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

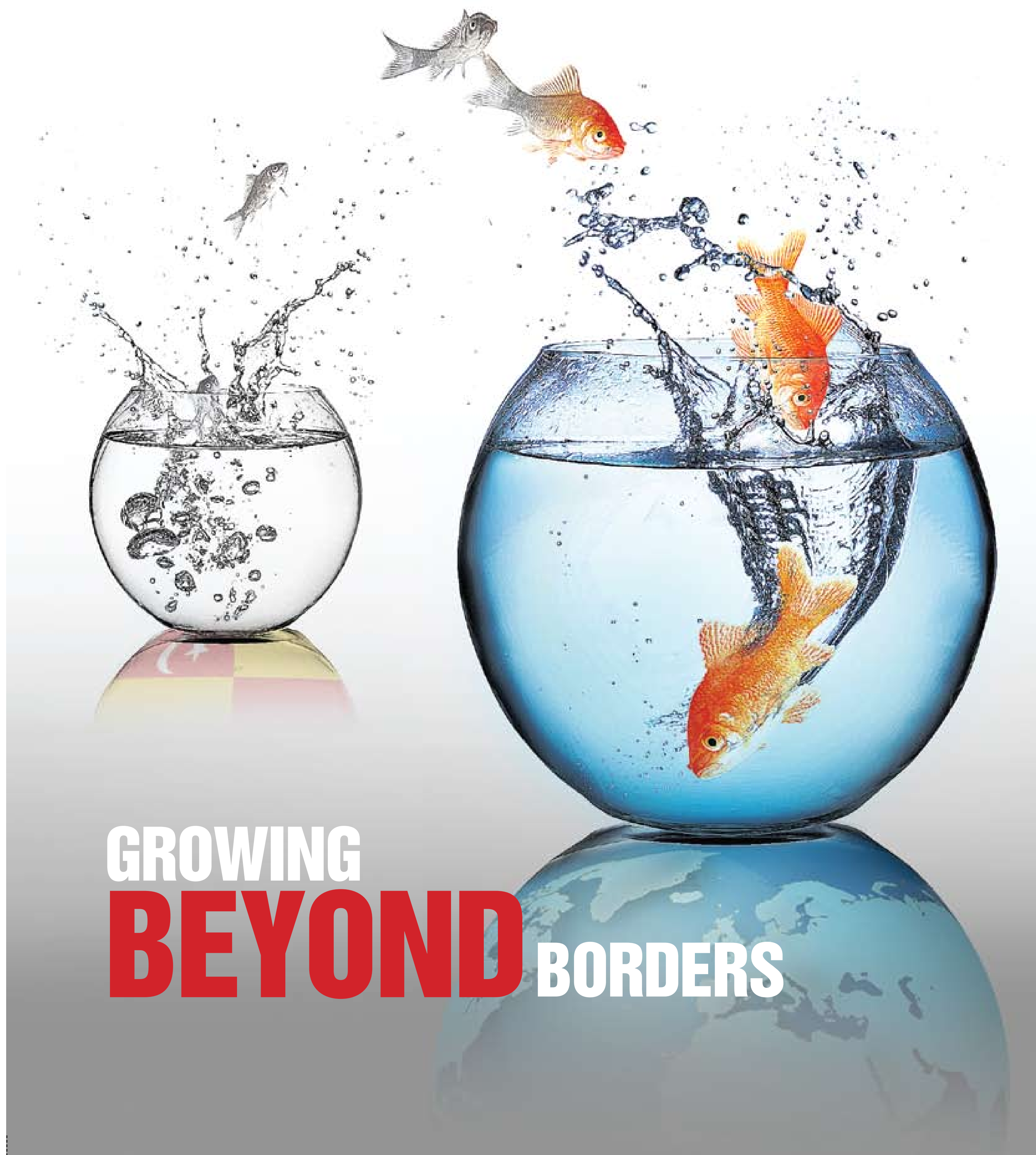
603-5510 3999
603-5510 9977
www.perangsangselangor.com

KUMPULAN PERANGSANG SELANGOR BERHAD

ANNUAL REPORT 2016

KUMPULAN PERANGSANG SELANGOR BERHAD

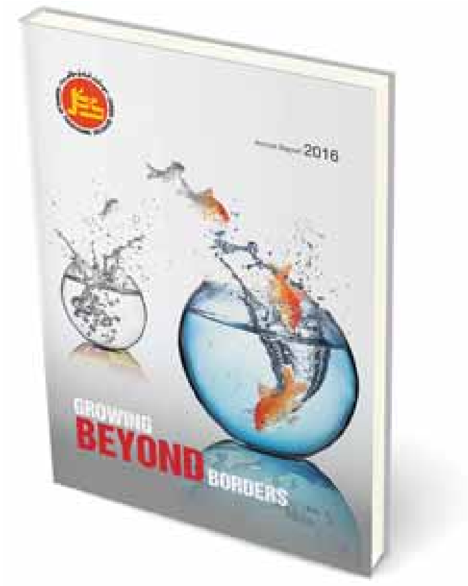
Annual Report 2016



GROWING BEYOND BORDERS

RATIONALE

A new compelling horizon awaits those who seek and dream the pursuit of boundaries that go beyond one's own, and for Perangsang Selangor, a journey to complete its transformation into a full-fledged investment holding company. A leap made to explore all possibilities and open its eyes to a new different world of opportunities, and as the cover demonstrates, a new environment in companies that have exciting prospects and potential for investments.



40th

ANNUAL GENERAL MEETING

Date : Thursday, 25 May 2017

Time : 10.00 a.m.

Venue : Shah Alam 1, SACC Convec
No. 4, Jalan Perbadanan 14/9
40000 Shah Alam
Selangor Darul Ehsan

WHAT'S INSIDE

FINANCIAL STATEMENTS

OTHERS

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.

OVERVIEW

OUR PROFILE

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 an authorised capital of RM1.0 billion and a paid-up capital of RM431.4 million. The current paid-up capital is RM499.0 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.

As a state-government linked investment company, 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 Perangsang Selangor's most recent acquisition. 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.

TRADING

Perangsang Selangor strengthened its position in the trading sector with the acquisition of additional stake in Aqua-Flo Sdn Bhd ("Aqua-Flo") – Perangsang Selangor emerged as the majority shareholder with 51% direct equity.

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 embarked into a new journey, expanding its investment horizon globally via investment into a brand licensing business through the acquisition of 60% equity stake in Kaiserkorp Corporation Sdn Bhd ("Kaiserkorp") back in May 2016.

Kaiserkorp is the parent company of the U.S. 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.

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 51% equity stake in SPT via its wholly-owned subsidiary, Nadi Biru Sdn Bhd.

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 and 30% equity stake in KPS-HCM Sdn Bhd, a company that involves in road maintenance and repair for the State of Selangor.

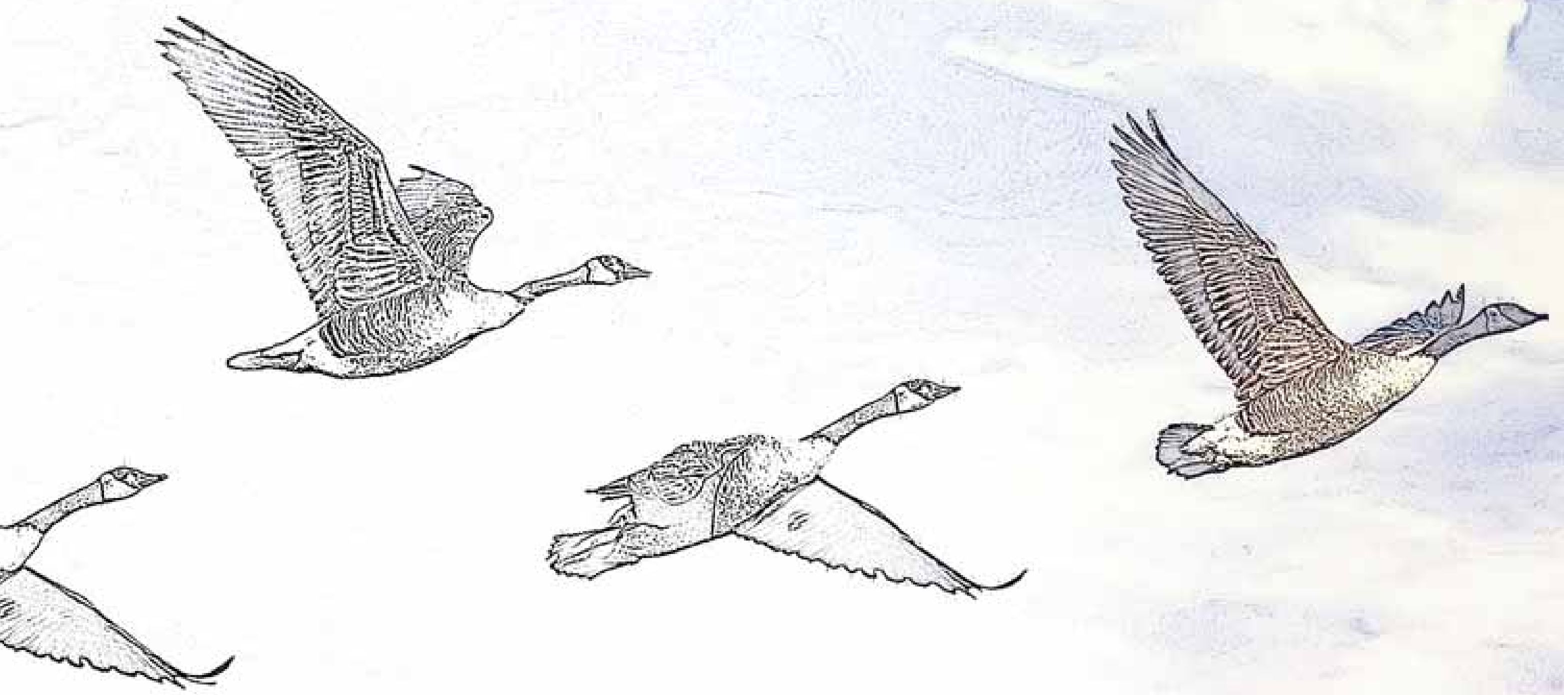
OIL AND GAS

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 originated from Oman and currently under the Virgin Mobile Group. Perangsang Selangor, through its wholly-owned subsidiary, Perangsang Telco Sdn Bhd, owns an approximately 34.3% stake in Ceres.

AS A STATE-GOVERNMENT LINKED INVESTMENT COMPANY, PERANGSANG SELANGOR IS COMMITTED TOWARDS MAKING SIGNIFICANT CONTRIBUTIONS TO HUMAN CAPITAL, INTELLECTUAL, AND SUSTAINABLE DEVELOPMENTS, WHILST STRENGTHENING CORE BUSINESSES TO OPTIMISE RETURNS TO SHAREHOLDERS.



A DEFINED DIRECTION

Constantly in motion, Kumpulan Perangsang Selangor Berhad moves from its investment holdings focus to explore new horizons of business opportunities. Akin to the flock or skein of geese in their migratory flight path travelling on a v-formation, this effective and efficient strategic teamwork takes them on their true destination. By leveraging on their strongest constantly changing leader's wing span, these geese fly cohesively further by breaking the flow of air to provide lift, a symbolic icon of synergy that speaks volume of the Group's determined goals.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE FORTIETH ("40th") ANNUAL GENERAL MEETING ("AGM") OF KUMPULAN PERANGSANG SELANGOR BERHAD ("PERANGSANG SELANGOR" OR "THE COMPANY") WILL BE HELD AT THE SHAH ALAM 1, SACC CONVEC, NO. 4, JALAN PERBADANAN 14/9 40000 SHAH ALAM, SELANGOR DARUL EHSAN ON THURSDAY, 25 MAY 2017 AT 10.00 A.M. FOR THE FOLLOWING PURPOSES:

ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the year ended 31 December 2016 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 2016. **(Ordinary Resolution 1)**

3. To re-elect the following Directors who retire by rotation pursuant to Article 84 of the Company's Article of Association and who being eligible offer themselves for re-election:

   a. YM Raja Shahreen bin Raja Othman **(Ordinary Resolution 2)**

   b. YBhg Dato' Idris bin Md Tahir **(Ordinary Resolution 3)**

4. a. Encik Mustaffa Kamil bin Ayub will retire by rotation as a Director in accordance with Article 84 of the Company's Articles of Association at the conclusion of this 40th AGM. **(Please refer to Explanatory Note 4a)**

   b. YBhg Dato' Dr. Mohamed Ariffin bin Aton will retire at the conclusion of the 40th AGM as a Director of the Company. **(Please refer to Explanatory Note 4b)**

5. To approve the Directors' fees of RM455,000.00 for the financial year ended 31 December 2016. **(Ordinary Resolution 4)**

6. To approve the payment of Directors' remuneration to the Directors up to an amount of RM2,105,959.00 from 1 January 2017 until the next AGM of the Company. **(Ordinary Resolution 5)**

7. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following Ordinary Resolution:

8. Proposed Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature

   "THAT, in accordance with paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for Perangsang Selangor and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, as set out in the Circular to Shareholders dated 28 April 2017, 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 2106); 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 7)**

ANY OTHER BUSINESS:

9. To transact any other business for which due notice has been given in accordance with the Constitution of the Company and the CA 2016.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT DATE

NOTICE IS ALSO HEREBY GIVEN that a single tier final dividend of 4.25 sen per share, in respect of the financial year ended 31 December 2016 if approved by shareholders at the 40th AGM, will be payable on 18 August 2017 to shareholders registered in the Records of Depositors at the close of business on 21 July 2017.

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 21 July 2017 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
28 April 2017

Notice of Annual General Meeting

Explanatory Notes on Ordinary and Special Businesses

1. **Item 1 of the Agenda – Audited Financial Statements for financial year ended 31 December 2016**

   The Agenda item is meant for discussion as the provisions of Sections 248(2) and 340(1)(a) of the CA 2016 do not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. **Item 2 of the Agenda – Final dividend**

   With reference to Section 131 of the CA 2016, a company may only make a distribution to the shareholders out of profits of the company available if the company is solvent. On 29 March 2017, the Board had considered the amount of dividend and decided to recommend the same for the shareholders' approval at the forthcoming 40th AGM.

3. **Item 3 of the Agenda – Re-election of Directors who retire in accordance with Article 84 of the Company's Articles of Association ("AA")**

   Article 84 of the AA 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. With the current Board size of nine (9), three (3) Directors are to retire in accordance with Article 84 of the AA.

   The Nomination Committee 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 Board Effectiveness 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.

   Save for Encik Mustaffa Kamil bin Ayub ("Encik Mustaffa Kamil"), the Board approved the Nomination Committee's recommendation that the Directors who retire in accordance with Article 84 of the Company's AA 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.

4. **Item 4 of the Agenda – Retirement of Directors**

   a. Encik Mustaffa Kamil, whose score has met below the minimum acceptable rating based on performance criteria set for enabling him to continue in office as Director of the Company will retire in accordance with Article 84 of the Company's AA at the conclusion of the 40th AGM.

   b. YBhg Dato' Dr. Mohamed Ariffin bin Aton ("Dato' Ariffin"), a Director who is above 70 years old, was re-appointed under the resolution passed at the AGM held on 27 May 2016 pursuant to Section 129 of the Companies Act, 1965 which was then in force, whereby such resolution could only permit the re-appointment of the Director to hold office until the conclusion of this 40th AGM. Having considered Dato' Ariffin's state of health at the moment, the Board approved the Nomination Committee's recommendation not to re-appoint Dato' Ariffin as Director at this 40th AGM. Hence, he will hold office until the conclusion of this 40th AGM.

5 **Item 5 of the Agenda – Directors' fees**

   The payment of the Non-Executive Directors ("NEDs") fees in respect of the financial year ended 31 December 2016 will be made if the proposed Ordinary Resolution 4 has been passed at the 40th AGM pursuant to Article 73(a) of the Company's Constitution and Section 230(1)(b) of the CA 2016.

6 **Item 6 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 40th AGM on the Directors' remuneration under Ordinary Resolution 5 on payment of Directors' remuneration in respect of the period from 1 January 2017 to the next AGM ("Relevant Period").

   Determining Directors' remuneration

   In March 2017, a review of the Directors' remuneration was conducted internally by the Remuneration Committee ("RC") to ascertain the competitiveness of the remuneration of the Board and its subsidiaries' board of directors ("Subsidiaries' Board") having regard to various factors including the Board remuneration framework of comparable public listed companies ("PLCs") in Malaysia with focus on the components of fixed fees for the Board/Subsidiaries' Board, meeting allowance and other Directors' benefits. RC had adopted comparators which comprised of several PLCs in terms of market capitalisation and benchmarking against the average remuneration of those of the comparator companies. In this respect, the RC also considered the positioning of the Board remuneration since its last review in 2007. The Board at its meeting held on 29 March 2017 approved the RC recommendation for the proposed revision to the Directors' remuneration.

   The shareholders' approval is hereby sought under Resolution 5 for payment of Directors' remuneration to the Directors for the period as specified in item 6 of the Agenda.

   The Directors' remuneration comprise of Directors' fees, meeting allowances and other benefits payable to the Chairman and members of the Board, Board of subsidiaries and Board Committees.

   In determining the estimated total amount of remuneration for the NEDs for the Relevant Period, the Board considered various factors including the number of scheduled meetings for the Board, Subsidiaries' Board and Board Committees as well as the number of NEDs involved in these meetings. Other benefits payable to the NEDs include medical coverage, and other claimable benefits.

Payment of the NEDs remuneration will be made by the Company and its subsidiaries on a monthly basis and/or as and when incurred if the proposed Ordinary Resolution 5 has been passed at the 40th AGM. The Board is of the view that it is just and equitable for the NEDs to be paid the Directors' remuneration, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiaries throughout the Relevant Period.

7. Item 8 of the Agenda – Proposed Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature

The proposed Ordinary Resolution 7, if passed, is primarily to authorise 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 Circular to Shareholders dated 28 April 2017.

NOTES

1. For the purpose of determining a member who shall be entitled to attend this 40th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 50(b) of the Company's Articles of Association and Section 34(l) of the Securities Industry (Central Depositories) Act 1991 of Malaysia ("Central Depositories Act") to issue a General Meeting Record of Depositors as at 18 May 2017. Only a depositor whose name appears on the Record of Depositors as at 18 May 2017 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 repsesented 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, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time of holding the AGM or any adjournment thereof.
10. The lodging of a form of proxy does not preclude a member from attending and voting in person at the meeting, should the member subsequently decide to do so.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Details of individual who is standing for election as Director

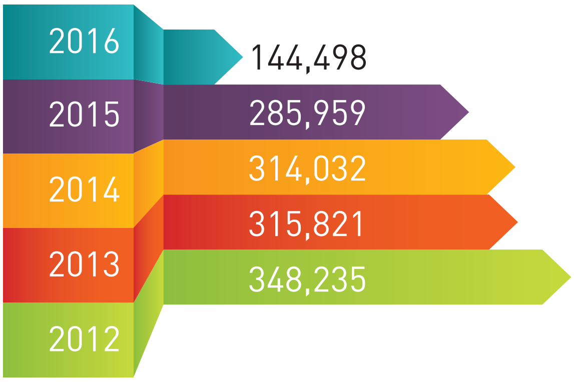
No individual is seeking election as a Director at the 40th AGM of the Company.

