KUMPULAN PERANGSANG SELANGOR BERHAD (23737-K)
16th - 17th Floor, Plaza Perangsang,
Persiaran Perbandaran.
40000 Shah Alam, Selangor Darul Ehsan
MALAYSIA

603-5524 8400
603-5524 8444
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KUMPULAN PERANGSANG SELANGOR BERHAD
ANNUAL REPORT 2017

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KUMPULAN PERANGSANG SELANGOR BERHAD

Creating Possibilities...

...Enhancing Value

Creating Possibilities • Enhancing Value

With a strategic focus in exploring investments to optimise its business divisions of leading market sectors, Kumpulan Perangsang Selangor Berhad envisions the state of potential possibilities. Inspired as a moment of painting a polished diamond from raw coal in the rough, it crystalises to become the Group's goals of creating opportunity, by enhancing value. In its mergers and acquisitions (M&A) undertakings, a masterpiece stroke that gains majority shareholdings of companies to tap and reevaluate its regional to international presence.

ANNUAL REPORT **2017**

Inside This Report

ANNUAL GENERAL MEETING 41st

Date • Thursday, 24 May 2018
Time • 10.00 a.m.
Venue • Shah Alam 2, SACC Convec, No. 4 Jalan Perbadanan 14/9
40000 Shah Alam Selangor Darul Ehsan

SEEING POTENTIAL

Diamonds in the rough can be considered as naturally occurring, seen as ordinary at first glance, and only by identifying distinguishable defined markings on it can verify its characteristic authenticity. At Perangsang Selangor, we are consistently seeing potential by exploring new investments to gain leverage on our future business sustainability.

VISION

TO BE THE LEADING CORPORATION, STIMULATING ECONOMIC GROWTH IN SELANGOR AND BEYOND.

MISSION

- To venture into business activities that creates value for our stakeholders.
- To have a leading regional presence.
- To ensure sustainable financial performance with optimum returns to shareholders.
- To achieve quality standards surpassing customer's expectations.
- To enhance quality of life by being a caring, community-oriented and environmental friendly organisation.

1 OVERVIEW

About Us and Our Core Business

Established on 11 August 1975, Kumpulan Perangsang Selangor Berhad ("Perangsang Selangor") was listed on the Main Board of Bursa Malaysia Securities Berhad on 22 July 2003 with a paid-up capital of RM431.4 million. The current paid-up capital is RM538.1 million.

Perangsang Selangor, the flagship public-listed corporation of the state of Selangor, focus investment in six core sectors namely manufacturing, trading, licensing, infrastructure and utility, oil and gas as well as telecommunications.

Perangsang Selangor is committed towards making significant contributions to human capital, intellectual, and sustainable developments, whilst strengthening core businesses to optimise returns to shareholders.

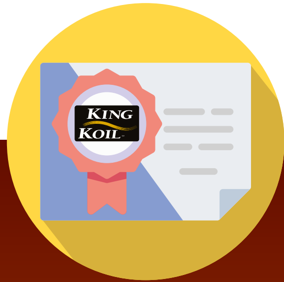
MANUFACTURING

Century Bond Bhd ("CBB") is principally involved in the manufacturing of cement bags with presence in Malaysia, Indonesia, Singapore and Thailand. It is currently the leading player with a 60% market share in Peninsular Malaysia and as the trusted supplier to the biggest cement producers in the country as quoted by Public Investment Bank via their PublicInvest Research Non-Rated Note dated 1 July 2016.

CPI (Penang) Sdn Bhd ("CPI") is a fully-integrated Electronic Manufacturing Services ("EMS") provider. Totaling 70 man-years of experience in plastics injection moulding, tool fabrications, secondary processes, sub-assembly processes and EMS box build processes, CPI is recognised as a premier EMS provider and supplier of precision plastic injection moulded parts across various industries including automotive, telecommunications, medical equipment, marine and electrical and electronics.

TRADING

Perangsang Selangor holds 51% equity stake in Aqua-Flo Sdn Bhd ("Aqua-Flo"). The company's principal activity is in the supplying of chemicals for the local water treatment industry and the necessary equipment, in addition to technical services in waste and sewage treatment industries.



LICENSING

Perangsang Selangor holds 60% equity stake in Kaiserkorp Corporation Sdn Bhd ("Kaiserkorp"). Kaiserkorp is the parent company of the United States ("US") based King Koil Licensing Company Inc, which owns and operates the King Koil® mattress brand licensing business and the related intellectual properties including trademark and patents registered all around the world.

About Us and Our Core Business

INFRASTRUCTURE AND UTILITY

To leverage on its past experience in the water industry, Perangsang Selangor is tapping into the rehabilitation of water mains, drains and sewers business by the acquisition of majority stake in Smartpipe Technology Sdn Bhd ("SPT"), an engineering company offering an integrated solution to water and other utility companies for the maintenance of their pipeline assets. Perangsang Selangor holds 60% equity stake in SPT via its wholly-owned subsidiary, Nadi Biru Sdn Bhd.

In 2017, Perangsang Selangor increased its stake in KPS-HCM Sdn Bhd by 21%, to a majority stake of 51%. KPS-HCM was previously involved in road and highway construction as well as road maintenance and rehabilitation in the State of Selangor. We envisage for KPS-HCM to move beyond its existing scope of road construction, maintenance, refurbishment and rehabilitation, to provide general civil engineering works, building construction and maintenance for both public and private sector. This is achieved via the award of the development of infrastructure works in Phase 3C of the Pulau Indah Industrial Park. This will allow us to continue tendering for similar projects in order to sustain the performance of our infrastructure and utility segment going forward.

Perangsang Selangor holds 30% equity stake in Syarikat Pengeluar Air Selangor Holdings Berhad via its wholly-owned subsidiary, Viable Chip (M) Sdn Bhd.

Perangsang Selangor has investments in infrastructure including 20% equity stake in the SPRINT Highway that was designed to ease traffic congestion on the western part of Kuala Lumpur.

OIL AND GAS

As part of the Strategic Plan of its growth and diversification strategy, Perangsang Selangor has ventured into the oil and gas sector. Perangsang Selangor, through its wholly-owned subsidiary, Perangsang Oil and Gas Sdn Bhd, has successfully subscribed to a 40% equity stake in NGC Energy Sdn Bhd, a joint venture arrangement between Perangsang Selangor and the National Gas Company, Oman which commands the second largest market share of the liquefied petroleum gas business in Peninsular Malaysia.

TELECOMMUNICATIONS

Ceres Telecom Sdn Bhd ("Ceres") is a mobile virtual network operator which operates on the FRiENDi brand name. Perangsang Selangor, through its wholly-owned subsidiary, Perangsang Telco Sdn Bhd, owns an approximately 34.3% in Ceres.

Perangsang Selangor is committed towards making significant contributions to human capital, intellectual, and sustainable developments, whilst strengthening core businesses to optimise returns to shareholders.

2017 At a Glance

Revenue
RM361.5 MILLION

EBITDA
RM99.7 MILLION

Profit Before Tax and Zakat
RM69.9 MILLION

Profit After Tax and Zakat
RM63.0 MILLION

Dividend Paid
4.25 sen

Net Asset per Share
RM2.73

Corporate Announcements

5 JANUARY
Acquired all remaining shares in Century Bond Bhd

28 FEBRUARY
4th Quarter 2016 Financial Results (Revenue higher from RM17.6 million in 4th Quarter 2015 to RM63.4 million)

29 MARCH
Final Dividend of 4.25 sen per share

25 MAY
40th Annual General Meeting (AGM)

31 MAY
1st Quarter 2017 Financial Results (Revenue higher from RM19.2 million in 1st Quarter 2016 to RM76.8 million)

22 JUNE
KPS-HCM Sdn Bhd becomes a subsidiary, stake increased to 51% from 30%

29 AUGUST
2nd Quarter 2017 Financial Results (Revenue higher from RM26.9 million in 2nd Quarter 2016 to RM75.9 million)

29 NOVEMBER
3rd Quarter 2017 Financial Results (Improved profitability; RM12.9 million net profit compared to RM24.2 million net loss in 2016)

5-Year Financial Highlights

		2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
FINANCIAL RESULTS						
Financial Indicators						
Revenue*		315,821	314,032	285,959	144,498	361,495
EBITDA*	N1, N2	440,881	252,176	194,420	127,444	99,717
Profit before tax and zakat ("PBT")*	N2	285,750	130,270	77,106	113,023	69,886
Profit after tax and zakat ("PAT")*	N2	266,160	117,650	58,939	101,860	63,016
Profit attributable to owners of the parent*		265,314	115,567	55,329	97,766	58,762
Financial Ratios						
EBITDA margin (%)		139.6%	80.3%	68.0%	88.2%	27.6%
PBT margin (%)		90.5%	41.5%	27.0%	78.2%	19.3%
PAT margin (%)		84.3%	37.5%	20.6%	70.5%	17.4%
Earnings per share attributable to owners of the parent (sen)		53.17	23.16	11.09	19.59	11.78
Dividends per share (sen)	N3	4.00	4.00	2.00	4.25	4.25
FINANCIAL POSITIONS						
Financial Indicators						
Shareholders' equity		1,104,780	1,200,354	1,237,215	1,328,030	1,361,715
Total assets		2,722,090	2,808,790	1,361,988	1,838,651	1,945,940
Total borrowings		1,072,657	1,038,883	30,130	267,379	307,658
Financial Ratios						
Return on Capital Employed (%)		18.2%	10.0%	13.5%	7.1%	4.9%
Return on Equity (%)		24.0%	9.6%	4.5%	7.4%	4.3%
Return on Assets (%)		9.8%	4.1%	4.1%	5.3%	3.0%
Gearing ratio (times)		0.97	0.87	0.02	0.20	0.23
Net asset per share attributable to owners of the parent (RM)		2.21	2.41	2.48	2.66	2.73

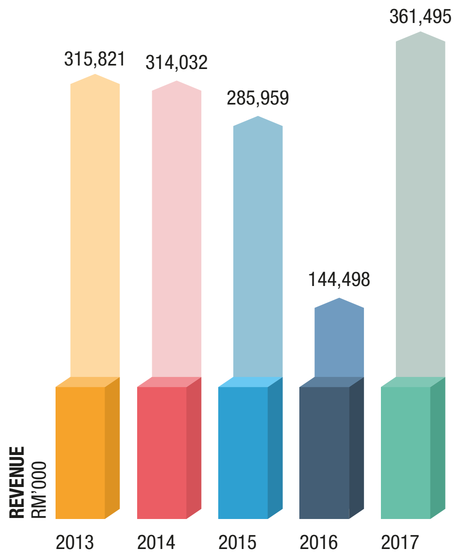
* Include discontinued operations

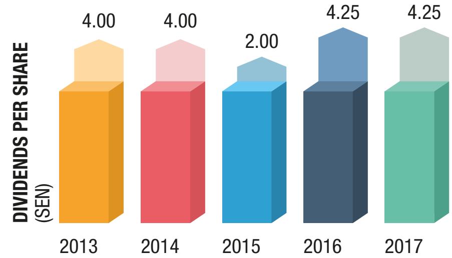
N1 • Defined as Earnings Before Interest, Taxes, Depreciation and Amortisation

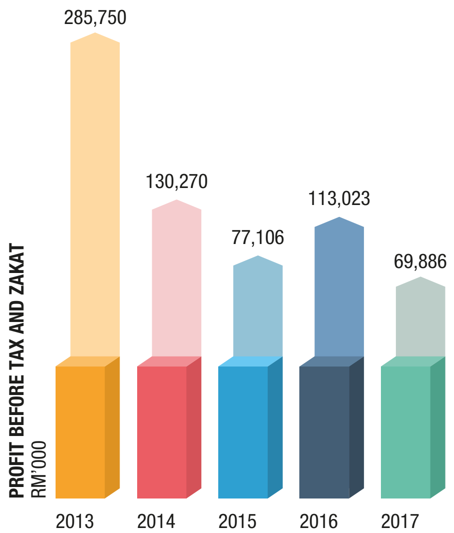
N2 • Including the below items for the respective years:
- 2016 - RM97 million gain on disposal of asset held for sale
- 2015 - RM32 million loss on disposal of a subsidiary company, namely Titisan Modal (M) Sdn Bhd
- 2014 - RM13 million gain on disposal of an associate company, namely KDE Recreation Berhad
- 2013 - RM284 million gain on disposal of a subsidiary company, namely Kumpulan Hartanah Selangor Berhad offset by RM48 million loss on disposal of an associate company, namely Taliworks Corporation Berhad and Chemindus Sdn Bhd

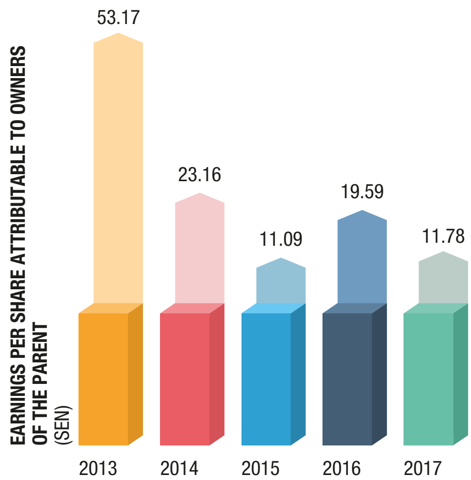
N3 • Dividend approved/to be approved for the financial year

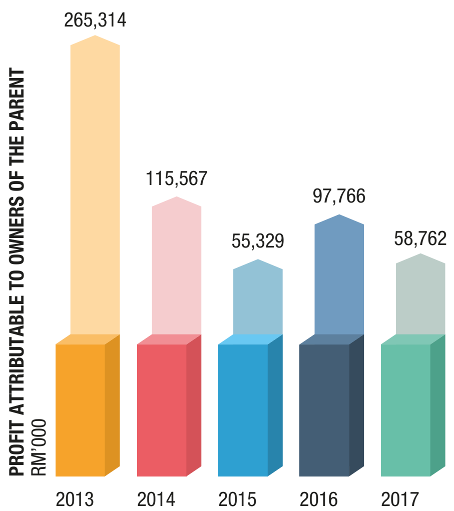
5-Year Financial Highlights

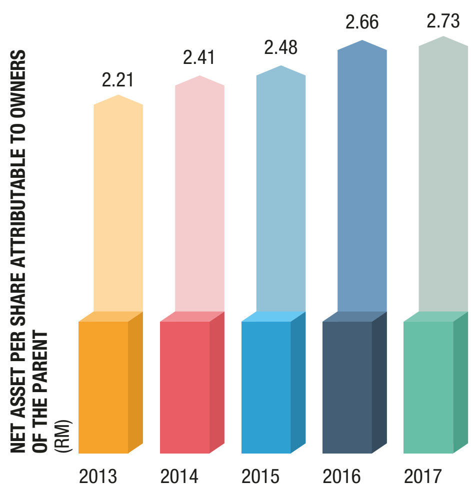












Corporate Information

BOARD OF DIRECTORS

YM Raja Dato' Haji Idris Raja Kamarudin DSIS, SMT
Chairman
Non-Independent Non-Executive Director

YB Dato' Kamarul Baharin bin Abbas DSSA
Senior Independent Non-Executive Director

Encik Suhaimi bin Kamaralzaman
Non-Independent Non-Executive Director

YB Sivarasa a/l Rasiah
Independent Non-Executive Director

YBhg Dato' Mohamed Ross bin Mohd Din DSIS
Independent Non-Executive Director

YBhg Dato' Idris bin Md Tahir DIMP
Independent Non-Executive Director

YM Raja Shahreen bin Raja Othman
Non-Independent Non-Executive Director

YBhg Dato' Ikmal Hijaz bin Hashim DIMP
Independent Non-Executive Director

Puan Rita Benoy Bushon
Independent Non-Executive Director

Puan Norliza binti Kamaruddin
Independent Non-Executive Director

AUDIT COMMITTEE

Chairman
YBhg Dato' Idris bin Md Tahir DIMP

Members
- YM Raja Dato' Haji Idris Raja Kamarudin DSIS, SMT
- YB Sivarasa a/l Rasiah
- YBhg Dato' Mohamed Ross bin Mohd Din DSIS
- YM Raja Shahreen bin Raja Othman

NOMINATION COMMITTEE

Chairman
YB Dato' Kamarul Baharin bin Abbas DSSA

Members
- YM Raja Dato' Haji Idris Raja Kamarudin DSIS, SMT
- YBhg Dato' Mohamed Ross bin Mohd Din DSIS
- YM Raja Shahreen bin Raja Othman
- YBhg Dato' Idris bin Md Tahir DIMP

REMUNERATION COMMITTEE

Chairman
YBhg Dato' Mohamed Ross bin Mohd Din DSIS

Members
- YM Raja Dato' Haji Idris Raja Kamarudin DSIS, SMT
- YB Sivarasa a/l Rasiah
- YM Raja Shahreen bin Raja Othman

BOARD RISK MANAGEMENT COMMITTEE

Chairman
YBhg Dato' Mohamed Ross bin Mohd Din DSIS

Members
- YM Raja Dato' Haji Idris Raja Kamarudin DSIS, SMT
- YB Sivarasa a/l Rasiah
- YB Dato' Kamarul Baharin bin Abbas DSSA

CORPORATE SOCIAL RESPONSIBILITY BOARD COMMITTEE

Chairman
YB Dato' Kamarul Baharin bin Abbas DSSA

Members
- YM Raja Dato' Haji Idris Raja Kamarudin DSIS, SMT
- YB Sivarasa a/l Rasiah

BOARD INVESTMENT REVIEW COMMITTEE

Chairman
YB Sivarasa a/l Rasiah

Members
- YB Dato' Kamarul Baharin bin Abbas DSSA
- YBhg Dato' Mohamed Ross bin Mohd Din DSIS
- YM Raja Shahreen bin Raja Othman
- YBhg Dato' Ikmal Hijaz bin Hashim DIMP

TENDER BOARD COMMITTEE

Chairman
YB Dato' Kamarul Baharin bin Abbas DSSA

Members
- YM Raja Dato' Haji Idris Raja Kamarudin DSIS, SMT
- Encik Suhaimi bin Kamaralzaman
- YBhg Dato' Mohamed Ross bin Mohd Din DSIS
- YBhg Dato' Idris bin Md Tahir DIMP

Corporate Information

JOINT COMPANY SECRETARIES

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

REGISTERED OFFICE

16th Floor, Plaza Perangsang
Persiaran Perbandaran
40000 Shah Alam
Selangor Darul Ehsan
Tel: 03-5524 8400
Fax: 03-5524 8444
E-mail: info@kps.com.my
Web: www.perangsangselangor.com

PRINCIPAL BANKERS

RHB Bank Berhad
No 16 & 18
Jalan Tengku Ampuan Zabedah D9/D
Seksyen 9
40100 Shah Alam

Bank Islam Malaysia Berhad
Tingkat Bawah
Wisma PKPS
Persiaran Perbandaran
40675 Shah Alam

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

AUDITORS

Messrs Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

LISTING

Bursa Malaysia Securities Berhad Main Market
(22 July 2003)

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7849 0777
Fax: 03-7841 8151/8152

OFFICE OF CHAIRMAN

YM Raja Dato' Haji Idris Raja Kamarudin DSIS, SMT
Chairman

MANAGEMENT

Chief Executive Officer
Encik Ahmad Fariz bin Hassan

Chief Operating Officer
Puan Suzila binti Khairuddin

Chief Investment Officer
Encik Azlan bin Abdul Jalil

Chief Financial Officer
Encik Zain Azrai bin Zainal Abidin

Secretarial Department
Puan Hashimah binti Mohd Isa
Company Secretary

Human Resource and Administration Department
Encik Ahmad Rosly bin Ahiar
Director, Human Resource and Administration

Legal Department
Puan Norsham binti Ishak
Director, Legal

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

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

Corporate Structure

Subsidiary Companies

100% Perangsang Packaging Sdn Bhd
- 98.9% Century Bond Bhd

100% Perangsang Dinamik Sdn Bhd
- 100% CPI (Penang) Sdn Bhd

100% Bold Approach Sdn Bhd
- 60% Kaiserkorp Corporation Sdn Bhd

100% Nadi Biru Sdn Bhd
- 60% Smartpipe Technology Sdn Bhd

100% Cash Band (M) Berhad
- 100% Perangsang Hotel and Properties Sdn Bhd
- 100% Brisdale International Hotel Sdn Bhd

100% Viable Chip (M) Sdn Bhd
- 30% Syarikat Pengeluar Air Selangor Holdings Berhad

100% Perangsang Oil and Gas Sdn Bhd
- 40% NGC Energy Sdn Bhd

100% Perangsang Telco Sdn Bhd
- 34.3% Ceres Telecom Sdn Bhd

51% Aqua-Flo Sdn Bhd

51% KPS-HCM Sdn Bhd

Associate Companies

40% Perangsang Water Management Sdn Bhd

20% Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd

Subsidiary Companies

Associate Companies

NOTES

1. The above Corporate Structure did not include the subsidiaries of Perangsang Selangor which are/have been in liquidation, under receivership, under official assignee, dormant and/or ceased operation. For further details, you may refer to note 15 and 16 of the Company's Audited Financial Statements for the year ended 31 December 2017.

2. As at to date, Hydrovest Sdn Bhd (60%) is currently under members' voluntary liquidation.

3. CPI (Penang) Sdn Bhd has become an indirect wholly-owned subsidiary of Perangsang Selangor on 27 March 2018.

2 LEADERSHIP

POLISHING FINESSE

The process of cutting and polishing finesse into rough diamonds to be crafted as a beautiful gem is professionally undertaken with expertise, knowledge and tools, as every decision affects its worth. Our strategic outlook here in Perangsang Selangor is shaped by our driven ambition to secure majority shareholdings of key industries with clear bright prospectives.

Profile of Board of Directors

YM RAJA DATO' HAJI IDRIS RAJA KAMARUDIN • DSIS, SMT

Chairman, Non-Independent Non-Executive Director

Male, Age 65, British

DATE APPOINTED TO THE BOARD
- 18 March 2011

QUALIFICATIONS
- Post Graduate Certificate in Strategic Management, University of Derby, UK

MEMBERSHIP OF BOARD COMMITTEES
- Member of Audit Committee
- Member of Nomination Committee
- Member of Remuneration Committee
- Member of Board Risk Management Committee
- Member of Corporate Social Responsibility Board Committee
- Member of Tender Board Committee

MEMBERSHIP OF ASSOCIATIONS
- Member of the Institute of Financial Services, UK
- A Fellow of the British Computer Society, UK
- A Fellow of the Chartered Management Institute, UK

DATE OF LAST RE-ELECTION
- 27 May 2016

WORKING EXPERIENCE AND OCCUPATION

YM Raja Dato' Haji Idris has acquired more than thirty (30) years of experience holding top management positions in various Private Limited, Public Listed and Multi-National Companies. From 1994 to 2000, YM Raja Dato' Haji Idris was with the Siemens Group of companies in Malaysia where he had served as Managing Director of Nixdorf Computers Malaysia Sdn Bhd and also as the Executive Director of Siemens Nixdorf Information System (Malaysia) Sdn Bhd. He was also a Non-Executive Director of Siemens Multimedia Sdn Bhd (an MSC company) and from 1998 to 2000, assumed the position of Vice President, Information and Communication Network of Siemens Malaysia Sdn Bhd. In 2000, YM Raja Dato' Haji Idris was appointed as Group Executive Director of TDM Berhad, a Public Listed Company owned by the Terengganu State Government, a position he held until 2004. He served as the Executive Chairman of Virgo Tours Sdn Bhd from 2004 to 2006. YM Raja Dato' Haji Idris was appointed as a Consultant at the Markfield Institute of Higher Education, Leicestershire, United Kingdom, a position he has held since 2006. Currently, YM Raja Dato' Haji Idris sits on the board of Kumpulan Darul Ehsan Berhad ("KDEB"), the investment holding company of the State of Selangor, where he was appointed on 4 April 2011 and serves as Chairman of KDEB's property development subsidiary, Kumpulan Hartanah Selangor Berhad and Central Spectrum (M) Sdn Bhd. On 10 August 2012, he was appointed as Chairman of Ceres Telecom Sdn Bhd, a 34.35% associate of Perangsang Selangor.

PRESENT DIRECTORSHIPS:

Listed Entity
- Nil

Other Public Companies
- Kumpulan Darul Ehsan Berhad
- Kumpulan Hartanah Selangor Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 15 March 2018)
- 308,247 shares in Kumpulan Perangsang Selangor Berhad

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
- 8 out of 8 Board meetings held

Profile of Board of Directors

YB DATO' KAMARUL BAHARIN BIN ABBAS • DSSA

Senior Independent Non-Executive Director

Male, Age 71, Malaysian

DATE APPOINTED TO THE BOARD
- 16 June 2010

QUALIFICATIONS
- Diploma in Marketing (UK)
- Diploma in Business Studies, Universiti Teknologi MARA

MEMBERSHIP OF BOARD COMMITTEES
- Chairman of the Corporate Social Responsibility Board Committee
- Chairman of the Tender Board Committee
- Chairman of the Nomination Committee
- Member of the Board Investment Review Committee
- Member of the Board Risk Management Committee

MEMBERSHIP OF ASSOCIATIONS
- Member of Institute of Marketing (UK)

DATE OF LAST RE-ELECTION
- 24 June 2015

WORKING EXPERIENCE AND OCCUPATION

Dato' Kamarul Baharin bin Abbas began his career in 1968 as a Marketing Executive at Nestle Products (M) Ltd. In 1971 to 1974, he was a Sales Manager at Pernas Trading Sdn Bhd. From thereon, he was involved in activities of building construction and property development. He was appointed as Executive Chairman of Tenaga Ehsan Sdn Bhd in 1987 up to this day and responsible for developing Taman Ehsan in Kepong, and Taman Samudra in Batu Caves, Selangor, consisting of more than 5000 units of houses/apartments/shop houses. He is presently a 2-term Member of Parliament for Telok Kemang, Negeri Sembilan and also a 2-term Member of Public Accounts Committee (PAC).

PRESENT DIRECTORSHIPS:

Listed Entity
- Nil

Other Public Companies
- Cash Band (M) Berhad
- Century Bond Bhd

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 15 March 2018)
- 5 shares in Kumpulan Perangsang Selangor Berhad

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
- 8 out of 8 Board meetings held

Profile of Board of Directors

YB SIVARASA A/L RASIAH
Independent Non-Executive Director
Male, Age 62, Malaysian

DATE APPOINTED TO THE BOARD
- 16 June 2010

QUALIFICATIONS
- Barrister at Law, Middle Temple in London
- Bachelor of Arts in Jurisprudence, St. Anne's College, Oxford University
- Bachelor of Science in Genetics with a First Class Honours, Universiti Malaya

MEMBERSHIP OF BOARD COMMITTEES
- Chairman of the Board Investment Review Committee
- Member of the Audit Committee
- Member of the Board Risk Management Committee
- Member of the Corporate Social Responsibility Board Committee
- Member of the Remuneration Committee

MEMBERSHIP OF ASSOCIATIONS
- Member of the Malaysian Bar

DATE OF LAST RE-ELECTION
- 24 June 2015

WORKING EXPERIENCE AND OCCUPATION
YB Sivarasa a/l Rasiah chambered at Messrs. Zain & Co. and was called to the Malaysian Bar in 1987. He served at Messrs. Zain & Co. from 1987 to 1992. In early 1992, he set up his own practice under the name of Messrs. Sivarasa & Associates, and then merged the practice with the firm Messrs. Daim & Gamany in 1995. He has been the prime and managing partner in the said firm from then to date. From 1997 to 2001, he was elected as a member of the Bar Council. He is also the Member of Parliament for the constituency of Subang, Selangor.

PRESENT DIRECTORSHIPS:
Listed Entity
- Nil

Other Public Companies
- Syarikat Pengeluar Air Selangor Holdings Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 15 March 2018)
- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
- 7 out of 8 Board meetings held

Profile of Board of Directors

ENCIK SUHAIMI BIN KAMARALZAMAN

Non-Independent Non-Executive Director

Male, Age 50, Malaysian

DATE APPOINTED TO THE BOARD
- 14 April 2011

QUALIFICATIONS
- Bachelor of Arts in Accounting and Management Science, University of Kent, UK

MEMBERSHIP OF BOARD COMMITTEES
- Member of Tender Board Committee

MEMBERSHIP OF ASSOCIATIONS
- Member of the Malaysian Institute of Accountants and Institute of Chartered Accountants in England and Wales (ICAEW)

DATE OF LAST RE-ELECTION
- 27 May 2016

WORKING EXPERIENCE AND OCCUPATION

Encik Suhaimi holds the position as President of Kumpulan Darul Ehsan Berhad ("KDEB"), the immediate holding company of Perangsang Selangor, since 10 May 2011. He was previously the Group Chief Executive Officer/Managing Director of Perangsang Selangor Group, a position he held until 1 September 2015 where he was re-designated to Non-Independent Non-Executive Director on the even date. Encik Suhaimi is also the Chief Executive Officer of Pengurusan Air Selangor Sdn Bhd, a wholly owned subsidiary of KDEB. Prior to joining the KDEB group of companies, Suhaimi was the MD/CEO of Melewar Industrial Group ("MIG") from March 2010 until May 2011. Prior to his appointment as the MD/CEO of MIG, he was the Deputy Chief Executive Officer of MIG from July 2009.

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

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

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

PRESENT DIRECTORSHIPS:

Listed Entity
- Nil

Other Public Companies
- Kumpulan Darul Ehsan Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 15 March 2018)
- 10,000 shares in Kumpulan Perangsang Selangor Berhad

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
- 7 out of 8 Board meetings held

Profile of Board of Directors

YBHG DATO' MOHAMED ROSS BIN MOHD DIN • DSIS

Independent Non-Executive Director

Male, Age 66, Malaysian

DATE APPOINTED TO THE BOARD

- 10 May 2011

QUALIFICATIONS

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

MEMBERSHIP OF BOARD COMMITTEES

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

MEMBERSHIP OF ASSOCIATIONS

- Council Member of the Outward Bound Trust of Malaysia

DATE OF LAST RE-ELECTION

- 27 May 2016

WORKING EXPERIENCE AND OCCUPATION

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

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

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

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

PRESENT DIRECTORSHIPS:

Listed Entity

- CIMB Group Holdings Berhad

Other Public Companies

- Cash Band (M) Berhad
- CIMB Islamic Bank Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 15 March 2018)

- 10,320 shares in Kumpulan Perangsang Selangor Berhad

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 8 out of 8 Board meetings held

Profile of Board of Directors

YBHG DATO' IDRIS BIN MD TAHIR • DIMP

Independent Non-Executive Director

Male, Age 64, Malaysian

DATE APPOINTED TO THE BOARD
- 15 August 2013

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

MEMBERSHIP OF BOARD COMMITTEES
- Chairman of the Audit Committee
- Member of the Nomination Committee
- Member of the Tender Board Committee

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

DATE OF LAST RE-ELECTION
- 25 May 2017

WORKING EXPERIENCE AND OCCUPATION

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

PRESENT DIRECTORSHIPS:

Listed Entity
- Nil

Other Public Companies
- Syarikat Pengeluar Air Selangor Holdings Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 15 March 2018)
- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
- 7 out of 8 Board meetings held

Profile of Board of Directors

YM RAJA SHAHREEN BIN RAJA OTHMAN

Non-Independent Non-Executive Director

Male, Age 51, Malaysian

DATE APPOINTED TO THE BOARD
- 31 March 2015

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

MEMBERSHIP OF BOARD COMMITTEES
- Member of the Nomination Committee
- Member of Remuneration Committee
- Member of Audit Committee
- Member of the Board Investment Review Committee

MEMBERSHIP OF ASSOCIATIONS
- Member of Australia Society of Certified Practising Accountants
- Member of the Malaysian Institute of Accountants

DATE OF LAST RE-ELECTION
- 25 May 2017

WORKING EXPERIENCE AND OCCUPATION

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

PRESENT DIRECTORSHIPS:

Listed Entity
- Nil

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

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 15 March 2018)
- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
- 7 out of 8 Board meetings held

Profile of Board of Directors

YBHG DATO' IKMAL HIJAZ BIN HASHIM • DIMP

Independent Non-Executive Director

Male, Age 64, Malaysian

DATE APPOINTED TO THE BOARD

- 01 January 2018

QUALIFICATIONS

- Bachelor of Arts with Honours from University Malaya
- MPhil. in Land Management from University of Reading, United Kingdom

MEMBERSHIP OF BOARD COMMITTEES

- Board Investment Review Committee

MEMBERSHIP OF ASSOCIATIONS

- None

DATE OF LAST RE-ELECTION

- None

WORKING EXPERIENCE AND OCCUPATION

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

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

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

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

PRESENT DIRECTORSHIPS:

Listed Entity

- EP Manufacturing Bhd
- MB World Group Berhad

Other Public Companies

- Nadayu Properties Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 15 March 2018)

- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- Not applicable

Profile of Board of Directors

PUAN RITA BENOY BUSHON

Independent Non-Executive Director

Female, Age 58, Malaysian

DATE APPOINTED TO THE BOARD
- 6 April 2018

QUALIFICATIONS
- Master of Business Administration (MBA) from Henley Management College, West London
- Bachelor of Economics (Hon) – Statistics (2nd Class Upper), University Kebangsaan Malaysia

MEMBERSHIP OF BOARD COMMITTEES
- None

MEMBERSHIP OF ASSOCIATIONS
- None

DATE OF LAST RE-ELECTION
- None

WORKING EXPERIENCE AND OCCUPATION

Puan Rita Benoy Bushon was appointed CEO of MSWG on Jan 1, 2009 until end Dec 2016. She was one of the founder directors of MSWG in 2002 until 2007. She was the Council Member for the Institutional Investor Council of Malaysia in 2015-2016. She had authored many publications in the Economics, Investment and Governance areas.

Currently she is the Regulatory & Trade Advisor to the Chemical Industries Council of Malaysia, Strategic Advisor to Green & Smart Holdings plc, a renewable gas company listed in the Alternative Investment Markets in London. She is in the Steering Committee of the 30 percent Club for promoting women on boards in Malaysia.

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

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

Rita Benoy was also active outside Malaysia. Between 2011 and 2013, she co-chaired the Shareholder Responsibilities Committee and Diversity Working Committee of the International Corporate Governance Network, an international investor-led global organisation responsible for promoting corporate governance. She served as a director of a US-listed Electronic Sensor Technology Inc from 2007 and 2008.

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

PRESENT DIRECTORSHIPS:

Listed Entity
- Nil

Other Public Companies
- Nil

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 15 March 2018)
- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
- Not applicable

Profile of Board of Directors

PUAN NORLIZA BINTI KAMARUDDIN

Independent Non-Executive Director

Female, Age 54, Malaysian

DATE APPOINTED TO THE BOARD
- 6 April 2018

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

MEMBERSHIP OF BOARD COMMITTEES
- None

MEMBERSHIP OF ASSOCIATIONS
- None

DATE OF LAST RE-ELECTION
- None

WORKING EXPERIENCE AND OCCUPATION

Puan Norliza Kamarudin specialises in a variety of sectors including energy, finance, banking, aviation, telecommunications and hospitality. An award winning communications expert, she has more than 25 years of experience in various communications practices particularly reputation management, communications strategy, strategic planning, corporate and government stakeholder management, crisis communications, corporate social responsibility, branding, media relations and internal communications.

Norliza is the Managing Director in FTI Consulting, a global business consultancy firm listed in the NYSE. Prior to that, she was the Global Head of Strategic Communications for PETRONAS. In this role, she was responsible for the company's overall communications strategy, corporate branding and reputation management in more than 30 countries. Prior to this, she was the Country Head of Corporate Affairs at Standard Chartered in Malaysia.

Norliza is currently serving on the Industrial Advisory Panel for Strategic Communications at Multimedia University Malaysia since 2016 and as the Board of Trustee for the Standard Chartered Foundation from 2010. She has also served as the Chairman for the Prime Minister's Hibiscus Award and was the President for the Business Council for Sustainability Responsibility Malaysia from 2011-2013.

PRESENT DIRECTORSHIPS:

Listed Entity
- Nil

Other Public Companies
- Nil

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 15 March 2018)
- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
- Not applicable

NOTE:

Declaration by the Board:

i. Family Relationship with Director and/or Major Shareholder of Perangsang Selangor:

   None of the Directors has any family relationship with any Director and/or Major Shareholder of Perangsang Selangor.

ii. Conflict of interest with Perangsang Selangor:

   None of the Directors has any conflict of interest with Perangsang Selangor.

iii. Other than traffic offences, conviction for offences within the past five (5) years and public sanction or penalty imposed by relevant regulatory bodies during the Financial Year under review:

   Other than traffic offences, none of the Directors has been convicted for any offences within the past five (5) years nor has been imposed of any public sanction or penalty by the relevant regulatory bodies during the Financial Year under review.

Profile of Chief Executive Officer

AHMAD FARIZ BIN HASSAN

Chief Executive Officer

Male, Age 41, Malaysian

DATE APPOINTED TO THE COMPANY AS CEO

- 1 May 2016

QUALIFICATIONS

- Bachelors Degree in Accountancy from Universiti Teknologi MARA

MEMBERSHIP OF ASSOCIATIONS

- Nil

PRESENT DIRECTORSHIPS:

Listed Entity

- Nil

Other Public Companies

- Century Bond Bhd

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 15 March 2018)

- Nil

WORKING EXPERIENCE AND OCCUPATION

Ahmad Fariz bin Hassan is the Chief Executive Officer of Perangsang Selangor, steering the Group's corporate direction and strategic growth initiatives.

Ahmad Fariz has amassed more than 18 years of experience in investment and business management, borne through his wide-ranging career in the private equity, food and beverage, banking, and property development sectors.

Ahmad Fariz built his competencies in the internal audit and risk management sectors in MK Land Holdings Berhad, and corporate governance aspects in Malaysian Resources Corporation Berhad. Subsequently, he embarked on his banking career, commencing with the Treasury Operation Division of CIMB Investment Bank, followed by his tenure in CIMB Private Equity, one of the largest private equity houses in South East Asia at that time. During this time, he honed his expertise across the entire spectrum of private equity activities, ranging from fund raising, investment evaluation and structuring of transactions, to post-investment monitoring, which entailed appointments to the Board of Directors of its investee companies as well as execution of divestment initiatives of the investee companies in the oil and gas, food and beverage and agriculture sectors.

Thereafter, he joined Ekuiti Nasional Berhad ("Ekuinas") where he was involved in the acquisitions of food and beverage companies owned by Ekuinas under Integrated Food Group. He was later seconded to Cosmo Restaurants Sdn Bhd ("Cosmo"), the franchise owner of the Burger King restaurants, as its Chief Operating Officer, where he was instrumental in enhancing the brand equity of Burger King and expanding its presence in Malaysia. Consequently, he joined Khazanah Nasional Berhad as Senior Vice President (Investment) before taking up the post in Perangsang Selangor as the Head of Strategic Planning and Investment. He assumed his current position in 2016.

Profile of Senior Management

SUZILA BINTI KHAIRUDDIN

Chief Operating Officer

Female, Age 42, Malaysian

DATE APPOINTED TO THE COMPANY AS COO

- 1 June 2016

QUALIFICATIONS

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

MEMBERSHIP OF ASSOCIATIONS

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

PRESENT DIRECTORSHIPS:

Listed Entity

- Nil

Other Public Companies

- Nil

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 15 March 2018)

- 30,000 shares in Kumpulan Perangsang Selangor Berhad

WORKING EXPERIENCE AND OCCUPATION

Suzila binti Khairuddin was appointed as Chief Operating Officer/ Chief Financial Officer of Perangsang Selangor on 1 June 2016. She relinquished her position as Chief Financial Officer of Perangsang Selangor on 1 April 2017. Prior to joining Perangsang Selangor, Puan Suzila had four (4) years of audit experience in PricewaterhouseCoopers Malaysia where she was involved in statutory and special audits of public listed companies, multinational corporation and private companies of different industries. She joined Perangsang Selangor as Finance Manager in December 2003. She was promoted to Senior Manager of Finance on 1 January 2008 and subsequently was promoted to Assistant General Manager of Finance on 1 January 2009. She was appointed as Acting General Manager Finance and Administration on 1 November 2013 and was subsequently promoted to General Manager Finance and Administration on 1 October 2014.

Profile of Senior Management

AZLAN BIN ABDUL JALIL

Chief Investment Officer

Male, Age 41, Malaysian

DATE APPOINTED TO THE COMPANY AS CIO

- 1 July 2017

QUALIFICATIONS

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

MEMBERSHIP OF ASSOCIATIONS

- Nil

PRESENT DIRECTORSHIPS:

Listed Entity

- Nil

Other Public Companies

- Century Bond Bhd

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 15 March 2018)

- Nil

WORKING EXPERIENCE AND OCCUPATION

Azlan bin Abdul Jalil was appointed as Director of Strategic Planning and Investment of Perangsang Selangor in June 2016 and a member of Executive Committee in a few of Perangsang Selangor's investee companies. After a year, he was appointed as Chief Investment Officer ("CIO") of Perangsang Selangor. In his capacity as CIO, Azlan is responsible for leading the end to end matters pertinent to Investments and Strategic Planning.

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

Azlan has extensively developed his banking and finance experience for over 17 years, starting from CIMB Investment Bank Berhad, Kuwait Finance House, Saudi-Arabian based Siraaj Capital Limited and HSBC Bank (Malaysia) Berhad. Notably, during his tenure at Bursa Malaysia Berhad, he led the business development arm driving the Islamic finance initiatives to a greater height, enhancing market awareness of the Malaysian Islamic finance initiatives and successfully increased participation of global financial institution players when he was the Head of Sales and Market Development there. He started his career as an Associate with PricewaterhouseCoopers in the Audit and Business Advisory specialising in banking sector.

Profile of Senior Management

ZAIN AZRAI BIN ZAINAL ABIDIN

Chief Financial Officer

Male, Age 44, Malaysian

DATE APPOINTED TO THE COMPANY AS CFO
- 1 April 2017

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

MEMBERSHIP OF ASSOCIATIONS:
- Member of Malaysian Institute of Accountants (MIA)
- Member of The Malaysian Institute of Certified Public Accountants (MICPA)

PRESENT DIRECTORSHIPS:

Listed Entity
- Nil

Other Public Companies
- Nil

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 15 March 2018)
- Nil

WORKING EXPERIENCE AND OCCUPATION

Zain Azrai was appointed as Chief Financial Officer ("CFO") of Perangsang Selangor on 1 April 2017. He started his career at PricewaterhouseCoopers ("PwC") in 1997 specialising in utilities, media and plantation sectors and left the firm in 2008. During that period, he was seconded to PwC United Kingdom for a two-year period.

In January 2009 Zain Azrai joined Sapura Technology Sdn Bhd as General Manager, Finance and Accounts and from October 2009, he was the CFO of Sapura Resources Berhad and Sapura Holdings Sdn Bhd. In March 2013 he joined Celcom Services Sdn Bhd and was involved in the setting up of the operations of a tower company for this newly created entity within the Axiata Berhad group of companies.

Zain Azrai joined PETRONAS in September 2013 as Head, Assessments and Audit (Gas and Power) and in July 2014 was seconded to PETRONAS Lubricants International Sdn Bhd as its Regional Financial Controller, Asia Pacific. In this role he led the financial operations and performance, working capital management and investment matters with focus on improving EBITDA and governance.

Heads of Subsidiaries

TEH HOOI HONG
Chief Executive Officer
Male, Age 57, Malaysian

DATE APPOINTED AS CEO OF CENTURY BOND BHD
- 15 February 2017

QUALIFICATIONS
- Diploma in Building Technology, Tunku Abdul Rahman University College

MEMBERSHIP OF ASSOCIATIONS
- Nil

PRESENT DIRECTORSHIPS:
Listed Entity
- Nil

Other Public Companies
- Nil

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 15 March 2018)
- Nil

WORKING EXPERIENCE AND OCCUPATION
Teh Hooi Hong was appointed as the Chief Executive Officer ("CEO") of Century Bond Bhd ("CBB"), subsidiary of Perangsang Selangor in February 2017. His extensive experience in manufacturing, building and construction industry of over 30 years, enables him to steer the CBB's corporate direction and strategic growth initiatives.

