5,682	0.01
Cho Wai Ling	–	–	–	–

	Warrants E			
	Direct Interest	%	Indirect Interest	%
Directors				
Tan Eng Piow	29,934,463	43.45	719,075	1.04
Foo Chek Lee	139,374	0.20	3,648	0.01
Cho Wai Ling	2,200	–	–	–

	ESOS			
	Direct Interest	%	Indirect Interest	%
Directors				
Tan Eng Piow	2,321,372	7.17	930,301	2.87
Foo Chek Lee	1,668,468	5.15	–	–
Cho Wai Ling	985,196	3.04	–	–

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 2018 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	24 years	Freehold	N/A	N/A	850 sq.f.	101,520	28.06.1996
PMSB	D-01-09, Block D, Jalan Prima 5/1, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor.	Shoplot	Office	16 years	Freehold	N/A	N/A	1,498 sq.f.	271,403	07.07.2003
PMSB	D-02-03, Block D, Jalan Prima 5/1, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor.	Shoplot	Office	16 years	Freehold	N/A	N/A	663 sq.f.	98,600	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	16 years	Freehold	N/A	N/A	4,000 sq.f.	265,301	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	16 years	Freehold	N/A	N/A	39,372 sq.f.	3,148,642	01.09.2004

The details on the Mitrajaya Holdings Berhad Group's properties as at 31 December 2018 are set out below:- (Continued)

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) Employees gym room 3) Archive store	16 years	Freehold	N/A	N/A	12,504 sq.f.	1,291,217	28.02.2015
PMSB	17-G, Blok D, Jaya 1, 72A Jalan Universiti, 46200 Petaling Jaya. Selangor.	Shoplot (Retail/ Showroom)	Rented	11 years	Leasehold	12.04.2060	N/A	150 sq.m.	923,840	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	17 years	Freehold	N/A	N/A	5,760 sq.f.	323,380	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	11 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 2018 are set out below:- (Continued)

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	132,555,890	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	2,577,322	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	1,810,521	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

The details on the Mitrajaya Holdings Berhad Group's properties as at 31 December 2018 are set out below:- (Continued)

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	32.06 acres	N/A	17,558,121	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	11,759,447	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	37,967,597	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	78,713,143	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 2018 are set out below:- (Continued)

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	41,230,854	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
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-Sixth 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 Monday, 17 June 2019 at 10.00 a.m. for the following purposes.

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 and the Reports of the Directors and Auditors thereon.

2. To declare a first and final single tier cash dividend of 1.5 sen per ordinary share in respect of the financial year ended 31 December 2018. *Resolution 1*

3. To approve the payment of Directors' Fees of RM110,000 to the Independent Directors for the financial year ended 31 December 2018. *Resolution 2*

4. To approve the payment of allowances of not more than RM100,000 for the period from July 2019 to June 2020. *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 Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim *Resolution 4*
   5.2 Mr Foo Chek Lee *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:

   SPECIAL RESOLUTION *Resolution 7*
   Proposed adoption of new Constitution of the Company to replace the existing Memorandum and Articles of Association

   "THAT the existing Memorandum and Articles of Association of the Company be replaced in its entirety with a new Constitution as set out in Appendix II in Part B of the Statement/ Circular to shareholders dated 30 April 2019."

   ORDINARY RESOLUTION *Resolution 8*
   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 (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."

   ORDINARY RESOLUTION *Resolution 9*
   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 (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."

ORDINARY RESOLUTION *Resolution 10*
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 (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."

ORDINARY RESOLUTION *Resolution 11*
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 12*
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 Annual General Meeting ("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;

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 1.5 sen per ordinary share in respect of the financial year ended 31 December 2018, if so approved at the Twenty-Sixth Annual General Meeting, will be paid on 2 August 2019 to Shareholders whose names appear in the Records of Depositors at the close of business on 18 July 2019.

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 2019 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 2019

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 of the Company 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 2019 shall be regarded as member of the Company entitled to attend the Twenty-Sixth Annual General Meeting or appoint a proxy to attend and vote on his behalf.

6. Explanatory notes to Special Business:

   Resolution No. 7

   Please refer to Part B of the Statement/Circular to shareholders dated 30 April 2019.

   Resolutions No. 8, 9 & 10

   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 nine (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 16 April 2019 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. 11

   The proposed 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 21 June 2018. 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. 12

   Please refer to Part A of the Statement/Circular to shareholders dated 30 April 2019.

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-Sixth 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 Monday, 17 June 2019 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 1.5 sen per ordinary share in respect of the financial year ended 31 December 2018.		
Resolution 2	To approve the payment of Directors' Fees for the financial year ended 31 December 2018.		
Resolution 3	To approve the payment of allowances for the period from July 2019 to June 2020.		
Resolution 4	To re-elect Tan Sri Dato' Seri Mohamad Noor bin Abdul Rahim as Director.		
Resolution 5	To re-elect Mr Foo Chek Lee as Director.		
Resolution 6	To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration.		
Resolution 7	To approve the adoption of the new Constitution of the Company.		
Resolution 8	To approve the continuation in office of General Tan Sri Ismail Bin Hassan (R) as Independent Non-Executive Director.		
Resolution 9	To approve the continuation in office of Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim as Independent Non-Executive Director.		
Resolution 10	To approve the continuation in office of Ir Zakaria Bin Nanyan as Independent Non-Executive Director.		
Resolution 11	To approve the authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
Resolution 12	To approve the 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.		

(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..2019

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.
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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

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MITRAJAYA HOLDINGS BERHAD
(Company No. 268257-T)

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