Group's Financial Highlights

	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000
1. Revenue*	144,498	285,959	314,032	315,821	348,235
2. Profit before tax and zakat *	113,023	77,106	130,270	285,750	74,885
3. Profit after tax and zakat *	101,860	58,939	117,650	266,160	60,108
4. Profit attributable to owners of the parent *	97,766	55,329	115,567	265,314	59,028
5. Paid up capital	499,004	499,004	499,004	499,004	476,956
6. Shareholders' equity	1,328,030	1,237,215	1,200,354	1,104,780	1,137,313
7. Total assets employed	1,839,455	1,361,988	2,808,790	2,722,090	3,454,438
8. Total borrowings	267,379	30,130	1,038,883	1,072,657	1,267,682
FINANCIAL RATIOS					
Gross dividend per share (sen)	4.00	4.00	4.00	29.58	2.00
Debt / Equity (times)	0.20	0.02	0.85	0.97	1.11
Earnings per share attributable to owners of the parent (sen)	19.59	11.08	23.16	53.17	12.38
Net Assets per share attributable to owners of the parent (RM)	2.66	2.48	2.41	2.21	2.38

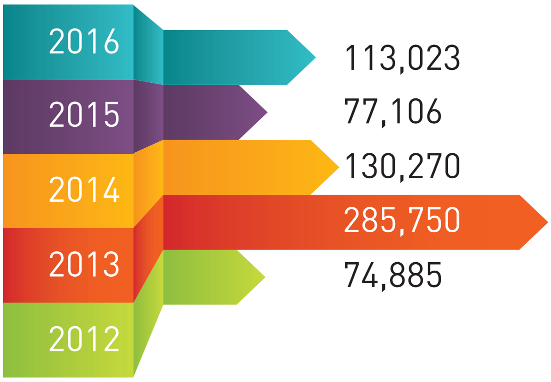
* Include discontinued operations

REVENUE
RM'000

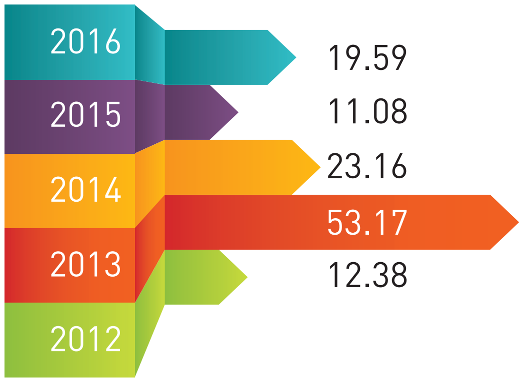


GROSS DIVIDEND PER SHARE
(sen)

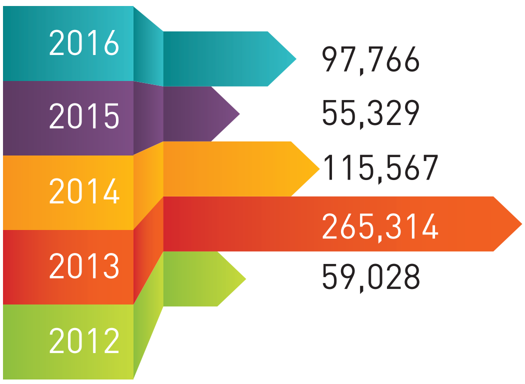
PROFIT BEFORE TAX AND ZAKAT
RM'000



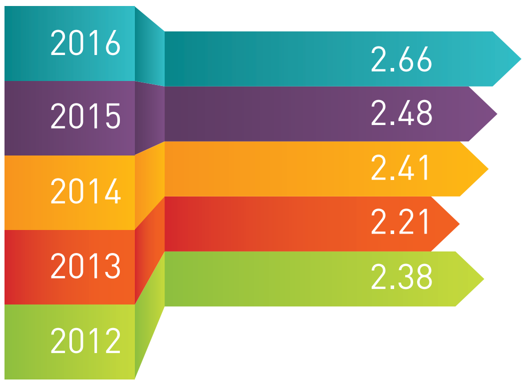
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT
(sen)



PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT
RM'000



NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT
RM



Corporate Information

BOARD OF DIRECTORS

YM RAJA DATO' HAJI IDRIS RAJA KAMARUDIN DSIS, SMT
Chairman
Non-Independent Non-Executive Director

ENCIK MUSTAFFA KAMIL BIN AYUB
Senior Independent Director

ENCIK SUHAIMI BIN KAMARALZAMAN
Non-Independent Non-Executive Director

YB DATO' KAMARUL BAHARIN BIN ABBAS DSSA
Independent Director

YB SIVARASA A/L RASIAH
Independent Director

YBHG DATO' DR. MOHAMED ARIFFIN BIN ATON DSSA
Independent Director

ENCIK ROSELY @ MOHAMED ROSS BIN MOHD DIN
Independent Director

YBHG DATO' IDRIS BIN MD TAHIR DIMP
Independent Director

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

AUDIT COMMITTEE

Chairman
YBHG DATO' IDRIS BIN MD TAHIR DIMP

Members
YM RAJA DATO' HAJI IDRIS RAJA KAMARUDIN DSIS, SMT
ENCIK MUSTAFFA KAMIL BIN AYUB
YB SIVARASA A/L RASIAH
ENCIK ROSELY @ MOHAMED ROSS BIN MOHD DIN

NOMINATION COMMITTEE

Chairman
ENCIK MUSTAFFA KAMIL BIN AYUB

Members
YM RAJA DATO' HAJI IDRIS RAJA KAMARUDIN DSIS, SMT
ENCIK ROSELY @ MOHAMED ROSS BIN MOHD DIN
YM RAJA SHAHREEN BIN RAJA OTHMAN
YBHG DATO' IDRIS BIN MD TAHIR DIMP

REMUNERATION COMMITTEE

Chairman
ENCIK ROSELY @ MOHAMED ROSS BIN MOHD DIN

Members
YM RAJA DATO' HAJI IDRIS RAJA KAMARUDIN DSIS, SMT
ENCIK MUSTAFFA KAMIL BIN AYUB
YBHG DATO' DR. MOHAMED ARIFFIN BIN ATON DSSA
YM RAJA SHAHREEN BIN RAJA OTHMAN

BOARD RISK MANAGEMENT COMMITTEE

Chairman
ENCIK ROSELY @ MOHAMED ROSS BIN MOHD DIN

Members
YM RAJA DATO' HAJI IDRIS RAJA KAMARUDIN DSIS, SMT
YB SIVARASA A/L RASIAH
YBHG DATO' DR. MOHAMED ARIFFIN BIN ATON DSSA

CORPORATE SOCIAL RESPONSIBILITY BOARD COMMITTEE

Chairman
YB DATO' KAMARUL BAHARIN BIN ABBAS DSSA

Members
YM RAJA DATO' HAJI IDRIS RAJA KAMARUDIN DSIS, SMT
ENCIK MUSTAFFA KAMIL BIN AYUB
YB SIVARASA A/L RASIAH

BOARD INVESTMENT REVIEW COMMITTEE

Chairman
YBHG DATO' DR. MOHAMED ARIFFIN BIN ATON DSSA

Members
YB DATO' KAMARUL BAHARIN BIN ABBAS DSSA
YB SIVARASA A/L RASIAH
ENCIK ROSELY @ MOHAMED ROSS BIN MOHD DIN
YM RAJA SHAHREEN BIN RAJA OTHMAN

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
ENCIK MUSTAFFA KAMIL BIN AYUB
ENCIK ROSELY @ MOHAMED ROSS BIN MOHD DIN

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 5510 3999
Fax : 03 5510 9977
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
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

OFFICE OF CHAIRMAN

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

HEADS OF DEPARTMENT

Chief Executive Officer
ENCIK AHMAD FARIZ BIN HASSAN

Chief Operating Officer
PUAN SUZILA BINTI KHAIRUDDIN

Chief Financial Officer
ENCIK ZAIN AZRAI BIN ZAINAL ABIDIN

Strategic Planning and Investment Department
ENCIK AZLAN BIN ABDUL JALIL
Director, Strategic Planning and Investment

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

Internal Audit Department
ENCIK FAKRUL AZMI BIN MOHAMAD
Director, Internal Audit

Corporate Structure

SUBSIDIARY COMPANIES

100%
PERANGSANG PACKAGING SDN BHD
- 98.9% Century Bond Bhd

100%
BOLD APPROACH SDN BHD
- 60% Kaiserkorp Corporation Sdn Bhd

100%
NADI BIRU SDN BHD
- 51% 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

NOTES

The following Corporate Structure did not include the subsidiaries of Perangsang Selangor which are/have in liquidation, under receivership, under official assignee, dormant and/or ceased operation. For further details, you may refer to note 16 and 17 of the Company's Audited Financial Statements for the year ended 31 December 2016.

ASSOCIATE COMPANIES

40%
PERANGSANG WATER MANAGEMENT SDN BHD

30%
KPS - HCM SDN BHD

20%
SISTEM PENYURAIAN TRAFIK KL BARAT HOLDINGS SDN BHD

Subsidiary Companies
Associate Companies

LEADERSHIP

Profile of Board of Directors

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

YM RAJA DATO' HAJI IDRIS RAJA KAMARUDIN DSIS, SMT

CHAIRMAN, NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Male, Age 64, British

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 Multinational 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 & 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 31 March 2017)

- 209,947 shares in Kumpulan Perangsang Selangor Berhad

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 10 out of 10 Board meetings held

DATE APPOINTED TO THE BOARD

- 1 November 2009

QUALIFICATIONS

- Masters in Political Science, Universiti Kebangsaan Malaysia
- Advanced Diploma in Islamic Finance (Hons), Institut Pengajian Ilmu-Ilmu Islam
- Advanced Diploma in Education (Hons), International Islamic University
- Bachelor in Biology, Genetics (Hons), Universiti Kebangsaan Malaysia

MEMBERSHIP OF BOARD COMMITTEES

- Chairman of Nomination Committee
- Member of Audit Committee
- Member of Remuneration Committee
- Member of Corporate Social Responsibility Board Committee
- Member of Tender Board Committee

MEMBERSHIP OF ASSOCIATIONS

- Member of the Institut Integriti Malaysia
- President of Institut Masyarakat Madani

DATE OF LAST RE-ELECTION

- 24 June 2015

WORKING EXPERIENCE AND OCCUPATION

Encik Mustaffa Kamil bin Ayub began his career at Yayasan Anda Akademik and SM Sultan Abdul Samad as a teacher for two years. He was an Assistant Registrar for International Islamic University from 1989 to 1993 and appointed as Head of Leadership Training Department from 1993 to 1995. Between 1995 to 1998, he was a Political Secretary to the Minister of Youth and Sports Malaysia and as a businessman in 1998 to 2005.

PRESENT DIRECTORSHIPS:

Listed Entity
- Nil

Other Public Companies
- Nil

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 31 March 2017)

- 26,720 shares in Kumpulan Perangsang Selangor Berhad

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 10 out of 10 Board meetings held

ENCIK MUSTAFFA KAMIL BIN AYUB

SENIOR INDEPENDENT DIRECTOR

Male, Age 49, Malaysian

Profile of Board of Directors

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 31 March 2017)

- 10,000 shares in Kumpulan Perangsang Selangor Berhad

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 5 out of 10 Board meetings held

ENCIK SUHAIMI BIN KAMARALZAMAN

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Male, Age 49, Malaysian

YB DATO' KAMARUL BAHARIN BIN ABBAS DSSA

INDEPENDENT DIRECTOR

Male, Age 70, 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 Corporate Social Responsibility Board Committee
- Chairman of Tender Board Committee
- Member of Board Investment Review Committee

MEMBERSHIP OF ASSOCIATIONS

- Member of Institute of Marketing (UK)

DATE OF LAST RE-ELECTION

- 24 June 2015

WORKING EXPERIENCE AND OCCUPATION

YB 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 31 March 2017)

- 5 shares in Kumpulan Perangsang Selangor Berhad

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 8 out of 10 Board meetings held

Profile of Board of Directors

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

- Member of Audit Committee
- Member of Board Risk Management Committee
- Member of Corporate Social Responsibility Board Committee
- Member of Board Investment Review Committee

MEMBERSHIP OF ASSOCIATIONS

- Member of the Bar Council

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 presently a Member of Parliament for Subang, Selangor.

PRESENT DIRECTORSHIPS:

Listed Entity
- Nil

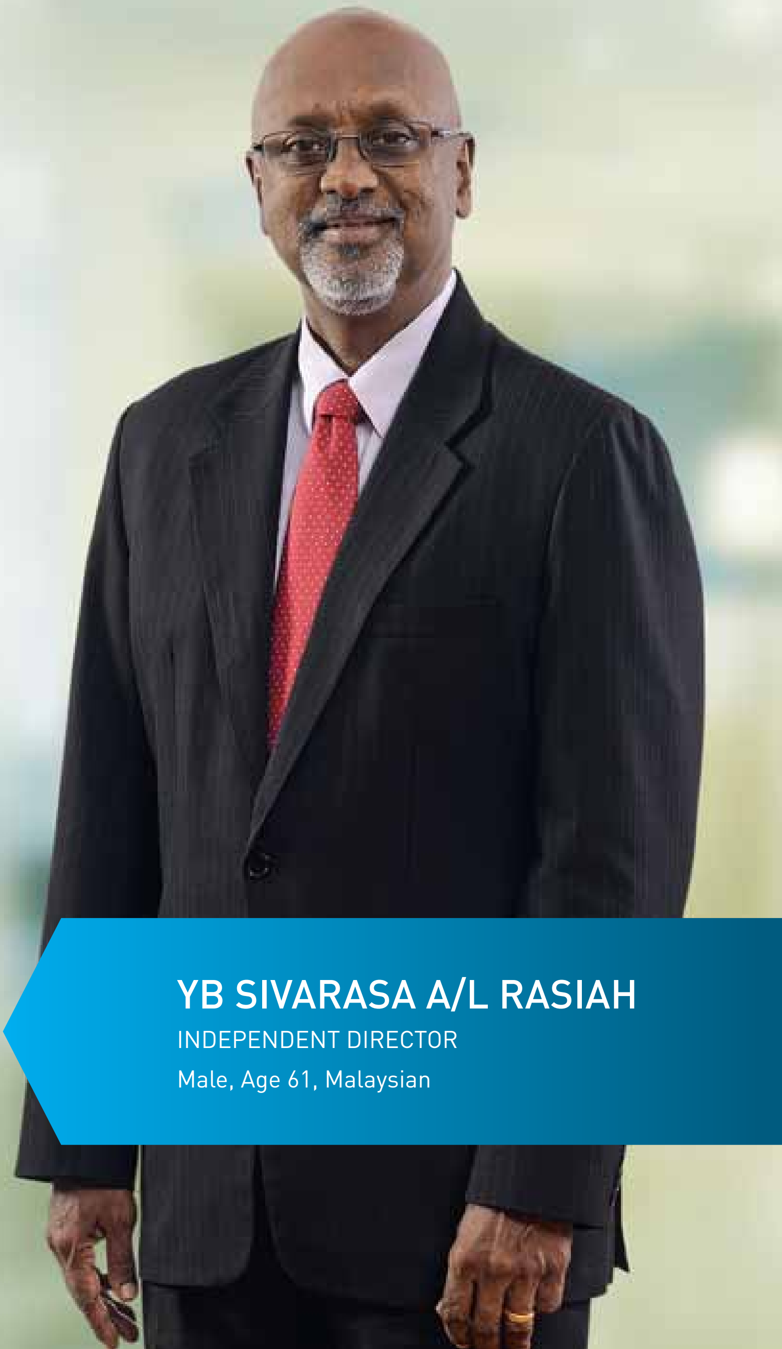
Other Public Companies
- Syarikat Pengeluar Air Selangor Holdings Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 31 March 2017)

- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 10 out of 10 Board meetings held



YB SIVARASA A/L RASIAH

INDEPENDENT DIRECTOR

Male, Age 61, Malaysian

YBHG DATO' DR. MOHAMED ARIFFIN BIN ATON DSSA

INDEPENDENT DIRECTOR

Male, Age 71, Malaysian

DATE APPOINTED TO THE BOARD

- 10 May 2011

QUALIFICATIONS

- Doctorate in Chemical Engineering, University of Leeds, UK
- Bachelor of Science (Hons) in Chemical Engineering, University of Surrey, UK

MEMBERSHIP OF BOARD COMMITTEES

- Chairman of Board Investment Review Committee
- Member of Board Risk Management Committee
- Member of Remuneration Committee.

MEMBERSHIP OF ASSOCIATIONS

- Fellow Institute of Engineers Malaysia
- Member Institute of Chemistry Malaysia

DATE OF LAST RE-APPOINTMENT

- 27 May 2016

WORKING EXPERIENCE AND OCCUPATION

From 1970 to 1972, Dato' Dr. Mohamed Ariffin bin Aton began his career as Process Engineer at Esso Malaysia Berhad. Between 1972 to 1975, he became a Tutor at Universiti Kebangsaan Malaysia. Later in 1989 to 1996, he assumed the position of Managing Director of Petronas Research and Scientific Services Sdn Bhd. In 1996, he was appointed as President/Chief Executive Officer of SIRIM Berhad, a position he held until 2007.

PRESENT DIRECTORSHIPS:

Listed Entity
- Perisai Petroleum Teknologi Bhd
- Heitech Padu Berhad

Other Public Companies
- Nil

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 31 March 2017)

- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 10 out of 10 Board meetings held

DATE APPOINTED TO THE BOARD

- 10 May 2011

QUALIFICATIONS

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

MEMBERSHIP OF BOARD COMMITTEES

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

Encik Mohamed Ross joined HSBC Bank Malaysia Berhad in 1972 and served in various capacities ranging from Corporate and Retail Banking to Branch and Area Management. He also served as Head of Treasury and Foreign Exchange and was also Head of Group Audit Malaysia between 1987 and 1996. During this period, he also worked for a short spell in Hong Kong, London and New York in the areas of Foreign Exchange and Treasury and Audit.

In his last appointment prior to his retirement from HSBC Bank Malaysia Berhad on 31 December 2007, he was Managing Director (since 2003) of the HSBC Amanah onshore business franchise in Malaysia and was responsible for the Islamic retail and corporate business emanating from the branch network.

On retirement, he was appointed as Senior Advisor and Executive Director in HSBC Amanah Takaful (Malaysia) Sendirian Berhad from 1 January 2008 to 31 December 2008.

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.

Prior to joining the CIMB Group Holdings Berhad Board in April 2016 as an Independent Non-Executive Director, he was an Independent Director of HSBC Amanah Malaysia Berhad where he chaired the Risk Committee and also sat on the Audit and Nomination Committees since February 2008.

PRESENT DIRECTORSHIPS:

Listed Entity
- CIMB Group Holdings Berhad

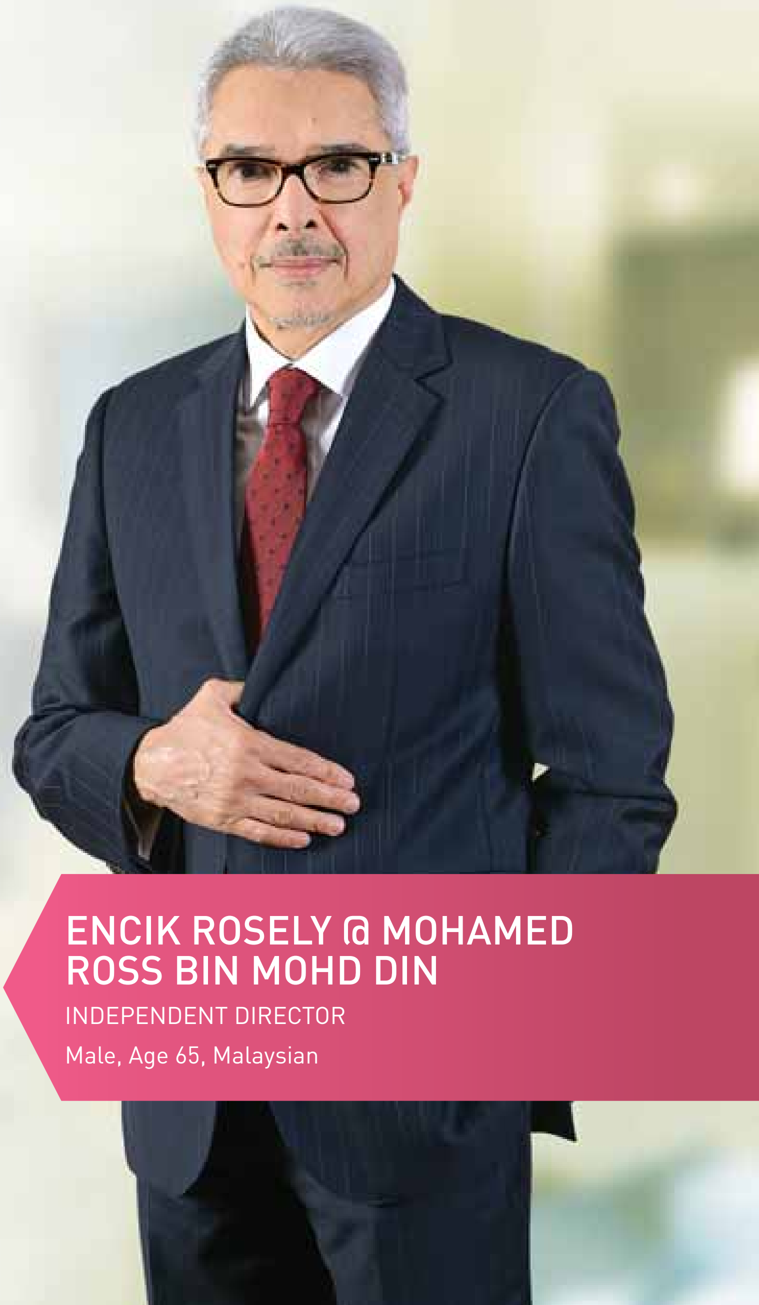
Other Public Companies
- Cash Band (M) Berhad
- CIMB Islamic Bank Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 31 March 2017)

- 10,320 shares in Kumpulan Perangsang Selangor Berhad

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 10 out of 10 Board meetings held



ENCIK ROSELY @ MOHAMED ROSS BIN MOHD DIN

INDEPENDENT DIRECTOR

Male, Age 65, Malaysian

YBHG DATO' IDRIS BIN MD TAHIR DIMP

INDEPENDENT DIRECTOR

Male, Age 63, 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

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

- 26 June 2014

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 31 March 2017)

- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 8 out of 10 Board meetings held

Profile of Board of Directors

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 Nomination Committee
- Member of Remuneration Committee
- Member of Board Investment Review Committee

YM RAJA SHAHREEN BIN RAJA OTHMAN

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Male,Age 50, Malaysian

MEMBERSHIP OF ASSOCIATIONS

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

DATE OF LAST RE-ELECTION

- 24 June 2015

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 and the Project Director of Selangor Smart State which is the project delivery arm for the Selangor Government's Smart Selangor initiative and is currently governed under MBI.

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 31 March 2017)

- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

- 9 out of 10 Board meetings held

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 40, Malaysian

DATE APPOINTED TO THE COMPANY AS CEO

- 1 May 2016

QUALIFICATIONS

- Bachelor Degree in Accountancy from Universiti Teknologi MARA

PRESENT DIRECTORSHIPS:

Listed Entity
- Nil

Other Public Companies
- Century Bond Bhd

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 31 March 2017)

- 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 17 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. 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") as an Investment Manager 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 in April 2015. He assumed his current position on 1 May 2016.

Profile of Senior Management

SUZILA BINTI KHAIRUDDIN

CHIEF OPERATING OFFICER

Female, Age 41, 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 31 March 2017)

- 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, however, she still maintains her position as Chief Operating Officer of Perangsang Selangor. 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.

ZAIN AZRAI BIN ZAINAL ABIDIN

CHIEF FINANCIAL OFFICER

Male, Age 43, 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 31 March 2017)

- Nil

WORKING EXPERIENCE AND OCCUPATION

Zain Azrai bin Zainal Abidin was appointed as Chief Financial Officer ("CFO") of Perangsang Selangor on 1 April 2017. Zain Azrai has assumed a variety of senior leadership roles in the services and trading industries. He started his career in Audit and Business Advisory in November 1997 at PricewaterhouseCoopers ("PwC") specialising in utilities, media and plantation sectors and left the firm as Senior Manager in November 2008. During that period, he was seconded to PwC United Kingdom for a two year period and was responsible for the Sarbanes-Oxley audit at large corporations, such as British Energy and Chevron.

In January 2009 he joined Sapura as General Manager, Finance and Accounts with Sapura Technology Sdn Bhd and in October 2009 was promoted as CFO of Sapura Resources Berhad ("SRB") responsible for the financial leadership of SRB, which include amongst others upholding strong financial management and accountability. In March 2013 he joined Celcom Services Sdn Bhd and was involved in the setting up of the Finance team for this newly created entity in Celcom.