He started his career with General Lumber Fabricators and Builders Sdn Bhd in 1982 and thereon moving to Hume GN Roofing System Sdn Bhd in 1984. In 1990, he started Woodlandor Roof Systems Sdn Bhd (WRS) and in 1997, Woodlandor Holdings Bhd was successfully listed on the KLSE Second Board with WRS as a wholly owned subsidiary. He also managed to form a strategic partnership with the world's leading light organic solvent preservation producer, Protim Solignum – Osmose and WRS was assigned a 10 years exclusive distribution rights in Malaysia. He was appointed as the Director of Woodlandor Holdings Bhd for four years (1997 - 2000). He heads the pre-fabricated timber roof trusses division of the Group and is also the Managing Director of three of the group's subsidiaries namely Woodlandor Roof Systems Sdn Bhd, Timtruss Sdn Bhd and SM Woodlandor Sdn Bhd. During these corporate years as a Managing Director, his company has supplied building products more than RM100 million to the building and construction industry.

He possesses strong interpersonal skills in leading and managing all levels of staff and demonstrating the ability to inspire confidence as well as create trust for effective delegation and communication. In 2013, he joined Golden Clay Industries Sdn Bhd (GCI) as CEO. GCI is the market leader in the manufacturing of clay roofing tiles and sells its products both locally and internationally.

Heads of Subsidiaries

TAN CHEE KIT
General Manager
Male, Age 63, Malaysian

DATE APPOINTED AS GM OF AQUA-FLO SDN BHD
- 2000

QUALIFICATIONS
- B.Sc(Hons) UM
- Diploma in Marketing, C.I.M.,UK

MEMBERSHIP OF ASSOCIATIONS
- Member of Malaysian Institute of Chemistry
- Member of Malaysian Water Association

PRESENT DIRECTORSHIPS:
Listed Entity
- Nil

Other Public Companies
- Nil

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 15 March 2018)
- Nil

WORKING EXPERIENCE AND OCCUPATION
More than 38 years experience in marketing of water treatment chemicals.

NOTE:

Declaration by the Key Senior Management:

i. Family Relationship with Director and/or Major Shareholder of Perangsang Selangor:
None of the Key Senior Management has any family relationship with any Director and/or Major Shareholder of Perangsang Selangor.

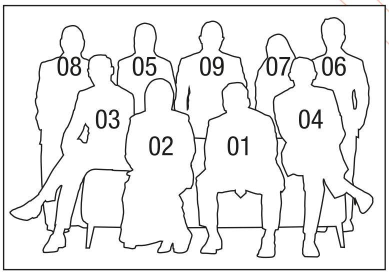
ii. Conflict of interest with Perangsang Selangor:

None of the Key Senior Management has any conflict of interest with Perangsang Selangor.

iii. Other than traffic offences, conviction for offences within the past five (5) years and public sanction or penalty imposed by relevant regulatory bodies during the Financial Year under review:

Other than traffic offences, none of the Key Senior Management has been convicted for any offences within the past five (5) years nor has been imposed of any public sanction or penalty by the relevant regulatory bodies during the Financial Year under review.

Heads of Departments



01 **AHMAD FARIZ BIN HASSAN**
Chief Executive Officer

02 **SUZILA BINTI KHAIRUDDIN**
Chief Operating Officer

03 **AZLAN BIN ABDUL JALIL**
Chief Investment Officer

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

05 **HASHIMAH BINTI MOHD ISA**
Company Secretary

06 **AHMAD ROSLY BIN AHIAR**
Director, Human Resource and Administration

07 **NORSHAM BINTI ISHAK**
Director, Legal

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

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

3 PERSPECTIVE

"Even so, we at Perangsang Selangor have utmost confidence in our future outlook, undergirded by our strategy of investing in and nurturing companies with proven expertise, strong fundamentals and operating within high-growth sectors."

Chairman's Statement

Dear Valued Shareholders,

I am proud to represent the Board of Directors of Kumpulan Perangsang Selangor ("Perangsang Selangor" or "the Company") to share with you the notable highlights of the past year, as we reaped bountiful rewards from our efforts to grow beyond borders.

2017 marked numerous milestones which underpinned our growth trajectory.

For one thing, Perangsang Selangor recorded maiden inclusions of full-year financial contributions from new businesses acquired in 2016, namely Century Bond Bhd, and Kaiserkorp Corporation Sdn Bhd, the holding company of United States ("US") based King Koil Licensing Company Inc. These acquisitions transformed the breadth of our reach to effectively capture the vast potential in regional and international arenas, in addition to creating a well-diversified revenue base.

Furthermore, Perangsang Selangor remained true to our guiding principle to be in the driver's seat to steer the direction of our investee companies. Underscoring this, Perangsang Selangor sought to hold the majority equity in KPS-HCM Sdn Bhd, a subsidiary company involved in infrastructure works in the year under review. These actions aim to generate improved bottom lines and subsequent returns to shareholders.

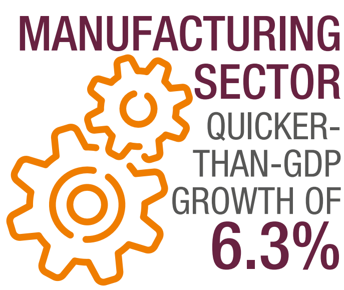
We are committed to further catalysing long-term value creation of our investment portfolio, to deliver sustainable returns in financial, strategic and societal terms.

Backed by this ethos, we are now resolved to propel Perangsang Selangor well into the next stage of expansion by "Creating Possibilities, Enhancing Value"; reinforcing our pledge to attain greater fulfilment for all stakeholders.

2017 ECONOMIC REVIEW

I am pleased to state that the strategic initiatives implemented by Perangsang Selangor enabled us to ride the positive momentum of the global economy in 2017, whose growth pace exceeded expectations to rebound by 3.6%. The improvement, which far outpaced the 2.4% achieved in 2016, was supported by a host of factors including accommodative policies, firmer commodity prices, as well as recovery in investment, manufacturing and trade.

On the domestic front, the Malaysian economy outshone its peers in the Southeast Asian region to record robust Gross Domestic Product ("GDP") expansion of 5.9% in 2017, quicker than the 4.2% increase reported a year ago. While buoyed by global sentiment, this performance was also lifted by strong exports, healthy capital spending and steady consumer demand. Unsurprisingly, the Ringgit strengthened against the US Dollar and rose to be the second-strongest currency in Asia. The strengthened domestic economy and subsequent positive sentiment in by businesses and consumers contributed to stronger financial performances across the Perangsang Selangor Group's ("the Group") locally-operated segments.



Indeed, the export-oriented manufacturing sector leveraged on the favourable macro environment to post quicker-than-GDP growth of 6.3% in 2017. This led to the sector retaining its position as one of the nation's key growth drivers, sustaining its development and progression through capacity building, product innovation and extensive global market penetration. In fact, in recognising this, Perangsang Selangor has taken bold steps to leverage on this momentum, by further expanding our footprint into this sector in organic and inorganic means.

Chairman's Statement

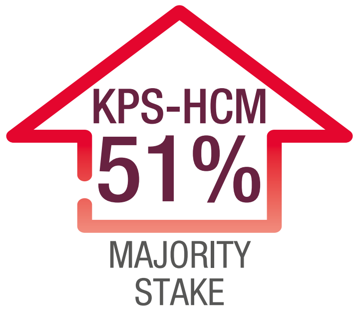
2018 MACRO OUTLOOK

The International Monetary Fund has projected for global growth to continue its rise by 3.9% in 2018, reflecting the sturdier financial footing expected in developed and emerging economic regions, anticipated pickup in commodity pricing, favourable labour markets, and accelerated demand in general. The supportive macro environment, although still susceptible to adverse shocks, should augur well for the Group's prospects in the coming year.

The uptick in global economic activity are expected to have a spillover effect on the export-focused Asian region which is estimated to grow by 6.5%, which is considered to be an upside growth surprise. Correspondingly, Malaysia is primed for a year of growth, fuelled by conducive global macroeconomic conditions and domestic demand, on the back of improvements in income levels and overall labour market conditions. Bank Negara Malaysia has opined GDP growth of between 5.0% and 5.5% in 2018. This encouraging outlook will continue to spur the Group's high growth core businesses to achieve better financial performance.

That said, global activity may still be tempered by disorderly market movements such as abrupt tightening of global financing conditions, which may trigger financial turbulence by tipping the balance in corporate balance sheets. Escalating trade protectionism or higher geopolitical risks may also negatively impact overall confidence and economic activity.

Even so, we at Perangsang Selangor have utmost confidence in our future outlook, undergirded by our strategy of investing in and nurturing companies with proven expertise, strong fundamentals and operating within high-growth sectors. With this, we will endeavour to take the next leap of faith to create new possibilities and enhance value, for the benefit of all stakeholders.



CREATING NEW BUILDING BLOCKS

Perangsang Selangor is single-minded in its intent to advance from strength to strength each year; as evidenced by our Business Transformation Plan and Value Creation Plans implemented in recent years.

We are entrenched in our desire to move beyond merely being a good organisation focused on operations efficiency, to become a great corporation possessing clear leadership in sectors with exponential growth, standing in the forefront of superior innovation and delivering superior returns to all stakeholders.

Therefore, I am very heartened to report that Perangsang Selangor has proven itself capable of identifying key growth opportunities and sectors to accelerate our journey of expansion for the long term.

- EMERGING MAJORITY SHAREHOLDER IN KPS-HCM SDN BHD ("KPS-HCM")

Perangsang Selangor continued to align our strategy to hold majority stake in investee companies, so as to secure the driving seat in its operations and steer its future direction from a position of influence.


KPS makes KPS-HCM a subsidiary

This was the motivation behind the announcement on 22 June 2017, where the Group increased its stake in KPS-HCM by 21% to hold majority stake of 51%, entailing a consideration of RM1.7 million. KPS-HCM, primarily involved in road and highway construction as well as road maintenance and rehabilitation in the State of Selangor, had been awarded a contract of RM174.4 million by Central Spectrum (M) Sdn Bhd to undertake infrastructure works for the development of Phase 3C, Lot 74079, Pulau Indah Industrial Park, Pulau Indah.

As the main driver of KPS-HCM, and mindful of the rapid infrastructure development nationwide, we envisage for the entity to move beyond its existing scope of road construction, maintenance, refurbishment and rehabilitation, to provide general civil engineering works, building construction and maintenance for both public and private sector.

Chairman's Statement

- SETTING NEW DIRECTION FOR KING KOIL LICENSING COMPANY, INC ("KKLC") FOR US MARKET

The dynamics of the bedding market in the US witnessed tremendous evolution in the past two years, driven by changing consumer shopping habits, new online players that blur the line between manufacturer and retailer, and the growing spending power of millennials. In aspiring to boost our leadership on home ground, Perangsang Selangor adeptly demonstrated its ability to be nimble and agile in response to the operating landscape.

The Group kickstarted the 2018 on a high note announcing on 11 January 2018 the new strategic approach in KKLC to improve our position in the US market. The new direction entails KKLC gradually taking over product distribution throughout the country upon expiry of its current license agreements over the next three years, while embarking on in-house manufacturing for enhanced control of exacting product standards.

On 22 January 2018, Perangsang Selangor's indirect 60%-owned subsidiary Kyco Industries, Inc (''Kyco'') formed a wholly-owned subsidiary named King Koil Manufacturing West, LLC ("KKMW'') that would undertake the production, sale and distribution of mattresses and related bedding and sleep products. Subsequently, a members' agreement was signed on 29 January 2018 with a US-based partner on a 60:40 equity basis on a total initial capital contribution of USD3.3 million (approximately RM13 million).

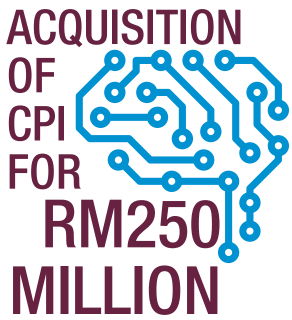
The new direction is anticipated to result in Perangsang Selangor enjoying a larger revenue base, enhanced earnings quality and sustainable growth.

- ACQUISITION OF 100% EQUITY OF CPI (PENANG) SDN BHD ("CPI")

Our outstanding 2017 financial performance effectively validated the Group's strategic approach of investing into market players whose strong expertise enabled them to capture convincing leadership in high-expansion industries. I am pleased to report that we will continue to stick to this Business Transformation Plan going into 2018 to pursue similar opportunities.

On 14 February 2018, the Group announced the acquisition of a fully-integrated Electronic Manufacturing Services ("EMS") player CPI for RM250 million, marking our entry into the high-growth sub-sector within the manufacturing segment. CPI's competitive edge against peers lies in the plastic injection moulding division, which focuses on engineering thermoplastics ("ETP") with higher-performing thermal and mechanical properties.

The acquisition of CPI was completed on 27 March 2018. Perangsang Selangor is committed to maintaining CPI's superior quality and being a conduit to CPI's growth trajectory in the EMS sector.



CORPORATE GOVERNANCE

Perangsang Selangor holds an unwavering belief in maintaining the highest standards of corporate governance, compliance, business conduct, safety and environmental management – all of which are vital to the Group's performance and business sustainability. We trust that good corporate governance will not only safeguard and support long-term value creation for all our stakeholders but also foster business sustainability and growth.

We aim to set the tone at the top by promoting a strong culture of integrity and ethical behaviour. This is further expounded through a well-defined framework containing comprehensive policies and procedures to enhance business efficacy, performance and accountability in the entire organisation.

Our Corporate Governance Overview Statement can be found on pages 70 to 78.

Chairman's Statement

SUSTAINABILITY

In tandem with our strong commitment to making a positive impact on the communities we have a presence in, the Group has firmly entrenched the principles of business and operations sustainability into various aspects of our business. This allows us to cultivate an integrated ecosystem that is conducive and beneficial to all segments of society.

The Group's sustainability efforts are focused on three pillars, consisting of Economy, Environment and Social aspects. These form a holistic approach encompassing wide-ranging facets including our investment strategy in ethical and sustainable businesses, operational methodologies including product quality and production methods, as well as fundamental corporate principles of employee diversity and talent management.

Further details on our Sustainability Statement can be found on pages 52 to 68.

PERFORMANCE DRIVEN CULTURE

The core of Perangsang Selangor's commitment to "Creating Possibilities, Enhancing Value" lies in our relationships with our employees and subsidiary companies, recognising that our people are the precursor to realise the Company's vision and mission.

The Group focuses on good employment practices to nurture and enhance the wellbeing of our team members, while also establishing meaningful relationships with our partners, customers and stakeholders. Perangsang Selangor advocates equal opportunities by employing, developing and rewarding employees and those of subsidiary companies through the principles of performance, meritocracy and fairness.

To further enhance employee performance development group-wide, we remain committed towards their professional development through formal learning, on the job training and providing opportunities for industry exposure. At the same time, we foster positive employee engagement at all levels using multiple avenues, including employee bonding activities to promote team building and harmonious work relationships.

We are proud that our employee advancement initiatives were given due recognition from industry bodies, where Perangsang Selangor was honoured amongst the Employers of Choice (Private Sector) in 2017 by the Malaysian Institute of Human Resource Management ("MIHRM"). The accolade encourages us to continue setting benchmarks in employee development to propel Perangsang Selangor toward greater excellence.

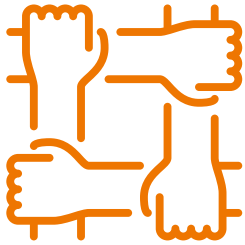
INDUSTRY RECOGNITION AND ACHIEVEMENTS

RANKED IN THE TOP 100 COMPANIES OF ASEAN CORPORATE GOVERNANCE SCORECARD

I am further delighted to report that Perangsang Selangor was ranked the top 69 among 100 public listed companies ("PLCs") in the ASEAN Corporate Governance Scorecard assessment, a joint initiative by the Minority Shareholder Watchdog Group ("MSWG") and the ASEAN Development Bank, benchmarked against international best practices.

The assessment also takes into account total shareholder return and return on equity ("ROE") of which Perangsang Selangor – with ROE of 6.02% - ranked 96th among 802 Main Market-listed PLCs, surpassing the qualifying criterion that the Company should achieve a minimum ROE of 3% for the past 3 years, as MSWG believes that good corporate governance should ultimately reflect financial performance. While pleased with our positive progress, the Board and Management have taken note of the various areas of improvement and will continue its efforts in evaluating its governance disclosure in response to the evolving best practices and the changing requirements.

TEAM BUILDING



HARMONIOUS WORK RELATIONSHIPS

ASEAN CORPORATE GOVERNANCE SCORECARD

TOP **69** AMONG **100** PLCs

Chairman's Statement

SILVER AWARD - 2017 EMPLOYER OF CHOICE (PRIVATE SECTOR) CATEGORY

We are pleased to inform that Kumpulan Perangsang Selangor has been awarded with Silver Award - 2017 Employer of Choice (Private Sector) category by MIHRM during its 17th Malaysia Human Resource Award ceremony held at Subang Jaya. The prestigious award was received on behalf of Perangsang Selangor by Puan Suzila Khairuddin, the Chief Operating Officer, and witnessed by over 500 delegates comprising corporate leaders and human resource professionals.

MIHRM is the sole professional and independent body in Malaysia to certify Human Resource practitioners in Malaysia and is also affiliated to other associations namely the World Federation of People Management Association (USA) and Asia Pacific Federation of Human Resource Management ("APFHRM").

The award carries significant impact to Perangsang Selangor as it is a translation of our commitment and dedication in the development of human capital and culture towards achieving the business strategy and organisational goals.

ASIA'S SPORTS INDUSTRY AWARD 2017

Perangsang Selangor through its Selangor Sports Stimulus Programme "Sports for All" under Corporate Social Responsibility ("CSR") initiative have been shortlisted among the top 10 in Asia for the "Best Sports CSR Initiative of the Year" category in the Asia's Sports Industry Award for year 2017. The competition recorded a total of 400 entries coming from 47 countries across Asia. The gold, silver and bronze trophies were presented to the winners during a gala dinner held in Bangkok attended by more than 300 delegates and representatives.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank the Directors, management and all employees of the Group for their dedication, concerted efforts and contributions to the Group in the past year. I would also like to take this opportunity to thank the shareholders and business associates for their support to the Group.

The Group values and looks forward to this continued support as we continue to create possibilities and enhance value of new opportunities ahead.

YM RAJA DATO' HAJI IDRIS RAJA KAMARUDIN DSIS, SMT
CHAIRMAN

EVALUATING QUALITY

A diamond's worth is contributed by factors as Cut, Clarity, Colour and Carat Weight, and also by a recognised benchmark in its Certification of accreditation to determine its individual uniqueness. In taking Perangsang Selangor onto a new perspective, we are evaluating quality to build an international platform on which we will create our brand and value presence.

"Leveraging on Perangsang Selangor Group's ("the Group") sound business acumen, strategic blueprint and corporate exercises, we aim to sustain this momentum by creating possibilities and enhancing value for the long term."

Management Discussion and Analysis

In 2015, we began our transformation journey with a vision to turn Kumpulan Perangsang Selangor Berhad ("Perangsang Selangor") from a Selangor-focused investment company into a key economic driver beyond the state and into the international market. Being diligently focused in identifying key opportunities and critical areas of improvement, my team and I subsequently conceptualised a multi-pronged Business Transformation Plan to grow beyond borders, by taking controlling stakes in expansion-focused businesses and nurturing their core competencies to realise the full potential of our investee companies.

After 2 years, it is my privilege to report that Perangsang Selangor's steadfast commitment to our strategy is now bearing fruit, which enabled us to achieve remarkable earnings growth for the financial year ended 31 December 2017 ("FY2017"). This was made even more commendable held against the challenging global economic climate.

This achievement would not have been possible without our Perangsang Selangor team, who readily embraced the challenges of transforming an organisation and worked together as a united front to translate our transformation strategy into reality.

Buoyed by the positive outcomes, we ventured into businesses that clearly create value for our stakeholders, establish a leading regional and global presence, ensure sustainable financial performance with optimum returns to shareholders, and deliver quality standards surpassing customers' expectations.

At the same time, Perangsang Selangor intends to continue enhancing the quality of life of the larger community by being a caring, community-oriented and environmental friendly organisation.

Leveraging on Perangsang Selangor Group's ("the Group") sound business acumen, strategic blueprint and corporate exercises, we aim to sustain this momentum by creating possibilities and enhancing value for the long term.

PERFORMANCE REVIEW

Consolidated Income Statement

The fruit of Perangsang Selangor's multi-pronged portfolio became the beachhead of our FY2017 revenue, with full year contributions from manufacturing and licensing businesses of Century Bond Bhd ("CBB") and Kaiserkorp Corporation Sdn Bhd ("Kaiserkorp"), higher revenue recognised from the new infrastructure business of KPS-HCM Sdn Bhd ("KPS-HCM") and improved sales in the trading business of Aqua-Flo Sdn Bhd ("Aqua-Flo"). Altogether, group revenue grew by 150.2% to RM361.5 million in FY2017 compared with RM144.5 million in financial year ended 31 December 2016 ("FY2016").

Financial Performance

For FY2017, the manufacturing business was the Group's primary revenue generator with 48.2% revenue share of RM174.1 million. The trading business moved to second spot with 28.0% revenue contribution, on 20.7% higher sales to RM101.3 million from RM83.9 million. The infrastructure and licensing businesses posted revenue of RM36.7 million and RM35.8 million respectively.

The full year consolidation from manufacturing and licensing businesses in the year under review led to a

Management Discussion and Analysis

PROFIT
BEFORE TAX AND ZAKAT
RM69.9 MILLION

significant increase in selling and marketing expenses and administrative expenses which rose by 298.1% and 28.6% respectively. Similarly, the acquisitions of CBB and Kaiserkorp which were largely funded using bank borrowings resulted in finance costs increasing by 284.8% to RM16.1 million from RM4.2 million. The management holds the long-term view of these businesses and believes that their strong cash flows and market leadership would enable the Group to continuously meet its debt obligations.

On that note, I am pleased to note that group profit before tax ("PBT") was boosted by 348.1% to RM69.9 million in FY2017 from normalised PBT of RM15.6 million (excluding one-off realised gain of RM97.5 million from assets held for disposal recorded in FY2016) from the larger revenue base, as well as higher share of profits from associated companies of RM94.7 million in FY2017 versus RM50.7 million in FY2016. The increased profit share from associated companies was derived from Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH")" which reported lower impairment loss on trade receivables and the impact of IC Interpretation 12 Service Concession Arrangements in FY2017.

All things taken into consideration, Perangsang Selangor reported profit attributable to shareholders after tax and zakat of RM58.8 million, reporting vast improvement from normalised result in FY2016 of RM0.3 million. Basic earnings per share improved to 11.8 sen in FY2017, versus normalised 0.06 sen in FY2016.

In line with enhanced profitability, return on average shareholders' equity rose to a respectable 4.32% in FY2017 from normalised 0.02% in FY2016 whilst net assets per share increased by 2.6% to RM2.73 in FY2017 from RM2.66 in FY2016.

Financial Position

Net current assets as at 31 December 2017 increased to RM99.0 million as compared to RM85.9 million as at 31 December 2016 primarily due to repayment of short-term borrowings.

Also, the higher profit attributable to shareholders after tax and zakat during the year boosted the net assets attributable to shareholders as at 31 December 2017 to RM1,361.7 million as compared to RM1,328.0 million as at 31 December 2016.

The Group's acquisition exercises and larger working capital requirements from the portfolio of high-growth businesses necessitated higher borrowings of RM307.7 million as at end of December 2017, compared to RM267.4 million. Even so, our gearing ratio remained at a respectable and manageable level of 0.23 times at end-FY2017, a minimal change from the gearing ratio of 0.20 times as at end-FY2016. The Group's cost of debt ranged from 3.7% to 6.0% per annum for both FY2017 and FY2016.

Capital expenditure requirements, capital structure and capital resources

Having committed to substantial investments amounting to RM325.0 million in the previous year of FY2016 for the acquisitions of new businesses, Perangsang Selangor focused its efforts on enhancing the strategic direction and operational efficiency across subsidiaries in FY2017. To reflect the current scale of business, the Group incurred minimal capital expenditure of RM8.3 million in FY2017 for the redevelopment of Plaza Perangsang and overall business improvements. There were no changes to the Group's capital structure and capital resources during the financial year.

Trends and events with material effect

There were no other trends and events affecting the Group's operations, performance, financial condition and liquidity.

Dividend

In accordance with our desire to continually enhance value for our shareholders, Perangsang Selangor has consistently distributed dividend payments (net of tax) of between 2.00 sen and 4.25 sen per share each year since 2006, with the exception of 2013 where a special dividend of 25.58 sen was paid, post disposal of assets.

Similar to our investment strategy, Perangsang Selangor strives to maintain a conservative approach in allotting dividend payment, as we strike a balance between ensuring availability of sufficient funds to support continuous growth of our businesses and offering reasonable returns to our valued shareholders.

In respect of the financial year ended 31 December 2017, we recommend a final dividend of 4.25 sen per share, subject to shareholders' approval at the Annual General Meeting.

REVIEW OF OPERATING ACTIVITES AND STRATEGIC INTIATITVES

In line with the Group's strategic intention, Perangsang Selangor has successfully grown its revenue stream and ventured into six high-growth segments – Manufacturing, Trading, Licensing, Infrastructure and Utility, Oil and Gas, and Telecommunications.

Paper bags under curing - Century Bond Bhd Manufacturing Plant

FINAL DIVIDEND OF 4.25 SEN
PER SHARE

Management Discussion and Analysis

Manufacturing

The Group began its venture into the manufacturing segment with the acquisition of CBB, a company which has 60% market share of cement packaging and exports to Singapore, Indonesia and Thailand.

Under our leadership, CBB grew by leaps and bounds to achieve impressive financial performance. This is a strong testament to the Group's ability to grow the investee companies in our portfolio via the execution of our Value Creation Plan ("VCP"), in line with our mandate to hold a majority stake in companies and harness their potential for future expansion.

Perangsang Selangor recognised the first full year of contributions from the acquisition of CBB which was completed in November 2016. Hence, the manufacturing segment saw an exponential 574.8% increase in revenue from RM25.8 million to RM174.1 million. Correspondingly, PBT leapfrogged 171.8% from RM3.9 million to RM10.6 million. Notably, under our stewardship, CBB's topline on proforma basis grew 13.3% from RM153.8 million in FY2016 to RM174.2 million in the current year.

Amongst CBB's various accomplishments, we successfully penetrated into adjacent markets in terms of product range and geographic exposure. On the Malaysian front, we expanded our footprint to the Northern Peninsular with a plant in Ipoh, and increased our customer base in the non-cement sector which include construction raw materials and minerals. On the regional scale, we successfully secured a major customer in Indonesia, which contributed to the financial performance during the year under view.

Moving forward, Perangsang Selangor will continue to execute our business initiatives to further enlarge CBB's footprint in the non-cement sector in Malaysia as well as capture growth opportunities in the South East Asia cement market, such as Indonesia, Singapore, and Thailand. Based on utilisation of our current plants in Johor and Indonesia, we have ample capacities to accommodate larger sales orders from domestic and regional clients.

The seamless integration of CBB's performance into Perangsang Selangor's growth in FY2017 is credited, foremost, to the Group's stringent criteria for investment and/or acquisition, that favours market leading companies with a proven track record, complemented by financial stability.

Following the footsteps of this success story, Perangsang Selangor embarked on another acquisition in the manufacturing sector in 2018, that of CPI (Penang) Sdn Bhd ("CPI"), an integrated Electronic Manufacturing Services ("EMS") player, for RM250.0 million. The acquisition is inclusive of a profit after tax guarantee of RM51.0 million, consisting of RM25.0 million in FY2018 and RM26.0 million in FY2019. The Proposed Acquisition was completed on 27 March 2018.

Founded in 1990, CPI offers a complete EMS solution to its customers, from plastic injection moulding services encompassing product design or conceptualisation, tool fabrication and production, to complete box-build services. Its specialty and proven expertise in offering engineering thermoplastics ("ETP'') with higher-performing thermal and mechanical properties has made CPI a renowned leader in its field and grants us a firm foundation to increase our market share in the future.

Backed by more than 28 years track record in the stringent high-precision EMS industry, CPI possesses a scalable operations model with an expansive global clientele across automotive, healthcare, telecommunications, industrial and consumer industries.

Overall, the Group expects the manufacturing market outlook to remain conducive, and particularly favourable to global-oriented players with strong culture of innovation and excellence. Protectionist trade policies of the United States ("US") government notwithstanding, the international economic activity is expected to continue its uptrend. We are confident of recording accelerated growth within the segment, generated by existing subsidiaries as well as new contributions from the recently-acquired CPI.

Trading

Perangsang Selangor's trading segment portfolio comprises of Aqua-Flo Sdn Bhd ("Aqua-Flo"), the market leader in supply of water treatment chemicals. The company also provides technical services in water, waste and sewage treatment industries.

As a market leader, Aqua-Flo has enjoyed a steady growth over the years and has contributed well to the Group on the back of increased in demand for equipment used in water treatment plants and wastewater treatment sector.

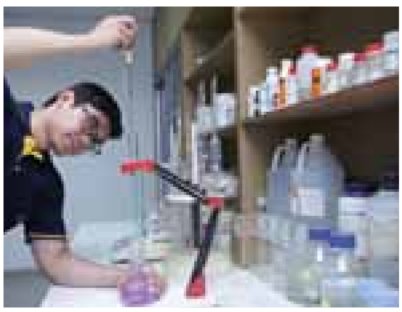
FY2017's performance saw a marked improvement for the trading segment on the Group's fulfilment of chemical trading contracts by Aqua-Flo Sdn Bhd ("Aqua-Flo"). The Group's move to acquire a majority stake in Aqua-Flo in mid-2016 played to Aqua-Flo's favour, enabling Aqua-Flo to secure three new contracts from PNSB Water Sdn Bhd, Konsortium ABASS Sdn Bhd and Konsortium Air Selangor Sdn Bhd, with cumulative estimated value of RM98.0 million over a period of two years. Of this, RM77.6 million worth of orders had been delivered as at 31 December 2017.

As such, the trading segment recorded a 20.7% increase in revenue from RM83.9 million in FY2016 to RM101.3 million in FY2017. Correspondingly, the segment recorded notable PBT of RM7.6 million from RM6.5 million, reporting a 16.9% increase.

Upon the successful delivery of these contracts in May 2018, Aqua-Flo intends to bid for the renewal of these contracts and explore other contracts for supply of water treatment chemicals and monitoring equipment.

Furthermore, we intend to expand vertically to produce some of our own chemicals, in order to capture the margins along value chain. Also, as the market for water chemicals has somewhat matured, we intend to penetrate into the supply of chemicals for the sewerage industry, in light of anticipated demand driven by the Government's initiative to build 77 Sewerage Treatment Plants (STPs) nationwide by 2040 under the National Sewerage Catchment Strategy with an estimated budget allocation of RM52.0 billion.

MANUFACTURING SEGMENT
574%
INCREASE IN REVENUE



Fully equipped Research and Development Laboratory - Aqua-Flo Sdn Bhd Laboratory

Management Discussion and Analysis

Licensing

Our licensing segment is represented by King Koil Licensing Company, Inc ("KKLC") via the acquisition of 60% equity stake in Kaiserkorp. The globally recognised brand King Koil® mattress brand is one of the top 10 mattress brands in US and has 30 licensees worldwide servicing over 90 countries spanning 6 continents.

The Group's licensing segment under the KKLC achieved revenue of RM35.8 million in FY2017, which inclined by 77.2% from RM20.2 million recorded in the previous year. However, the evolving dynamics in the US bedding industry impacted the segment's earnings, where PBT decreased 30.8% to RM0.9 million in FY2017 from RM1.3 million.

Amidst this tumultuous environment, the Group undertook a comprehensive strategic review of the operating landscape to objectively assess King Koil's market position and implement action plans to reinforce our market share. Resulting from this, the Group announced on 22nd January 2018 a new strategic direction for the segment's business primarily in the core US market, entailing the setting up of direct wholesale distribution efforts in unlicensed territories, leveraging on small-scale manufacturing capabilities and third-party contract manufacturers.

The first phase of the new direction involves King Koil gradually taking over distribution in US territories upon expiry of its current license agreements over the next three years. Further to this streamlined distribution channel, the segment would establish a new King Koil-owned manufacturing facility in Arizona, Phoenix serving the Western region, and form strategic partnership with one of the top-performing licensees to serve markets in the Midwest region. These initiatives would be undertaken by King Koil Manufacturing West, LLC ("KKMW"), a wholly-owned subsidiary of Perangsang Selangor's indirect 60%-owned subsidiary Kyco Industries, Inc ("Kyco").

Tasked with executing this new direction is the new management team of KKLC led by the newly appointed KKLC Chief Executive Officer, David Binke, a global mattress veteran with more than 25 years of experience in the industry across operational and strategic capacities. He is no stranger to KKLC, having joined King Koil® in Hartford and KKLC in Chicago between 2004 and 2014, leaving no doubt of his passion to drive the brand forward in the coming years. It should be noted that KKLC also made several strategic appointments to the senior management team comprising key industry veterans, who, together with Binke, would be instrumental in spearheading the new direction.

In the international market, KKLC added one new licensee to manufacture and distribute King Koil product in Mexico, and the renewal of all licenses but one which were due to expire in 2017. Our methodological expansion efforts shall continue as we seek capable and credible partners in all markets.

With supportive global growth conditions anticipated to spur consumer spending, we are optimistic that our efforts in making continuous improvements and regaining leadership would boost the segment's ability to grow the business, envigored by new strategic direction, continued investments, and the renowned global brand name.

Infrastructure and Utility

Our wide-ranging infrastructure and utilities segment has consistently been an earnings driver for the Group. In FY2017, the segment consisted of the 51% stake in KPS-HCM Sdn Bhd ("KPS-HCM"), 30% equity in Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH"), 60% shareholding in Smartpipe Technology Sdn Bhd ("SPT"), and 20% share in the Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd ("SPRINT").

For the year under review, stronger billings from KPS-HCM boosted the infrastructure and utility segment to revenue of RM36.7 million. Meanwhile, higher contributions from associated companies, primarily SPLASH, led to the 136.7% profit share jump to RM87.8 million from RM37.1 million in FY2016.

KPH-HCM, a 51% subsidiary of the Group effective 22 June 2017, noted healthy progress billings from works undertaken Pulau Indah Industrial Park infrastructure project. The 18-month works are slated for completion in January 2019, thus contributing positively to the Group's FY2017 performance with continued earnings flow in FY2018 and FY2019.

KPS-HCM will continue tendering for similar projects in order to sustain the performance of our infrastructure and utility segment going forward. We envisage for KPS-HCM to eventually move beyond its existing scope of road construction, maintenance, refurbishment and rehabilitation, to provide general civil engineering works, building construction and maintenance for both public and private sector.

Our pipe business under SPT offers both trenchless and conventional pipe solutions to the Malaysian market. Whilst the acceptance of trenchless technique is still low in Malaysia, SPT marked a key breakthrough by focusing on conventional pipe installation, having been awarded a contract for sewerage reticulation at Pulau Indah Industrial Park with a potential to also secure the water reticulation works. This milestone will set a precedent and kickstart SPT's required track record for similar installations in the future.

SPT had also signed an agreement with Pengurusaan Air Selangor Sdn Bhd to conduct a pilot project using Wavin's close-fit compact pipe solution, which is scheduled to complete in the second quarter of 2018. The successful implementation of this project will showcase the technology's competitive edge and further possibilities to potential customers. We believe that this too will set the benchmark for future pipe rehabilitation projects in the country.

Going forward, we will relentlessly engage state water agencies to market and promote our compact pipe solution in line with Malaysian Government's plan to address the high instance of non-revenue water ("NRW") nationwide.

The Malaysian economy is expected to continue to strengthen on the back of increased domestic spending, positive sentiment and acceleration of global economic activities. While potentially challenged by higher inflation, volatile capital flows and lingering uncertainties in the global and financial markets, we are optimistic of the segment's prospects in the future.


King Koil Manufacturing Facility - Arizona, USA


Sand compaction for road works - KPS-HCM Sdn Bhd


Material inspection for sewerage works - Smartpipe Technology Sdn Bhd

Management Discussion and Analysis

Oil and Gas

Even amidst challenging times and entry of a new player in Peninsular Malaysia, our 40% associate NGC Energy Sdn Bhd ("NGC Energy") maintained its position as the second largest player in the liquefied petroleum gas ("LPG") market. NGC Energy remained profitable in FY2017 with our share of profits of RM11.2 million, albeit lower than RM14.6 million in FY2016 due to supply challenges and higher prices of global LPG sources.

With a conscious effort to address this, NGC Energy made positive progress in keeping a healthy sales mix and re-strategising of its supply mix.

Recognising the abundant opportunities in the industrial and commercial businesses, NGC Energy introduced a new 20 kg cylinder size with a seamless filling process. This product is targeted for restaurants and places that do not require industrial tanks, while saving the hassle of handling a 50 kg cylinder. Preliminary feedback has been positive, and we endeavour to constantly innovate our product offering to cater to customers' requirements.

The global and domestic Oil and Gas sector underwent challenging times over the last few years, but the gradual strengthening of crude oil prices in 2018 portrays a clear indication of better days ahead. In the long run, the Group is upbeat regarding LPG's prospects in Malaysia, given its symbiotic relationship with the country's population growth and accelerated industrialisation.

Telecommunications

The Group's telecommunications segment recorded a lower share of loss of RM1.3 million in comparison to RM1.5 million a year ago. With the change of majority shareholder on Ceres Telecom Sdn Bhd ("Ceres"), we are anticipating a re-modelled product offering by Ceres in the near future, including its core mobile package for consumers.

As a mobile virtual network operator, Ceres holds the network service provider ("NSP") and application service provider ("ASP") licenses in Malaysia. This allows Ceres to continuously explore various markets for it to tap into given the rapid development of the telecommunication industry and opportunities presented to it.

CORPORATE DEVELOPEMENTS

Proposed 1-for-13 Bonus Issue

Perangsang Selangor aims to reward existing shareholders in recognition of their support of the Group's growth story thus far, by proposing to undertake a bonus issue on the basis of one (1) Bonus Share for every 13 existing Perangsang Selangor Shares held, involving the issuance of up to 38.4 million Bonus Shares.

The proposed Bonus Issue would increase Perangsang Selangor's share base from 499.0 million currently to 537.4 million, with the larger capital base reflecting the Group's multi-pronged investment portfolio. The Group is optimistic that this Bonus Issue would enhance marketability and trading liquidity of Perangsang Selangor's shares on the back of the Group's growth-centric stance.

The exercise is subject to approval from Bursa Malaysia Securities Berhad, as well as Perangsang Selangor shareholders at the upcoming Annual General Meeting.

Risk Management

The Group has an Enterprise Risk Management ("ERM") framework based on the ISO 31000:2009 International Standard of Risk Management – Principles and Guidelines, to proactively identify, evaluate and manage key risks to an optimal level. In line with the Group's commitment to deliver sustainable value, this framework aims to provide an integrated and organised approach entity-wide.

The risk management process is continuously being embedded into the key business processes, enabling effective risk management practices group wide. All identified key risk areas, key mitigation actions and key risk indicators are documented and monitored on a quarterly basis. The key risk areas identified are Liquidity Monitoring, Balancing of Investment and Enhancing Portfolio via Integration. For further details on our Risk Management, please refer to page 79 to 86 for the Statement of Risk Management and Internal Controls.

CONCLUSION

Perangsang Selangor has unequivocally demonstrated our commitment to long-term shareholder value creation, by not only investing in various business, but more importantly taking strategic measures to harness the highest growth potential for sustainable expansion.

Having already invested in good companies, our sole aim hereon is to nurture them into truly great businesses by creating possibilities and enhancing value to enable them to thrive in the coming years. We look forward to your continued support.

LPG Filling Plant - NGC Energy Sdn Bhd

Sustainability Statement

PURSUING EQUITABLE GROWTH

Kumpulan Perangsang Selangor Berhad ("Perangsang Selangor" or "the Company") views sustainability as a vital part of its ongoing business strategy. Sustainability provides the Perangsang Selangor Group ("the Group") with the impetus to strategically expand its investment portfolio, both locally and internationally, in the endeavour to deliver better financial, strategic and social returns.

As the Group pursues its growth strategy, we remain conscious of the need to be sustainable from the Economic, Environmental and Social ("EES") perspective. This is a real challenge to the Group given that its diverse business interests are spread across a large geographical area. However, the Group is committed to implementing its sustainability strategy and will continuously strive to improve its efforts of achieving equitable growth and in providing a robust sustainability disclosure going forward.

In this first Sustainability Statement ("Statement"), Perangsang Selangor presents the endeavours and progress it has made in 2017 in advancing its sustainability agenda throughout the Group.

The Group is proud to report that it has achieved some encouraging results and gained many insights from its efforts. The Group has also identified the areas in which better performance could be achieved and, going forward, the Group plans to intensify its efforts to ensure the achievement of better results.

Ultimately, through sustainability, the Group remains committed to making meaningful contributions to the EES objectives while strengthening its core businesses to maximise returns to shareholders.

MEASURING OUR PROGRESS (SCOPE AND BOUNDARY)

Given that this is the Group's first Statement, the best possible disclosure is presented based on the available meaningful data on the most significant materiality matters, at both Group level and selected subsidiary companies. The Group's Statement provides a disclosure on its most pertinent projects, initiatives and activities and that of its subsidiaries rather than every aspect of its operations.

This Statement does not include the Group's value chain, which comprises third party contractors, suppliers and vendors. The Group will continue its effort to provide a more comprehensive disclosure going forward.

REPORTING PERIOD:	1 January 2017 to 31 December 2017
REPORTING CYCLE:	Annually
PRINCIPAL GUIDELINES:	Bursa Securities' Main Market Listing Requirement Practice Note 9 Article 6

Sustainability Statement

SUSTAINABILITY AND EQUITABLE GROWTH VIA GOVERNANCE

Corporate Sustainability Champion ("CSC") plays a vital role in driving the implementation of sustainability concept within the Group. The CSC is an integral part of Perangsang Selangor and has been defined as the body responsible for managing and coordinating the sustainability process.

The CSC is a cross-functional and cross-divisional entity comprising all Corporate Functions or selected Heads of Departments. Members of the CSC Committee is defined by function or delegation and is linked to a specific functional assignment.

The CSC has its own Terms of Reference ("TOR") which is available on Perangsang Selangor's website and is chaired by the Chief Executive Officer ("CEO") or the Chief Operating Officer ("COO") in the absence of the CEO.

Note:
Legal Depatment ("Legal"); Company Secretary ("CoSec"); Strategic Planning and Investments ("SPI"); Public Relations, Media and CSR ("PRMC"); Finance Department ("Finance"); Human Resource and Administration ("HRA"); Risk Management Department ("RMD")

The roles and responsibilities of CSC include:

- Construct strategic masterplan to embed EES responsibility in daily business activities as defined by the Group's vision and mission.
- Ensure that the policies, standards, systems and persons tasked to identify and comply with the international standards and agreements in the EES area are committed to them.
- Establish, monitor, manage and coordinate sustainable development strategy of Perangsang Selangor and its implementation based on annual objectives and action programmes approved by the Board of Directors.
- Develop and increase stakeholder awareness (both internal and external) of the need for and benefits of sustainable behaviour and initiate change for continuous improvements.
- Produce regular internal and external reports as well as Sustainability narrative for the Group's Annual Report.

The creation of a cross-functional body that traverses the Group allows for a multitude of views and perspectives to be brought forth. This gives the Management a more inclusive and comprehensive perspective of Sustainability. The said rich internal view is then supplemented with the views of external stakeholders through various engagements held throughout the year.

STAKEHOLDER ENGAGEMENT

In defining its most significant materiality matters, the Group believes that stakeholders' perspectives are essential to the process; this ensures that the Group's identification and prioritisation of materiality is based on a balanced and inclusive view. Equally important, the Group's views will not be biased and skewed by its internal understanding and opinions.

Throughout 2017, the Group has actively engaged with various key stakeholders in the course of its business dealings as well as when and where mandated by authorities and regulators. During each of these engagement or encounter, the Group gives undivided attention to the opinions of stakeholders on a wide range of issues related to EES.

Sustainability Statement

Stakeholder	Issues of Concern	Forms of Engagement
Employees	• Employees wellbeing, health and safety • Succession planning	• Breakfast with CEO • Lunch and Learn sessions • Social, sports and health and wellness activities • Induction exercise for new employees • Town hall meetings • Circulation of HR policies • Talent development programmes • Annual Dinner • Other HR activities
Certification Bodies	• Adherence to International Organisation for Standardisation ("ISO") 9001, 14001 and OHSAS 18001 Standards	• Regular meetings • Submission of documentation on ISO certification within the timeline stipulated • Internal and external audit exercises as and when necessary
Investors or Shareholders	• Investor relations • Corporate governance	• Annual General Meeting • Quarterly results announcement • 'Investor Relations' page on the Company website • Analysts briefing sessions • Annual report
Regulators	• Compliance to regulatory requirements of Bursa Malaysia Securities Berhad, Companies Commission of Malaysia, Bomba and local authorities	• Regular discussions and meetings with authorities • Consultations with local authorities • Site inspections • Seminars, briefings and trainings
Community	• Social engagements and impacts • Community relations	• Corporate social responsibility activities
Customers	• Product/service quality • Marketing and promotions	• Marketing and promotional content • Website/social media • Customer feedback • Events/roadshows
Vendors or Suppliers	• Anti-corruption • Product and service price and quality • Service scope and payment schedule	• Vendor/supplier registration • Procurement policies • Performance evaluation • Site visit and meetings
Media	• Brand image and credibility	• Media interviews and press conferences • Press releases

MATERIALITY MATTERS

ECONOMIC

To provide continued and sustainable growth in the long term while creating value for our customers, shareholders and business partners

Balancing Corporate and Social Commitments

The four pillars of the Company's Mission Statement give equal importance to the Perangsang Selangor's economic objectives as well as to its goal to be a caring, community-oriented and eco- friendly organisation. As a public-listed organisation as well as a state-government linked company, the Group understand the need to balance corporate and social commitments as its key responsibility in the pursuit of financial and non-financial returns to all stakeholders.

Sustainability Statement

The Group's approach in realising this aspiration is to adopt a global view, that is to identify opportunities for strategic acquisition or equity positions in sustainable businesses both at the local and international levels. Essentially, Perangsang Selangor seeks to invest in high-growth opportunities which provide steady income. Nevertheless, however, the Group's investment decisions will also take into account infrastructure development, job-creation, socio-economic improvement, human and intellectual capital development, etc. The Group's projects and activities, at the Group or subsidiary company level, should have the "prosper the people" agenda which in turn contributes to nation-building.

In acknowledging the risks associated with investing in unlisted companies, the Group has adopted policies which emphasis on providing sustainable, long-term growth for Perangsang Selangor and its subsidiaries:

Policy Objectives	Investment Parameters	Investment Criteria
• Balanced exposure to multiple sectors. • Focused investment parameters. • Investment beyond Selangor – reaping financial and non-financial benefits from global stage to the state. • Balance between dividends and growth returns. • 'Value Creation Plan' (VCP) – identifying specific growth strategies and action plans prior to each investment.	• Majority stake of at least 51% - enables us to control decision-making and maintain agility to respond to any market changes. • Maximum portfolio concentration of 25% per industry – minimises overall Group exposure to industry-specific risks. • Sector-agnostic to capitalise on the best investment opportunities; guided by Shariah and ethical principles. • Long-term investment – focuses on building sustainable value and growth.	Companies in Growth/Mature life cycle i) Mature Companies • Large companies with established market positions, often with multiple subsidiaries/core businesses. • Stronger dividend-paying capabilities. • E.g. CBB, Aqua-Flo, CPI ii) Growth Companies • Strong operational/profit track record • Ready for the next stage of growth • Higher capital growth potential. • E.g. Kaiserkorp, CPI iii) Strategic Investments • Represents strategic additions to current core businesses or to the Group's role as a state government-linked company. • May not meet criteria of Mature or Growth companies 100%. • E.g. SPT, KPS-HCM

Previously under the Group's Corporate Turnaround Plan, a recalibration of our investment portfolio was undertaken with the objective to streamline the Group's holdings, while ensuring greater efficiency and synergy in our business model.

In reinforcing our investment philosophy and policies, we have adopted various investment evaluation and monitoring processes designed to achieve our sustainability objectives.

All new investment proposals are put through a rigorous evaluation process involving multiple approval stages by Management and the Board Investment Review Committee, legal, financial and tax due diligence by independent professional advisors, commercial and operational due diligence by the Strategic Planning and Investment ("SPI") team and internal subject matter experts, as well as assessment by our Risk Management team.

Upon completion, our monitoring processes ensure that each company adheres to approved business plans and strategic directions, as well as to all applicable laws, regulations and standards including those pertaining to the environment, product quality and human resources.

Group Co-ordination and Management

The Group is currently involved in six business sectors: manufacturing, trading, licensing, infrastructure and utility, oil and gas, and telecommunications. These business sectors are based in several geographic locations. Diversification is a key factor in managing investment risks, but it also presents challenges in ensuring that consistent management style is implemented across the board.

In ensuring economic sustainability of its subsidiaries, the Group hires experienced industry experts to head the respective companies and drive the execution of its Value Creation Plan. The Group adopts an organisation structure which grants a certain degree of autonomy to the subsidiaries to operate seamlessly and competitively in their respective markets. Although it is not the Group's policy to be involved in the daily operation of the subsidiaries, it actively oversees and monitor the companies by:

Sustainability Statement

- Appointing representatives to the Board of Directors of the investee companies, with meetings on a quarterly basis;
- Formation of an Executive Committee for each investee company for continual and engaged oversight by the SPI team of Perangsang Selangor;
- Secondment of Perangsang Selangor employees as part of the Senior Management team of subsidiary companies;
- Periodical assessment and audit by the Risk Management and Internal Audit teams of Perangsang Selangor; and
- Other corporate supports as deemed necessary.

As much as possible, we implement equity-based compensation structures to ensure alignment of interest between Perangsang Selangor and the head of our subsidiaries.

Developing a Unified and Cohesive Performance Culture

The Group aspires to nurture a common corporate culture within its organisation and acknowledge that it is a material challenge due to disparities seen between the group of companies. However, we continue to pursue this agenda given the importance of organisational culture in achieving business and operational excellence while developing desired workplace behaviours and ethics. Due to the undeniable value of culture as a soft power, the Group continued to focus on this area in 2017.

Our efforts to develop corporate culture involve many facets. Besides cascading desired values and behaviour across the Group, Post Integration Plan ("PIP") was implemented and conducted for on board staff or newly acquired companies, where through a series of action plans, we share and embed our unique cultural values, operational systems and processes in these newly acquired companies. Perangsang Selangor's Business Development unit is responsible for driving the PIP.

This approach may include re-engineering business processes and is conducted progressively rather than immediately to minimise culture shock within the newly acquired companies and to ensure better buy-in over time.

In addition to this, key management staff from the Group may be seconded to these newly acquired companies. By providing strong, exemplary leadership at the top of the company, the process of cascading values is achieved with greater effect. The top-down approach has been proven effective in getting people on board to embrace the Perangsang Selangor way of corporate excellence.

In 2017, the Group held an offsite meeting involving its Board of Directors, Senior Management and Head of Subsidiaries. The purpose of this exercise was to outline key strategic issues to chart the strategic direction of the Group going forward.

During this session, aspirations and assumptions were deliberated and challenged, which included external and internal business factors, material issues, the impact of rising technological trends and growing competition; socio-economic and political issues and other relevant matters. The insights derived from this offsite meeting were used to further enhance the Group's future strategic plans.

Risk Management

Risk management is essential in ensuring the sustainability of Perangsang Selangor's business and operational performance.

The Group has an Enterprise Risk Management ("ERM") framework based on the ISO31000:2009 International Standard of Risk Management - Principles and Guidelines, to proactively and optimally identify, evaluate and manage key risks associated with the Group's business operation.

In line with the Group's commitment to ensure business sustainability, the key risk areas identified were re-aligned with the Perangsang Selangor corporate key business objectives. The risk strategic outcomes were deliberated at both management and Board level with the following processes carried out throughout 2017.

Sustainability Statement

Sustainability Concern	Process Undertaken	Frequency
Economical	1. Actively involved in pre-evaluation of new or potential investment such as new manufacturing and water related business.	As and when.
	2. Alignment of risk with Perangsang Selangor corporate key business objectives.	Quarterly basis and upon changes in direction.
	3. Monitoring of Key Risk Indicators (KRIs) on all risks profile.	Quarterly basis.
Environmental	1. Highlight potential Safety, Health, and Environment (SHE) non-compliance risk in particular subsidiary premises governed by relevant Acts.	Quarterly basis or when there is potential of risk occurrence.
	2. Highlight issues on technology acceptance arising from implementation of new trenchless technology to minimise non-revenue water (NRW).	Quarterly.
Social	Quarterly updates on risk awareness and risk management.	Quarterly.
	Sharing session with all Perangsang Selangor staff namely Global Risk Outlook and 5S implementation.	As and when.

The Group has established a comprehensive Risk Register which outlines various risk factors and the mitigation efforts put in place. Further information about the Group's risk management approach is disclosed in the Statement of Risk Management and Internal Control of this Annual Report.

The Group's continuous effort to improve governance and risk management have been given due recognition. In 2017, Perangsang Selangor was ranked 69 out of 100 public listed companies under the ASEAN Corporate Governance Scorecard assessment. The scorecard is a joint initiative by the Minority Shareholder Watchdog Group ("MSWG") and the ASEAN Development Bank and is benchmarked against international best practices.

The Malaysian Association of Risk and Insurance Management ("MARIM") has recognised Perangsang Selangor's significant contribution to the improvement of risk management; and has also extended a seat on the MARIM Executive Committee ("EXCO") working committee to the Group.

Sustainability Statement

Product Quality and Customer Satisfaction

Perangsang Selangor strongly believes and encourages its Group of companies in producing market-leading product quality with continuous innovation and successful marketing to capture long-lasting customer satisfaction, while delivering long-term value in terms of safety, eco-friendliness and earning both customer and industry recognition as being the preferred choice.

We continue to invest in our systems and processes to achieve continuous improvement. The group will continue its effort in aggressive marketing, customer relationship building and other measures to ensure its products remain the leading choice for the market.

Product Quality

King Koil®

The King Koil® mattress brand has been synonymous with high quality mattresses for much of its 120 years history and across 90 countries where the brand is manufactured and distributed today. The brand's commitment to delivering quality sleep products to consumers encompasses:

- Selection of raw materials and components with properties conducive for better consumers' health and sleep e.g.:
  - GelResponse™ Latex and Graphite Talalay Latex for eco-friendly, moisture-wicking mattress cores;
  - Joma Wool® for mattress surfaces which are flame resistant, non-allergenic, water repellent, and temperature-regulating;
  - Copper yarns-infused fabrics for antimicrobial and odour elimination properties;
  - iFusion™ Technology and AdvantaGel™ memory foams for temperature-regulating and pressure-relieving mattress cores; and
  - Certi-PUR-US® certified foams which are made without ozone depleters, formaldehyde, heavy metals including mercury and phthalates.

- Long-established collaborative relationship with the International Chiropractors' Association ("ICA"), producing ICA-endorsed products that promote proper spinal alignment and healthier sleep.

- Stringent evaluation process of new and renewing licensees based on several key criteria including:
  - Manufacturing capability and supply chain solutions meeting King Koil's quality standards;
  - Financial resources for investment in additional capacity (if required) or expansion of distribution network; and
  - Market development plan and strategy to grow King Koil's local market share.

- Inclusion and enforcement of terms in the license agreements in relation to:
  - Manufacturing and raw materials in accordance to product specifications determined by King Koil; and
  - Compliance with all applicable laws and regulations including on product quality standards, environmental, consumer protection, labour practices etc. Non-compliance is a basis for immediate termination of the license agreement.

For better control of the distribution, product quality and brand integrity in the USA, King Koil announced a change of business model for its domestic market in January 2018.

Consolidation in the marketplace and the dysfunctional licensing model in the USA were major obstacles to market expansion efforts, resulting in King Koil's from 8th position to 11th on the Furniture Today's Top 15 Bedding Producers List from 2015 to 2016. The new business model will see King Koil's first owned and operated manufacturing facility in Phoenix, Arizona as we take over distribution in the market from a former licensee.

King Koil® high technology and customised embroidery with world renowned equipment

Sustainability Statement

Century Bond Bhd

Century Bond Bhd ("CBB"), is the leader in the manufacturing of cement bags with a market share of 60% in Peninsular Malaysia as well as having a footprint in South East Asia – namely in Indonesia, Singapore and Thailand.

CBB's success in securing a large market share is due to the quality of its product. The Company is both ISO 9001:2015 and ISO 14001:2015 certified. The entire manufacturing process from the selection of raw material to quality assurance and final finished product is strictly controlled to ensure excellent quality while complying with local environmental and labour laws.

ISO 9001:2015

ISO 14001:2015

The Environment Management System ("EMS") team is responsible in ensuring that the environment is protected and maintained in accordance to ISO 14001 standard.

Environment Management System Organisation Chart

Among the basic steps or controls put in place to ensure a sustainable manufacturing process are:

- Evaluate the introduction of any new chemicals
- Manage and maintain the Chemical Master List
- Formulate and implement chemical handling training and awareness programmes
- Ensure chemical storage is safe and with proper warning labels
- Monitor and coordinate major chemical spillage or incidents
- Identify different types of waste from different sources
- Indicate type of schedule wastes by using Environment Quality Act code numbers
- Waste disposal arrangement

Water is used to wash off our glue waste from cement bag production and carton production. Waste water will go through several filtration processes before it is returned to inland water. Efforts are also made to conserve water withdrawn from sources.

Sustainability Statement

Plaza Perangsang Fire Drill

Customer Satisfaction

Building Maintenance and Operation

The Group's key property asset and headquarters, Plaza Perangsang, has never had any major Health Safety and Environment ("HSE") incidents or mishaps. The building is OHSAS 18001 and ISO 9001:2008 certified and currently in the process of migrating to ISO 9001:2015. All HSE related matters are monitored on a daily and monthly basis. A total of 479 complaints were filed by the tenants in 2017. These comprised electrical and plumbing complaints as well as problems with the air conditioning system primarily due to ageing machinery and equipment or breakdowns. Most complaints were resolved within 24 hours while those requiring more extensive attention were referred to the Company's vendors and contractors.

The results of annual tenant satisfaction survey showed that 78.1% of the tenants were satisfied with the following areas: quick response in addressing and resolving complaints, quality of maintenance service, prompt response by the Building Management Services ("BMS") centre, cleanliness of the public areas, effectiveness of signage, condition of the car park and parking services as well as behaviour of staff and contractors.

The main HSE initiatives conducted in 2017 for the staff and tenants of Perangsang Selangor are:

- First aider training for 23 attendees, held on 26 and 27 April 2017 conducted by Inspired Development Training and Consultancy Global Enterprise.
- Safety awareness and evacuation drill, held on 24 and 25 October 2017 involving 680 workers with participants from the 2^{th} to 17^{th} floor.
- At the end of the drill, the first aid team demonstrated techniques on how to use the Automated External Defibrillator (in the event of heart attacks), as well as administration of first aid for fractures and choking.

Business Continuity Management

In connection to Business Continuity Management ("BCM"), the following tests were conducted during the year with the primary goal of ensuring uninterrupted business operations in the event of a disaster.

TYPE OF EVENT	TESTING DETAILS	TEST RESULT
Business Continuity Management		
Plaza Perangsang Fire Drill	1. Test conducted on 25 October 2017 2. Live simulation testing 3. Involved all tenants	Successful
Actual		
Pre and Post BCM Testing on temporary relocation of office	1. Relocation on 25-26 October 2017	Successful
	2. Main office temporarily located at Kayangan Ballroom Ground Floor	Operations continued smoothly despite minor internet connectivity intermittent

Sustainability Statement

ENVIRONMENT

We are committed to identifying, managing and minimising the environmental impacts of our business operation (s)

Environmental Preservation or Conservation

Our disclosure on environmental preservation will focus on our indirect subsidiary company, Polyplus Packages Sdn Bhd ("Polyplus") whose primary business activity is the production of paper carton boxes, in Nilai, Negeri Sembilan.

In June 2017, Polyplus was fined RM20,000 by the Department of Environment ("DOE") for excessive amount of effluent flowing into inland water. In mitigating this situation, the company has installed a suction pipe which channels the wastewater from the tank to the nearby water treatment plant. This ensures that all waste water is treated prior to being discharged into inland water bodies.

As an added measure, a monthly removal of sludge that accumulates at the bottom of the tank has been introduced to further reduce the possibility of effluent overflows. The removed sludge is then disposed off by a DOE certified or approved waste collection company.

Going forward, Polyplus will explore the feasibility of having periodic treated water testing at a registered chemical testing laboratory. This is to ensure that the wastewater residue composition does not exceed the limit set by DOE.

As a further commitment to sustainability, the Company may consider recycling the treated wastewater to produce glue for the carton boxes. While this could involve some initial cost outlay, the long-term benefit are lower product costs and faster time to market, and equally important, the benefits to the environment.

The Company may also benchmark against the waste water treatment system currently operating in Senai which is regarded as the best model. Alternatively, Polyplus may opt for chemical treatment using products provided by related companies.

On a separate note, in 2017, Prestige Packages Sdn Bhd ("Prestige"), a subsidiary of CBB which manufactures cement and non-cement bags, invested approximately RM150,000 in a vapour / dryer system to process waste water and sludge. The system converts wastewater into vapour which is then released into the air while the sludge will remain in the system. The sludge is then handed over to a waste treatment company.

The vapour produced by this system is not known to have any harmful effects on air quality as it is within the permitted threshold according to our 3rd party vendor. The Group, however, has made arrangement for an inspection to be conducted by the DOE to obtain an independent assurance regarding this matter.

Both plants currently generate about 3kg of sludge per day at a rate of 1kg of sludge produced from approximately 400 litres of waste water.

Water Treatment

Our Statement concentrates on Aqua-Flo Sdn Bhd ("Aqua-Flo") which is the major supplier of chemicals (such as Liquid Alum, Hydrated Lime, etc.), for water treatment plants to process raw water for residential and commercial use.

Monitoring equipment are also provided to measure pH, turbidity levels and other water parameters.

All products used for water treatment comply with specifications stipulated by SIRIM as well as Suruhanjaya Pengurusan Air Negara ("SPAN"). The chemical characteristics of the products ensure that after treatment, only a negligible amount of residual impurities remain, hence negating any detrimental impact to the environment.

Reduction in Power Usage

At the Group's headquarters, Plaza Perangsang, a building wide initiative has been undertaken to replace 1,806 conventional fluorescent light-bulbs with LED lighting with the view of reducing electricity consumption and costs. The effort also saw the replacement of four (4) main centralised chillers for the building.

We are happy to report that our power consumption has reduced by 7% post implementation which in return yield us a cost savings of RM12,237 per month.

SOCIAL

To promote inclusive and equitable development for all community stakeholders and to provide satisfying, productive employment

Sustainability Statement

Employee Satisfaction

In gauging overall staff sentiment, Perangsang Selangor initiated a Group wide employee satisfaction survey ("ESS") in 2017. Key performance areas assessed were employee engagement, organisation initiatives, internal communication and working environment. Our findings showed that the level of staff engagement at Perangsang Selangor is a healthy 82.43%.

The survey was a joint effort between the Group's Human Resource and Administration Department and Arshad Ayub Graduate Business School ("AAGBS"). Data was collected from Perangsang Selangor staff via structured questionnaires and focus group interviews.

The results of the survey are very insightful and have been incorporated into our talent management plans going forward. We plan to make EES an annual exercise barring any unforeseen developments.

In a recent development, Perangsang Selangor has been awarded the Silver Award - 2017 Employer of Choice (Private Sector) category by the Malaysian Institute of Human Resource Management ("MIHRM"). Perangsang Selangor is immensely proud, yet humbled, by the award and recognition as it is an acknowledgement of its continuous effort to develop excellent human capital and organisational culture.

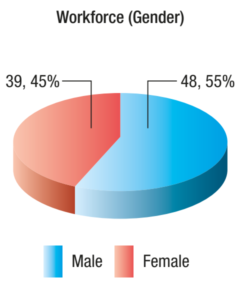
Puan Suzila Khairuddin, Chief Operating Officer of Perangsang Selangor (centre) with the Silver Award - 2017 Employer of Choice (Private Sector) trophy

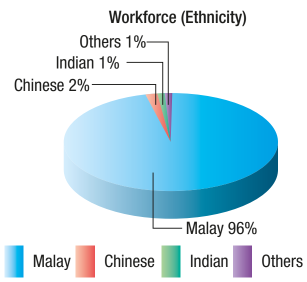
Gender Diversity and Equal Opportunity Work Environment

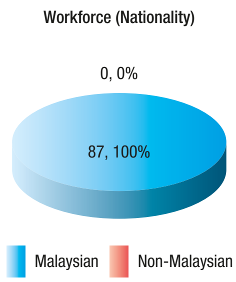
The Group is committed to creating a more balanced workforce in terms of the number of its male and female employees and Directors. At the Board Level, the Group has approved a Gender Diversity policy in 2015 to have at least one sitting female Board of Director.

GENDER		ETHNICITY				AGE GROUP		NATIONALITY	
Male	Female	Malay	Chinese	Indian	Others	50-59 years	60 years and above	Malaysian	Non-Malaysian
8 (80%)	2 (20%)	8 (80%)	NIL	2 (20%)	NIL	4 (40%)	6 (60%)	9 (90%)	1 (10%)
Total number of Directors: 10									

GENDER		ETHNICITY				NATIONALITY	
Male	Female	Malay	Chinese	Indian	Others	Malaysian	Non-Malaysian
48 (55%)	39 (45%)	83 (95%)	2 (2%)	1 (1.5%)	1 (1.5%)	87 (100%)	0 (0%)
Total number of Manpower: 87							







Sustainability Statement

Talent Management

In today's competitive business environment, talent management is undoubtedly essential in ensuring sustainability. Our approach is to adopt a comprehensive set of integrated, organisational HR processes designed to attract, develop, motivate, and retain productive and engaged employees. The system or framework measures individual performance against the potential of the talent pool.

EMPLOYEE MATRIX

POTENTIAL	LOW	MEET EXPECTATION	EXCEED EXPECTATION
HIGH	**ROOKIE** 3 • Under performer but loads of potential • Maybe new role to role; ensure support is available • Maybe in wrong role; consider reassignment	**TOP PLAYER** 2 • Meets all target • Demonstrate lots of potential - likely candidate for promotion • Continue to develop in current role • Coaching	**STAR PLAYER** 1 • Top talent • Strong candidate for promotion • Include in strategic initiatives • Provide special development • Provide differenttiated rewards
MEDIUM	**EMERGING PLAYER** 6 • Under performer • Likely to be in wrong role provide assignment in different role or exit from business	**KEY PLAYER** 5 • Meets all target • Some potential for growth • Continue to develop in current role	**TOP PLAYER** 4 • Exceeds target • Needs greater challenge • Gradually expand current role • Give "STRETCH" target
LOW	**POOR PERFORMER** 9 • Under performer • Consequence Management • Exit if no improvement within six (6) months	**EFFICIENT PLAYER** 8 • Typical "Average Joe" • Meet basic requirements • Continue to develop in current role • Potentially same job, same role	**SOLID PLAYER** 7 • Over performer but not ambitious • Retain in current role

PERFORMANCE

Talent Recruitment

The Group's recruitment policy is to give preference to internal recruitment. A position is opened to external prospects only when there is no suitable internal candidate to fill the vacancy. Recruitment, whether it is done internally or externally, is based strictly on merit, i.e. the candidate's competency and potential to contribute to the overall performance of Perangsang Selangor.

In 2017, the Group made 176 recruitments, including those made by subsidiary companies. This is a 32.8% increase compared to the previous year.

Talent Assessment

All staff are assessed based on a system of merit that takes into account of individual performance as well as team and organisational accomplishments which is in line with our HR strategy to nurture and reward a high-performance culture. Annual increments and bonuses are awarded based on Company and staff performance while taking into consideration prevailing inflation rates and comparable industry practises.

Underperformed staff are placed under the Group's performance improvement plan. The plan is a structured and closely monitored programme that provide support to staff in their effort to improve their performance.

It is the policy of Perangsang Selangor to promote the deserving and high performing staff to higher positions in the organisation, either at Group or subsidiary company level. 14 staff were promoted in 2017 to further empower and develop the internal talents to the next level.

Sustainability Statement

Talent Development

The Group's training budget is assessed annually. In 2017, training allocation was increased by 15% in training and all employees were given the opportunity to attend training or self-development courses related to their field of work. All programmes and courses were provided at no cost to the employees, and all travel and meals are paid for as out-of-pocket expenses.

The Group has introduced innovative concepts with regards to training. For instance, the recently introduced lunch and learn activity, encourages staff who have attended external training to share their knowledge with other colleagues during lunch hour. This, in effect, is a good way of promoting and strengthening relationship between staff and improve inter-department communication as well as polishing the staff's presentation skills. It is also a way of gauging employee's feedback regarding the value of a particular course.

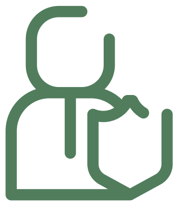
15%
TRAINING ALLOCATIONS

Staff Welfare and Benefits

Perangsang Selangor has implemented a competitive reward system where a combination of monetary and non-monetary reward is offered to employees. Improving the Employee Value Proposition remains a pivotal Human Capital strategy. Among the benefits provided are:

- Maternity leave and Paternal leave
- Compassionate leave
- Group Term Takaful (Term Life) insurance policy
- Group Personal Accident insurance policy
- Directors and Officers insurance policy
- Group Hospitalisation insurance policy
- Scholarship for eligible staff and children of staff
- Social events (i.e. annual dinner, teambuilding, Hari Raya festive gathering, etc.)
- Various allowances

MATERNITY LEAVE AND PATERNAL LEAVE



COMPASSIONATE LEAVE

SCHOLARSHIP FOR ELIGIBLE STAFF AND CHILDREN OF STAFF

Community Engagement

As a responsible corporate entity, we continue to prioritise social and community engagement as part of our overall outreach strategy. Beyond creating goodwill, our goal is to empower disenfranchised or underserved pockets of society and to deliver a long-lasting positive impact (legacy) that will provide socio-economic mobility and improvement. The programmes contribute to, and engage with stakeholders who include consumers, employees, and the general public at large.

The Group provides material support for its planned community engagements and is strategically aligned with the Selangor State's "People Caring" initiative. The Group has focussed its core community engagement programmes on the following areas:

- Human capital and socio-economic development
- Entrepreneurship development
- Sports development
- Education
- Wellbeing, healthcare and medical assistance
- Islamic religious programmes
- Community enhancement and assistance through one off donations, contributions and social activities

We are pleased to report that, in 2017, our community engagement efforts have made a meaningful difference to 22,258 beneficiaries from local communities, non-government organisations ("NGOs") and associations. The Group focussed on the following three (3) main Corporate Social Responsibility ("CSR") pillars for which RM4.041 million has been spent on.

Sustainability Statement

Selangor Sports Stimulus
Expenditure
RM1,405,137
Beneficiaries
8,922

Selangor People Career Stimulus
Expenditure
RM450,940
Beneficiaries
343

Selangor Community Responsibility Stimulus
Expenditure
RM2,185,004
Beneficiaries
12,993

Total Expenditure
RM4,041,081

Total Beneficiaries
22,258

Perangsang Selangor's community outreach efforts have received notable recognition evident by the following awards:

- "Social Empowerment Awards" in the Asia Responsible Awards – South East Asia (2013) and Asia (2015)
- Shortlisted among the top 10 in Asia for the "Best Sports CSR Initiative of the Year" in the Asia's Sports Industry Award (SPIA Award 2017).

With 400 entries from Asia, being shortlisted in the top 10 is an admirable achievement. This has strengthened our determination to further enlarge our efforts in social and community engagement initiatives.

The Group had also initiated various community development programmes as discussed below.

Top 10 in Asia for the "Best Sports CSR Initiative of the year"


Presentation of Raja Muda of Selangor Cup and Dato' Mokhtar Dahari Cup sponsorships to HRH Raja Muda of Selangor


Professional Mutawwif soft skill training


'Ziarah Kasih Ramadan' programme at Pusat Jagaan dan Rawatan Al-Ikhlas, Puchong

Selangor Sports Stimulus Programme

In 2017, Perangsang Selangor spent RM1.405 million on sports development programmes which aim to nurture a sports culture and promote healthy lifestyles among students and youths.

Through our "Sports for All" initiative, 8,922 beneficiaries participated in various sports such as bowling, badminton, swimming, cycling, football, squash, archery and sepak takraw.

Apart from organising "Sports for All" programmes, Perangsang Selangor spent RM100,000 to sponsor the "HRH Raja Muda of Selangor Cup" tournament which aims to promote football among pupils under the age of 12. A total of 576 players from 32 primary schools under the Petaling Utama and Petaling Perdana education district offices participated in the said tournament.

Additionally, the Group spent RM150,000 to organise the "Dato' Mokhtar Dahari Cup" tournament which attracted the participation of 576 students from 32 selected secondary schools from the top three (3) School District Sports Council games.

Selangor People Career Stimulus Programme

A total of RM450,940 was spent to organise entrepreneurial and soft skills training courses for 343 participants under the Selangor People Career Stimulus Programme. These training courses encompass various fields of entrepreneurship, such as Professional Mutawwif, Young Entrepreneurs of Selangor Building Contractors (KOBINAS), and Livestock industry which comprise Ruminants and Poultry, Halal Slaughter, BBQ Food Product and Business Plan, and Livestock Feed Formulation.

To ensure the effectiveness of the programme, Perangsang Selangor collaborated with Yayasan Hijrah Selangor to collectively produce a meaningful and innovative programme structure. This partnership, which began in 2016, has benefitted 193 participants from Selangor. The participants, comprising youths, retirees, single mothers and underprivileged members of the society, were given the opportunity to excel and succeed as entrepreneurs.

Sustainability Statement

As at end of 2017, 88% of participants have started their own businesses and are currently earning between RM1,000 – RM1,800 per month. The Group believes that this is a crucial milestone and are pleased to play a vital role in empowering the target groups, enhancing their capabilities, and enabling them to create their own success stories. More importantly, it is anticipated that these new entrepreneurs would be an inspiration to the future participants to carve their own success stories in the future.

Selangor Community Responsibility Stimulus Programme

A total of RM2.185 million was spent on the Selangor Community Responsibility Stimulus Programme in 2017. The main objective of the programme is to alleviate the needs of selected communities in Selangor by enhancing their well-being, undertaking religious programmes as well as supporting their educational needs through donations, contributions and social activities.

Wellbeing, Healthcare and Medical Assistance

As part of the Group's initiatives to cultivate a healthy lifestyle in the community, Perangsang Selangor has provided a subsidy of RM217,641 to support the Mobile Clinic Programme organised by Muslim Care which cater for approximately 4,680 people in Selangor. The subsidy was used to purchase a vehicle to be used as part of a mobile clinic facility. In addition, Perangsang Selangor also sponsored the "Counselling for Program Perumahan Rakyat Termiskin Residents", a community development programme for 480 people in Lembah Subang for a total cost of RM114,300.

Islamic Religious Programmes

Perangsang Selangor contributed RM391,797 to support Islamic religious activities for the benefit of the Muslim community in Selangor. Various activities were held in 2017, namely forums on religious discourse, Islamic management talks, Qiamullail (prayer during the night) programmes with staff and local community, Iftar Jamai'e (breaking of fast), and Islamic financial courses.

Event Management

Perangsang Selangor spent RM456,441 to organise 3 series of "Karnival Inisiatif Peduli Rakyat" ("KIPR") in Petaling District, Gombak District and Hulu Selangor District in support of the state government's initiative. The events were organised in cooperation with an appointed agency and were supported by various state agencies such as Hijrah Selangor, the local community council, community service centre and other state agencies. These events benefitted close to 6,500 local residents.

Employee Emergency Assistance Fund

Perangsang Selangor spent RM6,084 under the Employee Emergency Assistance Fund ("EEAP") to provide financial aid to employees who were victims of unforeseen catastrophes including natural disaster and medical emergencies.

Donations and Contributions

Perangsang Selangor donated a total of RM167,744 to 86 local charitable organisations, NGOs, student associations in various colleges and universities as well as private individuals. The amount was disbursed in the form of monetary assistance and other forms of aid to underprivileged members of the society.

Counselling Programme

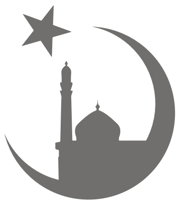
480 PPRT RESIDENTS

RM114,300

Mobile Clinic Programme

4,680 PEOPLE

RM217,641



ISLAMIC RELIGIOUS PROGRAMMES

RM391,797

Islamic forum at Plaza Perangsang

2nd series of "Karnival Inisiatif Peduli Rakyat" in Gombak

Presentation of donations to charitable organisations, NGOs and student associations

CSR
in the News

CSR in the News

4 GOVERNANCE

Corporate Governance Overview Statement

The Board of Directors ("the Board") and Management of Kumpulan Perangsang Selangor Berhad ("Perangsang Selangor" or "the Company") are mindful of their accountability to the shareholders and stakeholders of Perangsang Selangor in creating and delivering sustainable value and long-term success of the Company. The Board is committed to uphold the highest standard of corporate governance through embracing of good corporate governance practice in conducting the business affairs of the Company with integrity, transparency and professionalism as a key component. The Board strongly believed that these will not only safeguard and enhance shareholders' investments and value but will at the same time foster business sustainability and growth.

A testament to Board's commitment on Corporate Governance, Perangsang Selangor had ranked as top 69 among 100 public listed companies ("PLCs") in the ASEAN Corporate Governance Scorecard assessment, a joint initiative by the Minority Shareholder Watchdog Group ("MSWG") and the ASEAN Development Bank, benchmarked against international best practices. To raise the bar in the Company's corporate governance standard, the Board had endorsed the action plans proposed by Management based on the gap analysis prepared by Management on the current corporate governance practices in the Company and standards set out in the Malaysia Code Corporate Governance ("MCCG") issued by Securities Commission ("SC") on 24 April 2017. The Board/Management will continue to endeavour its efforts in evaluating its governance practices in response to the evolving best practices and the changing requirements.

Premised on the above, the Board is pleased to present this Corporate Governance ("CG") Overview Statement which is prepared in accordance with Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Bursa Securities MMLR") to be read together with the CG Report which provides the details on how the Company has applied each Practice as set out in the MCCG during the financial year 2017. The CG Report is available on Bursa Securities's website. These key focus areas are further described below, under each CG principle.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I) Board Responsibilities

The Board of the Company takes full responsibility for the performance of the Perangsang Selangor Group ("the Group"). The Board guides the Company on its short and long-term goals, providing advice and devising strategies on management and business development issues, and monitoring the Management's performance in implementing them.

The Board plays a pivotal role in reviewing the Company's strategic direction and approving corporate strategic initiatives developed by the Management. The Board deliberates annually on the Company's strategic initiatives and business plan as proposed by the Management, including the annual capital and revenue budget for the ensuing year as well as the Corporate Key Initiatives ("CKIs") and Key Performance Indicators ("KPIs") for the Company and Chief Executive Officer ("CEO") respectively to ensure that it correspond with the Company's annual strategic initiatives and business plan. The Board reviews and deliberates on the Management's views or assumptions in ensuring the best decisions are reached after considering all relevant aspects.

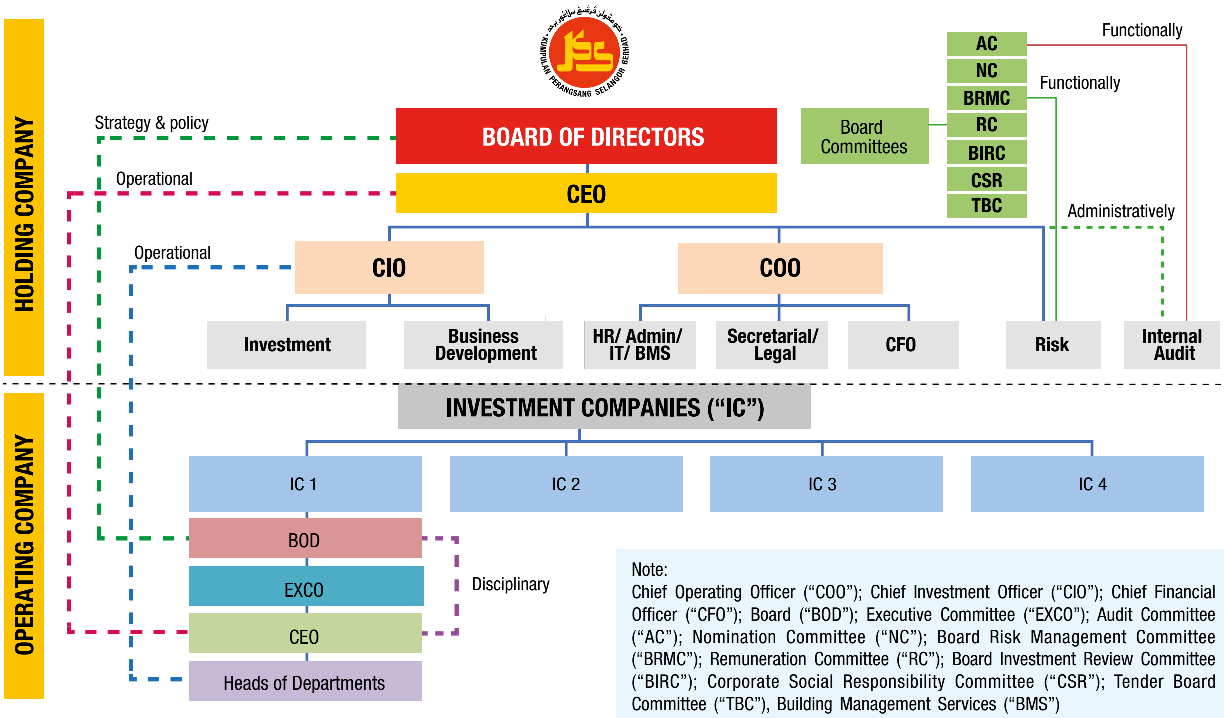
The progress of strategic initiatives plan, its execution and challenges were also reported to the Board throughout the year at the quarterly Board meetings to enable the Board to monitor the implementation of the approved strategic initiatives plan by Management.

Besides that, separate and informal sessions between the Board and Senior Management including Head of Subsidiaries, known as the Board Retreat Session ("BRS"), are held to discuss in-depth and exchange views as well as opinions in formulating strategic initiatives plans and to chart the direction of the Group, including the reporting of its progress as well as other issues or challenges faced by the Company. During the financial under review, there were three (3) BRS held on 28-29 April 2017, 13-14 October 2017 and 15-17 December 2017.

Apart from strategic role, the Board also assumes oversight role on the conduct of the Company's business. The CEO is responsible for managing the strategic and operational agenda as well as implementing the Group's strategies and policies as agreed by the Board. In doing so, he is well supported by the Management team. The performance of the Management is measured through the Company's and Group's quarterly financial reports as well as half yearly performance review of the CEO. The Board, on a continuous basis, is well informed of the progress of the Company's strategic initiatives and critical operational issues as well as of the Group's performance based on approved CKIs and KPIs.

In pursuit to enhance the governance structure of Perangsang Selangor as an investment holding company, which has diverse businesses in multiple geographies, the Board had on 28 February 2017 approved the establishment of an Organisational and Management Structure ("OMS") that caters for Perangsang Selangor's current and future business. This new OMS will facilitate the Board in ensuring orderly and effective discharge of the Board's responsibilities on the investees companies with regards to key areas of strategy and policy, control and governance and efficient execution of the value creation plans ("VCPs") as depicted below:

Corporate Governance Overview Statement



Note:
Chief Operating Officer ("COO"); Chief Investment Officer ("CIO"); Chief Financial Officer ("CFO"); Board ("BOD"); Executive Committee ("EXCO"); Audit Committee ("AC"); Nomination Committee ("NC"); Board Risk Management Committee ("BRMC"); Remuneration Committee ("RC"); Board Investment Review Committee ("BIRC"); Corporate Social Responsibility Committee ("CSR"); Tender Board Committee ("TBC"), Building Management Services ("BMS")

Perangsang Selangor as an active shareholder placed great emphasis on strategy, policies and performance management as outlined below:

		PRE-INVESTMENT	POST-INVESTMENT/EXECUTION
HOLDING COMPANY	BOARD OF DIRECTORS	• Deliberate and approve acquisitions/ divestments in-line with Perangsang Selangor's strict investment criteria. • Determination of reserve matters for all acquisitions especially: – Variation of business plan; – Change of companies' structure; – Threshold of investment or Capital Expenditure ("Capex"); – Appointment of key personnel; and – Divestment in total or parts. • To approve the financing required for the proposed acquisition.	• Approval and oversight of the overall strategic direction of the Group e.g. Group's policies, budget and business plan. • Approval on reserve matter issues. • Introduction of group-wide policies.
	MANAGEMENT	• Evaluation of target company and presenting a complete and thorough investment paper to BIRC and Board. • Crafting of Value Creation Plan ("VCP") for the target company after taking into consideration market suggestion. • Ensure the definitive agreements cover all key risk areas.	• To work together with management of Operating Company in formulating the key objectives, strategies and performance targets for the whole group in line with expectation of shareholders. • To monitor the business development activities and performance. • To ensure any business development initiatives are in-line with the pre-acquisition VCP. • Assist in debt and corporate restructuring as well as Merger and Acquisition ("M&A").

Corporate Governance Overview Statement

Operating Company has in place its delegation of authority and financial authority limit as an essential guiding principle to conduct its business which lead to accomplishment of the organisational goals. Each Operating Company's Board has established an EXCO which comprise of members nominated by the respective shareholders pursuant to its Shareholders' Agreement. The EXCO's Terms of Reference ("TOR") shall govern and conduct the roles and responsibilities of each EXCO member of the Operating Company. Nevertheless, execution of Operating Company's plans will be aligned to Perangsang Selangor's Group-wide strategies and policies as outlined below:

		PRE-INVESTMENT	POST-INVESTMENT/EXECUTION
OPERATING COMPANY	BOARD OF DIRECTORS		• Formulating business plan and budget aligned to Perangsang Selangor's objectives. • Ensure reserved matters are adhered to. • Ensure Group-wide policies cascaded by Perangsang Selangor are adhered to. • Overseeing and evaluating the conduct of the businesses. • Appointment of key Senior Management.
	EXCO		• Monitor the Operating Company's business and operational matters including financial, legal, technical, corporate affairs, human resource and administrative matters. • Formulates the related policies, procedures and guidelines for implementation by the Operating Company.
	MANAGEMENT		• Execution of the overall strategies, business plan and budget approved by the Operating Company's Board. • Resolves day-to-day operating issues of the Operating Company and recommends alternative actions to the Board based on changes in the business or industry dynamics.

Following acquisition of IC, the Board will nominate its nominee directors ("ND") from among the existing Board members including key management personnel or as the case may be, identify external candidates with relevant expertise required in the IC to sit on the IC's Board to represent the interest of the Company. This will in a way augment the Holding Board oversight of the overall strategic direction of the Group in terms of Group's policies, budget and business plan without compromising the ND fiduciary duties to act in good faith for the interest of the IC.

In promoting strong corporate governance culture within the Group, the Chairman leads the Board by setting the tone at the top, emphasising on the importance of embracing integrity and ethical values across the organisation. The same applies to the Company's financial and non-financial reporting to ensure reliability, timeliness, transparency and compliance with the relevant standards.

The Board has established seven (7) Board Committees as disclosed in the Corporate Information section of this Annual Report, whose composition and TOR are in accordance with the best practices prescribed by the MCCG and mandated by Bursa Securities MMLR. To assist the Board in discharging its role and functions effectively, the Board had delegated certain of its duties and responsibilities to the various Board Committees which operates under approved TOR.

- Board Charter

  The Board has in place the Board Charter which sets out the roles and responsibilities of the Board, Board Committees, individual Director, CEO and Company Secretary. The Board is guided by the Board Charter which provides reference for Directors in relation to the Board's role, powers, duties and functions as well as issues and decisions reserved for the Board. Apart from reflecting the current best practices and the applicable rules and regulations, the Board Charter also outlines processes and procedures for the Board and their committees to be effective and efficient. The Board will regularly review the Board Charter from time to time to ensure it remains consistent with the Board's objectives and responsibilities, and all the relevant rules or regulations or standards of corporate governance.

Corporate Governance Overview Statement

- Code of Conduct

In addition, the Board has established a Code of Conduct and Ethics for Directors ("the Code") to enhance the standard of corporate governance and corporate behaviour with the intention of achieving the following aims:

a) To establish a standard of ethical behaviour for Directors based on trustworthiness and values that can be accepted are held or upheld by any one person; and

b) To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administrating a company.

The Board has also in place Code of Conduct for the staff ("Code for Staff") which emphasises and advances the principles of discipline good business ethics, professionalism, loyalty, integrity and cohesiveness that are critical to the success and well-being of Perangsang Selangor Group. The Code for Staff is part of the Perangsang Selangor Group Scheme and Conditions of Service and is binding on all employees.

- Whistleblowing Policy and Guidelines

Similarly, the Board has established the Whistleblowing Policy and Guidelines ("Whistleblowing Policy") on 25 August 2011. The policy was developed to enable any individuals to raise concerns regarding the Group. The policy provides contact details of the Internal Audit Department via email: WB-Etika@kps.com.my or telephone: 03-55248787, as the avenue for stakeholders to raise their concerns.