He joined PETRONAS in September 2013 as Head, Assessments and Audit (Gas and Power) where he was responsible for overseeing and coordinating the overall assurance process within the Gas and Power division. He was later seconded to PETRONAS Lubricants International Sdn Bhd as the Regional Financial Controller, Asia Pacific in July 2014. In this role he led the financial operations, business performance, working capital management and investment matters at the Asia Pacific operating units with focus on improving EBITDA and governance.

Profile of Senior Management

AZLAN BIN ABDUL JALIL

DIRECTOR
STRATEGIC PLANNING AND INVESTMENT
Male, Age 40, Malaysian

DATE APPOINTED TO THE COMPANY AS DIRECTOR OF STRATEGIC PLANNING AND INVESTMENT

- 1 June 2016

QUALIFICATIONS

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

PRESENT DIRECTORSHIPS:

Listed Entity
- Nil

Other Public Companies
- Century Bond Bhd

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 31 March 2017)

- Nil

WORKING EXPERIENCE AND OCCUPATION

Azlan bin Abdul Jalil is Director of Strategic Planning and Investment at Perangsang Selangor and a member of the Executive Committee in a number of Perangsang Selangor's investee companies, leading end-to-end matters pertinent to investments in driving Perangsang Selangor's aspiration and strategic goals.

Prior to joining Perangsang Selangor, Azlan was with Hong Leong Islamic Bank Berhad where he led and managed the bank's Islamic wholesale banking end, comprising debt capital market transaction; loan syndication and debt restructuring exercises, servicing numerous types 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 16 years, starting from CIMB Investment Bank Berhad, Kuwait Finance House, Saudi-Arabian based Siraj 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.

HASHIMAH BINTI MOHD ISA

COMPANY SECRETARY

Female, Age 56, Malaysian

DATE APPOINTED TO THE COMPANY AS COMPANY SECRETARY

- 1 July 1996

QUALIFICATIONS

- Masters in Business Administration, Indiana State University, USA
- Bachelor Degree in Business Administration, Indiana State University, USA
- Diploma in Business Studies, University Technology MARA, Selangor

MEMBERSHIP OF ASSOCIATIONS

- Member of Malaysian Association of Company Secretaries (MACS)

PRESENT DIRECTORSHIPS:

Listed Entity

- Nil

Other Public Companies

- Nil

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 31 March 2017)

- Nil

WORKING EXPERIENCE AND OCCUPATION

Puan Hashimah binti Mohd Isa began her career as Assistant Treasurer at Azman, Wong Salleh & Co in January 1984 before pursuing her studies in the USA. Upon returning from the USA in 1988, Puan Hashimah then served as Management Trainee in the production department at Percetakan MAS Sdn Bhd before joining Perangsang Selangor on 20 August 1990 as Corporate Planning Executive. She was then assigned to the Secretarial Department of Perangsang Selangor in 1992 and was appointed Company Secretary of Perangsang Selangor on 27 June 1996.

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.

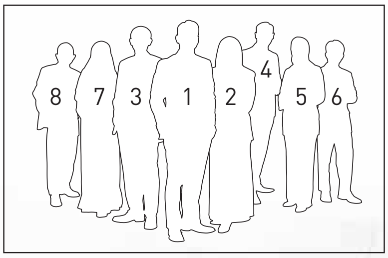
Heads of Department

Chief Executive Officer
1. ENCIK AHMAD FARIZ BIN HASSAN

Chief Operating Officer
2. PUAN SUZILA BINTI KHAIRUDDIN

Chief Financial Officer
3. ENCIK ZAIN AZRAI BIN ZAINAL ABIDIN

Strategic Planning and Investment Department
4. ENCIK AZLAN BIN ABDUL JALIL
Director, Strategic Planning and Investment



Secretarial Department
5. PUAN HASHIMAH BINTI MOHD ISA
Company Secretary

Human Resource and Administration Department
6. ENCIK AHMAD ROSLY BIN AHIAR
Director, Human Resource and Administration

Legal Department
7. PUAN NORSHAM BINTI ISHAK
Director, Legal

Internal Audit Department
8. ENCIK FAKRUL AZMI BIN MOHAMAD
Director, Internal Audit

PERSPECTIVE

CHAIRMAN'S STATEMENT

DEAR ESTEEMED SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS, IT IS MY PRIVILEGE TO REPORT THAT KUMPULAN PERANGSANG SELANGOR BERHAD ("PERANGSANG SELANGOR") SUCCESSFULLY ENTERED INTO AN EXCITING ERA OF NEW BEGINNINGS IN 2016.

Fresh from having completed our Corporate Turnaround Plan, we undertook a recalibration of our investment portfolio and went full-speed ahead to set a new direction for Perangsang Selangor Group ("the Group").

I am pleased that we single-mindedly accomplished our goals: investing into high-growth yet steady-income opportunities across multiple industries to imbue a greater degree of sustainability in our business model, whilst implementing continuous operational and cost efficiencies to hone our competitive edge in the respective arenas.

Staying true to our core business as an investment holding company, Perangsang Selangor undertook a number of investments in the year under review, ensuring that each investment decision satisfied our stringent criteria. These comprise three broad strokes, where the Group would hold majority stake in investee companies that are clearly or have the potential to be market leaders, operating in large and high-potential growth sectors, and possessing both the scalability and management prowess to expand in the domestic and global markets.

These investments effectively prepared a formidable launch pad on which Perangsang Selangor would embark on our next step of "Growing Beyond Borders"; forming the theme of this Annual Report, and underlying the thrust of our strategic expansion blueprint.

Chairman's Statement

- Acquisition of 51.0% stake in Smartpipe Technology Sdn Bhd ("SPT")

  On 21 March 2016, we acquired a 51.0% stake in SPT, which had obtained a license from Dutch firm Wavin Overseas BV ("Wavin") to market, sell and install compact pipe technology pipes and other products, know-how and technology granted under the licence agreement primarily for the rehabilitation of water mains, drains and sewers. Wavin's cutting-edge technology, already with proven track record in many parts of the world with numerous successes in pipe rehabilitation exercises, would enable Perangsang Selangor to participate in the national non-revenue water reduction programme.

  The acquisition of SPT is a strategically opportunistic investment aimed at positioning Perangsang Selangor favourably to capture the vast potential in the domestic water sector.

51.0%
STAKE
SMARTPIPE TECHNOLOGY SDN BHD ("SPT")

- Acquisition of 60.0% interest in Kaiserkorp Corporation Sdn Bhd ("Kaiserkorp")

  On 23 May 2016, Perangsang Selangor completed the acquisition of 60.0% interest in Kaiserkorp, the holding company of a wholly-owned U.S. based King Koil Licensing Company Inc, which owns the King Koil® mattress brand and related intellectual properties including trademarks and patents. The acquisition marked our venture into the licensing industry.

  This is an exciting development for the Group, because it represents our first foray into the international sphere in line with our objective of growing beyond borders, backed by lucrative and sustainable revenue-generating capabilities.

60.0%
INTEREST
KAISERKORP CORPORATION SDN BHD ("KAISERKORP")

- Increased shareholding in Aqua-Flo Sdn Bhd ("Aqua-Flo") to hold direct 51.0% stake

  On 30 June 2016, Perangsang Selangor completed acquisition exercises that effectively increased our existing shareholding to hold a direct 51.0% stake in Aqua-Flo. Previously, Perangsang Selangor held an indirect stake of 36.0% equity in Aqua-Flo. Aqua-Flo is involved in the trading of water treatment chemicals and equipment, in addition to providing technical services in water, waste and sewerage treatment industries.

  We are pleased that this exercise resulted in the Group possessing a majority stake in Aqua-Flo, hence enabling us to be in the driver's seat in steering the direction of the largest supplier of water treatment chemicals in Selangor.

51.0%
SHAREHOLDING
AQUA-FLO SDN BHD ("AQUA-FLO")

- Acquisition of Century Bond Bhd ("CBB")

  On 8 November 2016, Perangsang Selangor completed the acquisition of 71.4% of CBB shares, which required us to undertake a mandatory general offer to acquire the remaining CBB shares. The closing date of the offer was 28 March 2017 where we held 98.9% stake in CBB. CBB is the market leader in the manufacturing of cement bags with a significant market share in Peninsular Malaysia, as well as presence in Indonesia, Singapore and Thailand.

  In addition to being a steady cash-flow generator, we strongly believe that the proven success of this dominant player has the potential to be replicated in the regional markets in the future, thus promising enhanced returns ahead.

98.9%
ACQUISITION
CENTURY BOND BHD ("CBB")

New long 6m paper bag tubing machine
- Century Bond Bhd Manufacturing Plant

Providing water treatment solutions
- Aqua-Flo Sdn Bhd Laboratory

CAPITAL MANAGEMENT

In line with our growth-centric approach, the Group invested a total of RM325.0 million during the year for acquisitions of subsidiaries, which were financed by proceeds from the Development Agreement between the Company's subsidiary Cash Band (M) Berhad and Setia Eco Templer, a wholly owned subsidiary of SP Setia Berhad, for a mixed development project comprising residential and commercial properties in Templer Park of RM60.0 million and drawdown of new borrowings as well as internal generated funds of RM265.0 million. These investments into sustainable and cash-generative assets are anticipated to gradually enhance the Group's overall asset base and subsequent returns to shareholders.

2016 ECONOMIC REVIEW

It must be said at this juncture that the Group's various investment decisions were constantly held up in close scrutiny against a gloomy backdrop of the international and local economy. Numerous headwinds in 2016 made for a tumultuous year in the global arena, marked by tepid growth in advanced economies of the United States ("U.S."), Europe and China as they struggled to find equilibrium to confidently advance their expansion. Unsurprisingly, the global demand slowdown constrained the potential uptrends in prices of crude oil and other commodities, exacerbated by supply glut worldwide. These uncertainties cumulatively placed further downward pressure on global interest rates, and reiterated the case for accommodative monetary policies.

Malaysia faced its fair share of challenges in the year under review, as the oil exporting nation grappled with prospects of lower Government receipts in light of reduced crude oil prices, and the generally muted economy adversely impacted the strength of the Ringgit compared to major international currencies.

The manufacturing sector further noted operational challenges in the form of higher raw material prices and labour shortage, particularly the supply of foreign workers. Nonetheless, domestic exporters took advantage of the weaker Ringgit, leveraging on enhanced competitiveness vis-à-vis regional counterparts in targeting overseas markets. In the public sector, the Government maintained its public spending on key projects, especially high-impact infrastructure projects.

Overall, this mixed bag of fates resulted in Malaysia recording a slower pace of growth, with Gross Domestic Product ("GDP") expanding 4.2% in 2016, versus the 5.0% in the previous year.

OVERALL
MALAYSIA'S
GROSS DOMESTIC
PRODUCT ("GDP")
4.2%

Chairman's Statement

2017 OUTLOOK

Following the moderated growth pace in 2016, the International Monetary Fund has projected for global economy to regain its momentum in 2017, on the back of encouraging indicators in advanced economies in terms of reduced inventories and recovering manufacturing output. The gradual improvements in housing sales and unemployment rates in the U.S. paint a positive outlook for the general consumer market, propping up expectations of accelerated buyer behaviour.

Still, global trade projections stand to be greatly impacted by ramifications of possible policy changes by the changing U.S. administration, which could potentially derail global economic recovery.

While these developments are expected to have a negative spill over effect on the export-focused Southeast Asian region, developing economies such as Malaysia have committed to strengthening the resilience of its economy. Bank Negara Malaysia has imputed anticipated GDP growth of between 4.3% to 4.8% in 2017, spearheaded by private domestic consumption and public sector expenditure for key infrastructure developments, ranging from transport-related highways and expressways, to utilities enhancement projects.

This relatively positive outlook undergirds our prospects for the coming years, and we at Perangsang Selangor endeavour to capture the tremendous opportunities in the local manufacturing and infrastructure-related sector, as well as the international consumer market.

INDUSTRY RECOGNITION AND ACHIEVEMENTS OF 2016

Risk Manager of the Year 2016

Alongside ongoing endeavours to expand the breadth of our business, we have always upheld the highest standards and sought to implement best practices of corporate governance in order to achieve business sustainability and shareholders' rewards.

New long 15M paper bag tubing machine - Century Bond Bhd Manufacturing Plant

Risk Manager of the Year 2016

We are heartened that our efforts to this end have been recognised by the industry. Therefore, I am pleased to announce that Perangsang Selangor clinched the reputable "Risk Manager of the Year 2016" award bestowed by the Malaysian Association of Risk and Insurance Management ("MARIM"). The award was presented to Perangsang Selangor during the MARIM Risk Management Conference held at Sunway Resort Hotel and Spa, witnessed by more than 100 delegates representing at least 40 corporate organisations across Malaysia.

Of the total 10 organisations from various industries that participated in this year's competition, only two companies were shortlisted in the final round. This accolade demonstrates the industry's recognition of our high-impact initiatives, structured Enterprise Risk Management ("ERM") framework, tremendous efforts in promoting good risk management practices as well active involvement across levels from the Board of Directors and senior management to all employees.

For the record, this is the third consecutive award received by Perangsang Selangor under the same category within a span of four years, after being amongst the Top 5 finalists in 2013 and winning the second runner-up in 2015. Kudos to the team!

Invitation and appointment to MARIM Executive Committee for the 2017-2018 Term

Further to the commendations for our Risk Management practices, I am pleased to announce that Perangsang Selangor has been elected by the members of MARIM to the MARIM Executive Committee for a 2-year term from 2017 to 2018, during the recent MARIM Annual General Meeting. This appointment to the national Risk and Insurance Management Association is certainly an honour for the Group, which would allow us to be part of the leading role in promoting, encouraging and sharing of best practices via establishments of various initiatives; which would further enhance the Risk and Insurance Management practices amongst the risk practitioners.

Highly skilled tape edging sewing process of King Koil® mattress

"World of Luxury" Collection by King Koil®

Top 22 in achieving high Return on Equity ("ROE") among Top Government-Linked Companies ("GLCs")

In a study undertaken by business weekly Focus Malaysia, Perangsang Selangor garnered acclaim for achieving the 22nd highest ROE amongst the top 45 GLCs in 2016.

Achieving strong ROE is one of the key indicators favoured by investors as a measure of the Group's profit-generating capabilities on shareholders' investments. This notable mention endorses the competence of the Board and Management of Perangsang Selangor in efficiently maximising the capital entrusted by investors, and certainly spurs us to attain even higher returns going forward.

Top 26 in Corporate Governance among PLCs on Bursa Malaysia Securities Berhad ("Bursa Securities")

I am further delighted to report that Perangsang Selangor earned top 26 among 280 selected PLCs in Bursa Securities in the Analysis of Corporate Governance Disclosures in Annual Report 2015-2016.

Across the six Principles of Malaysian Code on Corporate Governance 2012, Perangsang Selangor scored an average of 81.2% in 2015, exceeding the average industry score of 68.7% in 2015, and outpacing our average score of 71.1% in 2014. 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 disclosures in response to the evolving best practices and the changing requirements.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

Through its far-reaching CSR programmes over the years, Perangsang Selangor has maintained its unceasing and steadfast commitment to continuously develop and elevate the wellbeing of the community in Selangor across key socio-economic aspects, including entrepreneurship development, education, sports and health development, religious programmes and community enhancements.

As disclosed in the CSR Statement in this Annual Report, I am heartened that these initiatives have achieved the desired impact to our target communities, and we strive to gather more momentum in this respect going forward.

APPRECIATION

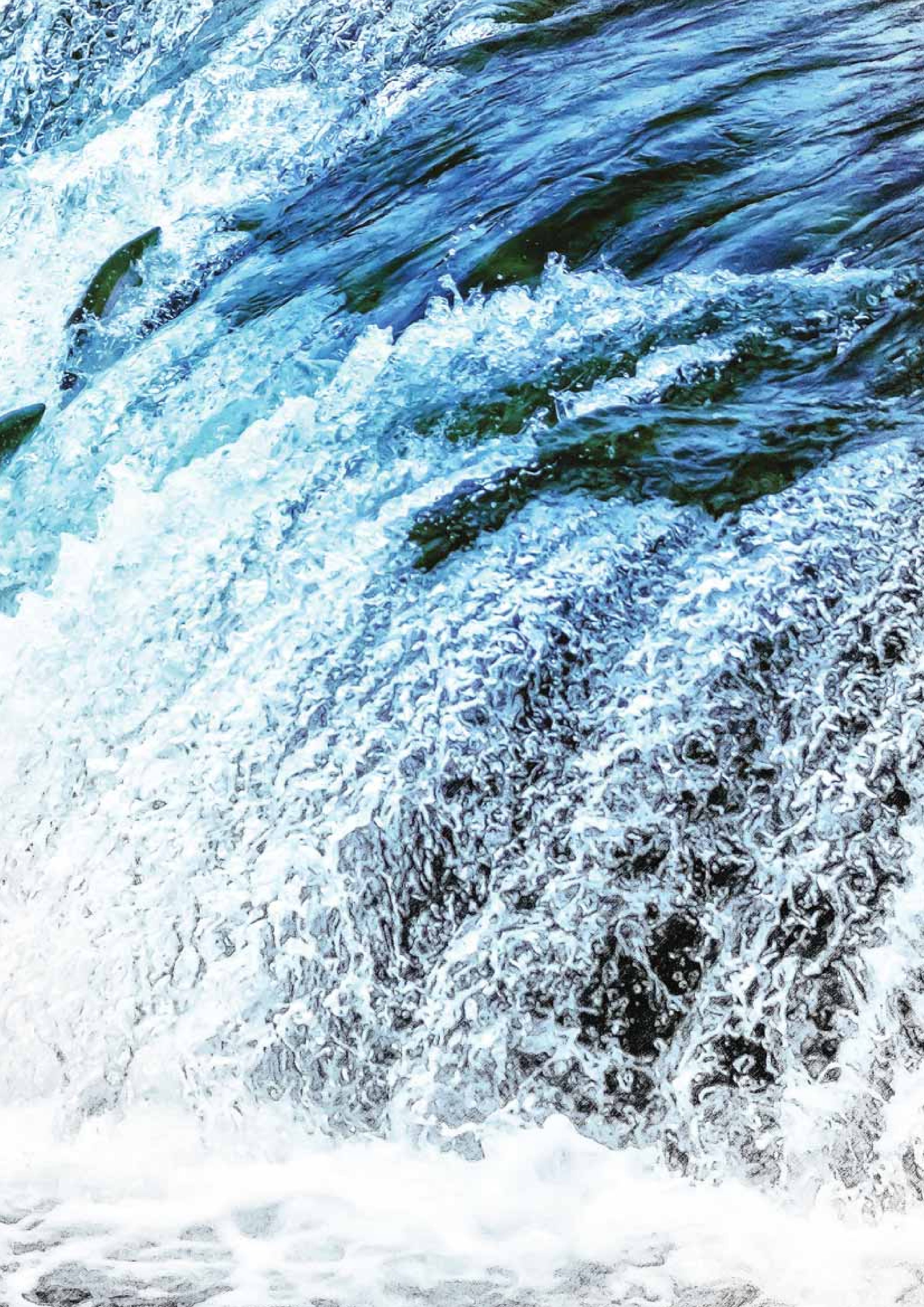
While 2016 was undoubtedly a challenging year, I am heartened by the formidable commitment and collaboration of my fellow Directors and key management in charting the course for Perangsang Selangor towards long-term growth.

I would also like to record my appreciation to our trusted employees, partners, business associates and shareholders for their continued support for our endeavours. We hope to count on your continued loyalty going forward.

YM RAJA DATO' HAJI IDRIS RAJA KAMARUDIN
Chairman

SURPASSING
OUR HURDLES

In believing fortune favours the brave, Perangsang Selangor's strategy in gaining greater investments, pits their unwavering strength to confront all challenges ahead. Reflecting on the endeavour of salmons to overcome adversities against strong rapids and water currents, this amazing journey from sea to fresh water lakes, then on ascending levels to leap incredible heights and reach summits from where they once spawned, completes this long cycle. Drawing parallel to Perangsang Selangor in rising to the occasion, and in being sustainable.



MANAGEMENT DISCUSSION AND ANALYSIS

Kumpulan Perangsang Selangor Berhad ("Perangsang Selangor") displayed a strong report card with remarkable topline growth for the financial year ended 31 December 2016 ("FY2016"), in spite of the challenging external environment.

These results underscored Perangsang Selangor Group's ("the Group") consolidated strategies towards realising our vision of becoming a leading corporation, stimulating the economic growth in Selangor and beyond. More importantly, FY2016 was a momentous year, where the newly-transformed Perangsang Selangor realised the mandate of setting a new direction for the Group. The acquisition exercises carried out in the year reflected this intent: investing into market-leading businesses that enjoy steady cash-flow and are backed by compelling growth prospects, be they in the domestic or even international arenas. Through these acquisitions, and subsequent strategic initiatives in the coming years, we aim to grow beyond borders to generate enduring value for our shareholders.

GROUP'S OPERATIONAL AND FINANCIAL OVERVIEW

Consolidated Income Statement

Group revenue increased by a healthy 69.8% to RM144.5 million compared with RM85.1 million a year ago. This was largely attributable to higher sales in the trading business of Aqua-Flo Sdn Bhd ("Aqua-Flo"), as well as contributions from the newly-acquired manufacturing and licensing businesses of Century Bond Bhd ("CBB") and Kaiserkorp Corporation Sdn Bhd ("Kaiserkorp") respectively.

The trading business retained its position as the Group's primary revenue generator with 58.0% revenue share, with sales increasing 34.2% to RM83.9 million from RM62.5 million previously.

It is also noteworthy that the manufacturing segment registered RM25.9 million in consolidated two months revenue to the Group in FY2016, while the licensing segment posted RM20.2 million revenue to the Group for the seven months consolidation period.

The favourable product mix from the licensing business resulted in Perangsang Selangor recording enhanced profitability in FY2016, with gross profit margin significantly improving to 31.2% during the financial year as compared to 26.6% in the previous year.

Even so, the Group noted a marked increase in administrative expenses which rose 67.6% to RM52.8 million in FY2016 as compared to RM31.5 million previously, due to the consolidation from the licensing and manufacturing sector.

▲ 69.8%

THE GROUP'S

REVENUE

RM144.5

MILLION

Management Discussion and Analysis

The Group also took the prudent approach of providing for RM9.6 million provision for diminution in investment in Ceres Telecom Sdn Bhd ("Ceres"), which resulted in other expenses of RM24.5 million. Higher other expenses in FY2015 was due to losses on disposal of a subsidiary, Titisan Modal (M) Sdn Bhd of RM32.5 million.