The Code and Whistleblowing Policy can be found in the Company's corporate website at www.perangsangselangor.com.

- Separation of Power between the Board and Management

The roles of Chairman and CEO are held by two (2) different individuals with clear and distinct roles as stipulated in Clause 4.1 and 4.2 of the Company's Board Charter. The Chairman, YM Raja Dato' Haji Idris Raja Kamarudin ("YM Raja Dato' Idris") is a Non-Independent and Non-Executive Director ("NINED") presides over the meetings of the Board and manages the Board by focusing on strategy, governance and compliance. Whilst the CEO, Encik Ahmad Fariz bin Hassan is responsible to develop, in conjunction with the Board, the Group's strategic plans and is responsible for its implementation as well as directing the business operations of the Group on a day -to-day basis. The separation of powers ensures that no one individual has unfettered decision-making powers, thus safeguarding the equilibrium of power in the Company.

- Qualified and Competent Company Secretaries

Both of the Company Secretaries are persons qualified to act as company secretaries under Section 235 of the Companies Act, 2016 ("CA 2016"). The Company Secretaries play an advisory role to the Board on issues relating to compliance with laws, rules, procedures and regulations affecting the Group, as well as the principles of best corporate governance practices. The Company Secretaries are also responsible for advising the Directors of their obligations and adherence to matters pertaining to disclosure of interest in securities, disclosure of any conflict of interest in any transaction involving the Company, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information.

Corporate Governance Overview Statement

II) Board Composition

The Board, led by a NINED Chairman, consists of ten (10) Non-Executive Directors, seven (7) of whom are Independent Non-Executive Directors ("INEDs") which is in line with Paragraph 15.02 of Bursa Securities MMLR. High proportion of INEDs provides for effective check and balance in functioning of the Board:

	NAME OF DIRECTORS	DESIGNATION
1.	YM Raja Dato' Haji Idris Raja Kamarudin	Chairman, NINED
2.	Encik Suhaimi bin Kamaralzaman	NINED
3.	YM Raja Shahreen bin Raja Othman	NINED
4.	YB Dato' Kamarul Baharin bin Abbas	INED
5.	YB Sivarasa a/l Rasiah	INED
6.	YBhg Dato' Mohamed Ross bin Mohd Din	INED
7.	YBhg Dato' Idris bin Md Tahir	INED
8.	YBhg Dato' Ikmal Hijaz bin Hashim*	INED
9.	Puan Rita Benoy Bushon#	INED
10.	Puan Norliza binti Kamaruddin#	INED

* YBhg Dato' Ikmal Hijaz bin Hashim was appointed on 1 January 2018
# Both women directors were appointed on 6 April 2018

The Directors include professionals in the fields of economics, finance, business and marketing, accounting, legal, communication, corporate governance and banking. This wide spectrum of skills and experience provide the strength that is needed to lead the Company to meet its objectives and enable the Company to rest in the firm control of an accountable and competent Board.

The Board having reviewed the size and complexity of the Group's operation, believes the number of members in the Board is appropriate. Currently, there is no specific policy on board composition. Nevertheless, it has been the practice of the Company that the composition of the Board shall be reviewed on an annual basis by the NC to ensure that the Board has the required mix of skills, expertise, attributes and core competencies to discharge its duties effectively.

The profile of all the Directors are set out from page 20 to 29 of this Annual Report.

- Board Diversity

  The Company acknowledges the benefits of having a diverse Board and sees diversity at Board level as an essential element in maintaining a competitive advantage. Currently, the Board composition and all Board appointments are made on merit, in the context of skill and experience regardless of age, gender, ethnicity and nationality.

  As envisaged by the Board Diversity Policy established on 28 April 2015, the Board has embarked on its pursuit in sourcing for women candidates for board placement since August 2017. Various steps have been undertaken by the NC to ensure suitable women candidates are sought from various sources as part of its recruitment exercise. Apart from nominations which NC receives from Directors and Management, potential candidates were also sourced from independent body namely Malaysian Institute of Director Academy ("MINDA").

  As a follow through of the above, the Board has appointed two (2) women Directors on Board on 6 April 2018 namely Puan Rita Benoy Bushon and Puan Norliza binti Kamaruddin.

  The Board Diversity of Perangsang Selangor are as depicted below:

Gender		Ethnicity				Age Group		Nationality	
Male	Female	Malay	Chinese	Indian	Other	50-59	60 and above	Malaysian	Non-Malaysian
8	2	8	0	2	0	4	6	9	1
80%	20%	80%	0%	20%	0%	40%	60%	90%	10%
Total number of Directors: 10									

  The Board Diversity Policy can be found in the Company's corporate website at www.perangsangselangor.com.

Corporate Governance Overview Statement

- Tenure of Independent Directors

Practice 4.2 of the MCCG states that the tenure of an independent director should not exceed a cumulative term of nine (9) years. None of the INEDs have served the Board for nine (9) years. The Board had on 30 March 2018 approved the establishment of Independent Director Tenure Policy which limits the tenure of its INEDs to nine (9) years.

- Independence of INEDs

During the financial year under review, the NC and Board have assessed, reviewed and determined that the independence of the INEDs remain objective and independent as members of the Board and Board Committees against the criteria for assessment of independence of Directors developed by the NC. The INEDs have declared themselves to be independent from Management and free of any relationship which could materially interfere with the exercise of their independent judgment and objective participation and decision-making process of the Board. Such declarations by the INEDs were made via written confirmation to the NC during the Annual Board Evaluation ("ABE") for 2017.

- Annual Board Evaluation

The NC is entrusted with the responsibility of carrying out the ABE on the effectiveness of the Board as a whole, the Board Committees, Directors' peer evaluation and INEDs' assessment. The ABE was facilitated by the Company Secretaries upon making the necessary reference to the guides available and the good corporate governance compliance companies.

In line with Paragraph 15.20 of the Bursa Securities MMLR, the NC has also reviewed the term of office and performance of the AC and each of its members annually to determine whether such AC and members have carried out their duties in accordance with their TOR.

Each Board member was provided with his own individual results of the ABE together with a peer average rating on each area of assessment for personal information and further development. The results of these assessments form one of the basis of the NC's recommendations to the Board for the re-election of Directors at the next Annual General Meeting ("AGM"). The results of the evaluations and comments from the Directors concerning the Board and general performance of the Directors were also presented to the Board upon reviewed by the NC. Details of the ABE 2017 can be found in the CG Report of the Company under Practice 5.1.

- Directors' Time Commitment

Board meetings for each financial year are scheduled and informed to the Board in advance before the end of each financial year so as to enable the Directors to plan accordingly and fit the year's Board meetings into their respective schedules.

During the financial year ended 31 December 2017, eight (8) board meetings were held and the respective Director's attendance are as follows:

	Directors	Attendance	Percentage
1.	YM Raja Dato' Haji Idris Raja Kamarudin	8/8	100%
2.	Encik Suhaimi bin Kamaralzaman	7/8	87.5%
3.	YM Raja Shahreen bin Raja Othman	7/8	87.5%
4.	YB Dato' Kamarul Baharin bin Abbas	8/8	100%
5.	YB Sivarasa a/l Rasiah	7/8	87.5%
6.	YBhg Dato' Mohamed Ross bin Mohd Din	8/8	100%
7.	YBhg Dato' Idris bin Md Tahir	7/8	87.5%

Corporate Governance Overview Statement

III) Remuneration

- Remuneration Committee

The Board has established a RC to review and recommend matters relating to the remuneration of Board and Senior Management. The members of the RC are appointed by the Board from amongst the Directors of the Company and shall consist of not less than three (3) members and comprise exclusively or majority of whom are Non-Executive-Directors. The Chairman of the RC is YBhg Dato' Mohamed Ross bin Mohd Din who is an INED and was appointed by the Board.

The RC has in March 2017 conducted internally a review of the Directors' Remuneration to ascertain the competitiveness of the remuneration of the Board and its subsidiaries board of directors having regards to various factors including board remuneration framework of comparable PLCs' with focus on the components of fixed fees, meeting allowance and other Directors' benefits. Apart from that the Directors' remuneration is also benchmarked against the market average of comparable companies to attract and retain the Directors to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved without paying more than is necessary to achieve its goal.

Accordingly, based on such internal review, a revision on the Directors' remuneration was recommended by the RC and concurred by the Board and subsequently approved by the shareholders at the 40th AGM of the Company held on 25 May 2017 in accordance with Section 230 of the CA 2016 and Paragraph 7.24 of Bursa Securities MMLR.

- Directors and Senior Management Remuneration Policies

The Company has established the Directors' Remuneration Policy and Procedure as well as Senior Management Remuneration Policy on 26 February 2018 and 30 March 2018 respectively. The said policies will be reviewed once in every three (3) years, at a minimum to ensure it remain consistent with Perangsang Selangor strategic direction, fair, competitive and align with the current prevailing rules/regulations/laws.

Detailed disclosure on named basis for the remuneration of individual Directors which includes fees, meeting allowances, and other benefits in-kind is provided for under Practice 7.1 of the CG Report of the Company.

The details of the Directors' Remuneration Policy and Senior Management Remuneration Policy can be found in the Company's website at www.perangsangselangor.com.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I) Audit Committee

The primary objective of the AC as a sub-committee of the Board, is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, timely and accurate financial reporting and development of sound internal controls.

The AC comprises of five (5) Non-Executive Directors of whom three (3) are INEDs and two (2) NINEDs which is in line with Paragraph 15.09 of Bursa Securities MMLR. The Chairman of the AC is YBhg Dato' Idris bin Md Tahir ("Dato' Idris") who is not a Chairman of the Board. Dato' Idris is a member of the Malaysian Institute of Accountants, a fellow member of the Chartered Institute of Management Accountants and former member of the Institute of Internal Auditors.

In line with Practice 8.2 of MCCG, the Board had on 30 March 2018 approved the incorporation of policy on observation of a cooling-off period of at least two years of a former key audit partners before being appointed as a member of the AC, in the TOR of AC.

In accordance with Paragraph 15.20 of the Bursa Securities MMLR, the NC has also reviewed the term of office and performance of the AC and each of its members annually to determine whether such AC and members have carried out their duties in accordance with their TOR. The criteria used in the assessment of the AC are on the quality and composition, skills and competencies and meeting administration and conduct. As for assessment for individual AC member, the areas of assessment are on the interpersonal qualities, experience, participation in ongoing education, analysing thinking, understanding of risk, understanding of Company's compliances process, understanding of financial and statutory reporting requirements, significant accounting policies, accounting estimates and financial reporting practices.

A copy of the AC TOR is available in the Company's corporate website at www.perangsangselangor.com.

A report of the AC is set out on pages 87 to 90 of this Annual Report.

Corporate Governance Overview Statement

II) Risk Management and Internal Control Framework

The Board acknowledges its responsibility for establishing a sound system of internal control to safeguard shareholders' investments and Group's assets, and to provide assurance on the reliability of the financial statements. In addition, equal priority is given to internal control of its business management and operational techniques.

While the internal control system is devised to cater for particular needs of the Group as well as risk management, such controls by their nature can only provide reasonable assurance but not absolute assurance against material misstatement or loss.

In view of the above, the Group has established an Enterprise Risk Management ("ERM") framework based on the ISO 31000:2009 International Standard of Risk Management - Principles and Guidelines, to proactively identify evaluate and manage key risks to an optimal level. In line with the Group's commitment to deliver sustainable value, this framework aims to provide an integrated and organised approach entity-wide.

The framework includes formalised reporting structure which comprise of establishment of the BRMC, chaired by an INED, which deliberates, recommends and reports on all ERM related matters to the Board of Perangsang Selangor. The BRMC is supported by the Risk Management Working Committee ("RMWC") which is chaired by the CEO. The committees meet on a quarterly basis.

In enhancing its corporate governance, the BRMC's TOR was established and approved by the Board. During the financial year, Risk Management Department ("RMD") had reviewed the RMWC's TOR to reflect the updated functions undertaken by the RMWC to further strengthen its RMWC risk governance functions.

A Statement of Risk Management and Internal Controls is set out on pages 79 to 86 of this Annual Report.

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

I) Communication with Stakeholders

The Company recognises the importance of transparency and accountability in disclosures of the Group's business activities to its shareholders and investors. The Board has maintained effective communications policy and investor relations policy that enable both the Board and Management to communicate effectively with its shareholders, investors and even the public vide the following:

a. The Annual Report and relevant circulars dispatched to shareholders and published in the Company's website;

b. Issuance of various disclosures and announcements inclusive of the quarterly financial performance of the Group to Bursa Securities; and

c. Engagement through investor relations via press release, press conference (after AGM) and briefing to analyst.

In addition, the Company has established a website at www.perangsangselangor.com which shareholders can access for information and seek clarification on the Group's matters. The Investor Relations Policy is also available at the Company's website.

Alternatively, they may obtain the Group's latest announcements via Bursa Securities website in www.bursamalaysia.com.

Corporate Governance Overview Statement

II) Conduct of General Meetings

The AGM which is held once a year is the principal forum for dialogue with shareholders. The Annual Report together with the Notice of AGM for the 40th AGM held on 25 May 2017 were sent to shareholders within the prescribed period as allowed under the Company's Constitution, Bursa Securities MMLR as the case may be. As for this forthcoming 41st AGM to be held on 24 May 2018, the Notice of the same will be issued in accordance with Practice 12.1 which is 28 days prior to the meeting. Where special business items appear in the Notice of AGM, an explanatory note will be included as a footnote to enlighten shareholders on the significance and impact when shareholders deliberate on the resolution.

At the 40th AGM held on 25 May 2017, all the seven (7) Directors were present in person to engage directly with shareholders and be accountable for their stewardship of the Company. Amongst them, three (3) Directors were the Chairmen of the AC, NC, RC and BRMC respectively. The Chairman of the Board chaired the 40th AGM in an orderly manner and the shareholders were given the opportunity to seek clarification on any matters pertaining to the business activities and financial performance of the Company and of the Group. The Chairman also shared with the shareholders the Company's responses to questions submitted in advance of the AGM by the MSWG. The external auditors of the Company also attended the AGM and was available to answer questions about the conduct of the audit, preparation and content of the auditors' report.

The Company's AGM has been held in the city centre since its listing in 2003 and not in remote location. The selection of venue for convening general meetings was based on statistical summary report of shareholders spread by states in Malaysia and other countries provided by the Company's Share Registrar where more than 60% of past three (3) years average of 7,380 shareholders were mainly concentrated in Selangor and Kuala Lumpur. Nevertheless, should the meeting be held in a remote location, the Board will take the necessary measure to ensure that the shareholders are able to participate at general meeting by leveraging on technology to facilitate remote shareholders participation. Alternatively, the shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his or her stead at a general meeting.

Perangsang Selangor has leveraged on technology to facilitate electronic voting ("e-voting") for the conduct of poll on all resolutions proposed at its EGM held on 31 October 2016 for the first time and 40th AGM held on 25 May 2017. Electronic voting devices were used to provide a more efficient and accurate outcome of the results.

Immediately after the AGM, the Board represented by the Chairman together with the Management may address issues raised by the media and answer questions on the Group's activities and plans in the course of providing investors with the latest update on the Group. Minutes of the 40th AGM was also made available on the Company's corporate website.

Statement of Risk Management and Internal Controls

1. INTRODUCTION

Bursa Securities' Main Market Listing Requirements (MMLR) requires Directors of listed companies to include a statement in their annual reports on the state of their risk management and internal controls. The Board of Directors is pleased to provide the following statement, which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 31 December 2017.

2. RESPONSIBILITY OF THE BOARD

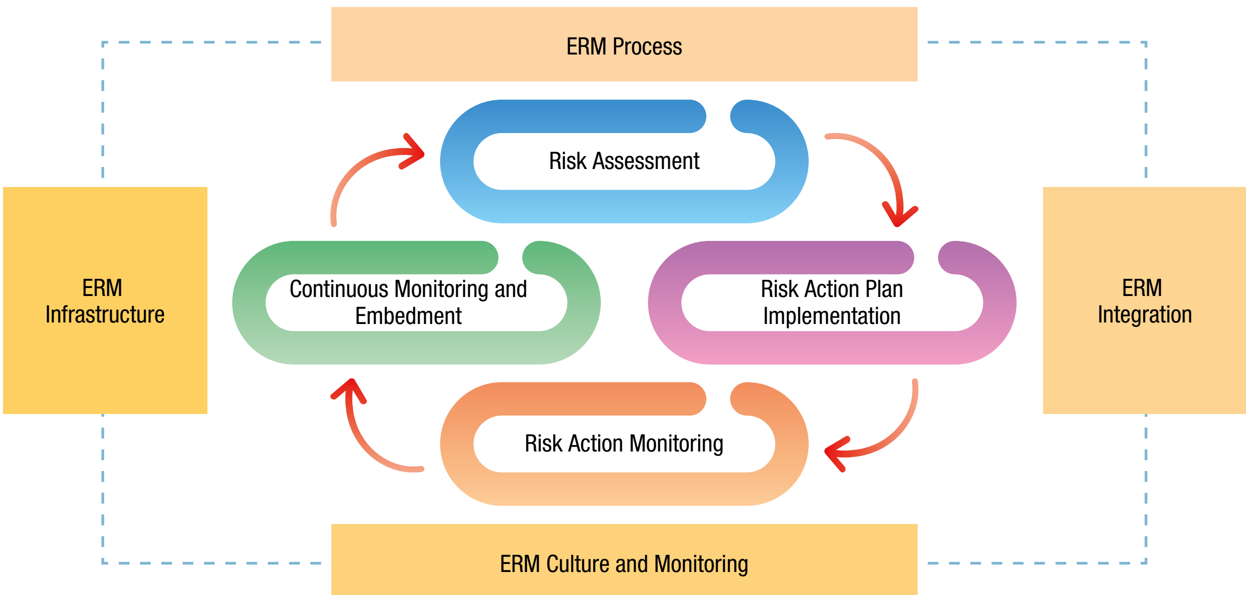
The Board recognises the importance of sound internal controls and risk management practices for good corporate governance. The Board affirms its overall responsibility for the Group's system of internal controls and for reviewing its adequacy and integrity. Such a system covers not only financial controls but also controls relating to operational, risk management and compliance with applicable laws, regulations, rules, and guidelines.

In view of the inherent limitations in any system of internal control, this system is designed to identify and manage risk, rather than eliminate the risk of failure to achieve the Group's business objectives. Accordingly, the system can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has in place ongoing processes for identifying, evaluating, managing and monitoring significant risks faced by the Group during the year. Management is responsible for the identification and continuous evaluation of significant risks applicable to their respective areas of business and to formulate suitable mitigation strategies. This process is reviewed by the Board which dedicates its time at periodic intervals throughout the year for discussion on this matter. For the year under review, the Board had reviewed the adequacy and effectiveness of the Group's risk management and internal control systems through the various policies, terms of references, processes and initiatives disclosed in this statement on risk management and internal control.

The Group continuously includes key risk issues and concerns on all material associated companies except for Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd (Sprint) and Syarikat Pengeluar Air Selangor Holding Berhad (Splash) for Board of Directors' deliberation. The key risk issues on associate companies like NGC Energy Sdn Bhd and Ceres Telecom Sdn Bhd were discussed with the respective management and deliberated on Quarterly Basis in the Risk Management Working Committee ("RMWC") and Board Risk Management Committee ("BRMC") meetings. The issues were then highlighted to the associate companies through Perangsang Selangor's Nominee Directors. The Board further recommended that the management of these material associated companies established their monitoring function and includes Perangsang Selangor Board representatives and/or Executive Committee ("EXCO") at the associate company level to assist them in ensuring the system of internal controls is functioning as intended.

PERANGSANG SELANGOR'S ERM FRAMEWORK



Statement of Risk Management and Internal Controls

3. RISK MANAGEMENT

The Group has an Enterprise Risk Management ("ERM") framework based on the ISO 31000:2009 International Standard of Risk Management - Principles and Guidelines, to proactively identify evaluate and manage key risks to an optimal level. In line with the Group's commitment to deliver sustainable value, this framework aims to provide an integrated and organised approach entity-wide.

The framework includes formalised reporting structure which comprise of establishment of the BRMC, chaired by an Independent Director, which deliberates, recommends and reports on all ERM related matters to the Board of Directors of Kumpulan Perangsang Selangor Berhad ("Perangsang Selangor" or "Company"). The BRMC is supported by the RMWC which is chaired by the Chief Executive Officer ("CEO"). The committees meet on a quarterly basis. In enhancing its corporate governance, the committees Terms of Reference were established and approved by the Board. During the financial year, Risk Management Department ("RMD") had reviewed RMWC Terms of Reference to reflect the updated functions undertaken by the RMWC to further strengthen the RMWC risk governance functions.

The Group had actively executed the ERM initiatives based on the approved ERM Framework which includes continuous review, tracking and monitoring of the key mitigation strategies implementation and update on the Key Risk Indicators ('KRIs') for the key risk areas identified.

3.1 Risk Management Policy

The ERM policy of the Board is as follows:

The Board has a stewardship responsibility to both understand the risk areas, communicating the requirements of this policy and to guide the organisation in dealing with these risks.

- Manage risks proactively – Current and potential risks must be identified, evaluated, understood and dealt with. Managing risks does not mean managing weaknesses.
- Manage both negative and positive risks – Ensure that negative risks are managed and mitigated; and that the positive risks are optimised; to maximise shareholders' value.
- Manage risks pragmatically, to acceptable levels given the particular circumstances of each situation – A cost-benefit approach is needed where the returns must commensurate with the risk taken.
- Ensure that risk assessment is performed and that the process is embedded in the system – All proposals relating to strategies, key project approvals; significant actions or investment must include a risk assessment summary; and that risk assessment should be part of the business processes.
- Manage risk routinely and in an integrated and transparent way in accordance with good governance practices.
- Require that an effective and formalised risk management framework is established and maintained by Perangsang Selangor.

3.2 Risk Management Processes

3.2.1 Continuous Risk Identification and Assessment

Perangsang Selangor (Company Level)

The RMD is responsible for developing, coordinating and facilitating the Risk Management process within the Group. A database of risks and mitigation strategies information is captured in the format of risk registers. Continuous risk assessment and challenge sessions were conducted to ensure the risk mitigation strategies were updated. Risk owners shall present their risk updates and would be further challenged by RMD for its adequacy and completeness.

High Level Risk profiles for the key business units were also presented to the RMWC, BRMC and Board of Directors on a quarterly basis for deliberation and approval.

Perangsang Selangor Subsidiaries

During the year under review, the key risk areas for subsidiaries were identified and assessed together with the respective EXCOs and key management of subsidiaries.

3.2.2 Monitoring of Key Mitigation Actions and Key Risk Indicators (KRIs)

Key mitigation strategies and KRIs had been reviewed and updated for each of the identified key risks areas for Perangsang Selangor Group ("The Group"). During the financial year under review, new key mitigation strategies/actions had been established in-line with the updated Group's business initiatives and the status of implementation is being reviewed, tracked and monitored based on the agreed estimated timeline for completion. Any delays in the key mitigation strategies/actions were highlighted and reported to RMWC and BRMC on a quarterly basis.

Statement of Risk Management and Internal Controls

YM Raja Dato' Idris (centre), representing Perangsang Selangor as panelist speaker during the Chief Risk Officer Forum 2017 organised by Malaysian Association of Risk and Insurance Management

3.2.3 Continuous Risk Awareness and Risk Culture Embedment

To inculcate the risk culture within the Group, ERM Key Performance Indicators (KPIs) have been included as part of each of the divisions for the year. The key components of the ERM KPIs were as follows:

i) Residual risk profile improvement; and

ii) Timely submission for quarterly reporting.

As part of the ERM culture embedment initiative, the RMD had in June 2017 successfully organised awareness session for key management subsidiaries companies of Perangsang Selangor Group. The objectives of the session were:

i) To brief on the ERM plan for subsidiary and the expected outcome; and

ii) To update and refresh on the current trend and key challenges ahead with regards to risk management and corporate governance.

3.2.4 Risk Application

Perangsang Selangor risk management is embedded in every aspect of its business operations. Risk Management is applied when there are changes in the business process, system changes and a tweak in its business direction due to internal and external factors.

During the period under review, RMD was involved in various key business processes which included pre-evaluation on potential investments, process review on the policy and standard operating procedure ("SOP") and information system upgrading.

3.2.5 Enterprise Management System

The Enterprise Management System ("the System") which was rolled out in 2012 continue to be used to update key risks area of the Perangsang Selangor Risk Profile on a quarterly basis. The System is currently being used by Perangsang Selangor to update their risk information. RMD had further enhanced its system to suit the ISO 31000 requirements.

Statement of Risk Management and Internal Controls

3.3 Key Risk Areas

The risk management process is continuously being embedded into the key business processes, enabling effective risk management practices group wide. During the year under review, the Group has regularly assessed, deliberated and monitored the key risk areas as follows:

KEY RISK AREAS	KEY MITIGATION ACTIONS
1. **Liquidity Monitoring** Monitoring the cash and collateral obligations without incurring unacceptable losses is crucial to fulfill the need for funding requirement by coordinating the various sources of funds available for business and potential investments.	• Establishment of Fund Management Policy to govern the process of funding for the Group. • Regular monitoring on debtors ageing and follow up. • Formulation of long-term funding strategy to support planned portfolio mix.
2. **Balancing of Investment** Balancing of the investment portfolio is crucial to ensure business sustainability.	• Business Plan implementation strategy which includes establishment of investment mandate for acquisition of new businesses. • Establishment of investment criteria as set out in the Investment SOP. • Establishment of governing authority for evaluation and monitoring of investments.
3. **Enhancing Portfolio via Integration** Integration of processes, technology and information between Perangsang Selangor and its subsidiaries. It is crucial to ensure that the integration is properly embedded for effective monitoring of its performance.	• Identification of key critical gaps in key processes of portfolio's company. • Established periodic monitoring of post integration plan based on identified value creation plans ("VCPs"). • Continuously review the business objective based on SMART concept (specific, measurable, attainable, relevancy and time bound) for better monitoring purposes.

4. CONTROL STRUCTURE AND ENVIRONMENT

The Group has an established internal control structure and is committed to evaluating, enhancing and maintaining the structure to ensure effective control over the Group's business operations and to safeguard the value and security of the Group's assets. There is a clearly defined operating structure with lines of responsibilities and delegated authority in place to assist the Board to maintain a proper control environment. The key elements that support the control structure and environment are described below:-

4.1 Board Committees Have Clearly Defined Roles and Terms of Reference

Respective Board Committees have individual roles and Terms of Reference, with clearly defined functions, authority and responsibilities. The management of the various companies in the Group is entrusted to the respective Chief Executive Officers or Chief Operating Officers, whose roles and responsibilities are defined in the job description and whose authority limits are set by the respective Boards. All major decisions require the final approval of the Boards within the Group and are only made after appropriate in-depth analysis. The respective Boards receive regular and comprehensive information covering all divisions in the respective companies within the Group.

Statement of Risk Management and Internal Controls

4.2 Independence of The Audit Committee

The Audit Committee ("AC") members of Perangsang Selangor, which comprise of exclusively Non-Executive Directors of the Board, are persons of high calibre and integrity; and they collectively possess vast experience, knowledge and expertise across many industries.

The AC has explicit authority to review and investigate any matter within its terms of reference and:

(i) has the required resources to perform its duties;

(ii) has full and unrestricted access to any information pertaining to the Company and Group including the support and cooperation from Management;

(iii) has direct communication channels with both the External and Internal Auditors; is able to obtain independent professional advice; and

(iv) has right to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other Executive Directors and employees of the Company, whenever deemed necessary.

In addition, the AC plays a crucial role in ensuring the objectivity, effectiveness and independence of the Internal Audit function from Management. The direct accountability of Internal Audit function to the AC enables the internal audit activity to be independent, and the Internal Auditors to be objective in performing the internal audit activity.

4.3 Internal Audit

The Internal Audit Department ("IAD") reports directly to the AC, IAD evaluates and provides independent assurance on the adequacy and effectiveness of risk management controls and governance processes in relation to the Company's and Group's operations.

During the financial year, reviews and assessment of the adequacy and effectiveness of the governance, risk management and internal control processes on the auditable entities identified in the Internal Audit Plan approved by the AC were conducted by the IAD. The audit findings and corrective measures were presented to the AC accordingly.

Perangsang Selangor Group Internal Audit's scope includes all its subsidiaries.

4.4 Documented Internal Policies and Procedures

The Group periodically review and update its internal policies and standard operating procedures for continuous improvement and to reflect changes in the business structure and processes as and when necessary. The main policies and procedures are as follows:

4.4.1 Financial Policies and Procedures

i) Delegation of Authority ("DoA") and Limit of Authority/Financial Authority Limit ("LOA/FAL")

- There is an organisational structure with formally defined lines of responsibility and delegation of authority to ensure proper identification of accountabilities and segregation of duties.

- There are operational authority limits imposed on the Chief Executive Officer and Management within the Group in respect of day-to-day operations.

ii) Treasury Policy and Procedures

The Treasury Policy which covers policy in relation to fund management, financing activities and intercompany advances was established with the objectives of ensuring treasury transactions are properly checked, reviewed and approved as well as to safeguard the Group's interest in its treasury activities.

The Treasury Policy also ensures Capital and Funding efficiencies via transparency and access to funds across the entities within the Group. With the Treasury Policy, the Group is able to obtain competitive rates on its cash surplus due to bigger pool of funds.

iii) Related Party Transaction Policy and Procedures

This policy aims to:-

- Provide guidelines for Perangsang Selangor and its subsidiaries under which all related party transactions are reviewed and approved by the AC and Board;

Statement of Risk Management and Internal Controls

- Provide guidance to management and staff to ensure that all transactions involving potential related parties are determined at arm's length basis whilst any conflict of interest are appropriately disclosed and addressed; and
- Ensure compliance to the disclosure requirements for all related party transactions.

iv) Foreign Exchange Policy and Guidelines

Newly introduced Foreign Exchange ("FX") policy as the Group is now operating in international markets and exposed to FX risk affecting revenue, cost and profitability.

Main objective of this Policy is to ensure a sound FX policy in managing all FX exposures in order to minimise adverse exchange rate fluctuations.

v) External Auditors Assessment Policy and Procedures

Introduced in 2016, the objective of External Auditors Assessment Policy is to outline guidelines and procedures to be performed by the AC in assessing, reviewing, selecting and appointment of an External Auditors.

At each of the Annual General Meeting of the Company, according to Section 271(4) of the Companies Act 2016, the Company shall at each annual general meeting appoint or re-appoint the External Auditors of the Company and the External Auditors so appointed shall, hold office until the conclusion of the next annual general meeting of the Company.

vi) Budgeting and Reporting Process

A detailed budgeting process exist requiring all entities in the Group to prepare budgets annually which are discussed at management level and approved by the respective entities Boards.

An effective reporting system on actual performance against approved budget is in place whereby significant variances are reported on a monthly basis to management and to the Board on a quarterly basis through the quarterly reporting.

4.4.2 Business Planning, Investment Policies and Procedures

The Group has established policies and procedures for business planning, investment evaluation and monitoring which includes business planning processes and approval, investment mandate and criteria, tracking mechanism and establishment of the Investment Evaluation Committee ("IEC") and Board Investment Review Committee ("BIRC"), which the terms of reference are being reviewed periodically.

4.4.3 Whistleblowing Policy and Guidelines

The Whistleblowing Policy and Guidelines was developed to enable any individuals to raise concerns regarding the Group. The policy was developed to achieve two (2) primary objectives as follows:

- To provide a safe and acceptable for staff or any other stakeholders to raise concerns so that it can be addressed in an independent and unbiased manner; and
- To provide an internal mechanism for the organisation to be notified about concerns at the workplace and further if required, take any action deemed appropriate.

4.4.4 Human Resource Policies

Existing Human Resource policies provide clear guidelines for the organisation to enforce various aspects of human resource practices in an objective and consistent manner. The policies set standards that guide how we conduct ourselves as employees and also play as an integral part of Perangsang Selangor's business strategy.

The following functions have been properly executed as well as to ensure effective control and compliance towards establishing good corporate governance.

- Talent Management and Succession Planning.
- Performance Management System.
- Recruitment and Staffing.
- Industrial Relations.
- Human Resource System (eHRMS).

Being the custodian of these policies, it is always a mission of the Human Resource and Administration Department to continuously provide effective human resource management by developing and implementing policies in driving programmes and services that contribute to the attainment of Group and individual goals.

Statement of Risk Management and Internal Controls

4.4.5 Procurement Policy

The revised Procurement Policy was approved by the Board in August 2017. The objective is to achieve high standards of professionalism, transparency and accountability while maximising efficiency, effectiveness and flexibility in the procurement process within a system of checks and balances. This is to ensure Perangsang Selangor obtains quality and the best value for goods and services.

4.4.6 Business Continuity Programme

Perangsang Selangor has a robust Business Continuity Management ("BCM") Programme based on the ISO 22301 standards. The programme is designed to ensure continuous and sustainable business operations during a disaster. To support this, the BCM Policy, Business Continuity Plan ("BCP") and Crisis Communication Guideline were established. BCP testings were also conducted to ensure BCP effectiveness. The tests were conducted in October 2017.

4.4.7 Disaster Recovery Plan

Perangsang Selangor Group has established its Disaster Recovery Plan ("DRP") with the main objective of ensuring speedy recovery of critical Information Technology ("IT") applications essential to the business operations in the event of a disaster. The DRP is a key component of Perangsang Selangor's BCP.

Data backup is being stored and generated on a daily basis at the off-site data center located in Cyberjaya. The Group under the supervision of IT unit has successfully conducted the DRP test in June 2017.

5. MONITORING AND REVIEW

The processes adopted to monitor and review the effectiveness of the system of internal controls are as follows:

i) All subsidiaries submit monthly Management Reports to the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer of Perangsang Selangor. The reports include the progress of key business initiatives undertaken by the subsidiaries, review of actual results against the preceding year as well as against the budget, with significant variance being explained and necessary actions taken.

ii) Quarterly performance reports from the management of Perangsang Selangor and its subsidiaries are tabled to the Perangsang Selangor Board for review.

iii) Investment proposals and investment performance reports are tabled to the BIRC on a quarterly basis. Chairman of the BIRC would then update the Perangsang Selangor Board on matters deliberated.

iv) Quarterly risk reports are tabled and deliberated at the RMWC and BRMC meetings for onward submission to the Board for deliberation.

v) The AC meets at least quarterly to review internal audit findings, and ensure that weaknesses in controls highlighted are appropriately addressed by management. The AC is supported by the Internal Audit Department which performs the following:

- Audit findings are discussed with auditees with recommendations provided to address the issues.
- Presented audit reports that contain improvement opportunities, audit findings, management response and corrective actions in areas with significant risks and internal control deficiencies to the AC at least at quarterly intervals.
- Conducted quarterly follow-up reviews to determine the adequacy, effectiveness and timeliness of actions taken by the Management on audit recommendations highlighted in the 2017 audit reports with progress updates provided to the AC.

Continuous efforts are undertaken to ensure standardisation, timeliness and comprehensiveness of key internal control procedures. The system of internal controls has a clear management support, including the involvement of the Board and is designed to address the risks to which the Group is exposed.

For the financial year ended 31 December 2017, the Board has actively monitored and reviewed the risk management practices and effectiveness of the internal control structure, based on the adopted ERM framework which includes process for identifying, evaluating and managing significant risks faced by the Group. This is an on-going process which includes enhancement of the relevant key internal controls when there are changes in the business environment.

The Board is also assisted by the Management in the implementation of the Board's policies and procedures on risk and control. This includes the identification of risk control measures to address pertinent and relevant risks affecting the Company.

Statement of Risk Management and Internal Controls

The Board has received reasonable assurance from the Chief Executive Officer and Chief Operating Officer that the Company's current risk management framework and internal control structure is operating adequately and effectively, in all material aspects, based on the current risk management and internal control system of the Group. Where weaknesses are identified, rectification steps have been put in place.

Based on the assurances provided and with the implementation of a risk management framework as well as the adoption of an internal control system, the Board is of the opinion that the risk management and internal control system for the year under review, up to the date of the issuance of the Group's financial statements, are adequate and effective to safeguard shareholders' investments and all stakeholders' interests.

6. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The Statement has been reviewed by the External Auditors for the inclusion in the annual report of Perangsang Selangor Group for the year ended 31 December 2017. The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of risk management and internal controls.

Audit Committee Report

The Board of Directors ("the Board") is pleased to present the Audit Committee ("AC") report which provides insights into the manner in which the AC discharged its functions for the Company and Group in 2017.

The primary objective of the AC (as a sub-committee of the Board) is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, timely and accurate financial reporting and development of sound internal controls.

1. COMPOSITION AND ATTENDANCE

The composition of the AC fulfills the Main Market Listing Requirements ("MMLR") as follows:

Committee Member	Designation	Appointment	Attendance
YBhg Dato' Idris Bin Md Tahir (Chairman)	Independent Non-Executive Director	15/08/2013	4/5
Encik Mustaffa Kamil Bin Ayub	Senior Independent Non-Executive Director	25/11/2009*	2/2
YB Sivarasa a/l Rasiah	Independent Non-Executive Director	16/06/2010	5/5
YM Raja Dato' Haji Idris Raja Kamarudin	Non-Independent Non-Executive Director	28/04/2011	5/5
YBhg Dato' Mohamed Ross Bin Mohd Din	Independent Non-Executive Director	26/05/2011	5/5
YM Raja Shahreen Bin Raja Othman	Non-Independent Non-Executive Director	31/05/2017	1/2

* Resigned as member of the AC with effect from 25 May 2017

- Comprised no fewer than three (3) members;
- All five (5) members are Non-Executive Directors, majority of whom, including the AC Chairman are independent and none of them are alternate Directors; and
- Having at least one (1) qualified accountant member meeting the requirements of Paragraph 15.09(1)(c) of the MMLR.

The AC Chairman, YBhg Dato' Idris bin Md Tahir, is a member of the Malaysian Institute of Accountants, a fellow member of the Chartered Institute of Management Accountants and former member of the Institute of Internal Auditors.

2. MEETINGS

The AC met on five (5) occasions during the financial year with meetings conducted in accordance with the requisite quorum as stipulated in the AC's Terms of Reference ("TOR"). Detailed TOR for the AC is available online under the Corporate Governance section at www.perangsangselangor.com.

3. SUMMARY OF WORK

The AC is guided by its TOR, which was approved by the Board and aligned to the provisions of MMLR and other best practices. During the financial year under review, the AC in the discharge of its functions and duties had carried out the following:

3.1 Financial Reporting

a) On 27 February 2017 and 29 March 2017, the AC reviewed the financial results for the fourth quarter ended 31 December 2016 and the audited financial results for the year ended 31 December 2016 respectively, and recommended the same to the Board for approval.

b) The AC reviewed the quarterly financial results for the first, second and third quarter of 2017 on 29 May 2017, 28 August 2017 and 28 November 2017 respectively, and recommended the same to the Board for approval.

On 22 February 2018 and 29 March 2018, the AC reviewed the financial results for the fourth quarter ended 31 December 2017 and the audited financial results for the year ended 31 December 2017 respectively and presented the same to the Board for approval.

c) During the reviews, the AC sought from Management, additional details and explanation of material line items as well as line items that had significant movement. The material line items include related party transactions ("RPT") entered by the Company and the Group and the potential impairment of assets.

Audit Committee Report

3.2 External Audit

a) On 28 November 2017, the AC reviewed and discussed with Management together with the External Auditors, the 2017 Audit Plan presented by the latter, prior to commencement of the audit. The following items were deliberated during the review and discussion:

- Client service team
- 2017 services – Audit and audit related services and Internal control
- Independence
- Materiality
- Areas of audit emphasis
- Multi-location scoping
- Involvement of internal audit and others
- Fraud considerations and the risk of management override
- Audit fees
- Audit timeline
- Sustainability reporting

It has been the practice of the Company, in applying the principal of auditor independence, to ensure that the audit partner-in-charge of the Group is rotated at least every five (5) financial years. The current audit partner-in-charge was appointed during the 2016 Financial Year.

The AC's recommendations were presented for approval at the subsequent Board meeting.

b) On 22 February 2018, the AC reviewed the financial results for the fourth quarter ended 31 December 2017 and recommended the same to the Board for approval. On the same date, the AC also received and discussed updates from the External Auditors on the progress of the 2017 annual audit. Significant accounting and auditing issues discussed during the meeting include the following:

- Annual impairment assessment of goodwill and intangible assets
- Non-financial assets impairment assessment
- Financial assets impairment assessment
- Valuation of inventories
- Subscription of additional 1,715,000 new ordinary shares in KPS-HCM Sdn Bhd
- Assessment of equity accounted results of associates
- Income taxes (including deferred tax)
- Related party transaction disclosures
- Review of accounting estimates and judgements
- Control over financial statement close process, including consolidation processes and entries
- Disclosure of potential impact of standards issued but not effective yet

c) EY had on 29 March 2018 provided to the AC a written assurance that they had been independent throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements in respect of the audited financial statements of the Group for the year ended 31 December 2017.

d) On 29 March 2018, Management reported to the AC that the remuneration i.e. audit fees paid to the External Auditors for the year ended 31 December 2017 amounted to RM680,000 whilst the non-recurring non-audit fees rendered in 2017 amounted to RM401,000.

e) On 29 March 2018, the AC reviewed and recommended to the Board for approval the final draft of the External Auditors' report on the Company and the Group's audited financial statements.

f) The AC held without Management's presence, two (2) private sessions on 28 November 2017 and 22 February 2018 respectively, with the External Auditors to reinforce independence. Matters discussed on these occasions included whether there were any pertinent issues relating to the 2017 annual audit, that require special attention of the AC other than those areas of audit emphasis highlighted. The AC also enquired whether the External Auditors received cooperation from Management during their course of auditing.

At the beginning of the year, on 27 February 2017, a similar private session was held with the External Auditors. Matters discussed were in relation to the 2016 annual audit.

g) On 28 August 2017, the AC together with Management, reviewed the External Auditors selection and appointment. The assessment was done pursuant to the Company's External Auditors' Assessment Policy as well as the following criteria:

- On-time submission
- Size and organisational structure of the firms
- Geographical coverage
- Independence of the firm
- Audit of the same industry background
- Areas of audit focus on specific risk
- Fieldwork and reporting timeline
- Fee structure
- Credentials of the engagement team

Audit Committee Report

Following the review, the AC recommended the reappointment of Ernst & Young ("EY") to the Board as auditors of the Company. The Board at its meeting held on 29 August 2017 approved the AC's recommendation to reappoint EY, subject to the shareholders' approval being sought at the forthcoming 41st AGM on the reappointment of EY as External Auditors of the Company for the Financial Year ending 31 December 2018.

However, subsequently, the Board of Directors of Kumpulan Darul Ehsan Berhad ("KDEB"), the Company's immediate holding company and majority shareholder, had during its 12 March 2018 meeting nominated BDO as Perangsang Selangor's External Auditors for the financial year ending 31 December 2018. The AC together with Management deliberated on the said nomination with the AC coming out satisfied with Management's assessment and recommendation to accept the BDO nomination proposed by KDEB. Justification among others, for acceptance, include advantages in leveraging on the benefits of adopting a Group Auditor which should result in increased efficiency and streamlining of audit related activities throughout the KDEB group of companies which includes Perangsang Selangor. The AC's acceptance in appointing BDO as Perangsang Selangor's External Auditors for the financial year ending 31 December 2018 was thereafter recommended to the Board.

The Board at its meeting held on 30 March 2018, subject to receiving BDO's consent to act as auditors of the Company, approved the AC's recommendation to appoint BDO in place of the retiring External Auditors, EY and propose for the appointment of BDO as Perangsang Selangor's External Auditors for the financial year ending 31 December 2018 as an ordinary resolution to be tabled at the Company's forthcoming AGM.

Notification from EY informing of their decision to not seek reappointment as well as notification from BDO expressing their consent to act as auditors to the Company were received by the Board on 30 March 2018 and 6 April 2018 respectively.

3.3 Internal Audit

a) Reviewed and approved the Internal Audit Department's ("IAD") 2017 Balance score card/key performance indicators on 27 February 2017.

b) Interviewed and recommended for approval the appointment of the new Internal Audit Director of the Company in May 2017.

c) Reviewed and discussed the 2017 internal audit reports during the quarterly AC Meetings and sought Management's explanation on issues highlighted in the internal audit reports.

d) Reviewed on a quarterly basis, the status of implementation of the internal audit recommendations by the Management and sought Management's explanation on long overdue action items.

e) Pre-AC meetings were held between the AC Chairman and the Internal Audit Director to discuss key internal controls and internal audit related matters.

f) Reviewed and deliberated on the 2018 Internal Audit Plan for the Company and the Group on 28 November 2017.

g) Assessed the performance of the Internal Audit Director based on the agreed 2017 Balance score card/key performance indicators.

h) On 29 March 2018, deliberated on the Statement on Risk Management and Internal Controls for inclusion in the 2017 Annual Report.

The AC Chairman at each Board meeting, updated the Board on principal matters deliberated at each AC meeting. Minutes of the AC meeting were tabled for confirmation at the following AC meeting.

The AC is of the view that matters reported by it to the Board for the financial year were satisfactorily resolved.

4. OTHERS

Throughout the financial year, the AC members had attended various seminars, training programmes and conferences to keep abreast of changes in the industry and business environment. Details are set out in the Corporate Governance Report under Practice 8.5 on pages 41 to 42.

THE INTERNAL AUDIT FUNCTION

a) The internal audit function of the Company is performed in-house by the IAD. During the financial year, the IAD is headed by an Internal Audit Director and assisted by four (4) internal auditors. The IAD Director is a fellow member of the Association of Certified Charted Accountants and a member of the Institute of Internal Auditors with more than 21 years of internal auditing experience.

b) The IAD is guided by its Internal Audit Charter, which sets out the purpose, scope and responsibilities of the IAD and how it maintains its independence from the Management.

Audit Committee Report

c) The mission of the IAD is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight on effectiveness of risk management, internal controls and governance processes in relation to the following objectives:

- Achievement of the organisation's goals and strategic objectives
- Reliability and integrity of financial and operating information
- Effectiveness and efficiency of operations and programmes
- Safeguarding assets
- Compliance with laws, regulations, policies, procedures and contracts

d) The IAD's performance and conduct in evaluating effectiveness of the governance, internal controls and risk management processes are guided by The International Standards for the Professional Practice of Internal Auditing (the IIA Standards), The Internal Control Framework established by the Committee of Sponsoring Organisation of the Treadway Commission (COSO) and the Corporate Governance Guide, established by Bursa Malaysia.

e) During the financial year, the IAD assisted the AC in discharging its duties and responsibilities by executing independent review on the adequacy and effectiveness of the risk management, internal controls and governance processes implemented by the Management.

The summary of works that were carried out by the IAD during the financial year encompassed the following:

i) Prepared the risk-based Annual Audit Plan for deliberation and approval by the AC to determine the priorities of the internal audit works, consistent with the organisation's goals. Main factors taken into consideration when preparing the audit plan include the strategic and operational objectives, audit history and risk profiles of each auditable area.

ii) Performed audits that covered business units (subsidiary companies), support functions and investment proposals as per the approved annual audit plan. Areas reviewed under the respective audits include:

- Business Units (Subsidiary companies)

  Review of processes in relation to establishment of business plan and strategies, effectiveness and efficiency of operations, adequacy of risk management practices, internal controls and monitoring activities ensuring plans were accomplished and that assets were safeguarded, reliability of financial information as well as compliance with relevant policies, procedures and regulations.

- Company Support Functions

  Review of processes in relation to adequacy of risk management, internal controls and monitoring activities within the Support Functions ensuring operations were effective in achieving its established objectives.

- Investment Proposals

  Review of processes in relation to the adequacy of risk assessment activities undertaken by the Strategic Planning and Investment Department, adequacy of independent investment evaluation performed by the Risk Management Department, adequacy and reliability of information presented in the investment proposals, decision making and governance processes as well as compliance with the relevant policies and procedures.

iii) Audit findings were discussed with auditees with recommendations provided to address the issues.

iv) Presented Audit reports that contain improvement opportunities, audit findings, management response and corrective actions in areas with significant risks and internal control deficiencies to the AC at least at quarterly intervals.

v) Conducted quarterly follow-up reviews to determine and verify the adequacy, effectiveness and timeliness of actions taken by the Management on audit recommendations highlighted in the 2017 Audit reports with progress updates provided to the AC.

vi) Conducted quarterly review on impairment of assets, related party transactions and recurrent related party transactions.

vii) Presented to the AC, the IAD's performance relative to the Annual Internal Audit Plan.

f) For the year ended 31 December 2017, number of internal auditors was five (5). The total cost incurred during the year was RM960,276.

g) As at the date of this report, there are a total of five (5) internal auditors. All internal auditors possess tertiary qualifications with two (2) having relevant internal audit and/or accounting professional qualifications. All staff are encouraged to continuously enhance their competencies through relevant professional courses and on-the-job training. One staff is currently pursuing the Certified Internal Auditors qualification.

5 FINANCIAL STATEMENTS

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and associates are described in Notes 15 and 16 to the financial statements.

Other information relating to the subsidiaries are disclosed in Note 15 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit net of tax and zakat	63,016	9,743
Profit attributable to:		
Owners of the parent	58,762	9,743
Non-controlling interests	4,254	-
	63,016	9,743

There was no material transfer to or from reserve or provision during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2016 were as follows:

In respect of the financial year ended 31 December 2016 as reported in the directors' report of that year:

	RM'000
Single-tier final dividend for 2016: 4.25 sen per ordinary share, on 499,004,119 ordinary shares, declared on 25 May 2017 and paid on 18 August 2017	21,208

At the forthcoming Annual General Meeting, a single-tier final dividend in respect of the financial year ended 31 December 2017, of 4.25 sen per ordinary share on 499,004,119 ordinary shares, amounting to a dividend payable of RM21,207,675 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2018.

Directors' Report (cont'd.)

DIRECTORS

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

YM Raja Dato' Idris Raja Kamarudin**
YB Dato' Kamarul Baharin bin Abbas**
Encik Suhaimi bin Kamaralzaman
YB Sivarasa a/l Rasiah**
YBhg Dato' Mohamed Ross bin Mohd Din**
YBhg Dato' Idris bin Md Tahir**
YM Raja Shahreen bin Raja Othman**
YBhg Dato' Ikmal Hijaz bin Hashim** (Appointed on 1 January 2018)
YBhg Dato' Dr. Mohamed Ariffin bin Aton (Retired on 25 May 2017)
Encik Mustaffa Kamil bin Ayub (Retired on 25 May 2017)

** These directors are also directors of the Company's subsidiaries.

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Encik Ahmad Fariz bin Hassan
Puan Suzila binti Khairuddin
Encik Azlan bin Abdul Jalil
Cik Norsham binti Ishak
Puan Hashimah binti Mohd Isa
Encik Aminurddin bin Abdul Jalil
Encik Edi Zuhri bin Abd Rahim
Encik Yeoh Jin Hoe
Encik Keith Christopher Yeoh Min Kit
Encik Ooi Inn Kee
Encik Abu Bakar bin Hashim
Encik Tan Chee Kit
Encik Phang Kwai Sang
Encik Chan Chiang Heng
YB William Leong Jee Keen
YBhg Dato' Sri Su-Azian@Muzaffar Syah bin Abd Rahman
YBhg Dato' Jamal bin Nasir
YBhg Dato' Lim Yew Boon

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

The directors' benefits are as follows:

	Group RM'000	Company RM'000
Executive directors' remuneration	569	-
Fees for non-executive directors	1,299	1,185

Directors' Report (cont'd.)

DIRECTORS' AND OFFICERS' INDEMNITY

The Company has agreed to indemnify its directors as part of the terms of their appointment against claims by third parties. No payment has been made to indemnify the directors for the financial year ended 31 December 2017.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares of the Company or its related corporations during the financial year were as follows:

	<------------- Number of ordinary shares			------------->
	1.1.2017	**Acquired**	**Disposed**	**31.12.2017**
The Company				
YM Raja Dato' Idris Raja Kamarudin	209,947	98,300	-	308,247
YB Dato' Kamarul Baharin bin Abbas	5	-	-	5
YBhg Dato' Mohamed Ross bin Mohd Din	10,320	-	-	10,320
Encik Suhaimi bin Kamaralzaman	10,000	-	-	10,000

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

HOLDING COMPANY

The immediate holding company is Kumpulan Darul Ehsan Berhad, which is incorporated in Malaysia.

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

   (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

   (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

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

(e) As at the date of this report, there does not exist:

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

   (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

Directors' Report (cont'd.)

OTHER STATUTORY INFORMATION (CONT'D.)

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; 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 or of the Company for the financial year in which this report is made.

SIGNIFICANT AND SUBSEQUENT EVENTS

The significant and subsequent events are disclosed in Note 42 to the financial statements.

AUDITORS

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Ernst & Young	591	102
Other auditors	83	-
Auditors' remuneration	674	102

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young during the financial year nor since the end of the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 March 2018.

RAJA DATO' IDRIS RAJA KAMARUDIN **DATO' IDRIS BIN MD TAHIR**

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

We, Raja Dato' Idris Raja Kamarudin and Dato' Idris bin Md Tahir, being two of the directors of Kumpulan Perangsang Selangor Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 102 to 191 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 March 2018.

RAJA DATO' IDRIS RAJA KAMARUDIN

DATO' IDRIS BIN MD TAHIR

Statutory Declaration
Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Zain Azrai bin Zainal Abidin, being the officer primarily responsible for the financial management of Kumpulan Perangsang Selangor Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 102 to 191 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Zain Azrai bin Zainal Abidin
at Shah Alam in Selangor Darul Ehsan
on 30 March 2018.

ZAIN AZRAI BIN ZAINAL ABIDIN

Before me,

Independent Auditors' Report

to the Members of Kumpulan Perangsang Selangor Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Kumpulan Perangsang Selangor Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 102 to 191.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards ("FRS") 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 *Auditor's Responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

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

KEY AUDIT MATTERS

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Investment in an associate - Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH")

(Refer to Note 16(c) to the financial statements)

The carrying amount of the Group's investment in SPLASH as at 31 December 2017 accounted for approximately 88.8% and 53.5% of the Group's total investments in associates and the Group's total assets respectively. The share of profit of SPLASH for the year ended 31 December 2017 accounted for approximately 139.3% of the Group's total profit for the year.

Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ("SPLASH SB") a wholly-owned subsidiary of SPLASH is the concession holder of Sungai Selangor Water Supply Scheme Phase 1 and 3. As part of the National Water Services Industry Restructuring Initiatives, the State Government of Selangor had in previous financial years made several offers to the Group to purchase the equity interest in SPLASH. Those offers to purchase did not materialise as the parties involved could not agree on the purchase price.

On 8 January 2014, the State Government of Selangor made an announcement that it was agreeable for the Federal Government of Malaysia ("Federal Government") to exercise its rights and powers under Section 114 of the Water Services Industry Act 2006 ("WASIA") to assume control of the property, business and affairs of SPLASH and to carry on SPLASH's business and affairs. As at the date of this report, the Federal Government has not invoked its rights and powers under Section 114 of WASIA.

As at the date of this report, discussions between the State Government of Selangor and the shareholders of SPLASH on the offer price is currently on-going.

Independent Auditors' Report

to the Members of Kumpulan Perangsang Selangor Berhad (Incorporated in Malaysia) (cont'd.)

KEY AUDIT MATTERS (CONT'D.)

Investment in an associate - Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH") (cont'd.)

Due to the significance of the investment in SPLASH and the effects of the impending water restructuring initiatives to the financial statements of the Group, we have identified the following to be areas of audit focus:

(a) Share of profit of SPLASH for the year ended 31 December 2017

As disclosed in Note 2.5(a)(iii) to the financial statements, included in the total assets of SPLASH as at 31 December 2017 was an amount owing from Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") of RM2,285.2 million, of which RM2,036.3 million is past due. The delay in the recoverability of amount due from SYABAS was primarily due to the delay in the finalisation of the water restructuring initiatives as mentioned above. The settlement of such indebtedness is expected to take place only after the State Government of Selangor has completed the consolidation of all water assets.

The outcome of the water industry restructuring initiatives can only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. The restructuring initiatives may develop in ways not initially expected. Therefore, SPLASH continues to assess the development of the water restructuring initiatives to determine the amount and timing of receipts of the amount due from SYABAS. Such assessment involves significant judgment and estimates which are highly subjective and will have a significant impact on the share of SPLASH's profit recognised by the Group should the outcome be different from what was initially expected.

In addressing this area of concern:

(i) We discussed the status of the water restructuring initiatives with the management of SPLASH;

(ii) We obtained an understanding of the relevant internal controls of SPLASH over estimating the recoverable amount due from SYABAS; and

(iii) We evaluated the assumptions applied in the determination of the timing of receipts from SYABAS in light of the latest development of the water restructuring initiatives.

(b) Carrying amount of investment in SPLASH as at 31 December 2017

Following the announcement by the State Government of Selangor that it was agreeable for the Federal Government to exercise its rights and powers under Section 114 of the WASIA, the Group engaged an independent legal advisor to comment on the legal implications of Section 114 of WASIA on the recoverability of the carrying amount of investment in SPLASH.

As disclosed in Note 16(c), the directors, in consultation with its independent legal advisor, are of the view that should Section 114 of WASIA be invoked, the Federal Government, would not take ownership of the property, plant and equipment, financial assets and financial liabilities of SPLASH. Accordingly, the directors believe that the recoverable amount of the Group's investment in SPLASH will not be lower than its carrying amount as at 31 December 2017 for reasons explained in Note 16(c) to the financial statements. The directors have also assessed that the recoverability of the carrying amount of investment in SPLASH will not be lower than its carrying amount as at 31 December 2017 based on the terms and conditions provided in the water supply concession agreement in the event of expropriation of assets by the Federal Government.

The above mentioned assessments are highly judgmental and is dependent on the successful negotiation of purchase price with the State Government of Selangor.

In addressing this area of concern:

(i) We considered the objectivity, independence and expertise of the independent legal advisor engaged by the Group;

(ii) We reviewed the Group's correspondences with its legal advisors;

(iii) We evaluated the basis adopted by the legal advisor in arriving at their opinion on the legal implications of Section 114 of WASIA; and

(iv) We evaluated the directors' estimates of the recoverable amount of investment in SPLASH in the event of expropriation of assets by the Federal Government, based on the terms and conditions provided in the water supply concession agreement and enforcement of WASIA by Federal Government.

Independent Auditors' Report

to the Members of Kumpulan Perangsang Selangor Berhad (Incorporated in Malaysia) (cont'd.)

KEY AUDIT MATTERS (CONT'D.)

Impairment of goodwill and intangible asset with indefinite useful life

(Refer to Notes 17 and 18 to the financial statements)

Included in the Group's intangible assets and goodwill as at 31 December 2017 are the intangible asset (brand name) and goodwill relating to the licensing segment of RM195.7 million and RM17.3 million respectively.

This intangible asset is assessed to have indefinite useful life.

The Group performed impairment review of these assets by estimating the recoverable amount of its cash generating units ("CGUs") to which the intangible asset and goodwill are allocated based on value-in-use ("VIU"). Estimating the VIU of the CGUs involves estimating the future cash inflows and outflows that will be derived from the CGUs or groups of CGUs, and discounting them at an appropriate rate.

Due to the significance of the amount and the subjectivity involved in estimating the VIU, we consider this impairment review to be an area of audit focus. Specifically, we focus on the evaluation of the assumptions applied in respect of revenue growth, cost escalation rates, terminal value and discount rates.

In addressing this area of concern:

(i) We obtained an understanding of the relevant internal controls over estimating the recoverable amount of the CGUs;

(ii) We evaluated the assumptions applied in respect of revenue growth, cost escalation rates and terminal value by comparing to the historical results achieved in previous years and considering the historical accuracy of management's estimates of profits (and the resulting cash flows) in previous years;

(iii) We assessed whether the discount rate used to determine the present value of the cash flows reflects the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive; and

(iv) We evaluated the adequacy of the Group's disclosures of each key assumption on which the Group has based its cash flow projections. Key assumptions are those to which the recoverable amount is most sensitive, as disclosed in Note 18 to the financial statements.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the Directors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Independent Auditors' Report

to the Members of Kumpulan Perangsang Selangor Berhad (Incorporated in Malaysia) (cont'd.)

RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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, including the disclosures, and whether the financial statements 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 and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report

to the Members of Kumpulan Perangsang Selangor 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 15 to the financial statements.

OTHER MATTERS

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

Ernst & Young
AF: 0039
Chartered Accountants

Sundralingam A/L Navaratnam
No. 2984/05/18(J)
Chartered Accountant

Kuala Lumpur, Malaysia
30 March 2018

Income Statements

For the Financial Year Ended 31 December 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Revenue	3	361,495	144,498	40,601	46,742
Cost of sales	4	(274,774)	(99,416)	-	-
Gross profit		86,721	45,082	40,601	46,742
Other income	5	7,958	103,250	9,821	11,796
Administrative expenses		(67,875)	(52,765)	(29,724)	(28,287)
Selling and marketing expenses		(18,367)	(4,614)	-	-
Other expenses		(17,166)	(24,494)	(4,616)	(24,135)
Operating (loss)/profit		(8,729)	66,459	16,082	6,116
Finance costs	6	(16,060)	(4,174)	(6,216)	(2,717)
Share of profit of associates		94,675	50,738	-	-
Profit before tax and zakat	7	69,886	113,023	9,866	3,399
Income tax and zakat	10	(6,870)	(11,163)	(123)	(645)
Profit net of tax and zakat		63,016	101,860	9,743	2,754
Profit attributable to:					
Owners of the parent		58,762	97,766	9,743	2,754
Non-controlling interests		4,254	4,094	-	-
		63,016	101,860	9,743	2,754

	Note	Group 2017 sen	Group 2016 sen	Company 2017 sen	Company 2016 sen
Earnings per share attributable to owners of the parent (sen per share):					
Basic/diluted	11	11.78	19.59	-	-
Dividend per share	12	4.25	2.00	4.25	2.00

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Comprehensive Income

For the Financial Year Ended 31 December 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit net of tax and zakat	63,016	101,860	9,743	2,754
Other comprehensive (loss)/income				
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:				
(Loss)/gain on foreign currency translation reserve	(5,274)	4,018	-	-
Total comprehensive income for the year	57,742	105,878	9,743	2,754
Total comprehensive income attributable to:				
Owners of the parent	54,893	100,795	9,743	2,754
Non-controlling interests	2,849	5,083	-	-
	57,742	105,878	9,743	2,754

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

As at 31 December 2017

	Note	Group 2017 RM'000	Group 2016 (Restated) RM'000	Company 2017 RM'000	Company 2016 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	94,602	100,252	11,325	11,501
Investment properties	14	95,863	91,787	53,484	48,300
Investments in subsidiaries	15	-	-	427,610	378,893
Investments in associates	16	1,171,698	1,078,986	131,809	133,008
Intangible assets	17	207,456	208,821	-	-
Goodwill on consolidation	18	41,045	40,322	-	-
Long term receivables	19	34,095	35,663	-	-
Amount due from a subsidiary	24(a)	-	-	167,845	-
Deferred tax assets	27	477	333	-	-
Club memberships		203	523	153	523
		1,645,439	1,556,687	792,226	572,225
Current assets					
Inventories	20	49,324	31,412	-	-
Trade receivables	21	128,050	65,121	370	272
Other receivables	22	10,091	5,332	1,004	1,706
Other current assets	23	371	1,144	-	-
Amounts due from subsidiaries	24(a)	-	-	16,179	217,702
Amounts due from related companies	24(b)	27,531	40,762	2,144	2,207
Amount due from an associate	24(c)	4,360	4,676	-	-
Cash and bank balances	25	79,044	131,995	1,646	3,182
Tax recoverable		1,730	1,522	-	-
		300,501	281,964	21,343	225,069
TOTAL ASSETS		1,945,940	1,838,651	813,569	797,294

Statements of Financial Position

As at 31 December 2017 (cont'd.)

	Note	Group 2017 RM'000	Group 2016 (Restated) RM'000	Company 2017 RM'000	Company 2016 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	31	538,092	499,004	538,092	499,004
Share premium	32	-	39,088	-	39,088
Other reserves	33	7,160	11,029	8,000	8,000
Retained earnings	34	816,463	778,909	116,474	127,939
Shareholders' equity		1,361,715	1,328,030	662,566	674,031
Non-controlling interests		93,057	90,692	-	-
TOTAL EQUITY		1,454,772	1,418,722	662,566	674,031
Non-current liabilities					
Loans and borrowings	26	225,977	159,201	100,000	-
Deferred tax liabilities	27	63,683	64,610	-	-
		289,660	223,811	100,000	-
Current liabilities					
Trade payables	28	86,722	40,553	1,380	1,349
Other payables	29	31,529	41,405	8,023	8,615
Amount due to immediate holding company	30(a)	203	203	-	-
Amounts due to subsidiaries	30(b)	-	-	2,574	5,276
Amounts due to related companies	30(c)	26	23	26	23
Loans and borrowings	26	81,681	108,178	39,000	108,000
Tax payable		1,347	5,756	-	-
		201,508	196,118	51,003	123,263
TOTAL LIABILITIES		491,168	419,929	151,003	123,263
TOTAL EQUITY AND LIABILITIES		1,945,940	1,838,651	813,569	797,294

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December 2017

			Attributable to owners of the parent						
			<---------- Non-distributable			---------->	Distributable		
Group	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000 (Note 31)	Share premium RM'000 (Note 32)	Other reserves, total RM'000 (Note 33)	Foreign currency translation reserve RM'000	General reserve RM'000	Retained earnings RM'000	Non-controlling interests RM'000
At 1 January 2017	1,418,722	1,328,030	499,004	39,088	11,029	3,029	8,000	778,909	90,692
Total comprehensive income	57,742	54,893	-	-	(3,869)	(3,869)	-	58,762	2,849
Transactions with owners									
Dividends on ordinary shares (Note 12)	(21,208)	(21,208)	-	-	-	-	-	(21,208)	-
Transfer of share premium	-	-	39,088	(39,088)	-	-	-	-	-
Subscription of additional interest in subsidiaries	1,135	-	-	-	-	-	-	-	1,135
Acquisition of a subsidiary	2,315	-	-	-	-	-	-	-	2,315
Dividends of subsidiaries	(3,934)	-	-	-	-	-	-	-	(3,934)
Total transactions with owners	(21,692)	(21,208)	39,088	(39,088)	-	-	-	(21,208)	(484)
At 31 December 2017	1,454,772	1,361,715	538,092	-	7,160	(840)	8,000	816,463	93,057

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December 2017 (cont'd.)

			Attributable to owners of the parent						
			<---------- Non-distributable				---------->	Distributable	
Group	**Equity, total RM'000**	**Equity attributable to owners of the parent, total RM'000**	**Share capital RM'000 (Note 31)**	**Share premium RM'000 (Note 32)**	**Other reserves, total RM'000 (Note 33)**	**Foreign currency translation reserve RM'000**	**General reserve RM'000**	**Retained earnings RM'000**	**Non-controlling interests RM'000**
At 1 January 2016	1,254,647	1,237,215	499,004	39,088	8,000	-	8,000	691,123	17,432
Total comprehensive income	105,878	100,795	-	-	3,029	3,029	-	97,766	5,083
Transactions with owners									
Dividends on ordinary shares (Note 12)	(9,980)	(9,980)	-	-	-	-	-	(9,980)	-
Dilution of interest in subsidiaries	(3,635)	-	-	-	-	-	-	-	(3,635)
Acquisition of subsidiaries	72,430	-	-	-	-	-	-	-	72,430
Dividends of subsidiaries	(788)	-	-	-	-	-	-	-	(788)
Total transactions with owners	58,027	(9,980)	-	-	-	-	-	(9,980)	68,007
At 31 December 2016, as previously stated	1,418,552	1,328,030	499,004	39,088	11,029	3,029	8,000	778,909	90,522
Adjustment (Note 15(b) (iii))	170	-	-	-	-	-	-	-	170
At 31 December 2016, as restated	1,418,722	1,328,030	499,004	39,088	11,029	3,029	8,000	778,909	90,692

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Changes in Equity

For the Financial Year Ended 31 December 2017

Company	Equity, total RM'000	<------- Non-distributable Share capital RM'000 (Note 31)	Share premium RM'000 (Note 32)	Other reserves, total RM'000 (Note 33)	General reserve RM'000 (Note 34) ------->	Distributable Retained earnings RM'000
At 1 January 2017	674,031	499,004	39,088	8,000	8,000	127,939
Total comprehensive income	9,743	-	-	-	-	9,743
Transactions with owners						
Transfer of share premium	-	39,088	(39,088)	-	-	-
Dividends on ordinary shares (Note 12)	(21,208)	-	-	-	-	(21,208)
At 31 December 2017	662,566	538,092	-	8,000	8,000	116,474
At 1 January 2016	681,257	499,004	39,088	8,000	8,000	135,165
Total comprehensive income	2,754	-	-	-	-	2,754
Transactions with owners						
Dividends on ordinary shares (Note 12)	(9,980)	-	-	-	-	(9,980)
At 31 December 2016	674,031	499,004	39,088	8,000	8,000	127,939

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows
For the Financial Year Ended 31 December 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Operating activities					
Profit before tax and zakat		69,886	113,023	9,866	3,399
Adjustments for:					
Profit payment/interest expense	6	16,060	4,174	6,216	2,717
Profit from Islamic short term placements	5	(10)	(34)	-	-
Profit rate/interest income from:					
- Subsidiaries	5	-	-	(9,455)	(10,467)
- Deposits with licensed banks	5	(1,651)	(988)	(77)	(131)
- Trade receivables	5	(214)	-	-	-
- Others	5	(182)	(258)	(2)	(3)
Gain on fair value of money market deposits	5	(234)	(1,138)	(158)	(1,085)
Unwinding of discount on long term receivables	5	(1,580)	-	-	-
Property, plant and equipment:					
- Depreciation	7	8,073	4,677	513	443
- Written off	7	200	274	158	10
- Impairment	7	270	474	-	-
Bad debts written off	7	182	146	79	-
Reversal of allowance for impairment on trade receivables	7	-	(562)	-	-
Impairment loss on financial assets:					
- Long term receivables	7	3,350	-	-	-
- Trade receivables	7	5,117	33	-	-
- Investments in subsidiaries	7	-	-	-	22,034
Intangible assets:					
- Amortisation	7	1,479	309	-	-
- Written off	7	-	2,060	-	-
Inventories:					
- Provision for slow moving	7	268	21	-	-
- Written off	7	110	-	-	-
Dividend income from:					
- Subsidiaries	3	-	-	(30,584)	(37,612)
- An associate	3	-	-	(1,050)	-
Depreciation of investment properties	7	4,219	3,107	3,111	3,107
Impairment loss on non-financial assets:					
- Goodwill on consolidation	7	-	2,020	-	-
- Investment in an associate	7	-	9,641	-	-
- Club membership	7	370	-	370	-
Net gain on disposal of:					
- Property, plant and equipment	5	(115)	(80)	(32)	-
- Asset of disposal group classified as held for sale	5	-	(97,470)	-	-
Write back of accruals	5	(1,771)	(585)	-	-
Gain on remeasurement of investment in an associate	5	(504)	-	-	-
Share of profit of associates		(94,675)	(50,738)	-	-

Statements of Cash Flows

For the Financial Year Ended 31 December 2017 (cont'd.)

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Operating activities (cont'd.)					
Operating profit/(loss) before working capital changes		8,648	(11,894)	(21,045)	(17,588)
Increase in inventories		(18,290)	(1,006)	-	-
(Increase)/decrease in receivables		(72,083)	14,167	525	1,740
Increase/(decrease) in payables		37,878	21,043	(561)	13,119
Net movement in intercompany balances		13,550	(23,798)	46,857	100
Cash (used in)/generated from operations		(30,297)	(1,488)	25,776	(2,629)
Zakat paid		(161)	(812)	(123)	(645)
Tax paid, net of refunds received		(11,895)	(11,096)	-	-
Net cash (used in)/generated from operating activities		(42,353)	(13,396)	25,653	(3,274)
Investing activities					
Net dividends received from:					
- Subsidiaries		-	-	30,584	612
- An associate		1,050	-	1,050	-
Profit rate/interest received from:					
- Fixed deposits	5	1,651	988	77	131
- Others	5	182	258	2	3
Profit from Islamic short term placements	5	10	34	-	-
Purchase of:					
- Property, plant and equipment	13	(4,191)	(3,862)	(496)	(678)
- Investment properties	14	(8,295)	-	(8,295)	-
- Intangible assets	17	(180)	(20)	-	-
Proceeds from disposal of:					
- Property, plant and equipment		152	84	33	3
- Asset held for sale		-	60,000	-	-
(Placement)/withdrawal of money market deposits		(2,388)	59,176	158	53,153
Acquisition in subsidiaries		2,315	(229,467)	(1,715)	(175,846)
Subscription of additional interest in subsidiaries		1,135	-	(45,803)	-
Net cash used in investing activities		(8,559)	(112,809)	(24,405)	(122,622)
Financing activities					
Profit payment/interest paid		(16,060)	(4,174)	(6,216)	(190)
Dividend paid on ordinary shares		(25,142)	(10,768)	(21,208)	(9,980)
Advances to subsidiaries		-	-	(12,360)	(16,518)
Repayment of advances from subsidiaries		-	-	6,000	74,862
Loans and borrowings:					
- Drawdown		141,259	267,000	100,000	108,000
- Repayment		(101,000)	(30,000)	(69,000)	(30,000)
Obligations under finance leases:					
- Drawdown		222	-	-	-
- Repayment		(202)	(91)	-	-
Net movement in deposits with licensed banks		204	4,411	(35)	96
Net cash (used in)/generated from financing activities		(719)	226,378	(2,819)	126,270

Statements of Cash Flows

For the Financial Year Ended 31 December 2017 (cont'd.)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Net (decrease)/increase in cash and cash equivalents	(51,631)	100,173	(1,571)	374
Effect of exchange rate changes on cash and cash equivalents	(3,738)	2,851	-	-
Cash and cash equivalents at 1 January	122,681	19,657	2,081	1,707
Cash and cash equivalents at 31 December (Note 25)	67,312	122,681	510	2,081

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017

1. CORPORATE INFORMATION

The Company is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 16th Floor, Plaza Perangsang, Persiaran Perbandaran, 40000 Shah Alam, Selangor Darul Ehsan.

The immediate holding company of the Company is Kumpulan Darul Ehsan Berhad ("KDEB"), a company incorporated in Malaysia, and the ultimate holding corporation is Menteri Besar Selangor (Pemerbadanan), a corporate body formed under Enactment No.3 of the Menteri Besar Selangor (Incorporation), Enactment 1994.

The principal activity of the Company is investment holding. The Group has diversified its principal activities to include infrastructure business through acquisition of KPS-HCM Sdn Bhd during the financial year subsequent to diversification in manufacturing and licensing businesses with acquisition of Century Bond Bhd and Kaiserkorp Corporation Sdn Bhd in the previous financial year. The principal activities of the subsidiaries and associates are described in Notes 15 and 16 to the financial statements.

Related companies refer to companies within the KDEB group.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 March 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the Companies Act, 2016 in Malaysia.

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

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

The comparatives for 31 December 2016 have been restated with adjustments arising from the completion of the purchase price allocation exercise as disclosed in Note 15(b)(iii).

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2017, the Group and the Company adopted the following new and amended FRSs mandatory for annual financial periods beginning on or after 1 January 2017

Description	Effective for annual periods beginning on or after
FRS 107 Disclosure Initiative (Amendments to FRS 107)	1 January 2017
FRS 112 Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 112)	1 January 2017
Annual Improvements to FRS Standards 2014–2016 Cycle - Amendments to FRS 12 Disclosure of Interests in Entities: Clarification of the scope of disclosure requirements FRS 12	1 January 2017

FRS 107 Disclosure Initiative (Amendments to FRS 107)

The amendments to FRS 107 Statement of Cash Flows requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of these amendments, entities are not required to provide comparative information for preceding periods. The application of these amendments has had no impact on the Company.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (cont'd.)

FRS 112 Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 112)

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The application of these amendments has had no impact on the Company as the Company has assessed the sufficiency of future taxable profits in a way that is consistent with these amendments.

2.3 Malaysian Financial Reporting Standards ("MFRS Framework")

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 31 December 2018. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has established a project team to plan and manage the adoption of the MFRS Framework. This project consists of the following phases:

(a) Assessment and planning phase

(i) High level identification of the key differences between Financial Reporting Standards and accounting standards under the MFRS Framework and disclosures that are expected to arise from the adoption of MFRS Framework;

(ii) Evaluation of any training requirements; and

(iii) Preparation of a conversion plan.

The Group considers the assessment and planning phase to be completed as at the date of these financial statements.

(b) Implementation and review phase

This phase aims to:

(i) develop training programs for the staff;

(ii) formulate new and/or revised accounting policies and procedures for compliance with the MFRS Framework;

(iii) identify potential financial effects as at the date of transition, arising from the adoption of the MFRS Framework; and

(iv) develop disclosures required by the MFRS Framework.

The Group is currently assessing the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2017 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2018.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries 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.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(a) Basis of consolidation (cont'd.)

Business combinations (cont'd.)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of FRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to other comprehensive income ("OCI"). If the contingent consideration is not within scope of FRS 139, it is measured in accordance with the appropriate FRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill 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. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.4(f)(i).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(b) Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

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. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

(c) Foreign currency

(i) Functional and presentation currency

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(c) Foreign currency (cont'd.)

(ii) Foreign currency transactions

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

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

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

(iii) Foreign operations

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

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

(d) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, all items of property, plant and equipment except freehold land are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in interval, the Group recognises such parts as individual assets with specific useful lives and depreciation respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets at the following annual rates:

Long term leasehold land	99 years
Buildings	2% - 10%
Plant and machinery	8% - 10%
Motor vehicles	20%
Office equipment, hotel furniture and fittings:	
- Office and hotel furniture, fittings and equipment	10% - 50%
- Computer and office equipment	10% - 33.33%
- Office renovation	10%

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

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

Capital work-in-progress included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(e) 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 costs less accumulated depreciation and impairment losses, consistent with the accounting policy of property, plant and equipment as described in Note 2.4(d).

Depreciation of investment properties is provided for on straight-line basis to write off the cost of each asset to its residual value over the estimated useful lives, at the annual rate of 2% per annum for buildings.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at cost.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

(f) Intangible assets

(i) Goodwill on consolidation

Goodwill on consolidation is initially measured at cost. Following initial recognition, goodwill on consolidation is measured at cost less accumulated impairment losses.

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

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

(ii) Brand name

The cost of brand names acquired represents its fair value as at the date of acquisition. Following initial recognition, brand names are carried at cost less any accumulated impairment losses. Brand names which are considered to have indefinite useful lives, are not amortised but tested for impairment, annually or more frequently when indicators of impairment are identified. The useful lives of brand name are reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(f) Intangible assets (cont'd.)

(iii) Trademarks

The trademarks consist of brand, product line and product names. Costs of registrations and registration renewals are capitalised and amortised over the estimated useful life of 5 years.

(iv) Website and software development

The cost of website and software development consist of expenditure for certain products are capitalised and amortised over the estimated useful life of 5 years.

(v) Customer relationship

The cost of customer relationships acquired in a business combination is measured at their fair value at the date of acquisition. Following the initial recognition, the customer relationships are carried at cost less accumulated amortisation and any accumulated impairment losses. The customer relationships with finite lives are amortised on a straight-line basis over their useful economic lives and assessed for impairment whenever there is an indication that the customer relationships may be impaired.

(g) Impairment of non-financial assets

The Group and the Company assesses at each reporting date 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 and the Company 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 to sell 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 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 an asset 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 involved where the revaluation was taken to other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date 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. That 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 a subsequent period.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(h) Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) exposure, or rights, to variable returns from its investment with the investee; and

(iii) the ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(i) Associates

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

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

An associate is equity accounted for from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost and the carrying amount is increased or decreased to recognise the Company's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Company's share of losses in an associate equal or exceeds its interest in the associate, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

After application of the equity method, the Company determines whether it is necessary to recognise any additional impairment losses with respect to its net investment in the associate. The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

When the Company 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 a financial assets. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Company's interest in an associate decreases but does not result in a lost 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.

In the Company's separate financial statements, investment in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(j) Financial assets

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

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

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

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

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

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

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date. The Group and the Company have not designated any financial assets at fair value through profit or loss as at 31 December 2017 and 2016.

(ii) Loans and receivables

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

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

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

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

(k) Impairment of financial assets

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

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

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(k) Impairment of financial assets (cont'd.)

(i) Trade and other receivables and other financial assets carried at amortised cost (cont'd.)

Objective evidence of impairment for a portfolio of receivables could include the Group's 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 economic conditions that correlate with default on receivables. If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

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

(ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency of significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(l) Cash and bank balances

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

(ii) Money market deposits

Money market deposits are placements made in cash management fund with financial institutions which are designated upon initial recognition as financial assets at fair value through profit or loss.

(m) Inventories

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

Cost of inventories for bedding goods and trading goods are determined on a weighted average basis and comprises costs of purchase, whereas cost of inventories for manufacturing goods are measured on first-in-first-out basis.

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

(n) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event and 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.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(o) Financial liabilities

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

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

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables, amounts due to immediate holding company, subsidiaries and related companies and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

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

(p) 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.

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 a profit or loss over the period of the guarantee. If the debtor fails to make the payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(q) 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.

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

(r) Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by Malaysian laws. The Group makes contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension scheme are recognised as an expense in the period in which the related service is performed.

(s) Leases

(i) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges are charged to profit or loss. Contingent rents, if any are charged as expenses in the periods in which they are incurred.

Lease assets are depreciated over the estimated useful life of the assets. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs included in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.4(u)(viii).

(t) Construction contract

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

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

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

Notes to the Financial Statements
For the Financial Year Ended 31 December 2017 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(t) Construction contract (cont'd.)

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

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

(u) Revenue and other income

Revenue and other income are recognised to the extent that it is probable that the economic benefits will flow to the Group and they can be reliably measured. Revenue and other income are measured at the fair value of consideration received or receivable.

(i) Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Construction contracts

Revenue from construction contracts are accounted for by the stage of completion method as described in Note 2.4(t).

(iii) Sale of licenses and royalty

Revenue from the sale of licenses and royalty are recognised in accordance with the substance of the agreement.

(iv) Management fees

Management fees are recognised when services are rendered.

(v) Profit rate/interest income

Profit rate/interest income is recognised using the effective profit/interest rate method.

(vi) Dividend income

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

(vii) Membership fee

The membership fee is recognised based on receipt basis.

(viii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(ix) Profit from Islamic short term placements

Profit from Islamic short term placements is recognised on a time proportion basis using the effective profit rate method.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(v) Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date 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 credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date 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 each reporting date 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 when 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 reporting date.

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.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2017 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(v) Income taxes (cont'd.)

(iii) Good and service tax ("GST") or value added tax ("VAT")

The net amount of GST or VAT being the difference between output and input of GST or VAT, payable to or receivable from the respective authorities at the reporting date, is included in other payables or other receivables in the statements of financial position.

(w) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assessed the segment performance. Additional disclosures on each of these segments are shown in Note 41, including the factors used to identify the reportable segments and the measurement basis of segment information.

(x) Share capital and share issuance expenses

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

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

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(y) 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.

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

(z) Fair value measurement

The Company measures financial instruments, such as derivatives at fair value at each reporting date.

Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset of liability, or

- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal of the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participants' 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(z) Fair value measurement (cont'd.)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.5 Significant accounting estimates and judgements

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

(a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Impairment of goodwill and brand name

The Group determines whether goodwill and brand name are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill and brand name as at 31 December 2017 were RM41,045,000 (2016: RM40,322,000) and RM195,727,000 (2016: RM195,727,000) respectively. Further details are disclosed in Note 18 to the financial statements.

(ii) Impairment of investments in subsidiaries and associated companies

The Group and the Company assess at each reporting date whether the carrying amounts of its investments in subsidiaries and associated companies are impaired. This involves measuring the recoverable amounts which includes fair value less costs to sell and valuation techniques. Valuation techniques include the use of discounted cash flow analysis, considering the current market value indicators and recent arms-length market transactions. These estimates provide reasonable approximations to the computation of recoverable amounts.

In performing discounted cash flow analysis, discount rate and growth rates used reflect, amongst others, the maturity of the business development cycle as well as the industry growth potential. The growth rates used to forecast the projected cash flow for the following year approximate the performances of the respective investments based on the latest available management accounts.

Subsidiaries companies

Based on management's review, there was an impairment of RM22.0 million on investments in subsidiaries in the previous financial year.

Associated company

Based on management's review, there was an impairment of RM9.6 million on investments in associates in the previous financial year.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2017 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant accounting estimates and judgements (cont'd.)

(a) Key sources of estimation uncertainty (cont'd.)

(iii) Recoverability of investment in an associate - Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH")

The Group assesses at each reporting date whether the carrying amount of its investment in SPLASH is impaired as the recoverable amount of this investment is highly dependent on the finalisation of the water industry restructuring plan and the consideration to be offered by the State Government of Selangor to SPLASH's shareholders.

Included in the total assets of SPLASH as at 31 December 2017 was an amount owing from Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") of RM2,285.2 million (2016: RM1,702.3 million), of which RM2,036.3 million (2016: RM1,453.3 million) is past due. Of this amount, SPLASH has impaired the trade receivables from SYABAS based on estimated expected timing of receipts of the receivables amounts, discounted using the discount rate of 7.1%. The delay in the recoverability of amount due from SYABAS was primarily due to the delay in the finalisation of the water restructuring initiatives. The settlement of such indebtedness is expected to take place only after the State Government of Selangor has completed the consolidation of all water assets.

Therefore, the Group will continuously assess the development of the water industry restructuring plan to determine the recoverable amount of the investment in SPLASH and its share of equity accounted results. Such assessment involves significant judgements and estimates, which are highly subjective as disclosed in Note 16(c) in the financial statements.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

3. REVENUE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Rental income	8,778	9,013	8,778	9,013
Gross dividends from:				
- Subsidiaries	-	-	30,584	37,612
- Associate	-	-	1,050	-
Sales of chemical products	101,338	83,864	-	-
Manufacturing goods sold	168,086	25,786	-	-
Licensing	28,958	18,180	-	-
Sales of bedding products	6,860	1,989	-	-
Construction contract	36,708	-	-	-
Leasing	4,789	3,948	-	-
Hotel operations	-	1,619	-	-
Membership fee income	5,978	62	-	-
Management fees charged:				
- Subsidiaries	-	-	189	80
- Others	-	37	-	37
	361,495	144,498	40,601	46,742

4. COST OF SALES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cost of inventories sold:				
- Chemical products	92,105	75,907	-	-
- Manufacturing	142,964	20,567	-	-
- Bedding products	5,465	1,868	-	-
Construction contract	34,240	-	-	-
Hotel operations	-	1,074	-	-
	274,774	99,416	-	-

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

5. OTHER INCOME

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit from Islamic short term placements	10	34	-	-
Profit rate/interest income from:				
- Subsidiaries	-	-	9,455	10,467
- Deposits with licensed banks	1,651	988	77	131
- Trade receivables	214	-	-	-
- Others	182	258	2	3
Unwinding of discount on long term receivables (Note 19)	1,580	-	-	-
Sales of scrap	1,267	-	-	-
Gain on disposal of:				
- Assets of disposal group classified as held for sale (Note 13(c))	-	97,470	-	-
- Property, plant and equipment	115	80	32	-
Write-back of accruals	1,771	585	-	-
Gain on fair value of money market deposits	234	1,138	158	1,085
Gain on foreign exchange:				
- Realised	-	440	-	-
- Unrealised	67	1,946	-	-
Gain on remeasurement of investment in an associate	504	-	-	-
Others	363	311	97	110
	7,958	103,250	9,821	11,796

6. FINANCE COSTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit payment/interest expense on:				
- Bank overdrafts and short term borrowings	5,641	2,734	5,606	2,717
- Finance lease obligations	5	12	-	-
- Term loan	10,407	1,428	610	-
- Others	7	-	-	-
	16,060	4,174	6,216	2,717

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

7. PROFIT BEFORE TAX AND ZAKAT

The following items have been included in arriving at profit before tax and zakat:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Employee benefits expense (Note 8)	50,285	26,780	16,918	15,092
Non-executive directors' remuneration (Note 9)	1,299	1,218	1,185	1,081
Auditors' remuneration:				
- Statutory audit	674	584	102	102
- Others	478	672	401	672
Property, plant and equipment (Note 13):				
- Depreciation	8,073	4,677	513	443
- Written off	200	274	158	10
Impairment loss on:				
- Property, plant and equipment (Note 13)	270	474	-	-
- Club membership	370	-	370	-
- Trade receivables (Note 21)	5,117	33	-	-
- Investments in subsidiaries	-	-	-	22,034
- Investments in associates (Note 16)	-	9,641	-	-
- Goodwill on consolidation (Note 18)	-	2,020	-	-
- Long term receivables (Note 19)	3,350	-	-	-
- Other receivables (Note 22)	-	44	-	-
Direct operating expenses of investment properties:				
- Revenue generating during the year	5,376	5,311	5,376	5,311
Bad debts written off	182	146	79	-
Inventories written off	110	-	-	-
Rental of:				
- Premises	3,588	984	-	-
- Plant and machinery	103	41	48	41
Investment properties (Note 14):				
- Depreciation	4,219	3,107	3,111	3,107
Intangible assets (Note 17):				
- Amortisation	1,479	309	-	-
- Written off	-	2,060	-	-
Royalty fees	-	33	-	-
Provision for slow moving inventories	268	21	-	-
Loss on foreign exchange:				
- Realised	838	34	-	-
- Unrealised	1,464	-	-	-
Reversal of impairment losses on trade receivables (Note 21)	-	(562)	-	-

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Wages, salaries and bonus	41,027	21,159	13,856	12,033
Defined contribution plan	2,782	1,862	1,364	1,254
Social security contributions	286	112	70	82
Other benefits	6,190	3,647	1,628	1,723
	50,285	26,780	16,918	15,092

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM569,000 (2016: RM439,000) as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

The details of remuneration received and receivable by directors during the year are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Directors of the Company				
Non-executive:				
Fees	852	487	809	455
Other emoluments	278	589	263	584
Benefits-in-kind	113	42	113	42
	1,243	1,118	1,185	1,081
Directors of subsidiaries				
Executive:				
Salaries	550	436	-	-
Fees	8	2	-	-
Other emoluments	11	1	-	-
	569	439	-	-
Non-executive:				
Fees	47	98	-	-
Other emoluments	9	2	-	-
	56	100	-	-
	625	539	-	-

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

9. DIRECTORS' REMUNERATION (CONT'D.)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Total executive directors' remuneration	569	439	-	-
Total non-executive directors' remuneration	1,299	1,218	1,185	1,081

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2017	2016
Non-executive directors:		
Below RM50,000	1	1
RM50,001 - RM100,000	2	-
RM100,001 - RM150,000	-	6
RM150,001 - RM200,000	4	2
RM200,001 - RM250,000	2	-

10. INCOME TAX AND ZAKAT

The major components of income tax expense for the years ended 31 December 2017 and 2016 are:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Malaysian income tax				
Current income tax	6,039	9,076	-	-
Under provision in prior years	774	25	-	-
	6,813	9,101	-	-
Foreign income tax	1,030	2,777	-	-
Deferred taxation (Note 27):				
Reversal of temporary differences	(1,430)	(1,536)	-	-
Effect of reduction in tax rate	(74)	-	-	-
Under provision in prior years	370	9	-	-
	(1,134)	(1,527)	-	-
Income tax expense recognised in income statement	6,709	10,351	-	-
Zakat	161	812	123	645
Total income tax and zakat	6,870	11,163	123	645

Domestic income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year.