At the same time, finance cost reduced significantly to RM4.2 million in FY2016 as compared to RM12.2 million previously, due to settlement of Bai' Bithaman Ajil Islamic Debt Securities of RM200.0 million issued by Viable Chip (M) Sdn Bhd upon disposal of Titisan Modal Group to Pengurusan Air Selangor Sdn Bhd ("Air Selangor") on 31 December 2015.

Group profit before tax ("PBT") posted a 122.0% increase to RM113.0 million, from RM50.9 million previously, mainly due to recognition of RM97.5 million in gain realised from the Development Agreement between the Company's subsidiary Cash Band (M) Berhad ("Cash Band") and Setia Eco Templer, a wholly owned subsidiary of SP Setia Berhad, for a mixed development project comprising residential and commercial properties in Templer Park. Group PBT was also tempered by lower share of profits from associated companies of RM50.7 million in FY2016 versus RM111.0 million a year ago from Syarikat Pengeluar Air Selangor Holdings Berhad as a result of higher impairment loss on trade receivables and the impact of IC Interpretation 12 Service Concession Arrangements in FY2016.

Therefore, profit attributable to shareholders after tax and zakat rose by 76.7% to RM97.7 million, from RM55.3 million previously. Basic earnings per share improved to 19.6 sen in FY2016, versus 11.1 sen a year earlier.

As part of its rationalisation plan, the Group has ceased its operation in the hospitality sector as Perangsang Hotel and Properties Sdn Bhd ("PHP"), a wholly owned subsidiary of Cash Band, had changed its nature of business from hotel operations to leasing with effect from 1 March 2016. Arising from the leasing arrangement, revenue in PHP is now recognised as income from lease.

122.0%
THE GROUP'S PBT
RM113.0
MILLION

Statement of Consolidated Financial Position

The Group's cash and bank balances increased to RM132.0 million from RM92.6 million in previous year, mainly due to the consolidation of the two new subsidiaries, namely Kaiserkorp and CBB.

Notwithstanding the total borrowings of RM267.4 million, the Group maintained low gearing ratio of about 0.2 time as at end December 2016. The Group's cost of debt ranges from 3.7% to 6.0% per annum as compared to 2.6% to 5.4% per annum in the last financial year.

Net assets as at 31 December 2016 increased significantly to RM1,418.6 million as compared to RM1,254.7 million as at 31 December 2015, mainly due to recognition of RM97.5 million in gain realised from assets held for sale during the year.

Corrugated board production line
- Century Bond Bhd Manufacturing Plant

Household detergent filling
- Century Bond Bhd Manufacturing Plant

DIVIDEND

Perangsang Selangor has consistently kept up the practice of dividend payment to shareholders over the years. Dividend payments (net of tax) had typically been between 2 sen and 4 sen per share, with the exception of 2013 where a special dividend of 25.6 sen was paid, in appreciation of shareholders' continued support for the Group's corporate exercise carried out.

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

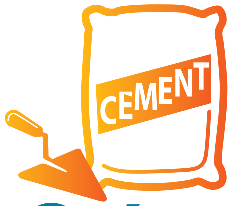
In respect of the financial year ended 31 December 2016, we recommend a final dividend of 4.25 sen per share, subject to shareholders' approval at the Annual General Meeting.

SEGMENT REVIEW AND OUTLOOK

- Manufacturing

  The manufacturing division contributed RM25.9 million in consolidated two months revenue to the Group in FY2016, with the division poised to deliver its full consolidated financial results in the financial year ending 31 December 2017 ("FY2017").

  CBB is currently the market leader in cement packaging in Peninsular Malaysia with a 60% market share, supplying to leading cement players in Malaysia for several years, and well known for its reliability and quality of its products. CBB also supplies cement bags to neighbouring countries such as Singapore, Indonesia and Thailand.



60.0%

MARKET SHARE IN
PENINSULAR MALAYSIA
THE BIGGEST CEMENT PACKAGING PRODUCER IN THE COUNTRY

Going forward, CBB's primary focus would be on growing its cement packaging business in the domestic and international markets.

To propel our growth in the Malaysian market, we intend to enter into new parallel segments through new product development of paper packaging for fertiliser and food. This extension of CBB's product portfolio would allow us to expand our customer base to include other large and growing market sectors. What's more, the Group would be able to undertake these initiatives with minimal capital expenditure due to sufficient capacity in our Johor plant, thus potentially enabling us to enjoy positive operating leverage in the future.

Management Discussion and Analysis

Regionally, we hope to tap into the increasing infrastructure spending and capital projects in South East Asia, which present tremendous growth opportunities. Notably, Indonesia and Thailand are increasingly outsourcing cement packaging to third parties, as higher demand exceeds their in-house production capacities. With our strong track record and quality packaging, CBB stands in good stead to capture this uptrend. We are actively engaging with cement manufacturers in those countries to garner a share of the market in 2017.

- Trading

  The trading business under Aqua-Flo emerged as the Group's main revenue contributor in FY2016, with sales rising by a healthy 34.2% to RM83.9 million from RM62.5 million previously. Aqua-Flo is involved in the supply of water treatment chemicals (e.g. Liquid Alum, Hydrated Lime etc), and monitoring equipment to measure the pH, turbidity and other aspects of water. Based on the total estimated consumption of the local industry in 2015, Aqua-Flo was estimated to command 27.2% market share.

  Cognizant of Aqua-Flo's important role in enhancing the quality of water, Perangsang Selangor had increased its shareholdings in the Aqua-Flo from an indirect 36.0% to hold a direct majority stake of 51.0% in FY2016. This was followed by Aqua-Flo securing three new contracts of total estimated value of RM98.1 million in May 2016 for the supply of chemicals, from Konsortium Air Selangor Sdn Bhd, PNSB Water Sdn Bhd and Konsortium ABASS Sdn Bhd. Aqua-Flo had commenced deliveries in the same month, and the contracts are anticipated to be delivered over a period of two years.

  In addition to delivering on these contracts, we would continue bidding for new contracts for supply of water treatment chemicals and equipment. At the same time, we aim to undertake strategic initiatives to enhance future profitability by enhancing operational efficiency and venturing into other water-related businesses.

- Licensing

  The licensing segment recorded a seven-month consolidated revenue of RM20.2 million to the Group in FY2016. Perangsang Selangor's acquisition of the 60.0% stake in Kaiserkorp Corporation Sdn Bhd in May 2016 which wholly-owns King Koil Licensing Company Inc ("KKLC"). KKLC owns King Koil® mattress brand licensing business and other related trademarks registered in the U.S. and around the world, which grant us access into an established consumer business with exciting opportunities to penetrate high-growth international markets.

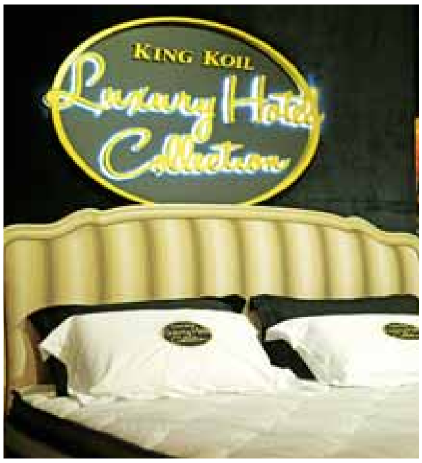
  King Koil® was ranked 8th among the top 10 mattress brands in the U.S. market in 2016, as disclosed by Furniture Today a leading trade publication for the furniture industry in the U.S.

RANKED
8th
KING KOIL™
AMONG THE
TOP 10 MATTRESS BRANDS
IN THE U.S. MARKET

Chemical handling
- Aqua-Flo Sdn Bhd Warehouse

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

Perfectly hand packed King Koil® mattress



"World Class Hotel Collection"
Luxury Hotel Collection by King Koil®

In the year under review, we sought to expand our market share in the U.S. by adding distribution points in brick-and-mortar retailers, and setting up an online sales channel (www.icaspinecare.com) in collaboration with the International Chiropractors Association to address the needs of patients with sleep/back problems. We also actively engaged with licensees worldwide to communicate a unified brand identity and message to target audiences.

Hereafter, we will build on our stronger marketing approach and efficient operations to ride the uptrends of increasing urbanisation and home ownership globally. We foresee growing positive contribution to the Group as we implement our Value Creation Plan to increase the brand visibility worldwide, expand its geographical presence through our licensees and accelerate the growth of the brand's market share in the U.S.

- Infrastructure

The innovative trenchless technique known as Compact Pipe System offered by Smartpipe Technology Sdn Bhd ("SPT") is manufactured from the well-proven high density polyethylene material, which has a lifespan of at least fifty (50) years. This technology has proven to be the best option in optimising costs of water and sewerage pipelines replacements, and meeting growing traffic intensity.

In the year under review, SPT reached significant milestones towards the adoption of compact pipe technology in the Malaysian market, by obtaining the necessary product certifications and C1 license from Suruhanjaya Perkhidmatan Air Negara, and registering as G7 contractor with CIDB which enables the company to undertake the water and sewerage projects. Being a new technology in this region, we recognise the extra efforts required to market and promote the effectiveness of compact pipe technology for pipe rehabilitation. As such, SPT is constantly engaging various parties such as Air Selangor and other state water agencies to facilitate further understanding and appreciation of the technology's superiority and viability in resolving the water sector's current predicament.

We are encouraged by compact pipe technology's remarkable success in several countries including Hong Kong, where utilisation of compact pipes drastically reduced non-revenue water (NRW) levels from 27.0% in 2000 to 15.0% in 2015. We would hope for a breakthrough to replicate this success locally.

- Oil and Gas

NGC Energy Sdn Bhd ("NGC Energy") is the second-largest player in the liquefied petroleum gas ("LPG") market in Peninsular Malaysia, commanding 20.0% market share. NGC Energy recorded its first year of profits after taxation in 2015, and quadrupled its profits to RM36.5 million in FY2016.

In light of the rapid and continued development of Malaysia's manufacturing sector, NGC Energy proactively began to adapt its products and marketing strategies to target the industrial and commercial segment in FY2016. We are pleased that this strategy has garnered success with and plan to expand its reach further in the coming year, including increasing exports overseas such as Singapore.

Management Discussion and Analysis

LPG Filling Plant
- NGC Energy Sdn Bhd

Starter pack
- Friendi Mobile

- Telecommunications

  Being a smaller player in the telecommunication sector, Ceres is able to be more agile in its marketing strategy with a deeper understanding on the needs of its target markets. Moving forward, Ceres targets to enhance its brand presence by offering a more appealing, wholesome and competitive product package tailored to specific niche segments.

In general, we at Perangsang Selangor are resolute in expanding the various businesses in our portfolio, as a means to bring the Group from strength to strength. Thus, in addition to the specific revenue-enhancement strategies outlined above, we would strive to implement efficiency improvements and cost-optimising programmes to derive greater value in our existing companies as well as future businesses.

Furthermore, in line with our nature of business as an investment holding company, we would look to boost our value proposition with more acquisitions in the future. We are constantly exploring potential acquiree companies for strategic fit and evaluating various proposals against our strict criteria.

Finally, we are committed to exploring new investments in both our existing and new businesses, in order to kickstart the next phase of expansion and generate sustainable returns for the long term. Beyond the advanced technologies and machinery, we would also seek to invest substantially in equipping our core teams and human resources to harness the true potential of our investee companies. We trust that this holistic approach would place Perangsang Selangor on an even more solid footing going forward.

RISK MANAGEMENT

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 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 Portfolio Risk, Investment Risk and Erosion of Shareholders' Value. For further details on our Risk Management, please refer to page 72 to 80 for the Statement of Risk Management and Internal Controls.

CONCLUSION

As an expansion-focused investment holding company, the Group strives to build a diverse model of multiple-sector businesses to capture the exciting market opportunities ahead. We are optimistic that our recalibration of investment portfolio would position us favourably in riding the growth in various sectors, while developing a recurring revenue stream in other businesses.

More importantly, we have clearly stated our endeavour to expand beyond the state of Selangor to launch firmly and significantly into the international arena. We trust that these measures of growing beyond borders would become the lynchpin to bring the Group to greater heights.

Corporate Social Responsibility

PERANGSANG SELANGOR'S COMMITMENT IN BUILDING SOCIAL DEVELOPMENT OF THE PEOPLE IN SELANGOR IS STILL ON TRACK. AS A RESPONSIBLE CORPORATE ENTITY, WE PLACE TOP PRIORITY ON ENSURING ALL OUR CORPORATE SOCIAL RESPONSIBILITY ("CSR") PROGRAMMES, ACTIVITIES AND INITIATIVES GENERATE POSITIVE RESULTS TO OUR INTENDED TARGET AUDIENCES. OUR CSR SOCIAL DEVELOPMENT PROGRAMMES ARE PRECIPITATED TO COORDINATE AND SUPPORT NEW DIMENSION OF COMPANY AND TO COMPLEMENT THE SELANGOR STATE'S "PEOPLE CARING" INITIATIVE.

Kampung Desa Kasih, Sungai Besar, community programme - 13 August 2016

Sustainable programmes and activities are executed to promote CSR initiatives such as human capital development, entrepreneurship development, sports development, education, wellbeing, religious programmes, as well as community enhancement and assistance through one off donations, contributions and social activities.

The programmes are catered towards contributing to and engaging with stakeholders, encompassing consumers, employees, and the community at large.

Since its inception in 2011, Perangsang Selangor had spent RM27.9 million across four (4) main CSR pillars, namely the Selangor People Career Stimulus Programme ("RKRS"), Selangor Entrepreneurship Stimulus Programme ("RUS"), Selangor Sports Stimulus Programme ("RSS") and Selangor Community Responsibility Programme ("RTMS"). We are pleased to report that these programmes positively impacted 16,094 beneficiaries in the local communities (especially in Selangor) as well as through 54 NGOs and associations.

Furthermore, Perangsang Selangor's CSR initiatives have also gained due recognition via the conferment of "Social Empowerment Awards" in the Asia Responsible Awards – South East Asia (2013) and Asia (2015).

For the year 2016, the Company utilised RM2.288 million for CSR programmes to transmit our commitment towards enhancing the life of the community across the aspects of economic and social wellbeing, sports awareness, education as well as religious development in line with our role in being a caring, supportive and community-oriented corporate organisation.

Our CSR initiatives 2016 include the implementation of the Selangor Sports Stimulus Programme, Selangor People Career Stimulus Programme and Selangor Community Responsibility Programme.

Corporate Social Resposibility

HRH Tengku Amir Shah Ibni Sultan Sharafuddin Idris Shah presenting the Raja Muda Cup to the winner - 22 October 2016

Sports for All badminton clinic, SBBC Arena, Sungai Besar - 20 December 2016

SELANGOR SPORTS STIMULUS PROGRAMME

In 2016, Perangsang Selangor spent RM1.126 million on sports development programmes. These initiatives were aimed at inspiring sports culture and promoting healthy lifestyles among students, youths, retirees, "Orang Asal" and special needs students who suffer from Autism and slow learning in 9 districts of Selangor. Through our "Sports for All" initiative, 1,737 beneficiaries participated in sports such as bowling, badminton, swimming, cycling, football, squash, archery and sepak takraw through sports clinics and workshops.

Apart from organising "Sports for All" programmes, a total of RM100,000 were utilised for sponsoring the "HRH Raja Muda of Selangor Cup" tournament, aimed at promoting football development amongst pupils under the age of 12. A total of 576 players from 32 primary schools under Petaling Utama and Petaling Perdana education district offices participated in this tournament.

HRH Tengku Amir Shah Ibni Sultan Sharafuddin Idris Shah, the Raja Muda of Selangor, graced the final match and presented the trophy to the champion on 22 October 2016.

Besides, that another RM150,000 was spent on the "Dato' Mokhtar Dahari Cup" tournament which attracted 576 students from 32 selected secondary schools from the top three (3) of School District Sports Council games.

Tuan Haji Mohd Salleh Bin Mohd Kassim, Director of Selangor State Education Department presented the coveted trophy to the champion on 17 September 2016.

Capping another fruitful year, we are immensely proud that a total of 43 football players had attained certain quality standards, and were qualified to join several local football clubs, namely JDT U19 (3 players), KL U19 (3 players), KL President (5 players), Perak U19 (1 player), Melaka U19 (1 player), PKNS U19 (1 player), Negeri Sembilan President (2 players), FAM/FAS League/ Selangor President (27 players). This achievement spurs us on to implement similar programmes to enhance the level of national sports going forward.

SELANGOR PEOPLE CAREER STIMULUS PROGRAMME

In 2016, a sum of RM425,627 was utilised on entrepreneurial development training courses under Selangor People Career Stimulus Programme for the people of Selangor. These training courses encompassed various fields of entrepreneurship such as Livestock Entrepreneurship, Flash Stamp Printing, Tailoring, Bakery, Food Entrepreneurship (Cendol and Laksa), Mobile Spa (Post-Natal Treatment), Air-Cond Maintenance and Clinical Cupping Therapy.

In assuring the effectiveness of the programme, Perangsang Selangor collaborated with Yayasan Hijrah Selangor to provide additional assistance. The programme benefitted 230 participants in Selangor comprising youths, retirees, single mothers and underprivileged members of the society who were given the opportunity to excel and succeed as entrepreneurs. We are elated that as at end-2016, 52% of participants in the Hijrah Loan Scheme had started their businesses and begun earning approximately RM1,800 and above per month. We believe that these are very crucial milestones, and are pleased to play a role in empowering the target groups, boosting their capabilities, and enabling them to be success stories in their own right. More than this, this batch of newly-equipped entrepreneurs would also inspire other participants to carve their own successes in future.

Soft skills training programme for entrepreneurs, Suunah Kekabu Resort, Shah Alam - 30 December 2016

Apart from the entrepreneurial training programme, Perangsang Selangor provided additional courses for the entrepreneurs' enhancement and continued assistance. The pilot "soft skills" programmes have supported 120 entrepreneurs improving their skills in managing business finances.

SELANGOR COMMUNITY RESPONSIBILITY PROGRAMME

A sum of RM736,234 was spent for Selangor Community Responsibility Programme in 2016. The main focus of the programme was to alleviate the needs of the Selangor community by enhancing their wellbeing, undertaking religious programmes as well as supporting their education through one-off donations, contributions and social activities.

WELLBEING, HEALTHCARE AND MEDICAL ASSISTANCE

As part of our initiatives to promote healthy lifestyles, Perangsang Selangor subsidised RM35,000 in supporting rental expenses for Fenton Medicine Clinic, a centre for alternative medical treatment.

ISLAMIC RELIGIOUS PROGRAMMES

Perangsang Selangor contributed RM319,628 in supporting Islamic Religious activities for the benefit of the Muslim Community in Selangor.

Activities held in 2016 include forums on religious discourse, conducting Islamic management talks, Qiamullail, Perangsang with People, Iftar Jamai'e, Funeral Management Courses and Islamic Financial Courses.

EDUCATION

Perangsang Selangor contributed RM154,693 in support of educational programmes to benefit students in Selangor such as sponsoring RM36,000 for costs of Home Tutor IDs for 100 SPM selected candidates through Learn 2 Score agency and RM44,693 in financial assistance for Slow Learners Programme (SLP), Reading and Writing Programme as well as installation of a reading corner in selected primary schools through the Child, Information, Learning and Development Centre (CHILD).

Apart from that, we supported Perbadanan Perpustakaan Awam Selangor (PPAS) by donating RM50,000 for their mobile library books.

EMPLOYEE EMERGENCY ASSISTANCE FUND

Perangsang Selangor spent RM1,571 under the Employee Emergency Assistance Fund (EEAP) to support our employees who were victims of unforeseen catastrophes including natural disaster, and those who required funding for emergency medical needs.

DONATIONS AND CONTRIBUTIONS

A total of RM107,214 was expended through donations and contributions to 54 local charitable organisations, non-government organisations, individuals as well as student associations in colleges and universities.

Funds were provided through monetary assistance and other forms of aid to the underprivileged members of the society.

CSR programme in 2016 have been well executed and marked positive impact on the social and economic value of the society especially in Selangor. We are looking forward to greater and more significant achievements in years to come.

Encik Mustaffa Kamil bin Ayub, Director of CSR, Perangsang Selangor distributing household items as part of community programme at Kampung Pasir Putih, Kalumpang - 20 November 2016

Islamic forum at Plaza Perangsang - 24 June 16

Corporate Social Resposibility

PERANGSANG SELANGOR
CSR

CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

RM2,288,261

SELANGOR SPORTS STIMULUS
RM1,126,400

BOWLING
RM126,070

SWIMMING
RM171,150

BADMINTON
RM132,850

CYCLING
RM96,000

FOOTBALL
RM129,550

SQUASH
RM38,520

SEPAK TAKRAW
RM81,900

ARCHERY
RM100,360

DYTM RAJA MUDA SELANGOR FOOTBALL CUP
RM100,000

DATO' MOKHTAR DAHARI FOOTBALL CUP
RM150,000

RKRS
RANGSANGAN KERJAYA RAKYAT SELANGOR

SELANGOR PEOPLE CAREER STIMULUS
RM425,627

TECHNICAL SKILL TRAINING
RM389,700

SOFTSKILLS TRAINING
RM35,927

SELANGOR COMMUNITY RESPONSIBILITY
RM736,234

IRD RELIGIOUS ACTIVITIES
RM319,628

EVENT MANAGEMENT
RM21,706

ASSOCIATION, NGOs CSR STRATEGIC PARTNERSHIP
RM286,115

DONATIONS AND CONTRIBUTIONS
RM107,214

EMPLOYEE EMERGENCY ASSISTANCE FUND
RM1,571

GOVERNANCE

Statement of Corporate Governance

The Board of Directors ("the Board") and Management of Kumpulan Perangsang Selangor Berhad ("Perangsang Selangor" or "Company") recognise the exercise of good corporate governance in conducting the business and affairs of the Company with integrity, transparency and professionalism as a key component for the Company's continued progress and success. 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 Perangsang Selangor's commitment on Corporate Governance, Perangsang Selangor had scored an average of 81.2% in 2015 compared to average score of 71.11% in 2014 and average industry score of 68.7% across six (6) Principles of Malaysian Code on Corporate Governance 2012 ("MCCG 2012") based on the Analysis of Corporate Governance Disclosure in Annual Report 2015-2016 ("CG Analysis 2015-2016") issued by Bursa Malaysia Securities Berhad ("Bursa Securities"). Based on the total percentage score distribution across 280 public listed companies ("PLCs") selected by Bursa Securities for the CG Analysis 2015-2016, the score placed Perangsang Selangor in the top 26 PLCs. 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.

As a public listed company listed on the Main Market of Bursa Securities, Perangsang Selangor is guided by among others the following statutory and non-statutory documents:

- Companies Act, 2016 ("CA 2016")
- The MCCG 2012 issued by Securities Commission Malaysia
- Bursa Securities Main Market Listing Requirements ("Bursa Securities MMLR") and its amendments therefrom
- Corporate Governance Guide (Second Edition) issued by Bursa Securities
- Corporate Disclosure Guide issued by Bursa Securities

A. BOARD OF DIRECTORS

1. 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 assumes the following roles and responsibilities:

a) Reviewing and adopting the Company's strategic plan

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. This will ensure that the CKIs/KPIs correspond with the Company's annual strategic initiatives and business plan. The Board reviews and deliberates on the Management's views/assumptions in ensuring the best decisions are reached after considering all relevant aspects.

Besides that, separate and informal sessions between the Board and Senior Management, 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/challenges faced by the Company. The BRS was jointly organised by Strategic Planning and Investment Department and Finance Department. During the financial year under review, there were three (3) BRS held on 14-15 May 2016, 25 October 2016 and 17-18 December 2016.

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.

b) Overseeing the conduct of the Company's business

The CEO is responsible for managing the strategic and operational agenda of the Group and implementing the Group 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/KPIs.

c) **Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures**

The Board Risk Management Committee ("BRMC" or "Board Risk Management Committee") assists the Board in overseeing the establishment, implementation and effectiveness of the risk management system. The BRMC on behalf of the Board, also approves risk management policies/practices, reviews periodic reports on risk management and makes relevant recommendations to the Board for its approval. Details of the BRMC and the risk management framework are set out in the Statement of Risk Management and Internal Control of this Annual Report.

Based on the annual evaluation for the financial year under review, the Board collectively agreed that it has discharged its roles in identifying principal risks and in ensuring that the Group has put in place an adequate risk management framework to effectively assess, monitor and manage its key risks areas.

d) **Succession planning**

The Board, through the Nomination Committee ("NC" or "Nomination Committee") is responsible for ensuring that there is effective and orderly succession planning in Perangsang Selangor Group. The NC has been entrusted to review the succession planning of the Board and CEO position (C Level). Talent Management and Succession Planning policies set by the Group will be used as guiding principle. Among the key duties of the NC on the succession planning of the Group are to identify high potential and selected talents for C Level position, to approve specific development intervention of selected talent, to ensure follow through on development agenda of each talent and to review progress, new assignments, hiring external expertise in order to recalibrate development activities to address capability needs for optimum results.

During the financial year under review, the NC had on 21 October 2016 reviewed the Talent Management and Succession Planning for Chief Executive Officer Level position of the Company and the Board is satisfied that the NC has efficiently discharged its duties pertaining to the nomination and succession management functions as set out in its Terms of Reference ("TOR").

With regards to talent management for C-1 position (Senior Management) and below, the succession planning was tabled and deliberated at the Talent Review Committee ("TRC") held on 29 September 2016. The members of the TRC are Chief Executive Officer, Chief Operating Officer and Director of Human Resource and Administration and two Board representatives namely Dato' Idris bin Md Tahir and Dato' Dr Mohamed Ariffin bin Aton.

Overall, the Board collectively concurred that succession planning for the CEO and Senior Management as well as for the Company's future leaders has been developed.

e) **Overseeing the development and implementation of a shareholder communications policy for the Company**

The Board recognises Investor Relations ("IR") as a key component of its Corporate Governance obligations. To facilitate greater understanding of the Group's business and growth prospects amongst the investment community, the Board has identified an IR Agency for imminent engagement to develop and implement a systematic and compelling IR programme with the aim of creating value and generating capital appreciation opportunities.

f) **Reviewing the adequacy and integrity of the Company's internal control system**

The Board is responsible for ensuring that a sound reporting framework of internal controls and regulatory compliance is in place throughout the Company. Based on the annual evaluation for the financial year under review, the Board collectively concurred that it has discharged its roles through the BRMC and Audit Committee ("AC" or "Audit Committee") whereby quarterly meetings were held in reviewing the effectiveness of the Company's internal control system. Details of the Company's internal control system and its effectiveness are provided in the Statement of Risk Management and Internal Control in this Annual Report.

2. Board Charter

The primary objective of the Company's Board Charter ("Charter") is to set out the roles and responsibilities of the Board of Directors. The Board is guided by the Charter which provides reference for Directors in relation to the Board's role, powers, duties and functions. Apart from reflecting the current best practices and the applicable rules and regulations, the Charter also outlines processes and procedures for the Board and their committees to be effective and efficient. The Board will regularly review the Charter from time to time to ensure it remains consistent with the Board's objectives and responsibilities, and all the relevant rules/regulations/standards of corporate governance.

The last review approved by the Board was on 26 February 2013.

The Charter can be found from the Company's Corporate website at www.perangsangselangor.com.

3. Board Composition and Balance

The Board, led by a Non-Independent Non-Executive Chairman, consists of nine (9) Non-Executive Directors, six (6) of whom are Independent Directors. The high proportion of Independent Directors provides for effective check and balance in functioning of the Board. It is also as recommended by the MCCG 2012 and has exceeded the minimum requirement as prescribed in Paragraph 15.02(1) of the Bursa Securities MMLR.

The Directors include professionals in the fields of economics, finance, business and marketing, accounting, legal, engineering 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 profile of all the Directors are set out from page 18 to 26 of this Annual Report.

The Board having reviewed the size and complexity of the Group's operation, is of the opinion that the number of members in the Board is appropriate. The Board noted that 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 Nomination Committee to ensure that the Board has the required mix of skills, expertise, attributes and core competencies to discharge its duties effectively.

Recommendation of the MCCG 2012 states that the tenure of an independent director should not exceed a cumulative term of nine (9) years. None of the Independent Directors has served the Board for nine (9) years. The Company has no intention to seek the approval from the shareholders should there be any independent director reaching tenure of 9 years. Notwithstanding this, the Board will then decides on this matter as and when the need arises.

During the financial year under review, the Nomination Committee and Board have assessed, reviewed and determined that the independence of Encik Mustaffa Kamil bin Ayub, YB Dato' Kamarul Baharin bin Abbas, YB Sivarasa a/l Rasiah, YBhg Dato' Dr. Mohamed Ariffin bin Aton, Encik Rosely @ Mohamed Ross bin Mohd Din and YBhg Dato' Idris bin Md Tahir remain objective and independent based on the following justifications/aspects contributed by them as members of the Board and Board Committees against the criteria for assessment of independence of Directors developed by the Nomination Committee:

a) Have fulfilled the criteria under the definition of Independent Director pursuant to the Bursa Securities MMLR;

b) Have consistently assisted and advised Management in an effective and constructive manner, as and when necessary and kept a distance from the Management in overseeing and monitoring execution of strategy;

c) Have performed their duties as Directors without being subject to influence of Management;

d) Have actively participated in Board deliberation, objective in decision making, provided an independent voice on the Board and contributed in preventing Board domination by any single party;

e) Is not a family member of any executive Director, officer and major shareholder of the Company; and

f) Have not engaged in any business transaction or other relationship with the Company under such circumstances as prescribed by the Exchange which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company.

The Independent Directors 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 Independent Directors were made via written confirmation to the NC during the annual Board evaluation exercise for 2016.

4. Separation of Power between the Board and Management

The functions of the Board and Management are distinguished to ensure the smooth running of the Company's business and operations. The separation of powers ensure that no one individual or group can dominate the decision-making process, thus safeguarding the equilibrium of power in the Company. The Non-Executive Chairman presides over the meetings of the Board. His role and function are clearly separated and distinct from the CEO whom is specifically responsible for managing the strategic and operational agenda of the Group and for the execution of the directives and policies of the Board, as well as directing the business operations of the Group on a day-to-day basis. The CEO is to develop, in conjunction with the Board, the Group's strategic plans and is responsible for its implementation. In connection therewith, the CEO keeps the Board informed on the progress of the Company's strategic initiatives, overall operational issues, performance of the Group based on approved CKIs/KPIs and the major issues faced by the Group, together with bringing forward to the Board significant matters for its consideration and approval, where required.

Non-Executive Directors do not participate in the day-to-day management of the Group. However, they contribute in areas such as policy and strategy, performance monitoring, as well as improving governance and controls.

During the financial year under review, Encik Ahmad Fariz bin Hassan ("Encik Ahmad Fariz"), was appointed as CEO of Perangsang Selangor with effect from 1 May 2016. In his first year of leadership, he has established a commendable relationship with the Board, employees and stakeholders as demonstrated below:

a) Having regular updates/meetings with Board members through Board, Board Committees meetings and BRS;

b) Established good networking with major shareholders mainly Menteri Besar Selangor (Incorporated), Perbadanan Kemajuan Negeri Selangor, Tabung Haji and Tabung Warisan Negeri Selangor with the aim of getting their continuous support towards the Group's strategic initiatives;

c) Conducted weekly Breakfast Meeting with staff from all level. Based on the feedback from the survey of the Breakfast Meeting, 98% of the staff were happy to have such private session with the CEO; and

d) Conducted three Town Halls on 22 January 2016, 21 July 2016 and 14 December 2016 where he shared with all staff the approved five (5) years Business Plan and Budget 2016, 2016 Business Plan updates and achievements and Question and Answer session, in order to provide clarity for employees in achieving a goal congruence.

Encik Ahmad Fariz has demonstrated his strong ability in ensuring the corporate strategic plans of the Group are properly executed as planned thus meeting its targets. Besides that, Encik Ahmad Fariz has succeeded in identifying good investments opportunities evidenced by the two major acquisitions namely Century Bond Bhd, which was then a public listed company with core activity in manufacturing business and Kaiserkorp Corporation Sdn Bhd licensing business.

Premised on the above, the Board is confident that Encik Ahmad Fariz is able to continuously lead Perangsang Selangor towards achieving its strategic objectives.

5. Boardroom and Workforce Diversity Policies

Board Diversity Policy

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. As a follow through, the Board had on 28 April 2015 established the Board Diversity Policy which covers gender, age and ethnic policy to inculcate Boardroom Diversity in maintaining a competitive edge.

Statement of Corporate Governance

Notwithstanding the above, the Board is of the view that while it is important to promote boardroom diversity, the normal selection criteria of a Director based on effective blend of competency, skill, vast experience and knowledge in areas identified by the Board, should remain a priority so as not to compromise on qualification, experience and capability. In identifying suitable candidates for appointment to the Board, Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board. 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. Table 1 summarise the percentage in terms of gender, ethnicity, age and nationality of the Board:

Table 1

Gender		Ethnicity				Age Group			Nationality	
Male	Female	Malay	Chinese	Indian	Other	40-49 years	50-59 years	60years and above	Malaysian	Non-Malaysian
9 (100%)	NIL	8 (89%)	NIL	1 (11%)	NIL	1 (21%)	2 (22%)	6 (67%)	8 (89%)	1 (11%)
Total number of Directors : 9		Total number of Directors : 9				Total number of Directors : 9			Total number of Directors : 9	

With regards to gender diversity, Perangsang Selangor does not practice any form of gender discrimination and does not set any specific target for female director to sit in the Board as both genders have been accorded fair and equal treatment. Thus far, any new appointments to the Board were based on merits rather than fulfilling any gender quotas. Henceforth, all appointments will be in accordance with the needs of the desired skills set, background and experience expected of a Company Director.

Notwithstanding the above, the Board is aware of Recommendation 2.2 of the MCCG 2012 that the Board should have clear target and measures to appoint woman on Board. As such, the Board will review the measures set and endeavour to achieve appropriate boardroom diversity from time to time.

Workforce Diversity

The right to be employed coupled with equal employment opportunity to all genders, religions, age and ethnicity are the core guiding principle while performing the sourcing and recruitment activities within the Group. Perangsang Selangor recognises educational qualifications, skills, knowledge, competencies and potential to grow within the company of every personnel, as part of existing process in developing a winning culture in the organisation.

A good mix and distribution of gender is being practiced within the Group with 74.72% representing male and 25.28% female workforce as shown in Table 2:

Table 2

2016 Perangsang Selangor Group Workforce by Gender

Gender	Number of Staff	%
Male	269	74.72%
Female	91	25.28%
TOTAL STAFF	360	100%

The Group recognises the contribution of women at management level whereby currently women make up 25.61% of the total management category, contributing to day to day decision making processes as shown in Table 3:

Table 3

Top, Senior and Middle Management Category

Gender	Number of Staff	%
Male	61	74.39%
Female	21	25.61%
TOTAL STAFF	82	100%

Similarly for the executive and non-executive category, the gender diversity is represented by 25.18% make up of female staff as shown in Table 4:

Table 4

Executive and Non Executive Category

Gender	Number of Staff	%
Male	208	74.82%
Female	70	25.18%
TOTAL STAFF	278	100%

With regards to ethnicity, 141 staff are bumiputera which make up 39.17% of the total workforce and the balance 219 staff or 60.83% are from non-bumiputera ethnicity which comprise of Chinese, Indian and Others as shown in Table 5:

Table 5

Ethnicity breakdown in the Workforce

Ethnicity	Bumiputera (Peninsular & East Malaysia)	Non-Bumiputera (Chinese, Indian & Others)	Total
Total	141	219	360
Percentage	39.17%	60.83%	100%

Various initiatives have been implemented to promote diversity and inclusiveness at workplace by taking into consideration elements and feedback from all parties concerned. Flexible working hours, education assistance programme for career advancement and few other initiatives are in place for the existing staff, alongside a competitive total reward package to provide work-life balance with the aim of enhancing productivity and improve staff retention.

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

6. Code of Conduct and Ethics for Directors

The Directors continue to adhere to the Company Directors' Code of Ethics established by the Companies Commission of Malaysia. 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 behavior with the intention of achieving the following aims:

a) To establish a standard of ethical behavior 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.

In the performance of their duties, the Directors at all times observe the following Codes:

a) Corporate Governance
b) Relationship with Shareholders, Employees, Creditors and Customers
c) Social Responsibilities and the Environment
d) Confidential Information
e) Conflict of Interest
f) Insider Trading
g) Gifts, Gratuities and/or Bribes
h) Dishonesty/General Conduct
i) Discovery
j) Sexual Harassment
k) General Compliance

In the event of violation of the Code, the Board observe the following reporting of the breaches/whistleblowing:

a) Violation of the Code affects the integrity of the Company as well as the integrity of its Directors. Not only does it lead to an unpleasant working environment, but it can also lead to serious legal and financial implications for the Company. The Company is dependent on all Directors to report and not to condone any violations of the Code.

b) A Director who knows of a violation of the Code that has been committed by another Director or Employee is under obligation to whistle blow or reports it to the Internal Audit Department via email: WB-Etika@kps.com.my or telephone: 03-55109691 as stipulated in the Whistleblowing Policy and Guidelines.

c) Director is expected to refer to the Whistleblowing Policy and Guidelines for details of the requirements and procedures.

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

7. Appointments to the Board

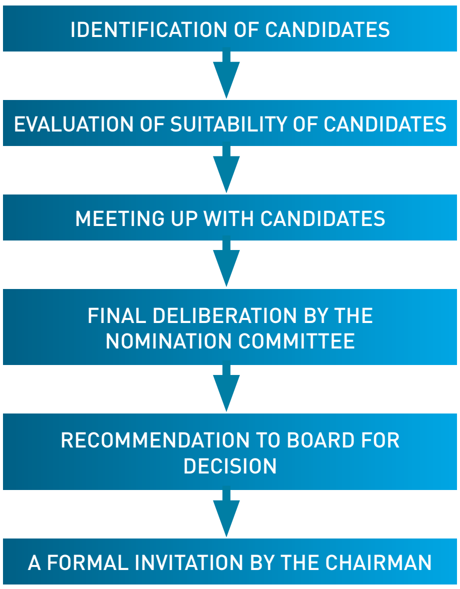
The Nomination Committee is responsible for the reviewing of the Board's composition and recommending to the Board appointments of any new Directors by evaluating and assessing the suitability of candidates for Board membership, against proper and relevant criteria developed by the Nomination Committee, in a formal and transparent procedure as follows:

i) skills, knowledge, expertise and experience;
ii) professionalism;
iii) integrity; and
iv) in the case of candidates for the position of independent non-executive directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors.

Under this procedure, the Nomination Committee proposes nominees for appointment to the Board, and recommends to the Board on the appointment, re-appointment and assessment of the Directors for approval.

The sourcing of candidate is made via recommendation by other Board Members or shareholders govern by the expectation of the roles and capabilities described and required by the Board. This subsequently followed by a submission to the Nomination Committee for deliberation. However, if a need arises, the Board has the right to seek independent professional search firm to source for the candidate.

The Board has established a clear and transparent nomination process for the appointment of Director of the Company. The nomination process involves the following six stages:



Any new appointment to the Board will be given a comprehensive orientation and induction programme to ensure first hand understanding of the Company's operation through briefings on the Company history, financial standing, issues faced and strategies adopted by the Company.

8. Re-election of Directors

In accordance with the Company's Constitution ("Constitution"), Directors who are appointed by the Board during the financial period before an Annual General Meeting ("AGM") are subject to re-election by shareholders at the next AGM to be held following their appointments. The Constitution also provide that at least one third of the Directors for the time being, or if their number is not a multiple of three, the number nearest to one-third (1/3) (rounded upwards) with minimum of one (1), be subject to re-election by rotation at each AGM provided always that all Directors including the executive Director shall retire from office at least once every three (3) years but shall be eligible for re-election.

The Company has established the election process on retirement of Directors in order to ensure compliance to all regulatory requirements. Based on the schedule of retirement by rotation, the Nomination Committee is responsible for recommending to the Board those Directors who are eligible to stand for re-election/re-appointment. This recommendation is based on formal reviews of the performance of the Directors, taking into account the results of their latest Board Annual Evaluation, contribution to the Board through their skills, experience, strengths and qualities, level of independence, ability to act in the best interests of the Company in decision making.

The Directors who are due for re-election by rotation pursuant to Article 84 of the Company's Articles of Association ("Articles") at the forthcoming AGM are YM Raja Shahreen bin Raja Othman and YBhg Dato' Idris bin Md Tahir. Their profiles are set out on pages 25 and 26 respectively of this Annual Report. Encik Mustaffa Kamil bin Ayub will not be recommended for re-election in view of his score has met below the minimum acceptable rating based on performance criteria set for enabling him to continue in office as Director of the Company will retire in accordance with Article 84 of the Company's Articles.

YBhg Dato' Dr. Mohamed Ariffin bin Aton ("Dato' Ariffin"), a Director who is above 70 years old, was re-appointed under the resolution passed at the AGM held on 27 May 2016 pursuant to Section 129 of the Companies Act, 1965 which was then in force, whereby such resolution could only permit the re-appointment of the Director to hold office until the conclusion of this 40th AGM. Having considered

Dato' Ariffin's state of health at the moment, the Board approved the Nomination Committee's recommendation not to re-appoint Dato' Ariffin as Director at this 40th AGM. Hence, he will hold office until the conclusion of this 40th AGM.

Based on the Annual Board Evaluation, the Board/NC are satisfied that the Directors who are standing for re-election and re-appointment at AGM 2017 have met the Board's expectations by continuously performing their duties diligently as Directors of the Company. The Board therefore unanimously resolves to recommend the re-election and re-appointment to the shareholders for approval at the forthcoming AGM.

9. Annual Board Evaluation ("ABE")

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

The effectiveness of the Board is assessed in the areas of the Board's roles and responsibilities, Board operations (meeting process, administration and conduct), adding value on the strategic initiatives of the Company, Governance as well as the effectiveness of the Chairman. Whereas, the effectiveness of the Board Committees is assessed in terms of composition, responsibilities, provide useful recommendation in assisting the Board in decision making, communication to the Board, as well as the effectiveness of the Chairman of the respective Board Committees.

In line with the recent amendments to 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 terms of reference. 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 members, 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.

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 AGM.

The results of the evaluations and comments from the Directors concerning the Board as a whole and general performance of the Directors were also presented to the Board upon reviewed by the Nomination Committee.

10. Board Meetings and Supply of Information

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.

The Board meets on a quarterly basis to review the business operations, financial performance and other significant matters of the Group requiring its attention. In addition, the Board also meets on an ad-hoc basis to deliberate on matters requiring its immediate attention. Besides board meetings, there were three BRS held in 2016 for the Group's strategic discussion and growth plan. In addition, the Board also exercises control on matters that require Board's approval through circulation of resolutions. During the financial year ended 31 December 2016, ten (10) board meetings were held and the respective Directors' attendances are as follows:

Name Of Directors	Attendance	Percentage
YM Raja Dato' Haji Idris Raja Kamarudin	10/10	100%
Encik Suhaimi bin Kamaralzaman	5/10*	50%
Encik Mustaffa Kamil bin Ayub	10/10	100%
YB Dato' Kamarul Baharin bin Abbas	8/10*	80%
YB Sivarasa a/l Rasiah	10/10	100%
YBhg Dato' Dr Mohamed Ariffin bin Aton	10/10	100%
Encik Rosely @ Mohamed Ross bin Mohd Din	10/10	100%
YBhg Dato' Idris bin Md Tahir	8/10*	80%
YM Raja Shahreen bin Raja Othman	9/10*	90%

NOTE:

* Encik Suhaimi bin Kamaralzaman, YB Dato' Kamarul Baharin bin Abbas, YBhg Dato' Idris bin Md Tahir and YM Raja Shahreen bin Raja Othman were unable to attend the board meetings due to unforeseen circumstances.

Overall, the Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Director of Perangsang Selangor. All Directors have complied with the minimum attendance of at least 50% of Board Meetings held in the financial year 2016 pursuant to Paragraph 15.05(3) of the Bursa Securities MMLR.