Zakat has been calculated at 2.5% of the adjusted net current assets multiplied by the estimated Muslim equity holding in the Company.

Current foreign tax expense is calculated at the United States statutory tax rate of 36.1% (2016: 36.5%) of the estimated assessable results for the year. Taxation for other jurisdictions is calculated at the rate prevailing in the respective jurisdictions.

The statutory tax rate in United States will be reduced to 23.8% effective year of Assessment 2018.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2017 (cont'd.)

10. INCOME TAX AND ZAKAT (CONT'D.)

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2017 and 2016 are as follows:

	2017 RM'000	2016 RM'000
Group		
Profit before tax and zakat:	69,886	113,023
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	16,773	27,126
Income not subject to tax	(784)	(17,896)
Expenses not deductible for tax purposes	5,175	12,074
Effect of share of profits in associates	(22,722)	(12,177)
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowance	(658)	(2,565)
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	7,688	2,784
Effect of different tax rates in foreign jurisdictions	167	971
Effect of reduction in tax rates	(74)	-
Under provision of deferred tax in prior years	370	9
Under provision of tax expense in prior years	774	25
Income tax recognised in income statement	6,709	10,351
Company		
Profit before tax and zakat	9,866	3,399
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	2,368	816
Income not subject to tax	(7,630)	(9,287)
Expenses not deductible for tax purposes	2,433	7,912
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	2,829	559
Income tax recognised in income statement	-	-

11. EARNINGS PER SHARE

Basic

Basic earnings per share of the Group is calculated by dividing profit for the year, net of tax attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year:

	Group	
	2017 RM'000	2016 RM'000
Profit attributable to owners of the parent	58,762	97,766

	Number of shares 2017 '000	Number of shares 2016 '000
Weighted average number of ordinary shares in issue	499,004	499,004

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

11. EARNINGS PER SHARE (CONT'D.)

Basic (cont'd.)

	Group	
	2017 sen	**2016 sen**
Basic earnings per share	11.78	19.59

There is no potentially dilutive ordinary share and as such diluted earnings per share is the same as basic earnings per share.

12. DIVIDENDS

	Dividends in respect of year			Dividends recognised in year	
	2017 RM'000	**2016 RM'000**	**2015 RM'000**	**2017 RM'000**	**2016 RM'000**
Recognised during the year:					
Single-tier final dividend for 2016: 4.25 sen per ordinary share, on 499,004,119 ordinary shares	-	21,208	-	21,208	-
Single-tier final dividend for 2015: 2 sen per ordinary share, on 499,004,119 ordinary shares	-	-	9,980	-	9,980
Proposed but not recognised as a liability as at 31 December:					
Single-tier final dividend for 2017: 4.25 sen per ordinary share, on 499,004,119 ordinary shares	21,208	-	-	-	-
	21,208	21,208	9,980	21,208	9,980

At the forthcoming Annual General Meeting, a single-tier final dividend in respect of the financial year ended 31 December 2017, of 4.25 sen per ordinary share on 499,004,119 ordinary shares, amounting to a dividend payable of RM21,207,675 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2018.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2017 (cont'd.)

13. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Capital work in progress RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Office equipment, hotel furniture and fittings RM'000	Total RM'000
2017								
Cost								
At 1 January	2,968	15,879	87,242	2,079	1,671	26,242	42,929	179,010
Additions	-	271	763	416	174	1,565	1,002	4,191
Acquisition of subsidiaries (Note 15(b))	-	-	-	-	40	91	92	223
Written off (Note 7)	-	-	-	-	(49)	(2,258)	(2,757)	(5,064)
Disposals	-	-	-	-	(152)	(123)	(4)	(279)
Exchange difference	-	-	(564)	-	(9)	(1,132)	(371)	(2,076)
At 31 December	2,968	16,150	87,441	2,495	1,675	24,385	40,891	176,005
Accumulated depreciation								
At 1 January	-	867	41,020	-	839	872	34,670	78,268
Depreciation charge for the year (Note 7)	-	393	1,511	-	309	3,773	2,087	8,073
Written off (Note 7)	-	-	-	-	(49)	(2,225)	(2,590)	(4,864)
Disposals	-	-	-	-	(127)	(112)	(3)	(242)
Exchange difference	-	-	(130)	-	(4)	(327)	(120)	(581)
At 31 December	-	1,260	42,401	-	968	1,981	34,044	80,654

Notes to the Financial Statements
For the Financial Year Ended 31 December 2017 (cont'd.)

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Capital work in progress RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Office equipment, hotel furniture and fittings RM'000	Total RM'000
2017								
Accumulated impairment losses								
At 1 January	-	-	490	-	-	-	-	490
Impairment loss for the year (Note 7)	-	-	-	-	-	-	270	270
Exchange difference	-	-	(11)	-	-	-	-	(11)
At 31 December	-	-	479	-	-	-	270	749
Net carrying amount								
At 31 December	2,968	14,890	44,561	2,495	707	22,404	6,577	94,602

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Capital work in progress RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Office equipment, hotel furniture and fittings RM'000	Total RM'000
2016 (Restated)								
Cost								
At 1 January	2,968	29,045	165,996	277	899	-	39,527	238,712
Additions	-	-	-	1,802	374	1,143	543	3,862
Acquisition of subsidiaries (Note 15(b))	-	3,146	23,763	-	388	24,306	4,461	56,064
Written off (Note 7)	-	-	-	-	-	(164)	(2,129)	(2,293)
Transfer to investment properties (Note 14)	-	(16,103)	(105,365)	-	-	-	-	(121,468)
Disposals	-	-	-	-	-	-	(8)	(8)
Exchange difference	-	-	202	-	10	957	535	1,704
At 31 December, as previous stated	2,968	16,088	84,596	2,079	1,671	26,242	42,929	176,573
Adjustment (Note 15(b)(iii))	-	(209)	2,646	-	-	-	-	2,437
At 31 December, as restated	2,968	15,879	87,242	2,079	1,671	26,242	42,929	179,010
Accumulated depreciation								
At 1 January	-	6,326	66,244	-	663	-	34,860	108,093
Depreciation charge for the year (Note 7)	-	438	1,873	-	176	668	1,522	4,677
Written off (Note 7)	-	-	-	-	(5)	-	(2,014)	(2,019)
Transfer to investment properties (Note 14)	-	(5,897)	(27,187)	-	-	-	-	(33,084)
Disposals	-	-	-	-	-	-	(4)	(4)
Exchange difference	-	-	90	-	5	204	306	605
At 31 December	-	867	41,020	-	839	872	34,670	78,268

Notes to the Financial Statements
For the Financial Year Ended 31 December 2017 (cont'd.)

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Capital work in progress RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Office equipment, hotel furniture and fittings RM'000	Total RM'000
2016								
Accumulated impairment losses								
At 1 January	-	-	-	-	-	-	-	-
Impairment loss for the year (Note 7)	-	-	474	-	-	-	-	474
Exchange difference	-	-	16	-	-	-	-	16
At 31 December	-	-	490	-	-	-	-	490
Net carrying amount								
At 31 December	2,968	15,012	45,732	2,079	832	25,370	8,259	100,252

Notes to the Financial Statements
For the Financial Year Ended 31 December 2017 (cont'd.)

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Long term leasehold land RM'000	Buildings RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
Company					
2017					
Cost					
At 1 January	12,942	550	7,722	572	21,786
Additions	-	-	490	6	496
Written off (Note 7)	-	-	(2,670)	-	(2,670)
Disposals	-	-	(4)	(127)	(131)
At 31 December	12,942	550	5,538	451	19,481
Accumulated depreciation					
At 1 January	2,784	263	6,965	273	10,285
Depreciation charge for the year (Note 7)	152	11	274	76	513
Written off (Note 7)	-	-	(2,512)	-	(2,512)
Disposals	-	-	(3)	(127)	(130)
At 31 December	2,936	274	4,724	222	8,156
Net carrying amount					
At 31 December	10,006	276	814	229	11,325
2016					
Cost					
At 1 January	12,942	550	8,427	198	22,117
Additions	-	-	304	374	678
Written off (Note 7)	-	-	(1,002)	-	(1,002)
Disposals	-	-	(7)	-	(7)
At 31 December	12,942	550	7,722	572	21,786
Accumulated depreciation					
At 1 January	2,633	252	7,755	198	10,838
Depreciation charge for the year (Note 7)	151	11	206	75	443
Written off (Note 7)	-	-	(992)	-	(992)
Disposals	-	-	(4)	-	(4)
At 31 December	2,784	263	6,965	273	10,285
Net carrying amount					
At 31 December	10,158	287	757	299	11,501

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

(a) Net carrying amounts of property, plant and equipment held under hire purchase are as follows:

	Group	
	2017 RM'000	**2016 RM'000**
Motor vehicles	73	154

(b) The Group's freehold land, long term leasehold land and buildings with carrying amount of RM33,872,390 (2016: RM34,593,061) are pledged for credit facilities granted to the Group.

(c) Assets classified as held for sale

On 6 February 2013, Cash Band (M) Berhad ("Cash Band"), a subsidiary of the Company, entered into a Development Agreement ("the Agreement") with Setia Eco Templer Sdn Bhd ("SET") (formerly known as Rockbay Streams Sdn Bhd), a wholly-owned subsidiary of S P Setia Berhad, for a mixed development project comprising residential and commercial properties ("the Project").

Cash Band is the registered and beneficial owner of the following lands:

(1) The land held under PN 16838 for Lot 614, Pekan Templer, District of Gombak, measuring in the area approximately 56.62 hectares being a leasehold land for ninety-nine years expiring on 26 March 2094;

(2) The land held under PN 17396 for Lot 11, Pekan Templer, District of Gombak, measuring in the area approximately 183,000 square metres being a leasehold land for ninety-nine years expiring on 26 March 2094; and

(3) The land held under HSM 6815 for Lot PT 11444, Templer Park Resort, Mukim Rawang, District of Gombak, measuring in the area approximately 3.954 hectares being a leasehold land for ninety-nine years expiring on 29 December 2095.

The above lands ("said Lands") were formerly used as a golf club with commercial facilities located in Templer Park ("the Perangsang Templer Golf Club"). Perangsang Templer Golf Club had ceased its operations with effect from 1 January 2015 to facilitate the Project. Cash Band and SET have mutually agreed to declare the Agreement unconditional on 4 December 2015 and have further agreed to finalise and execute a Supplemental Agreement to vary the Agreement within a period of twenty-one (21) business days commencing from 6 December 2015. On 8 January 2016, Cash Band and SET have mutually agreed to extend the period for the finalisation and signing of the Supplemental Agreement from 8 January 2016 to 15 February 2016. Subsequently, on 15 February 2016, Cash Band and SET have further agreed to extend the period for the finalisation and signing of the Supplemental Agreement from 15 February 2016 to 30 April 2016. On 4 March 2016, Cash Band and SET entered into a Supplemental Agreement to amend and vary the Agreement.

	Group 2016 RM'000
Disposal consideration	140,000
Assets held for disposal	(42,530)
Gain on disposal (Note 5)	97,470

Notes to the Financial Statements
For the Financial Year Ended 31 December 2017 (cont'd.)

14. INVESTMENT PROPERTIES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 January	91,787	6,510	48,300	51,407
Transfer from property, plant and equipment (Note 13)	-	88,384	-	-
Addition	8,295	-	8,295	-
Depreciation charge for the year (Note 7)	(4,219)	(3,107)	(3,111)	(3,107)
At 31 December	95,863	91,787	53,484	48,300
Fair value at 31 December	221,000	216,000	160,000	156,000

In the previous financial year, leasehold buildings of the Group with carrying value of RM88,384,000 were transferred from property, plant and equipment. These buildings comprise buildings either rented out to third parties or are currently vacant and intended for rental.

The Group's leasehold buildings with carrying amount of RM89,527,000 (2016: RM84,763,000) are pledged for credit facilities granted to the Group as disclosed in Note 26 in the financial statements.

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2017 RM'000	2016 RM'000
Unquoted shares, at cost:	482,569	433,852
Less: Accumulated impairment losses	(54,959)	(54,959)
	427,610	378,893

(a) Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of effective ownership interest (%)		% of ownership interest held by non-controlling interests	
			2017	2016	2017	2016
Held by the Company:						
+ Viable Chip (M) Sdn Bhd	Malaysia	Investment holding	100.0	100.0	-	-
Cash Band (M) Berhad	Malaysia	Investment holding	100.0	100.0	-	-
Aqua-Flo Sdn Bhd	Malaysia	Trading in chemical products	51.0	51.0	49.0	49.0
Nadi Biru Sdn Bhd	Malaysia	Investment holding	100.0	100.0	-	-
Bold Approach Sdn Bhd	Malaysia	Investment holding	100.0	100.0	-	-
Perangsang Packaging Sdn Bhd	Malaysia	Investment holding	100.0	100.0	-	-

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

15. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(a) Details of the subsidiaries are as follows (cont'd.):

	Name of subsidiaries	Country of incorporation	Principal activities	Proportion of effective ownership interest (%) 2017	2016	% of ownership interest held by non-controlling interests 2017	2016
	Held by the Company (cont'd.):						
#	KPS-HCM Sdn Bhd	Malaysia	Buildings and road construction, maintainance and rehabilitation	51.0	-	49.0	-
+	Perangsang Oil and Gas Sdn Bhd	Malaysia	Investment holding	100.0	100.0	-	-
+	Perangsang Telco Sdn Bhd	Malaysia	Investment holding	100.0	100.0	-	-
+	Perangsang Dinamik Sdn Bhd	Malaysia	Investment holding	100.0	-	-	-
+	Kuala Langat Mining Sdn Bhd	Malaysia	Dormant	100.0	100.0	-	-
+	Selangor Amal Holdings Sdn Bhd	Malaysia	Dormant	100.0	100.0	-	-
*	Hydrovest Sdn Bhd	Malaysia	In liquidation	60.0	60.0	40.0	40.0
*	Perangsang Metal Selangor Sdn Bhd	Malaysia	In liquidation	70.0	70.0	30.0	30.0
*	Perangsang Segemal Sdn Bhd	Malaysia	In liquidation	51.0	51.0	49.0	49.0
*	Selangor Construction Sdn Bhd	Malaysia	Under official assignee	100.0	100.0	-	-
*	Selangor Tiles Sdn Bhd	Malaysia	Under official assignee	86.0	86.0	14.0	14.0
	Held under Cash Band (M) Berhad:						
	Perangsang Hotel and Properties Sdn Bhd	Malaysia	Leasing operation	100.0	100.0	-	-
	Brisdale International Hotel Sdn Bhd	Malaysia	Dormant	100.0	100.0	-	-
	Held under Nadi Biru Sdn Bhd:						
	Smartpipe Technology Sdn Bhd	Malaysia	Contractors and subcontractors for the laying of pipes for all kinds of constructional, structural and civil engineering works	60.0	51.0	40.0	49.0
	Held under Bold Approach Sdn Bhd:						
	Kaiserkorp Corporation Sdn Bhd	Malaysia	Investment holding	60.0	60.0	40.0	40.0

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

15. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(a) Details of the subsidiaries are as follows (cont'd.):

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of effective ownership interest (%)		% of ownership interest held by non-controlling interests	
			2017	2016	2017	2016
Held under Perangsang Packaging Sdn Bhd:						
Century Bond Bhd	Malaysia	Investment holding and provision of management services	98.9	98.9	1.1	1.1
Held under Kaiserkorp Corporation Sdn Bhd:						
Kyco Industries Inc	United States	Investment holding	60.0	60.0	40.0	40.0
King Koil Licensing Inc	United States	Licensing	60.0	60.0	40.0	40.0
King Koil Sales Inc	United States	Distribution and marketing	60.0	60.0	40.0	40.0
+ King Koil International Pte Ltd	Singapore	Distribution and marketing	60.0	60.0	40.0	40.0
Held under Century Bond Bhd:						
Eversynergy Sdn Bhd	Malaysia	Property holding	98.9	98.9	1.1	1.1
Multiview Enterprises Sdn Bhd	Malaysia	Sales and marketing of industrial packaging tapes, materials and machinery and household care products	98.9	98.9	1.1	1.1
Prestige Packages Sdn Bhd	Malaysia	Manufacture and sale of multi-wall paper bags, woven laminated bags and pulp moulded products	98.9	98.9	1.1	1.1
Cenbond Packages Sdn Bhd	Malaysia	Manufacturing and sale of plastic moulded products, packaging products and paper products	98.9	98.9	1.1	1.1
Pro Pulp Packages Sdn Bhd	Malaysia	Dormant	98.9	98.9	1.1	1.1
* CB Bags Sdn Bhd	Malaysia	Investment holding	98.9	98.9	1.1	1.1
Polyplus Packages Sdn Bhd	Malaysia	Manufacturing and sales of corrugated carton boxes	98.9	98.9	1.1	1.1
Polyplus Packages (JB) Sdn Bhd	Malaysia	Manufacturing and sales of corrugated carton boxes	98.9	98.9	1.1	1.1

Notes to the Financial Statements
For the Financial Year Ended 31 December 2017 (cont'd.)

15. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(a) Details of the subsidiaries are as follows (cont'd.):

	Name of subsidiaries	Country of incorporation	Principal activities	Proportion of effective ownership interest (%) 2017	Proportion of effective ownership interest (%) 2016	% of ownership interest held by non-controlling interests 2017	% of ownership interest held by non-controlling interests 2016
	Held under Prestige Packages Sdn Bhd:						
	Centoz Industries Sdn Bhd	Malaysia	Manufacture and sale of paper products	54.4	98.9	45.6	1.1
	Brandpak Industries Sdn Bhd	Malaysia	Manufacture and marketing of stretch films, plastic bags and liners	98.9	98.9	1.1	1.1
+	PT Prestige Packages Indonesia	Indonesia	Manufacture and sale of cement paper bags	98.9	98.9	1.1	1.1
	Cengreen Global Sdn Bhd	Malaysia	Distribution of beauty and health products	98.9	98.9	1.1	1.1
+	Esteem Packaging Pte Ltd	Singapore	Trading in paper and plastic packaging products	79.1	79.1	21.9	21.9
	Held under Multiview Entreprises Sdn Bhd:						
	Multiview Packaging Sdn Bhd	Malaysia	Manufacture and trading in industrial packaging tapes and related products	98.9	98.9	1.1	1.1
*	Prior Packaging Industries Sdn Bhd	Malaysia	Dormant	98.9	98.9	1.1	1.1
+	Multiview (S) Pte Ltd	Singapore	Sales and marketing of household care products and packaging materials	98.9	98.9	1.1	1.1
*	Ready Chemical (M) Sdn Bhd	Malaysia	Dormant	77.1	77.1	22.9	22.9
	Macro Chemicals Sdn Bhd	Malaysia	Contract manufacturing of adhesive and household care products	98.9	98.9	1.1	1.1
	Imej Harmoni Sdn Bhd	Malaysia	Dormant	98.9	98.9	1.1	1.1
	Held under CB Bags Sdn Bhd						
*	Prestige Packages (Perlis) Sdn Bhd	Malaysia	Manufacture and sale of cement paper bags	98.9	98.9	1.1	1.1

\+ Audited by firms of auditors other than Ernst & Young

\# Became a subsidiary from associate on 22 June 2017

* In liquidation or under official assignee

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

15. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(b) Incorporation/acquisition of subsidiaries

Current financial year

(i) Subscription of additional new ordinary shares in KPS-HCM Sdn Bhd ("KPS-HCM")

On 21 June 2017, the Company had entered into a Subscription Agreement with HCM Engineering Sdn Bhd and KPS-HCM for the subscription of additional 1,715,000 new ordinary shares in its 30% associated company, KPS-HCM for a total cash consideration of RM1,715,000.

The Subscription Agreement was completed on 22 June 2017. Following the completion of the Subscription Agreement, KPS-HCM became a 51% owned subsidiary of the Company.

The fair value of the identifiable assets and liabilities of KPS-HCM as at the date of acquisition were:

	Fair value recognised on acquisition RM'000	Acquiree's carrying amount RM'000
Property, plant and equipment (Note 13)	223	223
Other asset	50	50
Trade and other receivables	119	119
Cash and cash equivalents	4,030	4,030
Tax recoverable	550	550
	4,972	4,972
Trade and other payables	185	185
Deferred tax liabilities (Note 27)	62	62
	247	247
Net identifiable assets	4,725	4,725

Total cost of acquisition

Total cost of the acquisition is as follows:

	RM'000
Cost of the additional acquisition	1,715
Add: investment in an associate previously held	1,418
Total cost of the acquisition	3,133

The effect of the acquisition on cash flows are as follows:

	RM'000
Consideration settled in cash	1,715
Less: cash and cash equivalents of the subsidiaries acquired	(4,030)
Net cash inflow on acquisition	(2,315)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

15. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(b) Incorporation/acquisition of subsidiaries (cont'd.)

Current financial year (cont'd.)

(i) Subscription of additional new ordinary shares in KPS-HCM Sdn Bhd ("KPS-HCM") (cont'd.)

Fair value adjustment on previously held equity interest

	RM'000
Fair value of previously held equity interest	1,418
Less: Carrying amount reclassified from investment in associates	(914)
Gain on remeasurement of investment in an associate at control date	504

Goodwill arising on acquisition

	RM'000
Fair value of net identifiable assets	4,725
Less: Non-controlling interests	(2,315)
Group's interest in fair value of net identifiable assets	2,410
Goodwill on consolidation	723
Cost of acquisition	3,133

Impact of acquisition in statement of comprehensive income

	RM'000
Revenue	36,708
Profit net of tax	2,127

If the combination had taken place at the beginning of the financial year, the Group's revenue and profit, net of tax would have been RM361,497,000 and RM62,089,000 respectively.

(ii) Subscription of additional new ordinary shares in Smartpipe Technology Sdn Bhd ("SPT")

On 10 November 2017, the Company's wholly-owned subsidiary, Nadi Biru Sdn Bhd ("NBSB"), subscribed an additional 1,590,000 new ordinary shares in its 51% subsidiary company, SPT for a total cash consideration of RM1,590,000. As a result of this acquisition, SPT became a 60% owned subsidiary of NBSB.

(iii) Summary of effects of acquisition of Century Bond Bhd ("CBB")

In previous financial year, the Group had acquired 98.9% equity interest in CBB for a total consideration of RM207.9 million. The Group had recognised intangible assets and goodwill of RM18.0 million and RM20.3 million respectively on provisional basis.

The accounting of business combination of CBB was based on the provisional fair values of its identifiable assets, liabilities and contingent liabilities. In accordance with FRS 3 Business Combinations, the Group has to carry out a Purchase Price Allocation ("PPA") exercise within 12 months from the date of acquisition.

During the financial year ended 31 December 2017, the Group has completed the PPA exercise to determine the fair values of the net assets of CBB in accordance with requirements of FRS 3.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

15. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(b) Incorporation/acquisition of subsidiaries (cont'd.)

Current financial year (cont'd.)

(iii) Summary of effects of acquisition of Century Bond Bhd ("CBB") (cont'd.)

The details are as follows:

	RM'000
Provisional goodwill	20,345
Final goodwill	22,860
Additional goodwill	2,515

The adjusted fair values of CBB's identifiable assets, liabilities and contingent liabilities have been reflected in the statements of financial position as at 31 December 2016.

Below are the effects of the final PPA adjustments in accordance with FRS 3:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
As at 31 December 2016			
Statements of financial position			
Non-current assets			
Property, plant and equipment	97,815	2,437	100,252
Intangible assets	214,577	(5,756)	208,821
Goodwill on consolidation	37,807	2,515	40,322
Equity			
Non-controlling interest	(90,522)	(170)	(90,692)
Non-current liability			
Deferred tax liabilities	(65,642)	1,032	(64,610)
Current liability			
Other payables	(41,347)	(58)	(41,405)

Previous financial year

(i) Incorporation of Nadi Biru Sdn Bhd ("NBSB")

On 21 March 2016, the Company subscribed 2 ordinary shares of RM1 each in NBSB representing 100% equity interest for a total cash consideration of RM2.

(ii) Acquisition of 51% equity interest in Smartpipe Technology Sdn Bhd ("SPT")

On 21 March 2016, NBSB, a wholly-owned subsidiary of the Company had entered into a Shareholders' Agreement with Smartpipe Holdings Sdn Bhd ("SHSB") and SPT in relation to, amongst others, the subscription by NBSB of new ordinary shares of RM1 each in SPT to own 51% equity stake of the enlarged issued share capital of SPT for a total investment cost of RM510,000 which resulted to SPT becoming 51% owned subsidiary of NBSB.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

15. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(b) Incorporation/acquisition of subsidiaries (cont'd.)

Previous financial year (cont'd.)

(iii) Incorporation of Bold Approach Sdn Bhd ("BASB") and acquisition of 60% equity interest in Kaiserkorp Corporation Sdn Bhd ("Kaiserkorp")

On 13 May 2016, the Company had entered into Share Sale Agreement with Mr. Yeoh Jin Hoe for acquisition of 60% equity interest in Kaiserkorp which owns King Koil mattress brand licensing business for a total consideration of USD28.8 million (RM116.7 million). On 23 May 2016, the Company subscribed 2 ordinary shares in BASB representing 100% equity interest for a cash consideration of RM2. The Company has subsequently nominated BASB as the shareholder of Kaiserkorp. The acquisition of Kaiserkorp was completed on 23 May 2016.

(iv) Acquisition of additional 15% equity interest in Aqua-Flo Sdn Bhd ("AFSB")

On 25 May 2016:

(a) the Company had entered into Sale and Purchase of Shares Agreement with Hydrovest Sdn Bhd ("HSB"), a 60% subsidiary of the Company for the acquisition of 36% of the total number of issued shares of AFSB comprising 180,000 ordinary shares of RM1.00 each for a cash consideration of RM1.9 million;

(b) HSB had entered into a Sale and Purchase of Shares Agreement with Taliworks Corporation Berhad ("TCB"), HSB's 40% shareholder for the disposal of HSB's 24% equity interest in AFSB comprising 120,000 ordinary shares of RM1.00 each to TCB at a cash consideration of RM1.3 million;

(c) the Company had entered into a Sale and Purchase of Shares Agreement with Prismachem Sdn Bhd ("Prismachem") for the acquisition of 15% equity interest in AFSB comprising 75,000 ordinary shares of RM1.00 each from Prismachem at a cash consideration of RM4.9 million; and

(d) the Company had entered into a Shareholders' Agreement with Prismachem, TCB and AFSB to regulate the relationship between the Company, Prismachem, TCB and AFSB in respect of their respective rights and obligations as shareholders of AFSB.

The above acquisitions and disposal have been completed on 30 June 2016. Following the completion, AFSB has became a 51% subsidiary of the Company.

(v) Acquisition of additional equity interest in Cash Band (M) Berhad

On 13 May 2016 and 1 June 2016, the Company has acquired all the remaining equity interest in Cash Band (M) Berhad comprising 49 ordinary shares of RM1.00 each from 49 individual shareholders and 9,951 ordinary shares of RM1.00 each from Kumpulan Hartanah Selangor Berhad respectively, for a total cash consideration of RM245,000. Upon acquiring full control on 1 June 2016, Cash Band (M) Berhad became a wholly-owned subsidiary of the Company.

(vi) Incorporation of Perangsang Packaging Sdn Bhd ("PPSB") and acquisition of 98.9% equity interest in Century Bond Bhd ("CBB")

On 11 August 2016, the Company subscribed 2 ordinary shares in PPSB representing 100% equity interest for a cash consideration of RM2. PPSB had acquired 98.9% equity interest in CBB for a total consideration of RM207.9 million.

15. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(b) Incorporation/acquisition of subsidiaries (cont'd.)

Previous financial year (cont'd.)

The fair value of the identifiable assets and liabilities of the acquired subsidiaries as at the date of acquisition were (cont'd.):

	Kaiserkorp Group		Century Bond Bhd Group		Smartpipe Technology Sdn Bhd		Total	
	Fair value recognised on acquisition RM'000	Acquiree's carrying amount RM'000	Provisional fair value recognised on acquisition RM'000	Acquiree's carrying amount RM'000	Fair value recognised on acquisition RM'000	Acquiree's carrying amount RM'000	Fair value recognised on acquisition RM'000	Acquiree's carrying amount RM'000
Property, plant and equipment	2,912	2,912	53,145	45,139	7	7	56,064	48,058
Intangible assets	198,833	3,106	18,009	-	-	-	216,842	3,106
Deferred tax assets	-	-	40	40	-	-	40	40
Inventories	917	917	28,331	28,331	-	-	29,248	29,248
Trade and other receivables	14,066	14,066	40,740	40,740	4	4	54,810	54,810
Tax recoverable	-	-	742	742	-	-	742	742
Cash and cash equivalents	15,518	15,518	84,472	84,472	741	741	100,731	100,731
	232,246	36,519	225,479	199,464	752	752	458,477	236,735
Trade and other payables	7,607	7,607	20,002	20,002	-	-	27,609	27,609
Borrowings	340	340	-	-	-	-	340	340
Income tax payable	1,455	1,455	2,539	2,539	-	-	3,994	3,994
Deferred tax liabilities	57,308	547	9,567	3,524	-	-	66,875	4,071
	66,710	9,949	32,108	26,065	-	-	98,818	36,014
Net identifiable assets	165,536	26,570	193,371	173,399	752	752	359,659	200,721

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

15. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(b) Incorporation/acquisition of subsidiaries (cont'd.)

Previous financial year (cont'd.)

Total cost of acquisition

Total cost of the acquisitions are as follows:

	Kaiserkorp Group RM'000	Century Bond Bhd Group RM'000	Smartpipe Technology Sdn Bhd RM'000	Total RM'000
Total cost of the acquisition	116,657	207,869	510	325,036
The effect of the acquisition on cash flows are as follows:				
Consideration settled in cash	116,657	207,869	510	325,036
Less: cash and cash equivalents of the subsidiaries acquired	(15,518)	(84,472)	(741)	(100,731)
Net cash outflow/(inflow) on acquisition	101,139	123,397	(231)	224,305

Goodwill arising on acquisition

	Kaiserkorp Group RM'000	Century Bond Bhd Group RM'000	Smartpipe Technology Sdn Bhd RM'000	Total RM'000
Fair value of net identifiable assets	165,536	193,371	752	359,659
Less: Non-controlling interests	(66,215)	(5,847)	(368)	(72,430)
Group's interest in fair value of net identifiable assets	99,321	187,524	384	287,229
Goodwill on consolidation	17,336	20,345	126	37,807
Cost of business combination	116,657	207,869	510	325,036

Accounting treatment of acquisition of Kaiserkorp Corporation Sdn Bhd

The Group has recognised intangible assets and goodwill of RM198.8 million and RM17.3 million respectively based on final purchase price allocation.

Impact of acquisition in statement of comprehensive income

From the date of acquisition, the newly acquired subsidiaries have contributed to the following:

	Kaiserkorp Group RM'000	Century Bond Bhd Group RM'000	Smartpipe Technology Sdn Bhd RM'000	Total RM'000
Revenue	20,169	25,848	-	46,017
Profit/(loss), net of tax	1,437	2,576	(144)	3,869

If the combination had taken place at the beginning of the financial year, the Group's revenue and profit, net of tax would have been RM289,955,000 and RM115,040,000 respectively.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

15. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(c) Summarised financial information on subsidiaries with significant non-controlling interests

(i) Summarised statement of financial position

	Kaiserkorp Group		Aqua-Flo Sdn Bhd		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current assets	197,905	199,709	3,263	2,954	201,168	202,663
Current assets	34,847	33,045	59,035	53,669	93,882	86,714
Total assets	232,752	232,754	62,298	56,623	295,050	289,377
Non-current liabilities	56,906	56,916	19	71	56,925	56,987
Current liabilities	9,151	6,436	27,975	26,022	37,126	32,458
Total liabilities	66,057	63,352	27,994	26,093	94,051	89,445
Net assets	166,695	169,402	34,304	30,530	200,999	199,932
Equity attributable to owners of the parent	166,695	169,402	34,304	30,530	200,999	199,932

(ii) Summarised statement of profit or loss and other comprehensive income

	Kaiserkorp Group		Aqua-Flo Sdn Bhd		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	35,818	20,169	101,338	83,864	137,156	104,033
Profit for the year	788	1,437	5,774	4,894	6,562	6,331
Profit attributable to:						
- owners of the parent	788	1,437	5,774	4,894	6,562	6,331

(iii) Summarised statement of cash flows

	Kaiserkorp Group		Aqua-Flo Sdn Bhd		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Net cash flows (used in)/generated from operating activities	(304)	6,492	5,625	(1,471)	5,321	5,021
Net cash flows (used in)/generated from investing activities	(151)	(115)	(419)	(1,381)	(570)	(1,496)
Net cash flows used in financing activities	(160)	(85)	(1,837)	(4,586)	(1,997)	(4,671)
Net (decrease)/increase in cash and cash equivalents	(615)	6,292	3,369	(7,438)	2,754	(1,146)
Cash and cash equivalents at 1 January	21,810	15,518	5,670	13,108	27,480	28,626
Cash and cash equivalents at 31 December	21,195	21,810	9,039	5,670	30,234	27,480

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

15. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(c) Summarised financial information on subsidiaries with significant non-controlling interests (cont'd.)

Summarised financial information of Kaiserkorp Corporation Sdn Bhd ("Kaiserkorp"), Aqua-Flo Sdn Bhd ("Aqua-Flo") and KPS-HCM Sdn Bhd ("KPS-HCM"), which have non-controlling interests ("NCI") that are material to the Group, is set out below. The summarised financial information presented below is the amount before inter-companies elimination. The NCI in respect of other entities within the Group are not material to the Group.

	Kaiserkorp Group RM'000	Aqua-Flo Sdn Bhd RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
At 31 December 2017				
NCI percentage of ownership interest and voting interest	40.00%	49.00%	-	
Carrying amount of NCI	66,688	16,809	9,560	93,057
Profit attributable to NCI	315	2,829	1,110	4,254
At 31 December 2016				
NCI percentage of ownership interest and voting interest	40.00%	49.00%	-	
Carrying amount of NCI	67,761	14,960	7,971	90,692
Profit/(loss) attributable to NCI	575	3,565	(46)	4,094

16. INVESTMENT IN ASSOCIATES

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
In Malaysia:				
- Unquoted shares	313,633	314,833	131,809	133,008
Less: Impairment loss	(9,641)	(9,641)	-	-
	303,992	305,192	131,809	133,008
Share of post acquisition reserves	867,706	773,794	-	-
	1,171,698	1,078,986	131,809	133,008

Notes to the Financial Statements
For the Financial Year Ended 31 December 2017 (cont'd.)

16. INVESTMENT IN ASSOCIATES (CONT'D.)

(a) Details of the associates are as follows:

	Name of associates	Country of incorporation	Principal activities	Proportion (%) of effective ownership interest 2017	2016	Accounting model applied
	Held by the Company:					
	Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd ("SPRINT")	Malaysia	Investment holding and provision of management services	20	20	Equity method
#	KPS-HCM Sdn Bhd	Malaysia	Road maintenance and rehabilitation	-	30	Equity method
+	Perangsang Water Management Sdn Bhd	Malaysia	Water project operation and management	40	40	Equity method
	Held by Viable Chip (M) Sdn Bhd:					
	Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH")	Malaysia	Investment holding	30	30	Equity method
	Held by Perangsang Oil and Gas Sdn Bhd:					
	NGC Energy Sdn. Bhd ("NGC Energy")	Malaysia	Operation, marketing and selling of liquefied petroleum gas	40	40	Equity method
	Held by Perangsang Telco Sdn Bhd:					
+	Ceres Telecom Sdn Bhd	Malaysia	Provision of wireless and mobile telecommunications services to end users	34.35	34.35	Equity method

\+ Audited by firms of auditors other than Ernst & Young.

\# Became a subsidiary from associate on 22 June 2017.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

16. INVESTMENT IN ASSOCIATES (CONT'D.)

(b) The summarised financial information of the material associates which are accounted for using the equity method are as follows:

At 31 December 2017

Summarised statements of financial position

	SPLASH RM'000	SPRINT RM'000	NGC Energy RM'000	Other individually immaterial associates RM'000	Total RM'000
Non-current assets	6,367,217	1,503,260	258,147	20,956	8,149,580
Current assets	397,285	377,508	161,840	18,949	955,582
Total assets	6,764,502	1,880,768	419,987	39,905	9,105,162
Non-current liabilities	2,096,916	924,038	48,233	-	3,069,187
Current liabilities	1,200,223	750,345	182,553	8,978	2,142,099
Total liabilities	3,297,139	1,674,383	230,786	8,978	5,211,286
Net assets attributable to owners of associates	3,467,363	206,385	189,201	30,927	3,893,876

Summarised statements of profit or loss and other comprehensive income

	SPLASH RM'000	SPRINT RM'000	NGC Energy RM'000	Other individually immaterial associates RM'000	Total RM'000
Revenue	360,648	228,510	700,413	9,199	1,298,770
Profit/(loss) for the year	292,507	(18,997)	27,883	(1,827)	299,566

Reconciliation of net assets to carrying amount of Group's interest in associates

	SPLASH RM'000	SPRINT RM'000	NGC Energy RM'000	Other individually immaterial associates RM'000	Total RM'000
Group's share of net assets	1,040,209	41,277	75,680	11,197	1,168,363
Goodwill	-	3,356	2,389	7,231	12,976
Impairment loss	-	-	-	(9,641)	(9,641)
Carrying amount of Group's interest in associates	1,040,209	44,633	78,069	8,787	1,171,698
Group's share of results of associates	87,752	(3,799)	11,153	(431)	94,675
Dividends received from associates	-	-	-	1,050	1,050

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

16. INVESTMENT IN ASSOCIATES (CONT'D.)

(b) The summarised financial information of the material associates which are accounted for using the equity method are as follows (cont'd.):

At 31 December 2016

Summarised statements of financial position

	SPLASH RM'000	SPRINT RM'000	NGC Energy RM'000	Other individually immaterial associates RM'000	Total RM'000
Non-current assets	5,956,937	1,579,280	257,399	24,001	7,817,617
Current assets	314,297	425,170	138,614	27,413	905,494
Total assets	6,271,234	2,004,450	396,013	51,414	8,723,111
Non-current liabilities	1,683,406	1,082,337	74,844	62	2,840,649
Current liabilities	1,412,972	696,736	159,851	12,462	2,282,021
Total liabilities	3,096,378	1,779,073	234,695	12,524	5,122,670
Net assets attributable to owners of associates	3,174,856	225,377	161,318	38,890	3,600,441

Summarised statements of profit or loss and other comprehensive income

	SPLASH RM'000	SPRINT RM'000	NGC Energy RM'000	Other individually immaterial associates RM'000	Total RM'000
Revenue	463,410	198,212	532,934	57,082	1,251,638
Profit/(loss) for the year	123,535	4,609	36,488	(5,984)	158,648

Reconciliation of net assets to carrying amount of Group's interest in associates

	SPLASH RM'000	SPRINT RM'000	NGC Energy RM'000	Other individually immaterial associates RM'000	Total RM'000
Group's share of net assets	952,457	45,076	64,527	13,591	1,075,651
Goodwill	-	3,356	2,389	7,231	12,976
Impairment loss	-	-	-	(9,641)	(9,641)
Carrying amount of Group's interest in associates	952,457	48,432	66,916	11,181	1,078,986
Group's share of results of associates	37,061	922	14,595	(1,840)	50,738

Notes to the Financial Statements
For the Financial Year Ended 31 December 2017 (cont'd.)

16. INVESTMENT IN ASSOCIATES (CONT'D.)

(b) The summarised financial information of the material associates which are accounted for using the equity method are as follows (cont'd.):

At 31 December 2016 (cont'd.)

The details of goodwill included within the Group's carrying amount of investment in associates are as follows:

	Group	
	2017 RM'000	**2016 RM'000**
Carrying amount		
At 1 January/31 December	12,976	12,976

The financial statements of the associates of the Group are coterminous with those of the Group, except for SPRINT and SPLASH which have a financial year end of 31 March to conform with their respective holding companies' financial year end.

The share of results of SPRINT and SPLASH for the current financial year are for the twelve months period ended 31 December 2017, incorporating the three months period ended 31 March 2017 based on the latest audited financial statements and the management financial statements for the nine month period ended 31 December 2017.

(c) Recoverability of investment in Syarikat Pengeluar Air Selangor Holdings Berhad

On 26 February 2014, Viable Chip (M) Sdn Bhd ("VCSB"), a wholly owned subsidiary of Perangsang Selangor received an offer from Kumpulan Darul Ehsan Berhad ("KDEB"), an entity wholly-owned by the State Government of Selangor, to purchase 100% equity interest in Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH"). SPLASH is the holding company of Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ("SPLASH SB") - the concession holder of Sungai Selangor Water Supply Scheme Phase 1 and 3. VCSB has a 30% equity interest in SPLASH and the carrying amounts of investment in SPLASH in the Perangsang Selangor's financial statements as at 31 December 2017 were RM1,040.2 million (2016: RM952.5 million). The offer was part of the State Government of Selangor's effort to consolidate the various entities involved in the treatment, supply and distribution of water in the state of Selangor.

On 10 March 2014, VCSB had accepted the offer received from KDEB on 26 February 2014, based on the following conditions:

(i) VCSB shall have a right to refer any dispute with regard to the determination and values in respect of the equity in SPLASH to arbitration in accordance with the procedures in the offer;

(ii) A due diligence inquiry shall be undertaken on SPLASH and its subsidiary, SPLASH SB and the due diligence shall be with the objective of verifying the values set out in the offer; and

(iii) VCSB's acceptance shall be conditional on the approval of the shareholders of Perangsang Selangor, at a general meeting to be convened.

However, this offer was deemed lapsed as the offer made by KDEB for the acquisition was not accepted by the other shareholders.