The Board is provided with agendas and board papers at least seven (7) days prior to board meetings. The board papers include minutes of the previous meeting, quarterly performance report of the Group, corporate and strategic initiatives proposals for the Board's review and approval. These documents are issued in advance to enable the Board to seek clarification from the Management or the Company Secretary before the board meetings to enable effective discharge of its duties. Urgent papers may be presented for tabling at the board meetings under supplemental agenda.

At the board meetings, the Board reviews Management reports on the business performance of the Company and its subsidiary companies, and reviews, inter-alia, the results compared with the preceding quarter and year-to-date. As part of the integrated risk management initiatives, the Board peruses the decisions or recommendations and salient issues deliberated by Board Committees through briefing by the Board Committees' Chairmen. The Chairman of the Board Risk Management Committee would inform the Directors at board meetings of any principal risks that would have significant impact on the Group's business and the measures to mitigate such risks. Similarly, the Chairman of the Audit Committee would inform the Directors at board meetings, of any significant issues noted by the Audit Committee which require the Board's attention and approval for implementation.

The Directors have a duty to make an immediate declaration to the Board if they have any interest in transactions to be entered into directly or indirectly with Perangsang Selangor Group. The interested Directors would serve notice to the Board and thereupon abstain themselves from deliberations and making decisions on the transaction at the relevant board meetings. In the event where a corporate proposal is required to be approved by shareholders, the interested Directors will abstain from voting, in respect of their shareholdings in Perangsang Selangor, on the resolution relating to the corporate proposal, and will further undertake to ensure that persons connected to them similarly abstain from voting on the resolutions in the general meetings.

The Directors have independent access to the advice and dedicated support services of the Company Secretaries to ensure effective functioning of the Board. The Directors may seek advice from Management on issues pertaining to their respective jurisdictions. The Directors may also interact directly with, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from Management.

In support of a paperless environment, Perangsang Selangor had since August 2014 started uploading meeting documents onto Directors' iPad for convenient reference. This initiative enables digital access to meeting documents instead of requiring distribution of hard copies. As a result, Directors and committee members are able to access meeting documents in a timely and more efficient manner, thus improving Board performance and overall effectiveness of decision-making.

The Board may seek independent professional advice at the Company's expense in discharging its various duties for Perangsang Selangor. Individual Directors may also obtain independent professional or other advice in fulfilling their duties, subject to approval by the Chairman or the Board, and depending on the quantum of the fees involved. During the financial year ended 31 December 2016, there was no independent professional advice being sought by the Board.

11. Qualified and Competent Company Secretaries

Both of the Company Secretaries are persons qualified to act as company secretaries under Section 235 of the CA 2016. 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.

Apart from playing an active role as advisor to the Directors, the duties of the Company Secretaries also include, amongst others, attending all Board and Board Committee meetings, ensuring that the proceedings of Board Meetings and decisions made thereof, are accurately and sufficiently recorded, and properly kept for the purposes of meeting statutory obligations, as well as obligations arising from Bursa Securities MMLR or other regulatory requirements, communicating the decisions of the Board for Management's attention and further action, ensuring all appointments and resignation of Directors are in accordance with the relevant legislations, the Board Annual Evaluation are properly executed, review of Board Charter periodically, handling company share transactions, such as issuance of new shares, arranging for payment of dividends, ensuring that Board initiatives are achieved, liaising with external auditors, lawyers, tax advisors, bankers and shareholders as well as to promote high standard of corporate governance.

The Board is updated by the Company Secretaries on the follow up or implementation of its decision/ recommendations by the Management under matters arising of the agenda in every quarterly meetings of the Board.

The Company Secretaries also provide guidance to the Chairman and other Board members on the conduct of the general meetings. Besides that, the Company Secretaries constantly keep themselves abreast of the regulatory changes and development in corporate governance through continuous training.

12. Directors' Training

Directors are to keep themselves abreast with the developments in the business environment as well as with any new relevant regulatory and statutory requirements to maximise their effectiveness in the Board. This can be achieved amongst others, through attending trainings provided externally or internally by reading relevant publications and adhering to continuous professional education as required by the respective professional bodies.

The Nomination Committee is entasked upon assessment of Directors' competencies via the ABE, recommends to the Board the training needs of Directors in the specific areas requiring improvement. In compliance with the Bursa Securities MMLR, all Directors have attended the required Mandatory Accreditation Programme ("MAP").

Besides that, the Directors are also updated by the Company Secretaries on any changes to legal and governance practices which affect the Directors, from time to time. During the financial year 2016, the Company Secretarial Department has organised a seminar on Corporate Governance Review and Disclosures, Amendments to Listing Requirements 2016, Management Discussion and Analysis Statement for the Board and Senior Management of Perangsang Selangor.

Training programmes, courses, seminars, conferences and talks attended by the Directors during the year in review are as shown in Table 7:

TABLE 7

YM Raja Dato' Haji Idris Raja Kamarudin

- Audit Committee Conference 2016 on 29 March 2016
- Risk Sharing Session on 29 August 2016

Encik Suhaimi bin Kamaralzaman

- Pengurusan Air Selangor Sdn Bhd – Risk Awareness Workshop on 5 September 2016
- Latest Amendment to Listing Requirements on 3 November 2016
- Management Discussion and Analysis Statement on 3 November 2016
- Corporate Governance Review and Disclosures on 3 November 2016

Encik Mustaffa Kamil bin Ayub

- Audit Committee Conference 2016 on 29 March 2016
- Purposeful, Ethical & Compassionate Solutions on 8 October 2016
- Latest Amendment to Listing Requirements on 3 November 2016
- Management Discussion and Analysis Statement on 3 November 2016
- Corporate Governance Review and Disclosures on 3 November 2016
- The Evolving Role of Audit Committee in Governance, Risk & Control on 21 November 2016

YB Dato' Kamarul Baharin bin Abbas

- 3rd International Conference on Transportation, Geotechnics, Guimaraes, Portugal on 2 – 8 September 2016
- Latest Amendment to Listing Requirements on 3 November 2016
- Management Discussion and Analysis Statement on 3 November 2016
- Corporate Governance Review and Disclosures on 3 November 2016

YB Sivarasa a/l Rasiah

- Fraud Risk Management – Defusing Corporate Landmines on 12 January 2016
- Cyber Law Seminar 2016, Understanding Issues Arising from Cyber Laws on 29 September 2016
- The Evolving Role of Audit Committee in Governance, Risk & Control on 21 November 2016

Statement of Corporate Governance

YBhg Dato' Dr Mohamed Ariffin bin Aton
• Latest Amendment to Listing Requirements on 3 November 2016 • Management Discussion and Analysis Statement on 3 November 2016 • Corporate Governance Review and Disclosures on 3 November 2016

Encik Rosely @ Mohamed Ross bin Mohd Din
• The New and Revised Auditor Reporting Standard: Implications to Financial Institutions on 20 January 2016 • Avoiding Financial Myopia on 19 April 2016 • FinTech: "Business Opportunity or Disruptor" on 4 August 2016 • Risk Sharing Session on 29 August 2016 • Technology – based Innovation that Counts on 2 November 2016 • Strategy to Leverage Technologies for Business Solution on 14 November 2016

YBhg Dato' Idris bin Md Tahir
• Fraud Risk Management Seminar on 12 January 2016 • Audit Committee Conference 2016 on 29 March 2016 • Risk Sharing Session on 29 August 2016 • Latest Amendment to Listing Requirements on 3 November 2016 • Management Discussion and Analysis Statement on 3 November 2016 • Corporate Governance Review and Disclosures on 3 November 2016 • The Evolving Role of Audit Committee in Governance, Risk & Control on 21 November 2016

YM Raja Shahreen bin Raja Othman
• Goods and Services Tax (GST) in Malaysia on 17 February 2016 • Audit Committee Conference 2016 on 29 March 2016 • Latest Amendment to Listing Requirements on 3 November 2016 • Corporate Governance Review and Disclosures on 3 November 2016 • Management Discussion and Analysis Statement on 3 November 2016 • Deloitte TaxMax – The 42nd Series on 8 November 2016 • MIA Conference on 15 -16 November 2016

The Directors will continue to attend other relevant training programmes as needed to enhance their skills and knowledge and to keep abreast with the relevant changes in laws, regulations and business environment.

13. Board Committees

The Board has established several Board Committees whose composition and terms of reference are in accordance with the best practices prescribed by the MCCG 2012 and mandated by Bursa Securities MMLR.

The Board Committees are as follows:

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Board Risk Management Committee
- Corporate Social Responsibility Board Committee
- Board Investment Review Committee
- Tender Board Committee

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 operate under approved terms of reference.

The terms of reference, functions, activities and frequency of meetings for the Board Committees are as follows:

Audit Committee

The report of the Audit Committee is set out in pages 81 to 84 of this Annual Report.

Nomination Committee

In line with recommendation 2.1 of the MCCG 2012, the NC of Perangsang Selangor exclusively comprised of five (5) Non-Executive Directors of whom three (3) are Independent Directors and two (2) Non-Independent Directors. The NC is chaired by a Senior Independent Director.

The TOR and function of Nomination Committee is available in the Company's Corporate website www.perangsangselangor.com.

The NC met three (3) times during the year under review and the key activities were as follows:

i) Review the annual assessment of the Board's effectiveness as a whole and the contribution of each individual Director in respect of the financial year ended 31 December 2015 using a set of customised self-assessment questionnaires to be completed by the Directors. The results of the self-assessment by Directors and the Board's effectiveness as a whole as compiled by the Company Secretaries were tabled to the Board for review and deliberation. The Board is satisfied with the results of the annual assessment. The Board views that the current size and the existing composition of the Board are sufficient and well balanced, cater effectively to the scope of the Group's operations and there is appropriate mix of knowledge, skills, attributes and core competencies in the Board. As presently constituted, the Board has the stability, continuity and commitment as well as capacity to discharge its responsibilities effectively. The Board is also satisfied with the assessment conducted by the Nomination Committee on the composition and effectiveness of the Board Committees;

ii) The Board has also undertaken an annual assessment of the independence of its Independent Directors. The criteria for assessing the independence of an Independent Director were developed by the Nomination Committee with the support of the Company's Secretaries based on Corporate Governance Guide (Second Edition) issued by Bursa Securities which include the relationship between the Independent Director and the Company and his involvement in any significant transaction with the Company;

iii) Review proposed re-election, re-appointment of Directors for 2016 pursuant to the Company's Articles and Companies Act, 1965 (which was then in force);

iv) Review the performance evaluation of Acting CEO of Perangsang Selangor as at 15 March 2016;

v) Review the 2016 Corporate Key Initiatives and Key Performance Indicators for the Acting CEO of Perangsang Selangor;

vi) Review the performance evaluation of Perangsang Selangor Acting CEO for confirmation based on achieving Key Performance Indicators;

vii) Propose the Talent Management and Succession Planning for CEO Level position; and

viii) 2016 Mid-Year review for CEO of Perangsang Selangor.

Remuneration Committee

- To advise the Board on remuneration policies and practices of the Company.
- To assure the shareholders of the Company that the remuneration of the principal Executive Directors of the Company and other Senior Management are determined by a Committee of the Board whose members have no personal interest in the outcome of the decisions of the Remuneration Committee and who will give due regard to the interests of shareholders.
- To review, appraise and make recommendations to the Board on the Company's framework of Executive Directors and Senior Management of the Group's remuneration, salary increment, bonus, retirement benefit and compensation.
- To review the remuneration packages of Executive Directors and Senior Management on a regular basis and to compare them to best market practice, to ensure they remain fair and competitive.
- To review yearly performance bonus and increment of the Company and Group.
- To appraise and recommend suitable short and long-term policies and performance-related incentive schemes for the Company.
- To review any major changes in remuneration policy and employee benefit structures throughout the Company or Group, and if thought fit recommend them to the Board for adoption.

The Remuneration Committee met one (1) time during the year in review.

Board Investment Review Committee

- To evaluate investment and divestment proposals for the Group.
- To approve the commencement of due diligence for new investments.
- To approve the commencement of final negotiations upon successful outcome of due diligence.
- To consider and recommend proposals for investments and divestment to the Board of Directors.
- To evaluate investment and divestment criteria, policies, guidelines and procedures for approval by the Board of Directors.
- To monitor new investments and divestments in the interim period and report back to the Board of Directors on the progress until the signing of a definitive agreement.
- To see that appropriate action is taken to assure compliance and to correct non-compliance, with the Company's procedures, policies and practices relating to its investment and divestment.
- To review legal, regulatory and other matters relating to the Company and Group's investments and divestment.
- To review and monitor the quarterly performance and progress of the investment as it affects matters relating to Bursa Securities MMLR, and the business sustainability of Perangsang Selangor Group.
- To redefine, in consultation with the Board of Directors, the roles, duties and responsibilities of the Committee in order to integrate the dynamic requirements of business and the future plans of the Company and Group, subject at all times to the principles of sound corporate governance.
- To undertake special projects or activities which the Board of Directors or the Committee considers necessary, and perform other tasks or duties as may be requested or delegated by the Board of Directors.
- To assist the Board of Directors in enabling the Company and Group to operate its business ethically, responsibly and sustainably.

The Board Investment Review Committee met six (6) times during the year in review.

Board Risk Management Committee

- Oversight of the establishment and implementation of an Enterprise Risk Management ("ERM") framework.
- Articulating and providing direction on risk appetite, tolerance, organisational control environment and risk culture at Perangsang Selangor Group.
- Oversee and advise the board on the current risk exposures of Perangsang Selangor Group.
- Reviewing and recommending risk management strategies and policies for the Board of Directors' approval.
- Leading Perangsang Selangor Group's strategic direction in the management of material business risks.
- Ensuring infrastructure, resources and systems are in place for Group Risk Management Department, i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independent of the business risk taking activities of the Company.

The Board Risk Management Committee met four (4) times during the year in review.

Corporate Social Responsibility ("CSR") Board Committee

- To review implementation of CSR programmes for the Group.
- To consider and approve proposals for CSR subject to limit of authority delegated and approved by the Board of Directors.
- To plan and propose yearly budgets for CSR programmes for approval by the Board of Directors.
- To monitor and report back to the Board of Directors progress of implementation of CSR programmes for the Group.

- To prepare, review and propose for Board of Directors' approval the CSR Statement for inclusion in the Annual Report.

- To see that appropriate action is taken to assure compliance and to correct non-compliance, with the Company's procedures, programmes, policies and practices relating to its responsibilities as a global corporate citizen.

- To review and make recommendations with respect to the Company and Group's political activities, including political contributions, the Company and Group's positions with respect to pending legislative and other initiative, and political advocacy activities of the Company and Group.

- To review legal, regulatory and other matters relating to the Company and Group's responsibilities as a global corporate citizen that may have a significant impact on the Company and Group in any manner and make recommendations with respect thereto. As part of these responsibilities, the Committee shall take steps to ensure that reasonable and adequate systems are in place to ensure the Company and Group's compliance with governmental regulations relating to environment, health and safety matters.

- To review and monitor the performance of the Company and Group as it affects matters relating to sustainability, the environment, communities, customers and other key stakeholders.

- To oversee the management of risks related to sustainability and the environment and the Company and Group's interactions with communities, customers and other key stakeholders, including risks related to reputation.

- To formulate and update the CSR programmes for the Company and Group.

- To oversee, coordinate and integrate the management of the Company and Group's CSR programmes for:

  - Employees
  - Environment
  - Communities and Interest Groups
  - Government (legislative bodies)
  - Business Partners

- To oversee the Company and Group's integrated CSR programmes.

- To conduct an annual review of the integrated CSR programmes to ensure that these:

  - comply with applicable laws: and
  - are consistent with Company and Group policies, guidelines and objectives on CSR.

- To ensure that the CSR programmes are integrated and applied consistently throughout the Company and Group.

- To identify and recommend programme enhancements that will increase effectiveness and overall improvement in Company and Group performance and image.

- To apprise the Board of Directors regularly of the accomplishments and issues/concerns related to the integrated CSR programmes.

- To redefine, in consultation with the Board of Directors, the roles, duties and responsibilities of the Committee in order to integrate the dynamic requirements of business and the future plans of the Company and Group, subject at all times to the principles of sound corporate governance.

- To undertake special projects or activities which the Board of Directors or the Committee considers necessary, and perform other tasks or duties as may be requested or delegated by the Board of Directors.

- To assist the Board of Directors in enabling the Company and Group to operate its business ethically, responsibly and sustainably.

The CSR Board Committee met four (4) times during the year in review.

The report of the CSR activities is set out in pages 49 to 52 of this Annual Report.

Tender Board Committee

- To approve the appointment of Consultants.
- To appoint/deregister contractors if required (only for closed tenders).
- To ensure that Tenders are offered on an equal basis, just and fair to all participants.
- To ensure that Tender Procedures are adhered to.
- To ensure propriety to the Tender Opening Process.
- To deliberate and Award Tenders at the most competitive prices, to the most qualified and suitable tender participant.
- To notify the Board of Directors on the award of tender.
- To obtain independent estimates to enable them to benchmark against the proposed tenders if the need should arise.
- To recall Tenders if they are of the opinion that the objectives of the exercise have not been achieved.
- To call for new Tenders if variation orders during the implementation stage of contract are in excess of 10% of the contract sum.

The Tender Board Committee meets as and when required.

14. Indemnification of Directors and Officers

Directors and Officers of the Group are indemnified under a Directors' and Officers' Liability Insurance against any liability incurred by them in the discharge of their duties while holding office as Directors and Officers. Nevertheless, the Directors and Officers shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them.

B. DIRECTORS' REMUNERATION

Directors' remuneration is generally 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.

It is a policy that all non-executive Directors are entitled to the same quantum of directors fees and leave passage, except for the Chairman of the Board. Similarly, non-executive Directors are also paid the same quantum of directors fees and meeting allowance for their attendance at the Board and other Board Committees' meetings except for the Chairman of the Board and Board Committees. In addition, the non-executive Directors and their spouses are also entitled for medical benefit up to combined limit of RM75,000 per annum for inpatient and RM6,000 per annum for outpatient expenses.

A summary of the Directors' remuneration, categorised into appropriate components for the financial year ended 31 December 2016 is shown in Table 8:

	Company	Group
	Non-Executive Director (RM)	Non-Executive Director (RM)
Directors Fees	455,000	487,000
Other emoluments – Meeting Allowance and Leave Passage	584,000	588,900
Benefit in kind	41,847	41,847
Total	1,080,847	1,117,747

Remuneration Band (RM)	Non-Executive Director
Less than 50,000	1
50,001 - 100,000	–
100,001 - 150,000	6
150,001 - 200,000	2

Note : No disclosure on Directors' Remuneration for Executive Director is made in view that Perangsang Selangor does not have any Executive Director on Board.

C. RELATIONSHIP WITH SHAREHOLDERS

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:

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

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

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 at www.bursamalaysia.com.

Senior Independent Director

Encik Mustaffa Kamil bin Ayub has been identified as the Senior Independent Non-Executive Director to whom any concerns pertaining to the Company may be conveyed to him via email at mustaffa-kamil@kps.com.my and letters stamped "Private & Confidential" can be addressed to him personally at Kumpulan Perangsang Selangor Berhad, 17th Floor, Plaza Perangsang, Persiaran Perbandaran, 40000 Shah Alam, Selangor Darul Ehsan.

AGM

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 are sent to shareholders within the prescribed period as allowed under the Company's Constitution, Bursa Securities MMLR as the case may be. 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.

The shareholders are 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 Minority Shareholder Watchdog Group.

The external auditors of the Company also attend the AGM and are available to answer questions about the conduct of the audit, preparation and content of the auditors' report.

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 Group activities and plans in the course of providing investors with the latest update on the Group. Minutes of the 39th AGM was also made available on the Company's corporate website.

In line with Paragraph 8.29A(1) of the Bursa Securities MMLR which came into effect on 1 July 2016 where all resolutions set out in notice of any general meeting must be voted by poll, voting at the Extraordinary General Meeting held on 31 October 2016 was conducted by poll. Poll voting accurately and fairly reflects shareholders' views by ensuring that every vote is recognised in accordance with the principle of "one share one vote". The practice thus enforces greater shareholder rights, and allows shareholders who appoint the Chairman of the meeting as their proxy to have their votes properly counted in the fulfilment of their voting rights.

The Board will consider adopting electronic voting to facilitate greater shareholders' participation after taking into consideration its reliability, cost and efficiency.

D. ACCOUNTABILITY AND AUDIT

1. Risk Management and Internal Control

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.

Establishment of the Risk Management Policy is to identify, evaluate and manage the Group's corporate risk profile and develop contingency plans to mitigate any possible adverse effects on the Group.

A statement of Risk Management and Internal Controls is set out in pages 72 to 80 of this Annual Report.

2. Financial Reporting

In presenting the annual financial statements and quarterly announcements of its results, the Board has ensured that the financial statements represent a true and fair assessment of the Company's and Group's financial position.

3. Relationship with Auditors

The role of the Audit Committee in relation to the external auditors may be found in the Audit Committee Report included in this Annual Report. The Company and its Management have always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

During the financial year 2016, the Audit Committee had met with the external auditors on 24 February 2016 without the presence of Management to ensure that the independence and objectivity of the external auditors are not compromised.

E. COMPLIANCE WITH THE BEST PRACTICES

The Board believes that all material aspects of the Best Practices set out in the MCCG 2012 have been complied with during the financial year.

F. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for ensuring that:

i) The annual audited financial statements of the Group and of the Company are drawn up in accordance with applicable approved accounting standards in Malaysia, the provisions of the CA 2016 and the Bursa Securities MMLR so as to give a true and fair view of the state of affairs of the Group and the Company for the financial year; and

ii) Proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In the preparation of the financial statements for the year ended 31 December 2016, the Directors have adopted appropriate accounting policies and have applied them consistently in the financial statements with reasonable and prudent judgments and estimates. The Directors are also satisfied that all relevant approved accounting standards have been followed in the preparation of the financial statements.

ADDITIONAL COMPLIANCE INFORMATION

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 2016 are provided:

1. Material Contract and Material Loans

Other than as disclosed in Note 49 of the Financial Statements, there were no material contracts entered into by the Company and its subsidiaries involving Directors and major shareholders.