Following the announcement by the State Government of Selangor on 8 January 2014 that it was agreeable for the Federal Government of Malaysia to exercise its rights and powers under Section 114 of the Water Services Industry Act 2006 ("WASIA"), the Group engaged an independent legal advisor to comment on the legal implications of Section 114 of WASIA on the recoverability of the carrying amount of investment in SPLASH.

The Directors, in consultation with its independent legal advisor, are of the view that should Section 114 of WASIA be invoked, the Federal Government, would not take ownership of the property, plant and equipment, financial assets and financial liabilities of SPLASH.

As at the date of this report, discussions between the State Government of Selangor and the shareholders of SPLASH on the offer price is currently on-going. The grace period for the negotiation with the State of Government on acquisition of SPLASH has been extended to 4 July 2018.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2017 (cont'd.)

16. INVESTMENT IN ASSOCIATES (CONT'D.)

(c) Recoverability of investment in Syarikat Pengeluar Air Selangor Holdings Berhad (cont'd.)

The Board of Directors are of the opinion that the recoverable amount of investment in SPLASH will not be lower than its carrying amount as at 31 December 2017, due to the following reasons:

(i) The Net Assets Value ("NAV") of SPLASH mainly comprises total receivables arising from water tariffs billed pursuant to its water supply concession agreement and amount due from grantor from Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") amounted to RM2,285,169,000 and RM2,083,139,000 respectively as at 31 December 2017. In the event of expropriation of SPLASH SB water supply concession, SPLASH SB as an entity will remain. Therefore, expropriation does not affect SPLASH SB's right to recover those receivables; and

(ii) There are precedents of take overs of water assets by Pengurusan Asset Air Berhad ("PAAB") based on NAV in 6 states – Melaka, Negeri Sembilan, Johor, Perlis, Penang and Perak. PAAB is a company set up by the Federal Government to restructure the water services industry in the country.

(d) Impairment loss recognised

Based on management's review, there was an impairment loss of RM9.6 million on investment in an associate, Ceres Telecom Sdn Bhd in the previous financial year. The recoverable amount are determined based on value-in-use calculation using cash flow projections from financial budgets approved by the Board of Directors covering a five-year period. The discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the five-year period are 12.0% and 2.0% respectively.

17. INTANGIBLE ASSETS

	Trademarks RM'000	Website and software development RM'000	Brand name RM'000	Customer relationship RM'000	Total RM'000
Group					
2017					
Cost					
At 1 January	275	1,041	195,727	12,253	209,296
Addition	108	72	-	-	180
Exchange difference	(58)	(144)	-	-	(202)
At 31 December	325	969	195,727	12,253	209,274
Accumulated amortisation					
At 1 January	121	354	-	-	475
Amortisation charged during the year (Note 7)	86	366	-	1,027	1,479
Exchange difference	(44)	(92)	-	-	(136)
At 31 December	163	628	-	1,027	1,818
Net carrying amount					
At 31 December	162	341	195,727	11,226	207,456

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

17. INTANGIBLE ASSETS (CONT'D.)

	Trademarks RM'000	Website and software development RM'000	Brand name RM'000	Customer relationship (Restated) RM'000	Total (Restated) RM'000
Group					
2016					
Cost					
At 1 January	-	-	-	-	-
Acquisition of subsidiaries	2,247	859	195,727	18,009	216,842
Addition	20	-	-	-	20
Write-off during the year (Note 7)	(2,060)	-	-	-	(2,060)
Exchange difference	68	182	-	-	250
At 31 December, as previously stated	275	1,041	195,727	18,009	215,052
Adjustment (Note 15(b))	-	-	-	(5,756)	(5,756)
At 31 December, as restated	275	1,041	195,727	12,253	209,296
Accumulated amortisation					
At 1 January	-	-	-	-	-
Amortisation charged during the year (Note 7)	79	230	-	-	309
Exchange difference	42	124	-	-	166
At 31 December	121	354	-	-	475
Net carrying amount					
At 31 December	154	687	195,727	12,253	208,821

Trademarks include cost of registration and renewals of trademark, product line and product names which are capitalised and amortised over the estimated useful life of 5 years.

Cost of website and software development expenditure are capitalised and amortised over the estimated useful life of 5 years.

Brand name relates to the King Koil ® brand names for the Group's specialised bedding and licensing components that were acquired during the previous financial year. The useful life of the brand is estimated to be indefinite.

The customer relationships are recognised separable from goodwill on acquisition of a subsidiary company. The useful lives of the customer relationships are in the range of 9 - 19 years, determined based on customer attrition from the acquired relationships.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

18. GOODWILL ON CONSOLIDATION

	Group	
	2017 RM'000	2016 RM'000 (Restated)
Cost		
At 1 January	42,913	2,591
Acquisition of subsidiaries	723	37,807
At 31 December, as previously stated	43,636	40,398
Adjustment (Note 15(b))	-	2,515
At 31 December, as restated	43,636	42,913
Accumulated impairment		
At 1 January	(2,591)	(571)
Impairment loss during the year (Note 7)	-	(2,020)
At 31 December	(2,591)	(2,591)
Net carrying amount		
At 31 December	41,045	40,322

Impairment test for goodwill and brands

Goodwill arising from business combinations and brands has been allocated to three individual cash-generating units ("CGU") for impairment testing as follows:

- Licensing segment
- Manufacturing segment
- Infrastructure segment

The carrying amounts of goodwill and brands allocated to each CGU are as follows:

	Goodwill RM'000	Brands RM'000	Total RM'000
2017			
Licensing	17,336	195,727	213,063
Manufacturing	22,860	-	22,860
Infrastructure	849	-	849
	41,045	195,727	236,772
2016			
Licensing	17,336	195,727	213,063
Manufacturing	22,860	-	22,860
Infrastructure	126	-	126
	40,322	195,727	236,049

The recoverable amount of CGU for licensing and manufacturing segments are determined based on value-in-use calculation using cash flow projections from financial budgets approved by the Board of Directors covering a five-year period.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

18. GOODWILL ON CONSOLIDATION (CONT'D.)

Impairment test for goodwill and brands (cont'd.)

The key assumptions applied to the cash flow projections are as follows:

	Licensing segment	Manufacturing segment
Terminal growth rates	1.0%	0.0%
Discount rates	10.5%	11.0%
Revenue growth rates	15.0%	10.0%
Cost escalation rates	15.0%	10.0%

The calculations of value in use for the CGU are most sensitive to the following assumptions:

Prospective financial information ("PFI") - The PFI are based on the expectations of management, and had been approved and adopted by the Board of Directors of the respective companies.

Discount rates - Discount rates reflect the current market assessment of the risks specific to each CGU. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates for each CGU, regard has been given to the yield on a ten-year and twenty-year government bonds of the respective countries at the valuation date.

Sensitivity to changes in assumptions

The recoverable amounts of licensing and manufacturing segments exceed its carrying amounts by RM7.1 million and RM36.2 million respectively. The key assumptions used in determining the recoverable amounts are sensitive in the following areas:

- A rise in the discount rate to 10.9% (i.e. +0.4%) in the licensing segment and 16.6% (i.e. +5.6%) in the manufacturing segment would reduce the recoverable amount to their carrying amount.

- Management recognises that the speed of technological change and the possibility of new entrants can have a significant impact on growth rate assumptions. The effect of new entrants is not expected to have an adverse impact on forecasts included in the budget, but could yield a reasonably possible alternative to the estimated long term growth rate of 1% in the licensing segment. For the licensing segment, a reduction by 0.4% in the long-term growth rate would result in a recoverable amount equal to its carrying amount.

- A reduction in revenue growth rates to 12.3% (i.e. -2.7%) in the licensing segment and 1.9% (i.e. -8.1%) in the manufacturing segment would reduce the recoverable amount to their carrying amount.

- A rise in the cost escalation rates to 17.7% (i.e. +2.7%) in the licensing segment and 18.1% (i.e. +8.1%) in the manufacturing segment would reduce the recoverable amount to their carrying amount.

Impairment loss recognised

In the previous financial year, an impairment loss of RM2,020,000 in hospitality segment has been recognised in the statement of comprehensive income under the line item "other expenses".

19. LONG TERM RECEIVABLES

		Group	
		2017	2016
	Note	RM'000	RM'000
Long term receivables	(a)	33,893	35,663
Finance lease receivable	(b)	202	-
		34,095	35,663

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

19. LONG TERM RECEIVABLES (CONT'D)

(a) Long term receivables

	Group 2017 RM'000	Group 2016 RM'000
Long term receivables	35,663	35,663
Less: Allowance for impairment	(3,350)	-
Add: Unwinding of discount (Note 5)	1,580	
Long term receivables, net	33,893	35,663

Movement of allowance

	Group 2017 RM'000	Group 2016 RM'000
At 1 January	-	-
Charge for the year (Note 7)	3,350	-
Long term receivables, net	3,350	-

Included in the long-term receivable is an amount of RM33,893,398 (2016: RM32,313,000) receivable from redevelopment agreement with Setia Eco Templer Sdn Bhd and is repayable over 4 annual installments commencing 2019.

Included in the long-term receivable is an amount of RM3,350,000 (2016: RM3,350,000) receivable from Leo Hospitality Sdn Bhd arising from lease income and business commission receivables which is charged a profit rate of 4.5% per annum over a period of 23 months commencing from April 2017. Full allowance for impairment has been recognised during the financial year due to default on payments by the lessee.

(b) Finance lease receivable

Finance lease receivables represent lease rental and interest receivable in relation to the rental of motor vehicle by the Group.

	Group 2017 RM'000	Group 2016 RM'000
Minimum lease receivables:		
Not later than 1 year	30	-
Later than 1 year and not later than 2 years	60	-
Later than 2 years and not later than 5 years	90	-
Later than 5 years	91	-
Total minimum lease payments	271	-
Less: Amounts representing finance charges	(49)	-
Present value of minimum lease payments	222	-

Notes to the Financial Statements
For the Financial Year Ended 31 December 2017 (cont'd.)

19. LONG TERM RECEIVABLES (CONT'D)

(b) Finance lease receivable (cont'd.)

Finance lease receivables represent lease rental and interest receivable in relation to the rental of motor vehicle by the Group. (cont'd.)

	Group	
	2017 RM'000	**2016 RM'000**
Present value of finance lease receivables:		
Not later than 1 year	20	-
Later than 1 year and not later than 2 years	44	-
Later than 2 years and not later than 5 years	74	-
Later than 5 years	84	-
Present value of minimum lease payments	222	-
Less: Amount due within 12 months	(20)	-
Amount due after 12 months	202	-

The finance lease bears interest at the rate of 4.62% (2016: Nil) per annum at the reporting date.

20. INVENTORIES

	Group	
	2017 RM'000	**2016 RM'000**
At cost:		
Raw materials	35,214	21,131
Work-in-progress	1,075	620
Finished goods	13,035	9,661
	49,324	31,412

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM218,047,000 (2016: RM98,342,000).

Notes to the Financial Statements
For the Financial Year Ended 31 December 2017 (cont'd.)

21. TRADE RECEIVABLES

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Trade receivables	134,706	66,660	506	408
Less: Allowance for impairment	(6,656)	(1,539)	(136)	(136)
Amount due from customer on contract	-	-	-	-
Trade receivables, net	128,050	65,121	370	272
Trade receivables	128,050	65,121	370	272
Long term receivables (Note 19)	34,095	35,663	-	-
Other receivables (Note 22)	10,091	5,332	1,004	1,706
	172,236	106,116	1,374	1,978
Add:				
Amounts due from subsidiaries (Note 24(a))	-	-	184,024	217,702
Amounts due from related companies (Note 24(b))	27,531	40,762	2,144	2,207
Amount due from an associate (Note 24(c))	4,360	4,676	-	-
Cash and bank balances (Note 25)	79,044	131,995	1,646	3,182
Less: GST receivables	(1,390)	(589)	(431)	(60)
Money market deposits	(4,258)	(1,636)	-	-
Total loans and receivables	277,523	281,324	188,757	225,009

The Group's normal trade credit terms ranges from 30 to 90 days (2016: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's and Company's trade receivables are as follows:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Neither past due nor impaired	52,418	35,831	326	77
1 to 30 days past due not impaired	34,522	13,289	44	195
31 to 60 days past due not impaired	18,528	7,490	-	-
61 to 90 days past due not impaired	17,491	5,607	-	-
91 to 120 days past due not impaired	2,673	1,078	-	-
More than 121 days past due not impaired	2,418	1,826	-	-
	75,632	29,290	44	195
Impaired	6,656	1,539	136	136
	134,706	66,660	506	408

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors.

None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

21. TRADE RECEIVABLES (CONT'D.)

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM75,632,000 (2016: RM29,290,000) and RM44,000 (2016: RM195,000) respectively that are past due at the reporting date but not impaired.

The directors do not foresee any recoverable issue on receivables that are past due but not impaired.

Receivables that are impaired

The Group's and Company's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade receivables - nominal amounts	6,656	1,539	136	136
Less: Allowance for impairment	(6,656)	(1,539)	(136)	(136)
	-	-	-	-

Trade receivables that are impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Movement of allowance

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 January	1,539	299	136	136
Acquisitions of subsidiaries	-	1,769	-	-
Charge for the year (Note 7)	5,117	33	-	-
Reversal of impairment losses (Note 7)	-	(562)	-	-
At 31 December	6,656	1,539	136	136

Other information on financial risks of trade and other receivables are disclosed in Note 39.

Amount due from customer on contract

	Group 2017 RM'000
Construction contract costs incurred to date	34,240
Attributable profit	2,468
Project revenue recognized to date	36,708
Less: Progress billing	(36,708)
Amount due from customer on contract	-

Notes to the Financial Statements
For the Financial Year Ended 31 December 2017 (cont'd.)

22. OTHER RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Advances	2,797	184	5	2
Deposits	1,491	1,883	375	410
Sundry receivables	4,574	2,837	295	1,336
GST receivables	1,390	589	431	60
	10,252	5,493	1,106	1,808
Less: Allowance for impairment	(161)	(161)	(102)	(102)
	10,091	5,332	1,004	1,706

Receivables that are impaired

The Group's and Company's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Other receivables - nominal	161	161	102	102
Less: Allowance for impairment	(161)	(161)	(102)	(102)
	-	-	-	-
Movement of allowance				
At 1 January	161	117	102	102
Charge for the year (Note 7)	-	44	-	-
At 31 December	161	161	102	102

Other receivables that are impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

23. OTHER CURRENT ASSETS

	Group	
	2017 RM'000	2016 RM'000
Prepayments	371	1,083
Others	-	61
	371	1,144

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

24. AMOUNTS DUE FROM SUBSIDIARIES, RELATED COMPANIES AND AN ASSOCIATE

(a) Amounts due from subsidiaries

	Company	
	2017 RM'000	2016 RM'000
Current		
Amounts due from subsidiaries	19,930	221,453
Less: Allowance for impairment	(3,751)	(3,751)
	16,179	217,702
Non-current		
Amount due from a subsidiary	167,845	-
Total	184,024	217,702

In current financial year:

(i) An amount of RM4,000,000 (2016: RM4,000,000) due from a subsidiary is unsecured, bears a profit rate of 5.45% (2016: 5.30%) per annum and repayable on demand.

(ii) An amount of RM152,386,252 (2016: RM152,536,252) due from a subsidiary is unsecured, bears a profit rate of 5.45% (2016: 5.30%) per annum and repayable on demand.

(iii) An amount of RM2,907,000 (2016: RM nil) due from a subsidiary is unsecured, bears a profit rate of 5.45% (2016: nil) per annum and repayable on demand.

(iv) The remaining amount due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

In previous financial year:

(i) An amount of RM44,235,275 due from a subsidiary is unsecured, bears a profit rate of 5.30% per annum and repayable on demand.

(ii) The remaining amount due from subsidiaries were unsecured, non-interest bearing and repayable on demand.

(b) Amounts due from related companies

The amounts due from related companies are unsecured, non-interest bearing and repayable on demand.

(c) Amount due from an associate

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Amount due from an associate	4,360	4,676	-	-

The amount due from an associate is unsecured, bears a profit rate of 4.50% per annum (2016: 4.50%) and repayable on demand.

25. CASH AND BANK BALANCES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash on hand and at banks	50,246	82,520	510	2,081
Money market deposits	4,258	1,636	-	-
Deposits with licensed banks and financial institutions	23,877	47,176	1,136	1,101
Sinking Fund Trust Account	663	663	-	-
Cash and bank balances	79,044	131,995	1,646	3,182

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

25. CASH AND BANK BALANCES (CONT'D.)

The Sinking Fund Trust Account is maintained in accordance with the provisions of the Trust Deed entered between a subsidiary and the trustee.

Certain deposits of the Group and of the Company placed with licensed banks amounting to RM6,862,051 (2016: RM9,214,211) and RM1,135,471 (2016: RM1,101,073) respectively, are pledged for credit facilities granted to the Group and the Company.

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Cash and bank balances	79,044	131,995	1,646	3,182
Less: Deposits with licensed banks with maturity period of more than 3 months	(7,474)	(7,678)	(1,136)	(1,101)
Money market deposits	(4,258)	(1,636)	-	-
Cash and cash equivalents	67,312	122,681	510	2,081

The weighted average interest/profit rates of deposits at the reporting date were as follows:

	Group		Company	
	2017 %	**2016 %**	**2017 %**	**2016 %**
Licensed banks	2.80	2.77	3.10	3.05

The average maturities of deposits at the end of the financial year were as follows:

	Group		Company	
	2017 Days	**2016** Days	**2017** Days	**2016** Days
Licensed banks	123	79	87	87

26. LOANS AND BORROWINGS

		Group		Company	
	Maturity	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Current					
Secured:					
Revolving credits	on demand	39,000	108,000	39,000	108,000
Term loan (b)	2018	130	136	-	-
Ijarah term financing-i	2018	25,750	-	-	-
Term loan (a)	2018	16,750	-	-	-
Obligations under finance leases (Note 36(d))	2018	51	42	-	-
		81,681	108,178	39,000	108,000

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

26. LOANS AND BORROWINGS (CONT'D.)

	Maturity	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Non-current					
Secured:					
Obligations under finance leases (Note 36(d))	2019-2026	207	46	-	-
Ijarah term financing-i	2019-2021	77,250	103,000	-	-
Term loan (a)	2019-2021	48,509	56,000	-	-
Term loan (b)	2019-2020	11	155	-	-
Term loan (c)	2019-2023	100,000	-	100,000	-
		225,977	159,201	100,000	-
Total					
Revolving credits		39,000	108,000	39,000	108,000
Obligations under finance leases (Note 36(d))		258	88	-	-
Ijarah term financing-i		103,000	103,000	-	-
Term loan (a)		65,259	56,000	-	-
Term loan (b)		141	291	-	-
Term loan (c)		100,000	-	100,000	-
Total loans and borrowings		307,658	267,379	139,000	108,000

The remaining maturities of the loans and borrowings as at 31 December 2017 are as follows:

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Within one year	81,681	108,178	39,000	108,000
More than 1 year and less than 2 years	42,609	53,182	-	-
More than 2 years and less than 5 years	158,368	106,019	75,000	-
More than 5 years	25,000	-	25,000	-
	307,658	267,379	139,000	108,000

The weighted average effective interest/profit rates per annum at the reporting date for borrowings were as follows:

	Group 2017 %	Group 2016 %
Revolving credits	4.95	5.42
Obligations under finance leases	4.33	2.56
Ijarah Term Financing-I Facility	5.75	5.75
Term loan (a)	5.95	5.95
Term loan (b)	3.66	3.66
Term loan (c)	4.95	-

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

26. LOANS AND BORROWINGS (CONT'D.)

(i) Revolving credits were secured by way of legal charge over certain property, plant and equipment and investment properties of the Group and of the Company as disclosed in Notes 13 and 14 to the financial statements.

(ii) Ijarah Term Financing-I Facility

During the previous financial year, Perangsang Packaging Sdn Bhd ("PPSB"), a wholly-owned subsidiary of the Company has secured an Ijarah Term Financing-I Facility of RM103.0 million to part finance the acquisition cost of Century Bond Bhd ("CBB").

The tenure of the Ijarah Term Financing-I Facility is 5 years and will mature on 8 November 2021.

The Ijarah Term Financing-I Facility is secured via the following:

(a) First legal charge over the shares of CBB;

(b) 3rd party second charge over a property held under PN 9955, Lot 1702 Section, Town and District of Kuala Lumpur together with a building erected thereon namely Quality Hotel City Centre;

(c) Assignment of all dividend income and other income and receivables of capital or revenue in nature received by PPSB from the Pledged Securities;

(d) An irrevocable unconditional letter of undertaking from the Company that proceeds from the disposal of its investment in an associate of up to RM50.0 million shall be remitted into a sinking fund account to be utilised to reduce the facility in an inverse order of maturity; and

(e) Corporate guarantee by the Company.

(iii) Term loan (a) Facility of RM67.0 million

During the previous financial year, PPSB has secured a term loan facility of RM67.0 million to part finance the acquisition cost of CBB.

The tenure of the term loan facility is 5 years and will mature on 8 November 2021.

The term loan facility is secured via the following:

(a) First legal charge over the shares of CBB;

(b) 3rd party second charge over a property held under PN 9955, Lot 1702 Section, Town and District of Kuala Lumpur together with a building erected thereon namely Quality Hotel City Centre;

(c) Assignment of all dividend income and other income and receivables of capital or revenue in nature received by PPSB from the Pledged Securities;

(d) An irrevocable unconditional letter of undertaking from the Company that proceeds from the disposal of its investment in an associate of up to RM50.0 million shall be remitted into a sinking fund account to be utilised to reduce the facility in an inverse order of maturity; and

(e) Corporate guarantee by the Company.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2017 (cont'd.)

26. LOANS AND BORROWINGS (CONT'D.)

(iv) Term loan (b) facility of RM0.7 million

Kyco Industries, Inc ("Kyco"), a wholly-owned subsidiary of Kaiserkorp Corporation Sdn Bhd ("Kaiserkorp") had secured a term loan facility of RM0.7 million to finance the purchase of warehouse equipment.

The tenure of the term loan facility is 5 years and will mature on 22 January 2020.

The term loan (b) facility is secured via the following:

(a) Assignment of all rights, title, interest and guarantee in relation to the KingKoil® trademark as in the Exclusivity Agreement entered between Kyco and a third party;

(b) Assignment of proceeds arising from royalty/licensing fees and other related fees as spelled out in the Exclusivity Agreement and to be received by Kyco in relation to the KingKoil® trademark;

(c) Fixed charge over certain warehouse equipments of Kyco; and

(d) First legal charge over the Designated Accounts and monies standing to the credit of the Designated Accounts of Kyco.

(v) Term loan (c) facility of RM100.0 million

During the financial year, the Company has secured a Tawarruq Facility of RM100.0 million for working capital purposes.

The tenure of the Tawarruq Facility is 6 years and will mature on 15 November 2023.

The Tawarruq Facility is secured via the following:

(a) First legal party charge over a property held under HS(D) 92260, PT 6, Town and District of Shah Alam together with a building erected thereon namely Plaza Perangsang; and

(b) Irrevocable letter of instruction issued by Cash Band (M) Berhad to Setia Eco Templer Sdn Bhd in respect on long term receivables disclosed in Note 19 to the financial statements.

27. DEFERRED TAX

	Group	
	2017	**2016 (Restated)**
	RM'000	**RM'000**
At 1 January	(64,277)	(31)
Recognised in income statement (Note 10)	1,134	1,527
Acquisition of subsidiary companies (Note 15(b))	(62)	(66,835)
Exchange difference	(1)	30
At 31 December, as previously stated	(63,206)	(65,309)
Adjustment (Note 15(b)(iii))	-	1,032
At 31 December, as restated	(63,206)	(64,277)
Presented after appropriate offsetting as follows:		
Deferred tax assets	477	333
Deferred tax liabilities	(63,683)	(64,610)
	(63,206)	(64,277)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

27. DEFERRED TAX (CONT'D.)

Deferred tax liabilities of the Group:

	Intangible assets RM'000	Property, plant and equipment RM'000	Provision and others RM'000	Offsetting RM'000	Total RM'000
At 1 January 2017	(59,023)	(4,745)	(1,473)	631	(64,610)
Recognised in income statement	(888)	699	562	596	969
Acquisition of subsidiary company	-	(62)	-	-	(62)
Exchange difference	(30)	52	(2)	-	20
At 31 December 2017	(59,941)	(4,056)	(913)	1,227	(63,683)
At 1 January 2016	-	(185)	-	-	(185)
Recognised in income statement	640	628	(370)	631	1,529
Acquisition of subsidiary companies	(60,921)	(6,123)	50	-	(66,994)
Exchange difference	50	(45)	3	-	8
At 31 December 2016, as previously stated	(60,231)	(5,725)	(317)	631	(65,642)
Adjustment (Note 15(b)(iii))	1,208	980	(1,156)	-	1,032
At 31 December 2016, as restated	(59,023)	(4,745)	(1,473)	631	(64,610)

Deferred tax assets of the Group:

	Tax losses and unabsorbed capital allowance RM'000	Accrued lease rental RM'000	Others RM'000	Offsetting RM'000	Total RM'000
At 1 January 2017	154	296	514	(631)	333
Recognised in income statement	635	(129)	255	(596)	165
Exchange difference	-	(21)	-	-	(21)
At 31 December 2017	789	146	769	(1,227)	477
At 1 January 2016	154	-	-	-	154
Recognised in income statement	-	274	355	(631)	(2)
Acquisition of subsidiary companies	-	-	159	-	159
Exchange difference	-	22	-	-	22
At 31 December 2016	154	296	514	(631)	333

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

27. DEFERRED TAX (CONT'D.)

Deferred tax assets of the Group (cont'd.):

Deferred tax assets not recognised as at 31 December relate to the followings:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Unutilised tax losses	116,361	86,680	46,432	36,196
Unabsorbed capital allowances	56,448	55,447	830	-
Other deductible temporary differences	8,897	10,287	3,597	2,874
	181,706	152,414	50,859	39,070

Deferred tax assets have not been recognised in respect of unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group were able to recognise all unrecognised deferred tax assets, the retained earnings would increase by RM43,609,000 (2016: RM36,579,000).

28. TRADE PAYABLES

		Group		Company	
		2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Trade payables	(a)	82,846	40,115	1,380	1,349
Deferred revenue	(b)	3,876	438	-	-
		86,722	40,553	1,380	1,349
Trade payables		86,722	40,553	1,380	1,349
Other payables (Note 29)		31,529	41,405	8,023	8,615
Amount due to immediate holding company (Note 30(a))		203	203	-	-
Amounts due to subsidiaries (Note 30(b))		-	-	2,574	5,276
Amounts due to related companies (Note 30(c))		26	23	26	23
		118,480	82,184	12,003	15,263
Add: Loans and borrowings (Note 26)		307,658	267,379	139,000	108,000
Less: GST payable (Note 29)		(1,081)	(63)	-	-
Total financial liabilities carried at amortised cost		425,057	349,500	151,003	123,263

(a) Trade payables

The normal trade credit terms granted to the Group and the Company range from 30 to 120 days (2016: 30 to 120 days). These amounts are non-interest bearing.

(b) Deferred revenue

Deferred revenue arises from advanced billing on licensing royalties.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2017 (cont'd.)

29. OTHER PAYABLES

	Group		Company	
	2017	2016 (Restated)	2017	2016
	RM'000	RM'000	RM'000	RM'000
Accruals	18,108	16,021	4,493	4,184
Sundry payables	12,340	25,321	3,530	4,431
GST payable	1,081	63	-	-
	31,529	41,405	8,023	8,615

These amounts are non-interest bearing. Other payables are normally settled on an average term of 30 to 90 days (2016: 30 to 90 days).

30. AMOUNTS DUE TO IMMEDIATE HOLDING COMPANY, SUBSIDIARIES AND RELATED COMPANIES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
(a) Amount due to immediate holding company	203	203	-	-
(b) Amounts due to subsidiaries	-	-	2,574	5,276
(c) Amounts due to related companies	26	23	26	23
	229	226	2,600	5,299

The amounts due to immediate holding company, subsidiaries and related companies are unsecured, non-interest bearing and repayable on demand.

31. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares		Amount	
	2017 '000	2016 '000	2017 RM'000	2016 RM'000
Authorised:				
At 1 January/31 December (i)	-	1,000,000	-	1,000,000
Issued and fully paid:				
At 1 January	499,004	499,004	499,004	499,004
Transfer of share premium (ii) (Note 32)	-	-	39,088	-
At 31 December	499,004	499,004	538,092	499,004

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

(i) Under Companies Act, 2016 in Malaysia, which came into effect on 31 January 2017, the concept of authorised share capital is no longer applicable.

(ii) In accordance with Section 74 of the Companies Act, 2016 in Malaysia, the Company's share no longer have a par or nominal value with effect from 31 January 2017. Pursuant to Section 618 of the Companies Act, 2016 in Malaysia, the amount standing in the credit of the Company's share premium account became part of the Company's share capital. There is no impact on the number of shares in issue or the relative entitlement of any members of the Company as a result of this transition.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

32. SHARE PREMIUM

	Group/Company 2017 RM'000	Group/Company 2016 RM'000
At 1 January	39,088	39,088
Transfer of share premium (Note 31)	(39,088)	-
At 31 December	-	39,088

33. OTHER RESERVES

	Foreign translation reserve RM'000	General reserve RM'000	Total RM'000
Group			
At 1 January 2017	3,029	8,000	11,029
Transaction with owners			
Other comprehensive loss	(3,869)	-	(3,869)
At 31 December 2017	(840)	8,000	7,160
At 1 January 2016	-	8,000	8,000
Transaction with owners			
Other comprehensive income	3,029	-	3,029
At 31 December 2016	3,029	8,000	11,029

	General reserve RM'000
Company	
At 1 January/31 December 2017	8,000
At 1 January/31 December 2016	8,000

(a) General reserve

The general reserve represents transfer of profits to reserve account.

(b) Foreign currency translation reserve

The foreign translation currency reserve represents the exchange differences arising from the translation of the financial statements of foreign operations of the subsidiaries whose functional currencies are different from that of the Group's presentation currency.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2017 (cont'd.)

34. RETAINED EARNINGS

The entire retained earnings of the Company as at 31 December 2017 and 31 December 2016 may be distributed as dividend under the single-tier system.

35. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	2017 RM'000	2016 RM'000
Group		
Sale of goods to a subsidiary company of NCI:		
- Sungai Harmoni Sdn Bhd	16,208	16,504
- Taliworks (Langkawi) Sdn Bhd	1,803	1,442
Sale of goods to related companies:		
- Konsortium Air Selangor Sdn Bhd	1,056	1,410
- PNSB Water Sdn Bhd	35,945	25,056
- Konsortium Abass Sdn Bhd	9,136	10,148
Management fees received from immediate holding company:		
- Kumpulan Darul Ehsan Berhad	-	23
Rental income received from a related company		
- Konsortium Abass Sdn Bhd	46	278
Construction revenue from a fellow subsidiary		
- Central Spectrum (M) Sdn Bhd	36,708	-
Company		
Rental income received from a related company		
- Konsortium Abass Sdn Bhd	46	278
Management fees received from immediate holding company		
- Kumpulan Darul Ehsan Berhad	-	23
Profit rate/Interest income received from advances to subsidiaries		
- Cash Band (M) Sdn Bhd	-	158
- Perangsang Oil and Gas Sdn Bhd	214	2,000
- Perangsang Telco Sdn Bhd	-	527
- Viable Chip (M) Sdn Bhd	8,172	7,273
- Perangsang Packaging Sdn Bhd	1,061	509
- KPS-HCM Sdn Bhd	7	-

(b) Compensation of key management personnel

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Salaries, wages and bonuses	5,586	2,331	2,571	837
Fees and allowances	1,367	1,333	1,184	1,193
Defined contribution plan	434	214	337	117
Other employee benefits	189	48	189	48
	7,576	3,926	4,281	2,195

Notes to the Financial Statements
For the Financial Year Ended 31 December 2017 (cont'd.)

35. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

(b) Compensation of key management personnel (cont'd.)

Included in the total key management personnel are:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Directors' remuneration	1,868	1,657	1,185	1,081

36. COMMITMENTS

(a) Capital commitments

Capital expenditure as at the reporting date are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Approved but not contracted for:				
Property, plant and equipment	43,464	26,300	24,400	26,300
Approved and contracted for:				
Property, plant and equipment	9,507	693	-	-

(b) Operating lease commitments - as lessee

The Group entered into non-cancellable commercial arrangements with its third parties on rental of office space and showroom. These leases have remaining lease terms of between two to three years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2017 RM'000	2016 RM'000
Not later than 1 year	3,344	3,430
Later than 1 year but not later than 5 years	3,651	7,014
	6,995	10,444

Notes to the Financial Statements
For the Financial Year Ended 31 December 2017 (cont'd.)

36. COMMITMENTS (CONT'D.)

(c) Operating lease commitments - as lessor

The Group and the Company entered into commercial property leases on their investment properties. These non-cancellable leases have remaining lease terms of between one to nineteen years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Not later than 1 year	10,357	9,404	8,197	7,284
Later than 1 year but not later than 5 years	15,038	17,374	6,398	8,734
Later than 5 years	28,440	30,000	-	-
	53,835	56,778	14,595	16,018

(d) Obligations under finance lease

The Group has finance leases for motor vehicles (Note 13).

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group	
	2017 RM'000	2016 RM'000
Minimum lease payments:		
Not later than 1 year	65	47
Later than 1 year and not later than 2 years	36	45
Later than 2 years and not later than 5 years	90	7
Later than 5 years	121	-
Total minimum lease payments	312	99
Less: Amount representing finance charges	(54)	(11)
Present value of minimum lease payments	258	88
Present value of minimum lease payments:		
Not later than 1 year	51	42
Later than 1 year and not later than 2 years	27	40
Later than 2 years and not later than 5 years	70	6
Later than 5 years	110	-
Present value of minimum lease payments (Note 26)	258	88
Less: Due within 12 months (Note 26)	(51)	(42)
Due after 12 months (Note 26)	207	46

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

37. GUARANTEES AND CONTINGENT LIABILITIES

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
(i) Secured:				
Provision of corporate guarantee for an associate:				
(i) For financing/refinancing of the credit facilities for the purchase consideration of business and identifiable assets	20,729	32,643	-	-
(ii) Working capital and issuance of bank guarantees	28,000	28,000	-	-
(ii) Unsecured:				
- Performance guarantees to third parties	677	677	677	677

38. FAIR VALUE

(a) Fair value of financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

		Group Carrying amount RM'000	Group Fair value RM'000	Company Carrying amount RM'000	Company Fair value RM'000
Financial liabilities					
At 31 December 2017					
Obligations under finance lease	36(d)	258	312	-	-
At 31 December 2016					
Obligations under finance lease	36(d)	88	99	-	-

(b) Fair value measurement hierarchy

As stipulated in Amendments to FRS 7: *Improving Disclosure about Financial Instruments,* the Group and the Company are required to classify fair value measurement using a fair value hierarchy. The fair value hierarchy would have the following levels:

Level 1 - the fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - the fair value is measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - the fair value is measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements
For the Financial Year Ended 31 December 2017 (cont'd.)

38. FAIR VALUE (CONT'D.)

(b) Fair value measurement hierarchy (cont'd.)

The following table provides the fair value measurement hierarchy of the Group's assets:

Fair value measurement hierarchy for assets as at 31 December 2017:

	Fair value measurement using			
	Quoted prices in active markets Level 1 RM'000	**Significant observable inputs Level 2 RM'000**	**Significant unobservable inputs Level 3 RM'000**	**Total RM'000**
Group				
Asset for which fair value are disclosed:				
Investment properties (Note 14)	-	-	221,000	221,000
Asset measured at fair value:				
Club memberships	203	-	-	203
Money market deposits (i)	4,258	-	-	4,258
Company				
Asset for which fair value are disclosed:				
Investment properties (Note 14)	-	-	160,000	160,000
Asset measured at fair value:				
Club memberships	203	-	-	203

Fair value measurement hierarchy for assets as at 31 December 2016:

	Fair value measurement using			
	Quoted prices in active markets Level 1 RM'000	**Significant observable inputs Level 2 RM'000**	**Significant unobservable inputs Level 3 RM'000**	**Total RM'000**
Group				
Asset for which fair value are disclosed:				
Investment properties (Note 14)	-	-	216,000	216,000
Asset measured at fair value:				
Club memberships	523	-	-	523
Money market deposits (i)	1,636	-	-	1,636
Company				
Asset for which fair value are disclosed:				
Investment properties (Note 14)	-	-	156,000	156,000
Asset measured at fair value:				
Club memberships	523	-	-	523

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

38. FAIR VALUE (CONT'D.)

(b) Fair value measurement hierarchy (cont'd.)

Fair value measurement hierarchy for assets as at 31 December 2016: (cont'd.)

(i) The fair value of money market deposits is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.

There were no transfer between Level 1 and 2 during the year.

(c) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value are disclosed in the following notes:

	Note
Trade receivables	21
Other receivables	22
Cash and bank balances	25
Loans and borrowings	26
Trade payables	28
Other payables	29

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are repriced to market interest rates on or near the reporting date or due to the insignificant impact of discounting.

(i) Amounts due from/(to) subsidiaries, related companies, immediate holding company and an associate

It is not practical to estimate the fair values of the amounts due from/(to) subsidiaries, immediate holding company and related parties due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs.

(ii) Unquoted investments

It is not practical to estimate the fair value of the Group's and the Company's unquoted investments due to lack of market information and the inability to estimate fair value without incurring excessive costs. However, the Group and the Company do not expect the carrying amounts to be significantly different from recoverable amounts.

(iii) Financial guarantees

The fair values of financial guarantees are determined based on the probability weighted discounted cash flows method. The probability has been estimated and assigned for the following key assumptions:

- the likelihood of the guaranteed party defaulting within the guaranteed period;
- the exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- the estimated loss exposure if the party guaranteed were to default.

(iv) Loans and borrowings

The carrying amount of the loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, profit/interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are regularly reviewed by the Audit Committee.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- A nominal amount of RM168.3 million (2016: RM159.0 million) relating to a corporate guarantee provided by the Company to a bank on a subsidiary's loan as disclosed in Note 26 in the financial statements.

- A nominal amount of RM4.4 million (2016: RM Nil) relating to a corporate guarantee provided by the Company to a related company in relation to contract awarded to a 51% owned subsidiary.

- Amount owing by PNSB Water Sdn Bhd which make up of 60.1% (2016: 60.4%) of the total amounts due from related companies.

(i) Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 21. Deposits with banks and other financial institutions, that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings.

(ii) Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintain sufficient levels of cash to meet its working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities at a reasonable level to its overall debt position.

At the reporting date, approximately 27% (2016: 41%) and 28% (2016: 100%) of the Group's and the Company's loans and borrowings as disclosed in Note 26 to financial statements will mature in less than one year based on the carrying amount reflected in the financial statements.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2017 (cont'd.)

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity risk (cont'd.)

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 reporting date based on contractual undiscounted repayment obligations:

		2017 RM'000			
	Note	**On demand or within one year**	**One to five years**	**Over five years**	**Total**
Group					
Financial liabilities:					
Trade payables	28	86,722	-	-	86,722
Other payables	29	31,529	-	-	31,529
Amount due to immediate holding company	30(a)	203	-	-	203
Amounts due to related companies	30(c)	26	-	-	26
Loans and borrowings		94,595	250,232	25,582	370,409
Obligations under finance lease	36(d)	65	126	110	301
Total undiscounted financial liabilities		213,140	250,358	25,692	489,190
Company					
Financial liabilities:					
Trade payables	28	1,380	-	-	1,380
Other payables	29	8,023	-	-	8,023
Amount due to subsidiaries	30(b)	2,574	-	-	2,574
Amounts due to related companies	30(c)	26	-	-	26
Loans and borrowings		43,950	114,311	25,582	183,843
Total undiscounted financial liabilities		55,953	114,311	25,582	195,846

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations: (cont'd.)

		2016 RM'000			
	Note	**On demand or within one year**	**One to five years**	**Over five years**	**Total**
Group					
Financial liabilities:					
Trade payables	28	40,553	-	-	40,553
Other payables	29	41,405	-	-	41,405
Amount due to immediate holding company	30(a)	203	-	-	203
Amounts due to related companies	30(c)	23	-	-	23
Loans and borrowings		122,692	177,319	-	300,011
Obligations under finance lease	36(d)	47	52	-	99
Total undiscounted financial liabilities		204,923	177,371	-	382,294
Company					
Financial liabilities:					
Trade payables	28	1,349	-	-	1,349
Other payables	29	8,615	-	-	8,615
Amount due to subsidiaries	30(b)	5,276	-	-	5,276
Amounts due to related companies	30(c)	23	-	-	23
Loans and borrowings		113,292	-	-	113,292
Total undiscounted financial liabilities		128,555	-	-	128,555

(c) Profit/interest rate risk

Profit/interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market profit/interest rates.

The Group's and the Company's exposure to profit/interest rate risk arises primarily from their loans and borrowings. The Group has both short and long term debts. The tenure of the debts is matched against its underlying assets. For short term working capital requirements, the cost of borrowings is principally on floating rate basis.

In addition, the Group has borrowed on a long term basis where the cost of borrowings is fixed to match the tenure of the underlying assets. These borrowings are based on Islamic principle and are not subject to profit/interest rate risk. The Group also manages its interest rate exposure by maintaining fixed rate borrowings.

It is the Group's policy not to trade in profit/interest rate swap agreements.

Sensitivity analysis for profit/interest rate risk

At the reporting date, if profit/interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit after tax will be higher/lower by approximately RM307,259 (2016: RM159,000) as a result of lower/higher profit/ interest expense on term loans.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than Ringgit Malaysia ("RM"). The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD"), Great Britain Pound ("GBP"), Singapore Dollar ("SGD"), Euro Dollar ("EUR") and Thailand Baht ("THB").

The Group has introduced its foreign exchange policy to minimise the adverse exchange rate fluctuations. Currency exposure arising from the Group's import of goods from various countries is managed by using foreign currency forward contracts and/or options with maturities of less than twelve months, to hedge fluctuation in the foreign currency exchange rate. The Group uses foreign currency forward contracts and/or options for this purpose only.

Exposure to foreign currency risk

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in				
	USD RM'000	GBP RM'000	SGD RM'000	EUR RM'000	THB RM'000
Group					
31 December 2017					
Trade receivables	8,710	-	5,691	-	1,801
Other receivables	1,841	-	116	-	-
Cash and bank balances	3,794	-	8,168	31	9
Trade payables	(9,003)	(137)	(3,043)	(7,904)	-
Other payables	(2,008)	-	(306)	-	-
Net exposure	3,334	(137)	10,626	(7,873)	1,810

	Denominated in				
	USD RM'000	GBP RM'000	SGD RM'000	EUR RM'000	THB RM'000
Group					
31 December 2016					
Trade receivables	12,395	-	3,836	-	3,370
Other receivables	111	-	-	-	-
Cash and bank balances	18,038	-	23,105	886	2,516
Trade payables	(2,703)	(738)	(2,066)	(2,115)	-
Other payables	(15)	-	(46)	-	-
Net exposure	27,826	(738)	24,829	(1,229)	5,886

Sensitivity analysis for foreign currency risk

Assuming a change of 10% in average rates collectively against Ringgit Malaysia, with all other variables held constant, the impact to the Group's profit after tax will be approximately as shown below.

	Denominated in				
	USD RM'000	GBP RM'000	SGD RM'000	EUR RM'000	THB RM'000
Group					
31 December 2017					
(Loss)/profit after tax	(253)	10	(808)	598	(138)
31 December 2016					
(Loss)/profit after tax	(1,813)	56	(1,887)	112	(447)

Notes to the Financial Statements
For the Financial Year Ended 31 December 2017 (cont'd.)

40. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains an optimal capital structure in order to support its business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust its capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2017 and 31 December 2016.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group includes within its net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent less the fair value adjustment reserves.