2. Utilisation of Proceeds

The Company did not call or raise any capital for the financial year ended 31 December 2016.

3. Audit Fees and Non-Audit Fees

	Company (RM)	Group (RM)
Audit Fees	102,000	584,435
Total	**102,000**	**584,435**

Non-Audit Fees	Company (RM)	Group(RM)
- Review of Statement on Risk Management and Internal Control to be disclosed in the Perangsang Selangor's Annual Report 2016	8,000	8,000
- Review of additional disclosure on new acquisition of investment in Century Bond Bhd ("CBB") during the financial year ended 31 December 2016 which form part of the notes to the audited account	5,000	5,000
- Pre-acquisition cost of CBB in respect of engagements for interim financial and tax due diligence report	567,349	567,349
- Pre-acquisition cost of CBB in respect of engagement for Pro-forma consolidated statement of financial position	92,100	92,100
Total	**672,449**	**672,449**

4. Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature

Save as disclosed in the announcement dated 11 November 2016, there was no RRPT of a Revenue or Trading in nature during the review period except for rental income, interest income and management fees. However, announcement is not required to be made to Bursa Securities as the value of the transactions does not exceed 1% of the Net Assets of the Group. The Company did not seek any shareholders' mandate on RRPT during the financial year under review.

5. List of Group Properties

The Group's list of properties is set out in pages 218 to 219 of this Annual Report.

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 2016.

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.

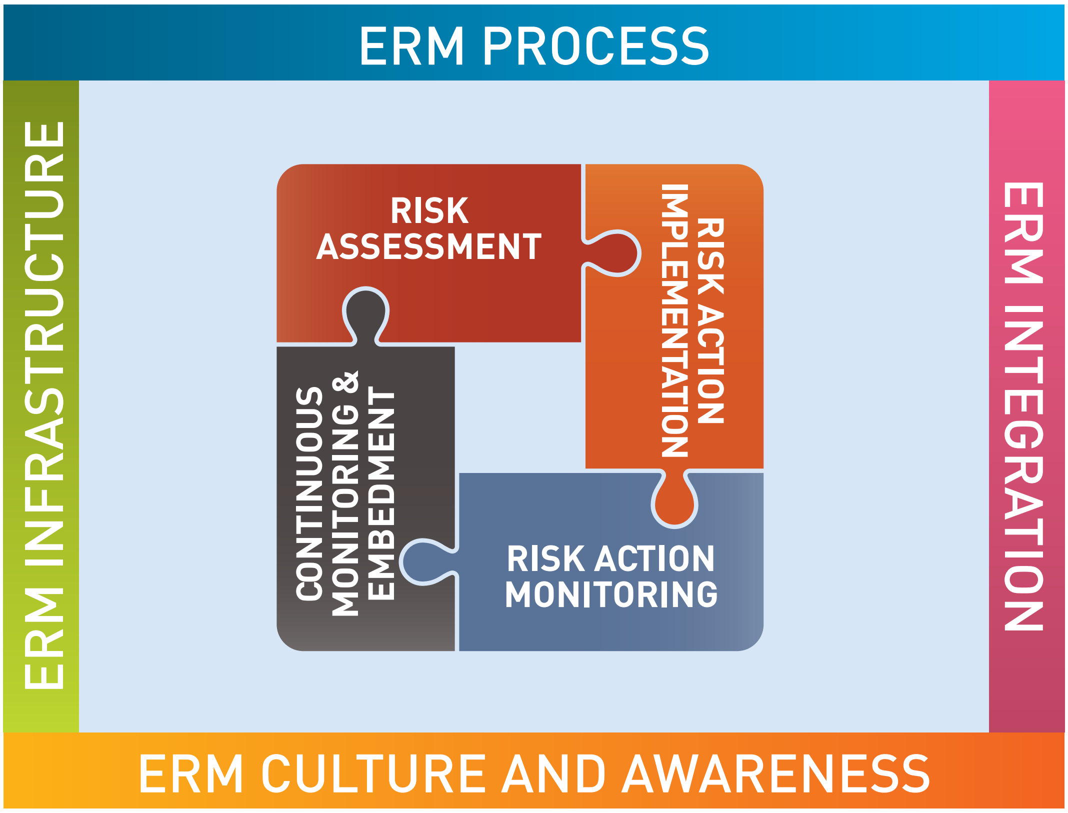
The Group has in place ongoing processes for identifying, evaluating, monitoring and managing significant risks faced by the Group during the year. Management is responsible for the identification and continuous evaluation of significant risks applicable to their respective areas of business and to formulate suitable internal controls. 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, processes and initiatives disclosed in this statement on risk management and internal control.

During the financial year, the Group includes key 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. Reviews were done on NGC Energy Sdn Bhd and Ceres Telecom Sdn Bhd and were deliberated with the management of the respective companies. Quarterly updates on the key concerns were further deliberated in the Group Risk Management Working Committee ("RMWC") and Board Risk Management Committee ("BRMC") meetings. In addition, the Board recommended that the management of these material associated companies have their existing monitoring function which includes Perangsang Selangor Board representatives and/or EXCO at the associate company level to assist them in ensuring the system of internal controls is functioning as intended.

3. RISK MANAGEMENT

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.



PERANGSANG SELANGOR'S ERM FRAMEWORK

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 Perangsang Selangor. The BRMC is supported by the RMWC which is chaired by the Chief Executive Officer ("CEO"). The committees meet on a quarterly basis.

During the financial year ended 31 December 2016, 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.

Statement of Risk Management and Internal Controls

- 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 Kumpulan Perangsang Selangor Berhad ("Perangsang Selangor").

3.2 Risk Management Processes

3.2.1 Continuous Risk Identification and Assessment

The Group Risk Management Department is responsible for developing, coordinating and facilitating the Risk Management processes within the Group. A database of risks and controls information is captured in the format of risk registers.

During the year under review, the key risk areas for new subsidiaries were identified and monitored. Key risks areas have been re-assessed, based on the established risks parameters, to update the source of risk, their severity of impacts and the magnitude of likelihood of occurrence; and it is being monitored by its respective Senior Management. Risk profiles for the key business units are presented to the RMWC, BRMC and Board of Directors on a quarterly basis for deliberation and approval.

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

Key mitigation actions and KRIs had been reviewed and updated for each of the identified key risks areas for Perangsang Selangor Group. During the financial year under review, new key mitigation actions had been established in-line with the 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 were highlighted and reported on a quarterly basis.

3.2.3 Continuous Risk Awareness and Risk Culture Embedment

ERM Key Performance Indicators ("KRIs") have been included as part of each of the divisions and subsidiary companies' KPI for the year; to inculcate the risk culture within the Group. The key component of the ERM KPIs were as follows:

i) Residual risk profile improvement;

ii) Continuous ERM culture embedment; and

iii) ERM competency assessment for Perangsang Selangor staff.

As part of the ERM culture embedment initiative, Group Risk Management Department had successfully organised "Risk Sharing Session 2016" for the Board of Directors, Senior Management, Head of Subsidiaries and associated companies of Perangsang Selangor Group; which has been held in August 2016.The objectives of the session are to:

i) Update on the latest development, trends and key challenges in the implementation of the Enterprise Risk Management ("ERM") and Business Continuity Management ("BCM"); and

ii) Discuss on the issues and best practices in Corporate Governance, Risk and Compliance.

31 participants attended the Risk Sharing Session 2016

In addition, "ERM Refresher Session 2016" for Perangsang Selangor's Senior Management and Risk Officers had also been conducted in August 2016, with the objective to gain knowledge and updates on the latest trends for both ERM and Business Continuity Management ("BCM").

Opening remarks by Encik Rosely @ Mohamed Ross bin Mohd Din, Chairman of BRMC

Briefing by Mr Ranjit Singh, Group Executive Director of Axcelasia Inc

Staff Risk Awareness Session and Risk Competency Assessment 2016 for Perangsang Selangor Group had also been conducted in November 2016. Participants comprised of staff from Perangsang Selangor Group. The objective of the session is to assess the level of staff competency on ERM and is part of the continuous awareness and ERM culture embedment programme. The results of the competency assessment were satisfactory.

In addition, during the year under review, the Risk Assessment Challenge Workshops had been conducted on a quarterly basis, which involved presentations of risk updates by all risk owners.

3.2.4 Risk Integration

The ERM framework outlines the requirement of ERM integration with the key business processes. During the period under review, the ERM integration with the key business processes has been initiated which includes processes for evaluation and monitoring of new investments/ joint ventures. The management is continuously striving to improve the related processes to ensure that the risk management processes are embedded and regarded as an effective management tool.

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
Balancing of Portfolio 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. • Formulation of long-term funding strategy to support planned portfolio mix. • Establishment of investment criteria as set out in the Investment SOP. • Establishment of governing authority for evaluation and monitoring of investments.
Value from Investment Effective and efficient evaluation and monitoring of investment will minimise the exposure and timely decision on investment and/or divestment.	• Perangsang Selangor's Nominee Directors have been appointed on the Board of investee companies for close monitoring and decision-making. • Policies and procedures on evaluation and monitoring of investment have been established and endorsed by the Board. • Regular performance tracking and monitoring via involvement of subject matter experts in particular industries. • Establishment of committees at the working and Board level to closely monitor investments and divestments.
Enhancing Shareholders' Value Perangsang Selangor's mission is to ensure sustainable financial performance with optimum returns to shareholders.	• Continuous portfolio review to further enhance portfolio mix via new acquisitions of high return investments based on the approved investment criteria. • Enhancement of the Investor Relations function to enable effective two-way communication between the Group and the stakeholders.

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.

4.2 Independence of The Audit Committee

The Audit Committee 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 Audit Committee 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 Audit Committee 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 Audit Committee 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 reports directly to the Audit Committee ("AC"), it evaluates and provides independent assurance on the adequacy and effectiveness of risk management controls and governance processes in relation to the Company's operation.

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

Statement of Risk Management and Internal Controls

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) Tender Policy, Guidelines and Procedures ("TPG")

The TPG is aligned to ISO 9001:2008 quality standards, and reaffirms Perangsang Selangor's commitment to maintain quality operating standards, service excellence to its customers and willingness to work together towards improving operational efficiency.

iii) Treasury Policy

The Treasury Policy which covers policy in relation to fund management, financing activities and intercompany advances were established with the objectives of ensuring all transactions are properly authorised and reviewed to enable preparation of proper financial statements as well as to safeguard the Company's interest in its treasury activities.

iv) Related Party Transaction Policy and Procedures

This policy aims to:

- Provide guidelines for Perangsang Selangor and its subsidiaries under which all related party transactions must be reviewed and approved by the Audit Committee and Board;

- Provide guidance to staffs to ensure that all transactions that involve potential related parties are determined at arm's length, reasonable and consistent basis whilst any conflict of interest situation are appropriately disclosed and addressed; and

- Ensure compliance to the disclosure requirements for all related party transactions.

v) Centralised Treasury Function Policy

Perangsang Selangor has established its Centralised Treasury Function Policy. The objective of the policy is primarily to ensure higher Capital and Fund efficiencies, greater transparency and access to readily updated fund information across the entities in the Group. The policy covers two main scope as follows:

- Funding and capital markets

- Cash and liquidity management

With the Centralised Treasury Function Policy, the Group is able to obtain competitive rates on the cash surplus due to bigger pool of funds.

vi) Budgeting Process

A detailed budgeting process is in place requiring all key operating companies in the Group to prepare budgets annually which are discussed at management level and approved by the respective Boards.

An effective reporting system on actual performance against approved budgets is in place whereby significant variances are followed up on a quarterly basis and management action is taken to tighten or to rectify any shortcomings, where necessary.

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 is 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.

4.4.5 Business Continuity Program ("BCP")

Perangsang Selangor has established its BCP framework for its critical business functions located at Plaza Perangsang, which comprise of BCP Policy, detailed Business Continuity Plans ("BC Plans") for the respective functions and the Crisis Management Team Plan covering recovery structure, prioritised activities, Recovery Time Objectives ("RTO"), notification tree, listing of key records and checklists.

The main objective for the BCP is to assist management in responding to business disruptions effectively, resume essential operation within required timeframes and minimise cost of damage to business operations from the effects of major disasters.

In August 2016, the management had successfully conducted the Business Impact Analysis ("BIA"), to update the identified prioritised activities and the recovery time objectives during disaster. Awareness sessions had also been conducted to enhance the awareness on the importance of BCP. The BC Plans is being continuously reviewed by the respective functions to ensure its pertinence and effectiveness.

4.4.6 Disaster Recovery Plan ("DRP")

Perangsang Selangor Group has established its 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 the Plaza Perangsang's Business Continuity Programme ("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 November 2016.

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 and Chief Operating Officer/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 Board Investment Review Committee ("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 2016 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 2016 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.

The Board has received reasonable assurance from the Chief Executive Officer and Chief Operating Officer/Chief Financial 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 Auditor for the inclusion in the annual report of Perangsang Selangor Group for the year ended 31 December 2016. 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 is pleased to present the report of the Audit Committee ("AC") which provides insights into the manner in which the Audit Committee discharged its functions for the Company and the Group in 2016.

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 and the attendance 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	5/5
Encik Mustaffa Kamil Bin Ayub	Senior Independent Non-Executive Director	25/11/2009	5/5
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
Encik Rosely @ Mohamed Ross Bin Mohd Din	Independent Non-Executive Director	26/05/2011	5/5

- 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 24 February 2016 and 31 March 2016, the AC reviewed the financial results for the fourth quarter ended 31 December 2015 and the audited financial results for the year ended 31 December 2015 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 2016 on 25 May 2016, 24 August 2016 and 28 November 2016, respectively and recommended the same to the Board for approval.

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

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

3.2 External Audit

a) On 28 November 2016, the AC reviewed and discussed with the Management together with the External Auditors, the 2016 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
- 2016 services – Audit and audit related services and Internal control
- Independence
- Areas of audit emphasis
- Group audit scoping
- Involvement of internal audit and others
- Fraud considerations and the risk of management override
- Audit fees

It has been the practice of the Company, in applying the principle 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 financial year.

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

b) On 27 February 2017, the AC reviewed the financial results for the fourth quarter ended 2016 financial results and recommended the same to the Board for approval. On the same date, the AC also received and discussed updates from the External Auditors on the progress of the 2016 annual audit. Significant accounting and auditing issues discussed during the meeting includes the following:

- Incorporation/acquisition of subsidiaries
- Annual impairment assessment of goodwill and intangible assets
- Assets impairment assessment
- Review of accounting estimates

c) On 29 March 2017, the AC reviewed and recommended to the Board for approval the final draft of the External Auditors' report on the Company and the Group's annual financial statements.

d) Held without the Management's presence, two (2) private sessions on 27 February 2017 and 29 March 2017 respectively, with the External Auditors to reinforce independence. Matters discussed on these occasions included whether there were any pertinent issues relating to the 2016 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 the Management during their course of auditing.

At the beginning of the year, on 24 February 2016, a similar private session was held with the External Auditors. Matters discussed were in relation to the 2015 annual audit.

e) On 29 March 2017, pursuant to the Company's External Auditors Assessment Policy, the AC together with the Management using its established assessment criteria, reviewed the performance, suitability and independence of the External Auditors based on, amongst others;

- The quality of service
- Sufficiency of resources
- Communication
- Independence
- Objectivity
- Professionalism

Following the review, the AC was satisfied with the performance and the independence of the External Auditors. Accordingly, it was recommended to the Board to re-appoint Ernst & Young ("EY") as auditors of the Company. The Board at its meeting held on 29 March 2017 approved the AC's recommendation to re-appoint EY, subject to the shareholders' approval being sought at the forthcoming 40th AGM on the re-appointment of EY as external auditors of the Company for the financial year ending 31 December 2017.

3.3 Internal Audit

a) Interviewed and recommended for approval the appointment of the new Internal Audit Director in April 2016.

b) Reviewed, deliberated and approved the proposed revision of 2016 Internal Audit Plan on 25 May 2016. The revision was proposed to reflect changes in risk profile resulting from investment and business acquisition activities by the Company.

c) Reviewed and approved the Internal Audit Department ("IAD") 2016 Balance Scorecard on 25 May 2016.

d) Reviewed and discussed the 2016 internal audit reports during the quarterly AC Meetings and sought Management's explanation on issues highlighted in the internal audit reports.

e) 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.

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

g) Reviewed and deliberated on the 2017 Internal Audit Plan for the Company and the Group on 28 November 2016.

h) Assessed the performance of the Internal Audit Director based on the agreed 2016 Balance Scorecard.

i) On 29 March 2017, deliberated on the Statement on Risk Management and Internal Controls for inclusion in the 2016 Annual Report.

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

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

4. OTHERS

Throughout the financial year, the AC members had attended various seminars, training programmes and conferences to keep abreast of changes in the industry and business environment. Details are set out in the Statement on Corporate Governance under Directors' Training on pages 63 to 64.

THE INTERNAL AUDIT FUNCTION

a) The internal audit function is performed in-house by the IAD. During the financial year, the IAD is headed by an Internal Audit Director and assisted by two internal auditors. The IAD Director is a Certified Internal Auditor and a qualified Management Accountant with more than 20 years auditing experience.

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

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

- Achievement of the 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 internal control, governance and risk management processes is 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 control and governance processes implemented by the Management.

Audit Committee Report

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, control and monitoring activities ensuring plans were accomplished and that assets were safeguarded, reliability of financial information as well as compliance with relevant policies, procedures and regulations.

- Company Support Functions

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

- Investment proposals

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

iii. 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 2016 Audit reports with progress updates provided to the AC.

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

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

f) For the year ended 31 December 2016, number of internal auditors was three (3). The total cost incurred during the year was RM498,754.

g) As at the date of this report, there are a total of five (5) internal auditors. The increase is in tandem with the overall growth in the business portfolio and risk exposures. All internal auditors possess tertiary qualifications with two (2) having relevant internal audit and accounting professional qualifications. All staff are encouraged to continuously enhance their competencies through relevant professional courses and on-the-job training. Two (2) staff are currently pursuing the Certified Internal Auditors ("CIA") qualification.

FINANCIAL STATEMENTS

Directors' Report

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 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries and associates are described in Notes 16 and 17 to the financial statements.

Other information relating to the subsidiaries are disclosed in Note 16 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit net of tax and zakat	101,860	2,754
Profit attributable to:		
Owners of the parent	97,766	2,754
Non-controlling interests	4,094	–
	101,860	2,754

There were no material transfers to or from reserves or provisions 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 other than the effects arising from:

(a) impairment loss on investment in subsidiary companies which resulted in a reduction in the Company's profit for the year by RM22,034,000 as disclosed in Note 7 to the financial statements; and

(b) the gain on disposal of asset held for sale which resulted in an increase in the Group's profit for the year by RM97,470,000 as disclosed in Note 5 to the financial statements.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2015 were as follows:

In respect of the financial year ended 31 December 2015 as reported in the directors' report of that year:

	RM'000
Single-tier final dividend for 2015: 2 sen per ordinary share, on 499,004,119 ordinary shares, declared on 27 May 2016 and paid on 22 August 2016	9,980

At the forthcoming Annual General Meeting, a single-tier final dividend in respect of the financial year ended 31 December 2016, 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 2017.

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
YB Sivarasa a/l Rasiah
Mustaffa Kamil bin Ayub
YBhg Dato' Dr. Mohamed Ariffin bin Aton
Rosely @ Mohamed Ross bin Mohd Din
YBhg Dato' Idris bin Md Tahir
YM Raja Shahreen bin Raja Othman
Suhaimi bin Kamaralzaman

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 in Note 9 to the financial statements) 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.

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 related corporations during the financial year were as follows:

	<---- Number of ordinary shares of RM1 each ---->			
	1.1.2016	Acquired	Disposed	31.12.2016
The Company				
YM Raja Dato' Idris Raja Kamarudin	27,047	–	–	27,047
Mustaffa Kamil bin Ayub	26,720	–	–	26,720
Rosely @ Mohamed Ross bin Mohd Din	10,320	–	–	10,320
YB Dato' Kamarul Baharin bin Abbas	5	30,000	(30,000)	5
Suhaimi bin Kamaralzaman	10,000	–	–	10,000

None of the other directors in office at the end of the financial year had any interest in shares of the Company or its related corporations during the financial year.

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.

OTHER STATUTORY INFORMATION (CONT'D.)

(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.

(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 49 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Auditors' remuneration are disclosed in Note 7 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 7 April 2017.

RAJA DATO' IDRIS RAJA KAMARUDIN

DATO' IDRIS BIN MD TAHIR

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

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 98 to 212 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 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 2016 and of their financial performance and cash flows for the year then ended.

The information set out in Note 50 to the financial statements on page 213 have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 7 April 2017.

RAJA DATO' IDRIS RAJA KAMARUDIN

DATO' IDRIS BIN MD TAHIR

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Suzila binti Khairuddin, 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 98 to 213 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 Suzila binti Khairuddin
at Shah Alam in Selangor Darul Ehsan
on 7 April 2017.

SUZILA BINTI KHAIRUDDIN

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 2016 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 98 to 213.

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 2016, 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, 1965 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.

Independent Auditors' Report
to the members of Kumpulan Perangsang Selangor Berhad (Incorporated in Malaysia)

KEY AUDIT MATTERS (CONT'D.)

INVESTMENT IN AN ASSOCIATE - SYARIKAT PENGELUAR AIR SELANGOR HOLDINGS BERHAD ("SPLASH")

(Refer to Note 17(c) to the financial statements)

The carrying amount of the Group's investment in SPLASH as at 31 December 2016 accounted for approximately 88% and 52% 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 2016 accounted for approximately 36% 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 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 of Malaysia ("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.

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 2016

As disclosed in Note 2.5(a)(x) to the financial statements, included in the total assets of SPLASH as at 31 December 2016 was an amount owing from Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") of RM1,702.3 million, of which RM1,453.3 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.

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 (cont'd.):

(b) Carrying amount of investment in SPLASH as at 31 December 2016

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 17(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 2016 for reasons explained in Note 17(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 2016 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.