		Group	
		2017	2016 (Restated)
	Note	RM'000	RM'000
Trade payables	28	86,722	40,553
Other payables	29	31,529	41,405
Amount due to immediate holding company	30(a)	203	203
Amounts due to related companies	30(c)	26	23
Loans and borrowings	26	307,658	267,379
Less: Cash and bank balances	25	(79,044)	(131,995)
Net debt		347,094	217,568
Total capital, equity attributable to the owners of the parent		1,361,715	1,328,030
Capital and net debt		1,708,809	1,545,598
Gearing ratio		20%	14%

41. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has eight reportable operating segments as follows:

- Investment holding
- Infrastructure and utilities
- Manufacturing
- Licensing
- Trading
- Hospitality
- Oil and gas
- Telecommunication ("Telco")

41. SEGMENT INFORMATION (CONT'D.)

	Investment holding RM'000	Infrastructure and utilities RM'000	Manufacturing RM'000	Licensing RM'000	Trading RM'000	Hospitality RM'000	Oil & gas RM'000	Telco RM'000	Adjustments and eliminations RM'000	Note	Consolidated RM'000
2017											
Revenue											
External revenue	13,567	40,873	174,064	35,818	101,338	-	-	-	(4,165)		361,495
Inter-segment	88,121	-	-	-	-	-	-	-	(88,121)	A	-
	101,688	40,873	174,064	35,818	101,338	-	-	-	(92,286)		361,495
Results:											
Profit rate/interest income	757	259	679	142	454	-	-	-	-		2,291
Depreciation and amortisation	7,301	56	5,078	985	117	-	-	-	234		13,771
Share of results of associates	-	84,779	-	-	-	-	11,153	(1,257)	-		94,675
Other non-cash expenses	9,080	-	414	373	-	-	-	-	-	B	9,867
Segment profit/(loss)	67,476	1,379	10,593	853	7,611	-	-	-	(18,026)	C	69,886
Assets:											
Investment in associates	1,171,698	-	-	-	-	-	-	-	-		1,171,698
Additions to non-current assets	8,791	14	2,870	294	426	-	-	-	271	D	12,666
Segment assets	1,191,518	45,537	165,408	147,229	62,298	-	-	-	333,950	E	1,945,940
Liabilities:											
Segment liabilities	197,945	36,751	36,567	9,022	27,379	-	-	-	183,504	F	491,168

41. SEGMENT INFORMATION (CONT'D.)

	Investment holding RM'000	Infrastructure and utilities RM'000	Manufacturing RM'000	Licensing RM'000	Trading RM'000	Hospitality RM'000	Oil & gas RM'000	Telco RM'000	Adjustments and eliminations RM'000	Note	Consolidated RM'000
2016											
Revenue											
External revenue	12,998	-	25,848	20,169	83,864	1,619	-	-	-		144,498
Inter-segment	37,692	-	-	-	-	-	-	-	(37,692)	A	-
	50,690	-	25,848	20,169	83,864	1,619	-	-	(37,692)		144,498
Results:											
Profit rate/interest income	1,621	-	326	-	471	-	-	-	-		2,418
Depreciation and amortisation	7,281	-	994	641	116	-	-	-	(939)		8,093
Share of results of associates	-	37,639	-	-	-	-	14,595	(1,496)	-		50,738
Other non-cash expenses	42,893	-	644	201	-	60	-	-	(31,189)	B	12,609
Segment profit/(loss)	36,872	-	812	1,342	6,463	(413)	-	-	67,947	C	113,023
Assets:											
Investment in associates	1,078,986	-	-	-	-	-	-	-	-		1,078,986
Additions to non-current assets	693	-	1,248	138	1,803	-	-	-	-	D	3,882
Segment assets (Restated)	853,889	-	403,388	228,446	60,365	-	-	-	292,563	E	1,838,651
Liabilities:											
Segment liabilities (Restated)	207,681	-	67,610	6,726	25,384	-	-	-	112,528	F	419,929

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

41. SEGMENT INFORMATION (CONT'D.)

Other operations of the Group mainly comprise management and consultancy services which are not of a sufficient size to be reported separately.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2017 RM'000	2016 RM'000
Impairment of financial assets:			
- Long term receivables	7	3,350	-
- Trade receivables	7	5,117	33
- Club membership	7	370	-
- Investments in associates	7	-	9,641
Provision for slow moving inventories	7	268	21
Inventories written off	7	110	-
Property, plant and equipment written off	7	200	274
Trade receivables written off	7	182	146
Impairment on loss property, plant and equipment	7	270	474
Impairment loss on goodwill	7	-	2,020
		9,867	12,609

C The following items are added to/(deducted from) segment profit/(loss) to arrive at profit/(loss) before tax presented in the consolidated statement of comprehensive income:

	2017 RM'000	2016 RM'000
Share of results of associates	94,675	50,738
Finance costs	(16,060)	(4,174)
Others	(96,641)	21,383
	(18,026)	67,947

D Additions to non-current assets consist of:

	2017 RM'000	2016 RM'000
Property, plant and equipment (Note 13)	4,191	3,862
Investment properties (Note 14)	8,295	-
Intangible assets (Note 17)	180	20
	12,666	3,882

Notes to the Financial Statements
For the Financial Year Ended 31 December 2017 (cont'd.)

41. SEGMENT INFORMATION (CONT'D.)

E The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2017 RM'000	**2016 RM'000**
Investments in associates	1,171,698	1,078,986
Tax recoverable	1,730	1,522
Inter-segment assets	(839,478)	(787,945)
	333,950	292,563

F The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2017 RM'000	2016 RM'000
Deferred tax liabilities	63,683	65,642
Tax payable	1,347	5,756
Loans and borrowings	307,658	267,379
Inter-segment liabilities	(189,184)	(226,249)
	183,504	112,528

42. SIGNIFICANT AND SUBSEQUENT EVENTS

(a) Change in shareholding for an indirect subsidiary of Century Bond Bhd ("CBB"), Centoz Industries Sdn Bhd ("Centoz")

On 9 January 2017, an indirect subsidiary of CBB, Centoz increased its issued and paid up share capital from RM250,000 to RM500,000 by the allotment of 250,000 new ordinary shares of RM1.00 each of which the immediate holding company, Prestige Packages Sdn Bhd only subscribed for 25,000 of the shares issued. Accordingly, the Group's shareholding in Centoz has been reduced from 98.9% to 54.4%.

(b) Subscription of additional new ordinary shares in KPS-HCM Sdn Bhd ("KPS-HCM")

On 21 June 2017, the Company had entered into a Subscription Agreement with HCM Engineering Sdn Bhd and KPS-HCM for the subscription of additional 1,715,000 new ordinary shares in its 30% associated company, KPS-HCM for a total cash consideration of RM1,715,000.

The Subscription Agreement was completed on 22 June 2017. Following the completion of the Subscription Agreement, KPS-HCM has became a 51% owned subsidiary of the Company.

(c) Performance guarantee ("PG") to Central Spectrum (M) Sdn Bhd ("CSSB") in proportion to the 51% shareholding held in KPS-HCM

On 17 October 2017, the Company had provided performance guarantee of RM4.4 million to CSSB in favour of KPS-HCM in proportion to the 51% shareholding held by the Company.

The PG is provided for contract awarded by CSSB to KPS-HCM for the infrastructure works in relation to development of Phase 3C, Pulau Indah Industrial Park ("Contract") for a total contract sum of RM174.4 million which is expected to be completed within 18 months commencing from 5 July 2017 to 5 January 2019.

The Contract was awarded by CSSB to KPS-HCM vide letter of award dated 13 June 2017, which was accepted by KPS-HCM on 15 June 2017, prior to it becoming a 51%-owned subsidiary of the Company on 22 June 2017.

CSSB is an indirect subsidiary of Kumpulan Darul Ehsan Berhad ("KDEB"), a major shareholder of the Company.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2017 (cont'd.)

42. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D.)

(d) Incorporation of Perangsang Dinamik Sdn Bhd ("PDSB")

On 31 October 2017, the Company subscribed 2 ordinary shares of RM1 each in PDSB representing 100% equity interest for a total cash consideration of RM2.

(e) Incorporation of King Koil Manufacturing West, LLC ("KKMW")

Kyco Industries, Inc. ("Kyco"), an indirect 60%-owned subsidiary of the Company, has on 22 January 2018 formed a wholly-owned subsidiary named King Koil Manufacturing West, LLC ("KKMW") under the Delaware Limited Liability Company Act of the State of Delaware, the United States of America. Subsequently, a Members' Agreement was signed on 29 January 2018 with a US-based partner on a 60:40 equity basis on a total initial capital contribution of USD3.3 million (approximately RM13.0 million). Kyco's portion of the investment is funded via internally generated funds.

The intended principal activities of KKMW are to carry out the business of the production, sale and distribution of mattresses, related bedding and sleep products as well as any other activities necessary or incidental thereto.

(f) Acquisition of 100% equity interest in CPI (Penang) Sdn Bhd ("CPI") by Perangsang Dinamik Sdn Bhd ("PDSB")

On 14 February 2018, the Company and its subsidiary, PDSB, had entered into a conditional share sale agreement with HK Resources Sdn Bhd and TCS Resources Sdn Bhd ("TCSR") and Mr. Lim Lai Chin ("LLC"), the Chief Executive Officer of CPI to acquire 10.0 million ordinary shares in CPI, representing 100% of the issued share capital of CPI for a total cash consideration of RM250.0 million ("SSA"), upon completion of the terms and conditions contained in the SSA ("Acquisition").

On 16 March 2018, the SSA has become unconditional in accordance with the terms and conditions outlined in the SSA.

The Company nominates its wholly-owned subsidiary, PDSB to be the purchaser and transferee of the Sale Shares in respect of the Acquisition.

The acquisition had been completed on 27 March 2018 and CPI has became an indirect wholly-owned subsidiary of the Company. Accordingly, PCM Manufacturing Sdn Bhd, a 60% owned subsidiary of CPI, has also became an indirect subsidiary of the Company.

(g) Internal re-organisation of an indirect subsidiary, Imej Harmoni Sdn Bhd ("Imej Harmoni")

Multiview Enterprises Sdn Bhd ("Multiview") had on 15 March 2018 transferred its 100% shareholding in Imej Harmoni to Pro Pulp Packages Sdn Bhd ("Pro Pulp").

Multiview and Pro Pulp are the wholly-owned subsidiaries of Century Bond Bhd, which is an indirect 98.9% owned subsidiary of the Company.

The internal re-organisation was undertaken in order to streamline the Company's group structure and management.

(h) Termination of Lease Agreement with Leo Hospitality Sdn Bhd

On 17 January 2018, Perangsang Hotel and Properties Sdn Bhd ("PHP"), an indirect subsidiary of the Company has terminated its Lease Agreement with Leo Hospitality Sdn Bhd ("LEO") due to default in payments for sales commision fee and lease fee by LEO. The vacant possession of the premise has been delivered to PHP on 19 March 2018.

(i) Proposed bonus issue

On 30 March 2018, the Company proposed to undertake a bonus issue of up to 38,384,932 new ordinary shares in the Company on the basis of 1 bonus share for every 13 existing shares held on an entitlement date to be determined later.

6 OTHERS

Analysis of Shareholdings As At 15 March 2018

A. Issued and paid-up share capital : RM538,091,962 comprising 499,004,119 ordinary shares
Voting rights : One vote per ordinary share

B. ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% Shares Held
Less than 100	574	8.13	28,397	0.01
100 to 1,000	2,064	29.25	1,273,135	0.25
1,001 to 10,000	2,992	42.40	15,052,122	3.02
10,001 to 100,000	1,233	17..47	40,916,048	8.20
100,001 to less than 5%	192	2.72	125,371,529	25.12
5% and above	2	0.03	316,362,888	63.40
Total	**7,057**	**100.00**	**499,004,119**	**100.00**

C. LIST OF SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE)

NO.	NAMES	SHAREHOLDINGS	%
1.	KUMPULAN DARUL EHSAN BERHAD Shares held in CDS accounts as follows: a) Own Account – 1,357,494 b) ABB Nominee (Tempatan) Sdn Bhd – 287,450,000	288,807,494	57.88
2.	PERBADANAN KEMAJUAN NEGERI SELANGOR Shares held in CDS account as follows: a) Own Account – 50,400 + 27,504,994 = 27,555,394	27,555,394	5.52

D. LIST OF THIRTY (30) LARGEST SHAREHOLDERS

NO.	NAME	SHAREHOLDINGS	%
1.	ABB NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KUMPULAN DARUL EHSAN BERHAD	287,450,000	57.60
2.	PERBADANAN KEMAJUAN NEGERI SELANGOR	27,504,994	5.51
3.	LEMBAGA TABUNG HAJI	24,900,000	4.99
4.	CITIGROUP NOMINEESS (ASING) SDN BHD CBLDN FOR POLUNIN EMERGING MARKETS SMALL CAP FUND, LLC	7,756,864	1.55
5.	KENANGA NOMINEESS (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHIEW ENG @ NG CHIEW MING	6,332,600	1.27
6.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NOOR AZMAN @ NOOR HIZAM B MOHD NURDIN (CEB)	5,819,400	1.17

Analysis of Shareholdings As At 15 March 2018

D. LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONT'D.)

NO.	NAME	SHAREHOLDINGS	%
7.	LIM CHEE MENG	5,024,700	1.01
8.	TABUNG WARISAN NEGERI SELANGOR	5,000,000	1.00
9.	ALLIANCEGROUP NOMINESS (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW HAN NGIN (8108397)	3,235,200	0.65
10.	MAYBANK SECURITIES NOMINESS (ASING) SDN BHD EXEMPT AN FOR MAYBANK KIM ENG SECURITIES PTE LTD (A/C 648849)	3,103,900	0.62
11.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	2,613,800	0.52
12.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	2,397,900	0.48
13.	LIM SI PIN	2,000,000	0.40
14.	CITIGROUP NOMINEES (ASING) SDN BHD CEP FOR POLUNIN FUNDS	1,710,352	0.34
15.	GOH CHYE KEAT	1,654,000	0.33
16.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	1,580,100	0.32
17.	CK GOH HOLDINGS SDN BHD	1,500,000	0.30
18.	CIMB GROUP NOMINESS (SING) SDN BHD EXEMPT AN FOR DBS BANK LTD (SFS)	1,370,000	0.27
19.	KUMPULAN DARUL EHSAN BERHAD	1,357,494	0.27
20.	JUMA'AH BINTI MOKTAR	1,281,000	0.26
21.	HELLY LYKE TABALUJAN	1,040,000	0.21
22	MAL MONTE SDN BHD	1,010,000	0.20
23	TAN SRI ONG LEONG HUAT @ WONG JOO HWA	1,000,000	0.20
24.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG KENG TEONG	950,000	0.19
25.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NOOR AZMAN @ NOOR HIZAM B MOHD NURDIN (8037673)	892,000	0.18
26.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LIM CHEE MENG (PB)	881,100	0.18
27.	LOW CHEE KWONG	806,000	0.16
28.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TANG HONG CHEONG (029)	800,000	0.16
29.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NORAZLAN BIN MOHAMAD NORDIN (CEB)	800,000	0.16
30.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN WAN SIEW (471222)	745,600	0.15

Analysis of Shareholdings As At 15 March 2018

E. LIST OF DIRECTORS AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDINGS

NO.	NAMES	SHAREHOLDINGS	%
	DIRECTORS		
1.	YM RAJA DATO' IDRIS BIN RAJA KAMARUDIN Share held in CDS account as follows: a) Own Account – 308,247	308,247	0.06
2.	YB SIVARASA A/L RASIAH	0	0.00
3.	YB DATO' KAMARUL BAHARIN BIN ABBAS Shares held in CDS account as follows: a) RHB Nominees (Tempatan) Sdn Bhd – 5	5	0.00
4.	ENCIK SUHAIMI BIN KAMARALZAMAN Shares held in CDS account as follows: a) RHB Nominees (Tempatan) Sdn Bhd – 10,000	10,000	0.00
5.	YBHG DATO' MOHAMED ROSS BIN MOHD DIN Shares held in CDS account as follows: a) Own Account – 10,320	10,320	0.00
6.	YBHG DATO' IDRIS BIN MD TAHIR	0	0.00
7.	YM RAJA SHAHREEN BIN RAJA OTHMAN	0	0.00
8.	YBHG DATO' IKMAL HIJAZ BIN HASHIM	0	0.00
	CHIEF EXECUTIVE OFFICER		
1.	ENCIK AHMAD FARIZ BIN HASSAN	0	0.00

Additional Compliance Information Disclosures

In compliance with Part A of Appendix 9C of the Bursa Securities MMLR, the following additional information in respect of the financial year ended 31 December 2017 are provided:

1. Material Contract and Material Loans

Other than as disclosed in Note 42 of the Financial Statements, there were no material contracts entered into by the Company and its subsidiaries involving the interests of the Directors, Chief Executive Officer and major shareholders of the Company.

2. Utilisation of Proceeds

The Company did not call or raise any capital during the financial year ended 31 December 2017.

3. Audit Fees and Non-Audit Fees

The amount of audit and non-audit fees paid or payable to external auditors by the Company and the Group respectively for the financial year ended 31 December 2017 are as follows:

	Company (RM)	Group (RM)
Audit Fees	102,000	674,000
Total	**102,000**	**674,000**
Non-Audit Fees		
– Review of statement on risk management and internal control	8,936	8,936
– Review of statement on impairment on Goodwill	16,992	16,992
– Review of component auditors work on Century Bond Bhd	34,478	34,478
– Review of financial statement 2016 and OPE	73,212	73,212
– Disclosure on acquisition of subsidiaries during the year	600	600
– Interim financial and tax due diligent – Project Matrix	267,000	267,000
Total	**503,000**	**1,152,000**

Additional Compliance Information Disclosures

4. Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature

Pursuant to Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, details of the RRPT of a revenue or trading nature entered into during the financial year ended 31 December 2017 ("FY 2017") by the Perangsang Selangor Group are as follows:

No.	Company within Perangsang Selangor Group	Transacting Related Parties	Nature of Transactions	Transactions Value during FY 2017 (RM'000)	Interested Related Parties	
					Name	Nature of relationship
(a)	Aqua-Flo Sdn Bhd ("Aqua Flo")@	Konsortium ABASS Sdn Bhd ("ABASS"), Konsortium Air Selangor Sdn Bhd ("KASB") and PNSB Water Sdn Bhd ("PNSB") ("Air Selangor Group")	Sales of chemical products, laboratory and monitoring equipment and disinfection system by Aqua-Flo to Air Selangor Group	46,137	*Interested Major Shareholders* • Menteri Besar Selangor (Incorporated) 1994 ("MBI") • Kumpulan Darul Ehsan Berhad ("KDEB")	KDEB is a major shareholder of Perangsang Selangor with direct shareholding of 57.88%. MBI is a holding company of KDEB.
					Interested Persons Connected • Pengurusan Air Selangor Sdn. Bhd ("Air Selangor")	PNSB, ABASS and KASB are subsidiaries of Air Selangor which in turn is a wholly-owned subsidiary of KDEB.
					• Perbadanan Kemajuan Negeri Selangor ("PKNS")	PKNS is a substantial shareholder of Perangsang Selangor with direct shareholding of 5.52% and a person connected to KDEB
					• Tabung Warisan Negeri Selangor ("TWNS")	TWNS is a shareholder of Perangsang Selangor with direct shareholding of 1.00% and a person connected to KDEB.
					Interested Directors • YM Raja Dato' Idris Raja Kamarudin	YM Raja Dato' Idris Raja Kamarudin sits on the board of KDEB. He is the Chairman, a Non-Independent Non-Executive Director of Perangsang Selangor with direct shareholding of 0.042% and also holds directorship in Air Selangor.
					• YM Raja Shahreen bin Raja Othman	YM Raja Shahreen bin Raja Othman sits on the board of KDEB. He is a Non-Independent Non-Executive Director of Perangsang Selangor.
					• Encik Suhaimi bin Kamaralzaman	Encik Suhaimi bin Kamaralzaman is the President of KDEB. He is also the Chief Executive Officer and Director of Air Selangor and a Non-Independent Non-Executive Director of Perangsang Selangor with direct shareholding of 0.002%. He also holds directorships in ABASS, KASB and PNSB.

Additional Compliance Information Disclosures

No.	Company within Perangsang Selangor Group	Transacting Related Parties	Nature of Transactions	Transactions Value during FY 2017 (RM'000)	Interested Related Parties	
					Name	Nature of relationship
(b)	Aqua-Flo[@]	Sg. Harmoni Sdn Bhd ("Sg. Harmoni") and Taliworks (Langkawi) Sdn Bhd ("Taliworks (Langkawi)") ("Taliworks Group")	Sales of chemical products, laboratory & monitoring equipment and disinfection system by Aqua-Flo to Taliworks Group	18,031	*Interested Major Shareholders* • Taliworks Corporation Berhad	Taliworks is a major shareholder of Aqua-Flo with direct shareholding of 24%. Sg. Harmoni and Taliworks Langkawi are the wholly-owned subsidiaries of Taliworks.

Note: [@]Aqua-Flo is a 51% subsidiary of Perangsang Selangor. The balance of 25% and 24% equity interests in Aqua-Flo is owned by Prismachem Sdn Bhd and Taliworks respectively. Neither Prismachem and Taliworks nor their directors and shareholders hold any shares in Perangsang Selangor.

5. List of Group's Properties

The Group's list and particulars of the properties in which the net book value is 5% or more of the consolidated total assets of the Group as at the end of the financial year is set out in pages 199 to 200 of this Annual Report.

6. Directors' Training

Training programmes, courses, seminars, conferences and talks attended by the Directors during the year in review are as shown below:

YM RAJA DATO' IDRIS BIN RAJA KAMARUDIN
- MARIM - CRO Forum 2017 "CROSs of Tomorrow" on 23 March 2017
- Business Sustainability & Related Party Transactions & Recurrent Related Party Transactions on 5 December 2017

ENCIK SUHAIMI BIN KAMARALZAMAN
- Overview of the Companies Act 2016 : Practical Insights & The Challenges on 7 March 2017

YB DATO' KAMARUL BAHARIN BIN ABBAS
- Overview of the Companies Act 2016 : Practical Insights & The Challenges on 7 March 2017

YB SIVARASA A/L RASIAH
- Overview of the Companies Act 2016 : Practical Insights & The Challenges on 7 March 2017
- Raising the Bar on Corporate Governance Exclusive Breakfast Talk on 21 July 2017

YBHG DATO' MOHAMED ROSS BIN MOHD DIN
- New Companies Act 2016 on 2 February 2017
- Efficient Inefficiency 2016 – Making Boards Effective in a Changing World on 4 May 2017
- Compliance Conference on 18 May 2017
- Board Selection – Engagement with Potential Directors on 23 May 2017
- Risk & Rewards: What Boards must know about a Sustainable FI Remuneration Sys for Snr Mgrs & Material Risk Takers on 8 June 2017
- Dialogue on Sustainable Development of Affordable Housing on 4 July 2017
- Fintech – Opportunities for the Financial Services Industry in Malaysia on 11 July 2017
- Boards in the Digital Economy on 17 July 2017
- Invest Malaysia Conference 2017 on 25 July 2017
- Dialogue on VBI – Strengthening the Roles and Impact of Islamic Finance via Value Based Intermediation on 24 August 2017

YBHG DATO' IDRIS BIN MD TAHIR
- Overview of the Companies Act 2016 : Practical Insights & The Challenges on 7 March 2017
- Audit Committee Conference 2017 "Making an Impact" on 5 April 2017
- Business Sustainability & Related Party Transactions & Recurrent Related Party Transactions on 5 December 2017

YM RAJA SHAHREEN BIN RAJA OTHMAN
- Overview of the Companies Act 2016 : Practical Insights & The Challenges on 7 March 2017
- Selangor Smart City and Future Commerce convention on 7 September 2017 to 9 September 2017
- MIA Conference 2017 – Expanding Horizons : Be Future Relevant on 7 November 2017 to 8 November 2017
- Smart City Expo and World Congress, Barcelona on 13 November 2017 to 16 November 2017

List of Group Properties

1. KUMPULAN PERANGSANG SELANGOR BERHAD

Location	Registered Owner	Beneficiary Owner	Land Area (Acres)	Tenure/ Lease Expiry (Years)	Existing Use	Approximately Age of Building (Years)	Date of Acquisition	Net Book Value/ Land Cost as at 31/12/2017 (RM'000)
Shah Alam Selangor	Perangsang Selangor	Perangsang Selangor	108,360 sq. ft	Leasehold 99/2086	Office and Hotel	30	05-Jul-00	57,154
Wisma SAP Bandar Baru Selayang Mukim Batu	Perangsang Selangor	Perangsang Selangor	9,957 sq. ft	Leasehold 99/2091	Land and 3 storey shopoffice building	26	03-Nov-10	6,336
Tanjong Tuan Port Dickson	Perangsang Selangor	Perangsang Selangor	1,099 sq. ft	Leasehold 99/2081	Apartment	32	14-Mar-03	166
Batang Kali Hulu Selangor	Perangsang Selangor	Perangsang Selangor	1,763 sq. ft	Freehold	Apartment	33	02-Jan-85	110

2. CENTURY BOND BHD

Location	Registered Owner	Beneficiary Owner	Land Area (Acres)	Tenure/Lease Expiry (Years)	Existing Use	Approximately Age of Building (Years)	Date of Acquisition	Net Book Value/ Land Cost as at 31/12/2017 (RM'000)
PT 3292 & 3293 Mukim Sentul District of Seremban Negeri Sembilan	Polyplus Packages Sdn Bhd	Polyplus Packages Sdn Bhd	103,764 sq. ft	Freehold	A single storey factory with an annexed three storey office building	20	02-Jan-85	3,818
PTD 65029 Mukim of Senai-Kulai District of Johore Bahru	Prestige Packages Sdn Bhd	Prestige Packages Sdn Bhd	90,604 sq. ft	Leasehold 60/2060	A single storey detached factory, a double storey detached factory, guard house and bin centre	18	05-Jul-00	3,591
PTD 8856 Mukim of Senai-Kulai, District of Johor Bahru	Prestige Packages Sdn Bhd	Prestige Packages Sdn Bhd	116,735 sq, ft	Leasehold 60/2055	A single storey detached factory	23	14-Mar-03	2,098
PTD 8848 Mukim of Senai-Kulai District of Johor Bahru	Prestige Packages Sdn Bhd	Prestige Packages Sdn Bhd	108,900 sq. ft	Leasehold 60/2054	A single storey detached factory and a guard house	24	03-Nov-10	1,844
PLO 178 Mukim Senai-Kulai, Senai Industrial Estate III, Johor	Prestige Packages Sdn Bhd	Prestige Packages Sdn Bhd	21,780 sq. ft	Leasehold 25/2034	A single storey detached factory	9	31-Oct-04	829
PTD 46029 Mukim Senai-Kulai Senai Industrial Estate III, Johor	Prestige Packages Sdn Bhd	Prestige Packages Sdn Bhd	43,560 sq. ft	Leasehold 30/2025	A single storey detached factory with a double storey front office	23	28-Feb-07	447
PTD 8849 Mukim of Senai-Kulai District of Johor Bahru	Eversynergy Sdn Bhd	Eversynergy Sdn Bhd	98,446 sq. ft	Leasehold 60/2055	A single storey detached factory	23	1997	2,404
31 Woodlands Close 01-14 Woodlands Horizon Singapore	Eastern Packaging Pte Ltd	Eastern Packaging Pte Ltd	171 sq. mtr	Leasehold 58/2072	Factory unit on the 1st storey of the Building	4	01-Oct-12	2,781
JL, Dosomuko Ujung Baru Pelabuhan Belawan Medan Indonesia	PT Prestige Packages Indonesia	PT Prestige Packages Indonesia	5,625.50 sq. mtr	Leasehold 2/2019	A single storey detached factory	N/A	01-Sep-07	906

List of Group Properties

3. AQUA-FLO SDN BHD

Location	Registered Owner	Beneficiary Owner	Land Area (Acres)	Tenure/Lease Expiry (Years)	Existing Use	Approximately Age of Building (Years)	Date of Acquisition	Net Book Value/ Land Cost as at 31/12/2017 (RM'000)
Sungai Buloh Daerah Kuala Selangor	Aqua-Flo Sdn Bhd	Aqua-Flo Sdn Bhd	3,000 sq. ft	Leasehold 98/2091	Warehouse Store	24	31-Dec-00	256
Damansara Intan Petaling Jaya	Aqua-Flo Sdn Bhd	Aqua-Flo Sdn Bhd	1,130 sq. ft	Freehold	Office	16	31-Dec-00	184
			1,249 sq. ft	Freehold	Office	13	20-Sep-03	197

4. CASH BAND (M) BERHAD GROUP

Location	Registered Owner	Beneficiary Owner	Land Area (Acres)	Tenure/Lease expiry (Years)	Existing Use	Approximately Age of Building (Years)	Date of Acquisition	Net Book Value/ Land Cost as at 31/12/2017 (RM'000)
PERANGSANG HOTEL AND PROPERTIES SDN BHD (“PHP”)								
1702 Section 46 Bandar Kuala Lumpur	PHP	PHP	34,714 sq. ft	Leasehold 99/2072	Hotel	44	19-Dec-12	42,379
BRISDALE INTERNATIONAL HOTEL SDN BHD (“BIH”)								
Lot 1738 Seksyen 41 Bandar Kuala Lumpur	BIH	BIH	1,806 sq. mtr	Freehold	Hotel	20	01-Jan-97	23,320

Corporate Directory

REGISTERED AND BUSINESS ADDRESSES OF KUMPULAN PERANGSANG SELANGOR BERHAD AND SUBSIDIARY COMPANIES

NAME OF COMPANY	REGISTERED ADDRESS	BUSINESS ADDRESS
KUMPULAN PERANGSANG SELANGOR BERHAD (Company No. 23737-K)	16th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : 03-5524 8400 Fax : 03-5524 8444	16th & 17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : 03-5524 8400 Fax : 03-5524 8444
CENTURY BOND BHD (Company No. 228669-V)	Suite 5.11 & 5.12 5th Floor, Menara TJB No. 9, Jalan Syed Mohd. Mufti 80000 Johor Bahru, Johor Tel : 07-2242823 Fax : 07-2230229	PLO 96,97,98 & 99 Jalan Cyber 5 Senai Industrial Estate Phase III 81400 Senai, Johor Tel : 07 598 1185 Fax : 07 598 1195
AQUA-FLO SDN BHD (Company No. 324865-U)	17th Floor, Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : 03-5524 8400 Fax : 03-5524 8444	827, 8th Floor, Block A Damansara Intan No. 1, Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel : 03-7725 7279 Fax : 03-7725 6277
KAISERKORP CORPORATION SDN BHD (Company No. 292197-D)	D117, Block D, First Floor Kelana Square 17 Jalan SS 7/26 Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan Tel : 03-78063338, 03-78063268 Fax : 03-78062928	16th Floor, Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : 03-5524 8400 Fax : 03-5524 8444
KPS-HCM SDN BHD (Company No. 791130-P)	13A Jalan SS 21/56B Damansara Utama, 47400 Petaling Jaya Selangor Darul Ehsan Tel : 03-77295912 Fax : 03-77295904	87-G, Jalan Kampong Pandan 55100 Kuala Lumpur Tel : 03-92822246 Fax : 03-92820321
SMARTPIPE TECHNOLOGY SDN BHD (Company No. 989033-T)	17th Floor, Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : 03-5524 8400 Fax : 03-5524 8444	17th Floor, Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : 03-5524 8400 Fax : 03-5524 8444
CASH BAND (M) BERHAD (Company No. 735830-K)	17th Floor, Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : 03-5524 8400 Fax : 03-5524 8444	17th Floor, Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : 03-5524 8400 Fax : 03-5524 8444
CPI (PENANG) SDN BHD (Company No. 191708-P)	54-3-2 Wisma Sri Mata Jalan Van Praagh 11600 Jelutong Pulau Pinang Tel : 04-2832268 Fax : 04-2837268	Plot 79 Kawasan Perindustrian Bayan Lepas 4 Lintang Bayan Lepas 7 11900 Bayan Lepas Pulau Pinang Tel : 04-6476788 Fax : 04-6444686

Notice of 41st Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE FORTY FIRST ("41st") ANNUAL GENERAL MEETING ("AGM") OF KUMPULAN PERANGSANG SELANGOR BERHAD ("PERANGSANG SELANGOR" OR "THE COMPANY") WILL BE HELD AT THE SHAH ALAM 2, SACC CONVEC, NO. 4, JALAN PERBADANAN 14/9, 40000 SHAH ALAM, SELANGOR DARUL EHSAN ON THURSDAY, 24 MAY 2018 AT 10.00 A.M. FOR THE FOLLOWING PURPOSES:

ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**

2. To approve a single tier final dividend of 4.25 sen per share in respect of the financial year ended 31 December 2017. **(Ordinary Resolution 1)**

3. To re-elect the following Directors who retire pursuant to Article 90 of the Company's Constitution and who being eligible offer themselves for re-election:

   a. YBhg Dato' Ikmal Hijaz bin Hashim **(Ordinary Resolution 2)**
   b. Puan Rita Benoy Bushon **(Ordinary Resolution 3)**
   c. Puan Norliza binti Kamaruddin **(Ordinary Resolution 4)**

4. To re-elect the following Directors who retire by rotation pursuant to Article 84 of the Company's Constitution and who being eligible offer themselves for re-election:

   a. YB Dato' Kamarul Baharin bin Abbas **(Ordinary Resolution 5)**
   b. YB Sivarasa a/l Rasiah **(Ordinary Resolution 6)**

5. To approve the payment of Directors' remuneration to the Directors up to an amount of RM2,556,136.00 from the 41st AGM until the next AGM of the Company. **(Ordinary Resolution 7)**

6. To consider and if thought fit, to pass the following Ordinary Resolution:

   Proposed Change of Auditors **(Ordinary Resolution 8)**

   "THAT Messrs. BDO be and are hereby appointed as Auditors of the Company in place of the retiring Auditors Messrs. Ernst & Young, and to hold office until the conclusion of the next AGM at a remuneration to be determined by the Directors"

SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following Ordinary Resolution: -

7. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature

   "THAT approval be and hereby given for the renewal of the mandate granted by the shareholders of the Company on 25 May 2017, authorising Perangsang Selangor and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, as set out in Section 2.3 of the Circular to Shareholders dated 25 April 2018, which are necessary for the day-to-day operations in the ordinary course of the business of the Company and/or its subsidiaries on terms and transaction prices not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company;

THAT such approval will continue to be in force and effect until:-

(i) the conclusion of the next AGM of the Company at which time the authority will lapse, unless the authority is renewed by a resolution passed at such general meeting;

(ii) the expiration of the period within which the Company's next AGM is required to be held under Section 340(2) of the Companies Act, 2016 ("CA 2016") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the CA 2016); or

(iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts, deeds and things to give effect to the aforesaid shareholders' mandate and transactions contemplated under this resolution." **(Ordinary Resolution 9)**

Notice of 41st Annual General Meeting

ANY OTHER BUSINESS:

8. To transact any other business for which due notice has been given in accordance with the Constitution of the Company and the CA 2016.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT DATE

NOTICE IS ALSO HEREBY GIVEN that a single tier final dividend of 4.25 sen per share, in respect of the financial year ended 31 December 2017 ("FY 2017") if approved by shareholders at the 41st AGM, will be payable on 20 July 2018 to shareholders registered in the Records of Depositors at the close of business on 29 June 2018.

A depositor shall qualify for entitlement only in respect of:

a. Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 29 June 2018 in respect of ordinary shares.

b. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

HASHIMAH BINTI MOHD ISA (MACS 01269)
SELFIA BINTI MUHAMMAD EFFENDI (MAICSA 7046782)
Joint Company Secretaries
Shah Alam
25 April 2018

Explanatory Notes on Ordinary and Special Businesses

1. **Item I of the Agenda - Audited Financial Statements for the financial year ended 31 December 2017**

   The Agenda item is meant for discussion as the provision of Sections 248(2) and 340(1)(a) of the CA 2016 do not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. **Item 2 of the Agenda - Final dividend**

   With reference to Section 131 of the CA 2016, a company may only make a distribution to the shareholders out of profits of the company available if the company is solvent. On 30 March 2018, the Board had considered the amount of dividend and decided to recommend the same for the shareholders' approval at the forthcoming 41st AGM.

3. **Item 3(a), 3(b) and 3(c) of the Agenda - Re-election of Directors pursuant to Article 90 of the Company's Constitution**

   Article 90 of the Company's Constitution provides amongst others, that the Board shall have the power to appoint any person to be a Director to fill a casual vacancy or as an additional Director to the existing Board, and that any Director so appointed shall hold office until the next following AGM and shall then be eligible for re-election.

   Accordingly, Dato' Ikmal Hijaz bin Hashim, Puan Rita Benoy Bushon and Puan Norliza binti Kamaruddin who were appointed as Independent Directors of Perangsang Selangor on 1 January 2018 and both women Directors on 6 April 2018 respectively, shall hold office until the 41st AGM and shall then be eligible for re-election pursuant to Article 90 of the Company's Constitution.

4. **Item 4(a) and 4(b) of the Agenda - Re-election of Directors who retire in accordance with Article 84 of the Company's Constitution**

   Article 84 of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company. In determining the number of Directors who are to retire by rotation at the 41st AGM, two (2) out of seven (7) Directors are to retire in accordance with Article 84 of the Company's Constitution.

   The Nomination Committee ("NC") has determined the eligibility of each of the Directors standing for re-election at the AGM based on performance of the Directors, taking into account the results of their latest Annual Board Evaluation, contribution in the areas of Board dynamics and participation, competency and capability, independence and objectivity together with their ability to make analytical inquiries and offer advice and guidance.

   The Board approved the NC's recommendation that the Directors who retire in accordance with Articles 90 and 84 of the Company's Constitution are eligible to stand for re-election. All these retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board meeting.

5. **Item 5 of the Agenda – Directors' remuneration**

   Section 230(1) of the CA 2016 provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the shareholders' approval shall be sought at the 41st AGM on the Directors' remuneration under Ordinary Resolution 7 on payment of Directors' remuneration in respect of the period from the 41st AGM to the next AGM of the Company ("Relevant Period").

   Having considered the escalating medical cost in healthcare industry, the Remuneration Committee ("RC") had reviewed the existing quantum of Medical Outpatient Benefit ("MOB") of RM6,000 per annum for each Director. The Board at its meeting held in February 2018 approved the RC's recommendation for the proposed revision to the MOB to RM8,500 per annum for each Director. The revised MOB shall take effect, if the proposed Ordinary Resolution 7 has been passed at the 41st AGM.

   The total amount of Directors' remuneration payable to the Directors is estimated to be up to RM2,556,136.00 for the Relevant Period which will take effect from 25 May 2018 subject to the shareholders' approval and taking into account various factors including the number of scheduled meetings for the Board, Board of subsidiaries and Board Committees as well as the number of Directors involved in these meetings. Payment of Directors' remuneration to the Directors will be made by the Company on a monthly basis and/or as and when incurred effective 25 May 2018.

Notice of 41st Annual General Meeting

6. **Item 6 of the Agenda – Change of Auditors**

   On 30 March 2018, the Company had announced the receipt of a notice of nomination from its major shareholder and also its holding company, namely Kumpulan Darul Ehsan Berhad ("KDEB"), nominating Messrs. BDO ("BDO") as Auditors of the Company for the financial year ending 31 December 2018 in place of the retiring Auditors, Messrs. Ernst & Young ("EY"), and to hold office until the conclusion of the next AGM of the Company, at a remuneration to be determined by the Directors ("Proposed Change").

   The Audit Committee of the Company ("AC"), with Management's recommendation, was satisfied with the assessment of the independence and capabilities of the proposed Auditors, BDO, and recommended to the Board for the Proposed Change. The factors considered by the AC in appointing BDO include, among others, the following:

   (i) Adequacy of the experience and resources of BDO;

   (ii) Persons assigned to the audit;

   (iii) BDO's audit engagement;

   (iv) Size and complexity of the Company and its subsidiaries being audited; and

   (v) Number and experience of supervisory and professional staff assigned to the particular audit.

   Premised on KDEB's nomination and the above assessment, the Company proposed to appoint the same Auditors with that of KDEB namely BDO to align the audit work and enhance the efficiency of the audit services.

   The AC at its meeting held on 29 March 2018 undertook an annual assessment of the suitability, objectivity and independence of the existing Auditors, EY in accordance with the External Auditors Assessment Policy which was approved by the Board in March 2017. In its assessment, the AC was satisfied in its review that the provision of audit and non-audit services by EY to the Company for FY2017 did not in any way impair their objectivity and independence as external Auditors of the Company.

   EY has confirmed in its letter dated 30 March 2018 that they will not be seeking re-appointment as Auditors of the Company at the forthcoming AGM and there are no matters connected with its cessation of office that need to be brought to the attention of the shareholders of the Company. The Board also confirmed that there are no matters connected with EY's cessation of office that need to be brought to the attention of the shareholders of the Company.

   On 6 April 2018, BDO has provided its written consent to act as Auditors of the Company, if so appointed pursuant to Section 264(5) of the CA 2016.

   Consequent to the above, the Company will be seeking shareholders' approval on the proposed appointment of BDO as Auditors of the Company in place of the retiring Auditors, EY.

7. **Item 7 of the Agenda – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature**

   The proposed Ordinary Resolution 9, if passed, is primarily to procure the renewal of the shareholders' mandate, authorizing the Company and/or its subsidiaries ("Group") to enter into transactions with the related parties which are necessary for the day-to-day operations of the Group and are based on normal commercial terms and transaction prices that are not more favorable to the related parties than those generally made available to the public and shall lapse at the conclusion of the next AGM unless the authority is renewed by a resolution passed at such general meeting.

   For more details, please refer to the Circular to Shareholders dated 25 April 2018.

NOTES

1. For the purpose of determining a member who shall be entitled to attend this 41st AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 50(b) of the Company's Constitution and Section 34(l) of the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") to issue a General Meeting Record of Depositors as at 17 May 2018. Only a depositor whose name appears on the Record of Depositors as at 17 May 2018 shall be entitled to attend the said meeting and to speak or vote thereat.
2. The proxy need not be a Member. There shall be no restriction as to the qualification of the proxy.
3. A Member of the Company, who is entitled to attend and vote at a meeting of the Company, or at a meeting of any class of Members of the Company, may appoint more than one (1) proxy to attend and vote instead of the Member at the meeting.
4. Where a Member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint more than one (1) proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. Where a Member or the authorised nominee appoints more than one (1) proxy, or where an exempt authorised nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
7. If the appointer is a corporation, the proxy form must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
8. If the name is not inserted in the space for the name of your proxy, the Chairman of the meeting will act as your proxy.
9. The proxy form must be deposited at the Registrar's Office of Symphony Share Registrars Sdn Bhd, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time of holding the AGM or any adjournment thereof.
10. The lodging of a form of proxy does not preclude a member from attending and voting in person at the meeting, should the member subsequently decide to do so.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Details of individual who is standing for election as Director

No individual is seeking election as a Director at the 41st AGM of the Company.

PROXY FORM

KUMPULAN PERANGSANG SELANGOR BERHAD (23737-K)
(Incorporated in Malaysia)

No. of Ordinary Shares Held	

Proxy Form for the **41st** AGM

I/We .... NRIC/Passport No./Company No. ....
(Full Name In Capital Letters)

of ....
(Full Address)

being a member or members of Kumpulan Perangsang Selangor Berhad ("the Company"), hereby appoint

	Name/NRIC No.	**No. of Shares**	**Percentage (%)**	
Proxy 1	....	....	....	and/or failing him/her
Proxy 2	....	....	....	or failing him/her

the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the 41st AGM of the Company to be held at the Shah Alam 2, SACC Convec, No. 4, Jalan Perbadanan 14/9 40000 Shah Alam, Selangor Darul Ehsan on Thursday, 24 May 2018 at 10.00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below

Resolution	Agenda	For	Against
Ordinary Resolution 1	To approve a single tier final dividend of 4.25 sen per share in respect of the financial year ended 31 December 2017.		
	To re-elect the following Directors who retire pursuant to Article 90 of the Company's Constitution:		
Ordinary Resolution 2	a. YBhg Dato' Ikmal Hijaz bin Hashim		
Ordinary Resolution 3	b. Puan Rita Benoy Bushon		
Ordinary Resolution 4	c. Puan Norliza binti Kamaruddin		
	To re-elect the following Directors who retire by rotation pursuant to Article 84 of the Company's Constitution:		
Ordinary Resolution 5	a. YB Dato' Kamarul Baharin bin Abbas		
Ordinary Resolution 6	b. YB Sivarasa a/l Rasiah		
Ordinary Resolution 7	To approve the Directors' remuneration to the Directors up to an amount of RM2,556,136.00 from 41st AGM until the next AGM of the Company		
Ordinary Resolution 8	To approve the Proposed Change of Auditors		
Ordinary Resolution 9	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature.		

(Please indicate with an "X" in the spaces provided how you wish your vote to be casted. If you do not do so, the proxy will vote or abstain voting at his/her discretion)

Dated this .... day of 2018

....
Signature/Common Seal of Shareholder

NOTES

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affix
stamp
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SYMPHONY SHARE REGISTRARS SDN BHD
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

Tel : 03 7849 0777 Fax : 03 7841 8151 / 8152

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