BUSINESS COMBINATIONS

(Refer to Note 16(b) and Note 19 to the financial statements)

The Group acquired several subsidiaries during the year. We focused on the acquisitions of Kaiserkorp Corporation Sdn Bhd ("Kaiserkorp") and Century Bond Bhd ("CBB") for the reasons explained below:

(a) Acquisition of 60.0% equity interest in Kaiserkorp

Included in the identifiable assets of Kaiserkorp as at date of acquisition is an intangible asset of RM198.9 million, representing brand name of RM195.7 million, which accounted for approximately 66.5% of the total identifiable assets and liabilities of Kaiserkorp. This intangible asset is assessed to have indefinite useful life. The Group estimated the fair value of this intangible asset on date of acquisition based on income approach (direct royalty income method). Such valuation is based on assumptions that are highly judgmental. Due to the significance of the intangible asset and the subjective nature of the valuation, we consider this to be an area of audit focus.

Independent Auditors' Report

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

KEY AUDIT MATTERS (CONT'D.)

BUSINESS COMBINATIONS (CONT'D.)

(a) Acquisition of 60.0% equity interest in Kaiserkorp (cont'd.)

In addressing this area of audit focus:

(i) We obtained an understanding of the methodology adopted by Directors in estimating the cash flows to be derived from the intangible assets and assessed whether such methodology is consistent with those used in the industry.

(ii) We evaluated the management's assumption on the licensing fee or royalty income to be derived from the use of the brand name; and

(iii) We also 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.

(b) Acquisition of 98.9% equity interest in CBB

The Group has yet to finalise the Purchase Price Allocation ("PPA") exercise in respect of its acquisition of 98.9% equity interest in CBB, which is expected to be completed during the financial year ending 31 December 2017. Based on the provisional PPA, the Group recorded, amongst others, intangible assets (representing customer relationships) of RM18.0 million.

The fair values of the intangible assets are based on assumptions that are highly judgmental and may be different upon finalisation of the PPA. Accordingly, we consider this to be a key audit matter.

In addressing this key audit matter:

(i) We obtained an understanding of the methodology adopted by management in estimating the fair values of the customer relationships and assessed whether such methodologies are consistent with those used in the industry; and

(ii) We reviewed the provisional amounts derived by the management and evaluated the assumptions adopted in arriving at such provisional amounts.

IMPAIRMENT OF INVESTMENT IN ASSOCIATE – CERES TELECOM SDN BHD

(Refer to Note 2.5(a)(vi) and Note 17(d) to the financial statements)

The continued losses reported by the Group's associate, Ceres Telecom Sdn Bhd ("Ceres"), indicated that the carrying amount of the investment in Ceres may be impaired. Accordingly, the Group performed an impairment test of the investment in Ceres by estimating the recoverable amount of such investment using value-in-use ("VIU"). Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the cash generating units, and discounting them at an appropriate rate. The aforementioned impairment review gave rise to an impairment loss of investments in associates of RM9.6 million for the year ended 31 December 2016.

This impairment review was based on assumptions that are highly judgmental, in particular, the assumptions on the revenue growth rate, gross profit margin, terminal growth rate and discount rate. Accordingly, we identify this area as a matter requiring audit focus.

KEY AUDIT MATTERS (CONT'D.)

IMPAIRMENT OF INVESTMENT IN ASSOCIATE – CERES TELECOM SDN BHD (CONT'D.)

In addressing this area of audit focus, we evaluated the management's assumptions on the revenue growth, gross profit margin, terminal growth rate and discount rate by performing the following:

(i) Obtained an understanding of the relevant internal controls over estimating the recoverable amount of the investment in Ceres;

(ii) Obtained an understanding of the methodology adopted by management in estimating the recoverable amount and assessed whether such methodologies are consistent with those used in the industry;

(iii) Evaluated the management's assumptions on revenue growth rate, gross profit margin and terminal growth rate by comparing to the historical trends; and

(iv) 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.

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.

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, 1965 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.

Independent Auditors' Report

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.

- Conclude on the appropriateness of the Directors's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 16 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 50 on page 213 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 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
7 April 2017

Income Statements

For the financial year ended 31 December 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Continuing Operations					
Revenue	3	144,498	85,101	46,742	12,571
Cost of sales	4	(99,416)	(62,454)	–	–
Gross profit		45,082	22,647	46,742	12,571
Other income	5	103,250	4,016	11,796	37,107
Administrative expenses		(52,765)	(31,543)	(28,287)	(22,588)
Selling and marketing expenses		(4,614)	(473)	–	–
Other expenses		(24,494)	(42,623)	(24,135)	(24,313)
Operating profit/(loss)		66,459	(47,976)	6,116	2,777
Finance costs	6	(4,174)	(12,148)	(2,717)	(270)
Share of profit of associates		50,738	111,027	–	–
Profit before tax and zakat	7	113,023	50,903	3,399	2,507
Income tax and zakat	10	(11,163)	(1,978)	(645)	(12)
Profit after tax and zakat from continuing operations, net of tax and zakat		101,860	48,925	2,754	2,495
Discontinued Operations					
Profit from discontinued operations, net of tax and zakat	11	–	10,014	–	–
Profit net of tax and zakat		101,860	58,939	2,754	2,495
Profit attributable to:					
Owners of the parent:					
– Continuing operations		97,766	46,232	2,754	2,495
– Discontinued operations		–	9,097	–	–
		97,766	55,329	2,754	2,495
Non-controlling interests:					
– Continuing operations		4,094	2,693	–	–
– Discontinued operations		–	917	–	–
		4,094	3,610	–	–
		101,860	58,939	2,754	2,495

	Note	Group 2016 sen	Group 2015 sen	Company 2016 sen	Company 2015 sen
Earnings per share attributable to owners of the parent (sen per share):					
Basic					
– Continuing operations	12	19.59	9.26	–	–
– Discontinued operations	12	–	1.82	–	–
		19.59	11.08	–	–
Dividend per share	13	4.00	4.00	4.00	4.00

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 2016

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit net of tax and zakat	101,860	58,939	2,754	2,495
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Gain on foreign currency translation reserve	4,018	–	–	–
Total comprehensive income for the year	105,878	58,939	2,754	2,495
Total comprehensive income attributable to:				
Owners of the parent:				
– Continuing operations	100,795	46,232	2,754	2,495
– Discontinued operations	–	9,097	–	–
	100,795	55,329	2,754	2,495
Non-controlling interests:				
– Continuing operations	5,083	2,693	–	–
– Discontinued operations	–	917	–	–
	5,083	3,610	–	–
	105,878	58,939	2,754	2,495

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

Statements of Financial Position

As at 31 December 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	97,815	130,619	11,501	11,279
Investment properties	15	91,787	6,510	48,300	51,407
Investments in subsidiaries	16	–	–	378,893	225,081
Investments in associates	17	1,078,986	1,037,889	133,008	133,008
Club memberships		523	523	523	523
Concession rights	18	–	–	–	–
Concession receivables	22	–	–	–	–
Intangible assets	19	214,577	–	–	–
Goodwill on consolidation	20	37,807	2,020	–	–
Long term receivables	21	35,663	–	–	–
Deferred tax assets	34	333	–	–	–
		1,557,491	1,177,561	572,225	421,298
Current assets					
Inventories	23	31,412	1,186	–	–
Trade receivables	25	65,121	23,123	272	250
Other receivables	26	5,332	3,060	1,706	2,555
Other current assets	27	1,144	50	–	–
Amount due from immediate holding company	28(a)	11,785	12,116	1,103	1,433
Amounts due from subsidiaries	28(b)	–	–	217,702	236,455
Amounts due from related companies	28(c)	28,977	4,965	1,104	1,342
Amount due from an associate	28(d)	4,676	4,574	–	–
Tax recoverable		1,522	265	–	–
Cash and bank balances	29	131,995	92,558	3,182	55,926
		281,964	141,897	225,069	297,961
Assets of disposal group classified as held for sale	11	–	42,530	–	–
TOTAL ASSETS		1,839,455	1,361,988	797,294	719,259

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	38	499,004	499,004	499,004	499,004
Share premium	39	39,088	39,088	39,088	39,088
Other reserves	40	11,029	8,000	8,000	8,000
Retained earnings	41	778,909	691,123	127,939	135,165
Shareholders' equity		1,328,030	1,237,215	674,031	681,257
Non-controlling interests		90,522	17,432	–	–
TOTAL EQUITY		1,418,552	1,254,647	674,031	681,257
Non-current liabilities					
Loans and borrowings	30	159,201	88	–	–
Government soft loan	31	–	–	–	–
Provision for concession liability	32	–	–	–	–
Accrued lease rental	33	–	–	–	–
Deferred tax liabilities	34	65,642	31	–	–
		224,843	119	–	–
Current liabilities					
Trade payables	35	40,553	19,059	1,349	1,340
Other payables	36	41,347	57,416	8,615	5,997
Amount due to immediate holding company	37(a)	203	203	–	–
Amounts due to subsidiaries	37(b)	–	–	5,276	642
Amounts due to related companies	37(c)	23	38	23	23
Loans and borrowings	30	108,178	30,042	108,000	30,000
Tax payable		5,756	464	–	–
		196,060	107,222	123,263	38,002
TOTAL LIABILITIES		420,903	107,341	123,263	38,002
TOTAL EQUITY AND LIABILITIES		1,839,455	1,361,988	797,294	719,259

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 2016

			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 38)	Share premium RM'000 (Note 39)	Other reserves, total RM'000 (Note 40)	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 13)	(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	1,418,552	1,328,030	499,004	39,088	11,029	3,029	8,000	778,909	90,522

Group	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000 (Note 38)	Share premium RM'000 (Note 39)	Other reserves, total RM'000 (Note 40)	Revaluation reserve RM'000	General reserve RM'000	Retained earnings RM'000	Non-controlling interests RM'000
			Attributable to owners of the parent <--- Non-distributable --->					Distributable	
At 1 January 2015	1,223,141	1,200,354	499,004	39,088	110,080	102,080	8,000	552,182	22,787
Total comprehensive income	58,939	55,329	–	–	–	–	–	55,329	3,610
Transactions with owners									
Dividends on ordinary shares (Note 13)	(19,960)	(19,960)	–	–	–	–	–	(19,960)	–
Dividends of subsidiaries	(240)	–	–	–	–	–	–	–	(240)
Disposal of a subsidiary company	(7,233)	1,492	–	–	(102,080)	(102,080)	–	103,572	(8,725)
Total transactions with owners	(27,433)	(18,468)	–	–	(102,080)	(102,080)	–	83,612	(8,965)
At 31 December 2015	1,254,647	1,237,215	499,004	39,088	8,000	–	8,000	691,123	17,432

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 2016

Company	Equity, total RM'000	Share capital RM'000 (Note 38)	Share premium RM'000 (Note 39)	Other reserves, total RM'000 (Note 40)	General reserve RM'000	Retained earnings RM'000 (Note 41)
		<---------------- Non-distributable			--------------->	Distributable
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 13)	(9,980)	–	–	–	–	(9,980)
At 31 December 2016	674,031	499,004	39,088	8,000	8,000	127,939
At 1 January 2015	698,722	499,004	39,088	8,000	8,000	152,630
Total comprehensive income	2,495	–	–	–	–	2,495
Transactions with owners						
Dividends on ordinary shares (Note 13)	(19,960)	–	–	–	–	(19,960)
At 31 December 2015	681,257	499,004	39,088	8,000	8,000	135,165

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 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Operating activities					
Profit before tax and zakat					
– Continuing operations		113,023	50,903	3,399	2,507
– Discontinued operations	11	–	26,203	–	–
Adjustments for:					
Interest expense	6,11	4,174	53,476	2,717	270
Unwinding of discounting of:					
– Fixed rate serial bonds	11(b)	–	15,005	–	–
– Provision for concession liability	11(b)	–	15,414	–	–
– Accrued lease rental	11(b)	–	7,614	–	–
– Government soft loan	31	–	1,176	–	–
Fair value gain on government soft loan	31	–	(2,145)	–	–
Profit from Islamic short term placements	5,11	(34)	(1,560)	–	–
Interest income from:					
– Subsidiaries	5	–	–	(10,467)	(2,983)
– Immediate holding company	5	–	(525)	–	(525)
– Deposits with licensed banks	5,11	(988)	(489)	(131)	(49)
– Others	5	(258)	(182)	(3)	(2)
Gain on fair value of money market deposits	5	(1,138)	(1,740)	(1,085)	(1,460)
Notional income on unwinding of discounting of:					
– Loans and receivables	11(b)	–	(5,023)	–	–
– Concession receivable	11(b)	–	(18,765)	–	–
– Gross amount due from customer	11(b)	–	(10,482)	–	–
Property, plant and equipment:					
– Depreciation	14	4,677	7,801	443	325
– Written off	14	274	48	10	–
– Impairment	14	474	–	–	–
Bad debts written off	7	146	5	–	5
Reversal of allowance for impairment on financial assets:					
– Trade receivables	7,11	(562)	(92)	–	–
Impairment loss on financial assets:					
– Long term receivables	7	7,687	–	–	–
– Trade receivables	7,11	33	59,628	–	33
– Investment	7	–	–	22,034	–
Amortisation of intangible assets	7	309	–	–	–
Intangible assets written off	7	2,060	–	–	–
Deferred expenditure written off	7	–	86	–	86
Provision for slow moving inventories	7	21	–	–	–
Gain from remeasurement of intangible asset	11(b)	–	(12,747)	–	–
Dividend income from:					
– A subsidiary company	3	–	–	(37,612)	–
– Associates	3	–	–	–	(3,000)
Amortisation of concession rights	11(b)	–	16,745	–	–
Depreciation of investment properties	7	3,107	87	3,107	3,108
Impairment loss on non-financial assets:					
– Goodwill on consolidation	7	2,020	–	–	–
– An associate	7	9,641	–	–	–

Statements of Cash Flows
For the financial year ended 31 December 2016 (cont'd.)

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Operating activities (cont'd.)					
Net loss/(gain) on disposal of:					
– A subsidiary company	11(b)	–	32,493	–	(32,011)
– Property, plant and equipment	5,7,11	(80)	40	–	–
– Asset held for sale	5	(97,470)	–	–	–
Write back of liabilities	5,11	(585)	(148)	–	–
Waiver of amount due from subsidiary company	7	–	–	–	21,132
Share of profit of associates	17	(50,738)	(111,027)	–	–
Operating (loss)/profit before working capital changes		(4,207)	121,799	(17,588)	(12,564)
(Increase)/decrease in inventories		(1,006)	743	–	–
Decrease/(increase) in receivables		6,480	(41,247)	1,740	89
Increase/(decrease) in payables		21,043	(55,854)	13,119	(1,407)
Net movement in intercompany balances		(23,798)	(1,342)	100	3,958
Cash (used in)/generated from operations		(1,488)	24,099	(2,629)	(9,924)
Zakat paid		(812)	(458)	(645)	(12)
(Tax paid, net of refunds received)/tax refund, net of tax paid		(11,096)	(4,370)	–	135
Net cash (used in)/generated from operating activities		(13,396)	19,271	(3,274)	(9,801)
Investing activities					
Net dividends received from					
– Subsidiary		–	–	612	–
– Associates		–	3,000	–	3,000
Interest received from					
– Fixed deposits		988	489	131	49
– Others		258	182	3	2
Profit from Islamic short term placements	5,11	34	1,560	–	–
Purchase of:					
– Property, plant and equipment	14	(3,862)	(2,536)	(678)	(158)
– Investment properties	15	–	(24)	–	(24)
– Intangible assets	19	(20)	–	–	–
Proceeds/(outflow) from disposal of:					
– Property, plant and equipment		84	104	3	1
– Subsidiary	11(b)	–	(39,757)	–	–
– Asset held for sale		60,000	–	–	–
Withdrawal of money market deposits		59,176	27,690	53,153	27,661
Acquisition in subsidiaries		(229,467)	–	(175,846)	–
Additional investment in associates		–	(5,400)	–	–
Net cash (used in)/generated from investing activities		(112,809)	(14,692)	(122,622)	30,531

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Financing activities				
Interest paid	(4,174)	(53,476)	(190)	(270)
Dividend paid on ordinary shares	(10,768)	(20,200)	(9,980)	(19,960)
Advances to subsidiaries	–	–	(16,518)	(34,701)
Repayment of advances from subsidiaries	–	–	74,862	250
Drawdown of loans and borrowings	267,000	30,000	108,000	30,000
Repayment of loans and borrowings	(30,000)	(10,000)	(30,000)	–
Repayment of obligations under finance leases	(91)	(47)	–	–
Proceeds from government soft loan	–	3,178	–	–
Net movement in deposits with licensed banks	4,411	4,664	96	(34)
Net cash generated from/(used in) financing activities	226,378	(45,881)	126,270	(24,715)
Net increase/(decrease) in cash and cash equivalents	100,173	(41,302)	374	(3,985)
Effect of exchange rate changes on cash and cash equivalents	2,851	–	–	–
Cash and cash equivalents at 1 January	19,657	60,959	1,707	5,692
Cash and cash equivalents at 31 December (Note 29)	122,681	19,657	2,081	1,707

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 2016

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 activities of the Company are investment holding and provision of management services. The Group has diversified its principal activities to include manufacturing and licensing businesses during the financial year subsequent to the acquisition of companies namely, Century Bond Bhd and Kaiserkorp Corporation Sdn Bhd. The principal activities of the subsidiaries and associates are described in Notes 16 and 17 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 7 April 2017.

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, 1965 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.

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 2016, the Group and the Company adopted the following new and amended FRSs mandatory for annual financial periods beginning on or after 1 January 2016.

Description	Effective for annual periods beginning on or after
Annual Improvements to FRSs 2012-2014 Cycle	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 : Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to FRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 101 : Disclosure Initiative	1 January 2016
Amendments to FRS 116 and FRS 138 : Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 116 and FRS 141 : Agriculture : Bearer Plants	1 January 2016
Amendments to FRS 127 : Equity Method in Separate Financial Statements	1 January 2016
FRS 14 : Regulatory Deferral Accounts	1 January 2016

The adoption of the above standards does not have any significant impact to the financial statements of the Group and of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective

The standards that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
FRS 107 : Disclosure Initiatives (Amendments to FRS 107)	1 January 2017
FRS 112 : Recognition of Deferred Tax for Unrealised Losses (Amendments to FRS 112)	1 January 2017
MFRS 2 : Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
MFRS 9 : Financial Instruments	1 January 2018
MFRS 15 : Revenue from Contracts with Customers	1 January 2018
MFRS 16 : Leases	1 January 2019
Amendments to FRS 10 and FRS 128 : Sale or Contribution of Assets between an Investor and its Associate and Joint Venture	Deferred

The directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application except as discussed below:

(a) Malaysian Financial Reporting Standards ("MFRS Framework")

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called "Transitioning Entities").

On 7 August 2013, the MASB issued another announcement that Transitioning Entities would only be required to adopt the MFRS framework for the annual periods beginning on or after 1 January 2015. Subsequently, on 2 September 2014, MASB has further announced that Transitioning Entities shall be required to apply the MFRS Framework for annual periods beginning on or after 1 January 2017.

On 28 October 2015, the MASB issued another announcement that the Transitioning Entities would only be required to adopt the MFRS Framework for the annual periods beginning on or after 1 January 2018.

The Company falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. In presenting its first MFRS financial statements, the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework.

The Company is in the process of making its assessment of 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 years ended 31 December 2015 and 31 December 2016 could be different if prepared under the MFRS Framework.

The Company expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2018.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective (cont'd.)

(b) FRS 112 : Recognition of Deferred Tax for Unrealised Losses

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.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between retained earnings and other components of equity. Entities applying this relief must disclose that fact. The Group and the Company are currently assessing the impact of FRS 112 and plans to adopt the new standard on the required effective date.

(c) MFRS 15 : Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, such as when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Directors anticipate that the application of MFRS 15 will have a material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. The Group and the Company are currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

(d) MFRS 9 : Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9.

The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

The Group and the Company are currently assessing the impact of MFRS 9 and plans to adopt the new standard on the required effective date.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(c) Foreign currency (cont'd.)

(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%

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(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.

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(i) Associates (cont'd.)

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.

(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 2016 and 2015.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(j) Financial assets (cont'd.)

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(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 food, beverages, manufacturing, bedding goods and trading goods are determined on a weighted average basis and comprises costs of purchase.

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(o) Financial liabilities (cont'd.)

(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.

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 interest 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 an 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(t)(vii).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(t) 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) Sale of licenses and royalty

Revenue from the sale of licenses and royalty are recognised in accordance with the substance of the agreement.

(iii) Management fees

Management fees are recognised when services are rendered.

(iv) Interest income

Interest income is recognised using the effective interest rate method.

(v) Dividend income

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

(vi) Membership fee

The membership fee is recognised based on receipt basis.

(vii) 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.

(viii) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(u) 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.

Deferred tax assets are recognised for all deductible temporary differences, 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(u) Income taxes (cont'd.)

(iii) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

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

- Receivables and payables that are stated with the amount of sales tax included.

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

(iv) Goods and services tax ("GST")

On and after 1 April 2015, revenues, expenses and assets are recognised net of the amount of GST except:

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of other current assets or liabilities in the statement of financial position.

(v) 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 48, including the factors used to identify the reportable segments and the measurement basis of segment information.

(w) 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 attibutable 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.

Notes to the Financial Statements
for the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(x) 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.

(y) 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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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 2016 were RM37,807,000 (2015: RM2,020,000) and RM195,727,000 (2015: Nil) respectively. Further details are disclosed in Note 20 to the financial statements.

(ii) Impairment of intangible assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

(iii) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives up to its residual value. Management reviews the residual values, useful lives and depreciation method at the end of each financial year end and ensures consistency with previous estimates and patterns of consumptions of the economic benefits that embodies the items in these assets. Changes in the useful lives and residual values of these assets may result in a revision of future depreciation charges.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant accounting estimates and judgements (cont'd.)

(a) Key sources of estimation uncertainty (cont'd.)

(iv) Useful lives of intangible assets

(a) Useful lives of customer relationship

The customer relationships are recognisedseparable from goodwill on acquisition of a subsidiary company. The useful lives of the customer relationships are estimated to be 20 years, determined based on customer attrition from the acquired relationships.

(b) Useful life of brand name

The Group considers that the brand name have indefinite useful lives because they are expected to contribute to the Group's net cash inflows indefinitely. The useful life of brand name is 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.

(c) Useful life of trademarks

The Group recognised trademarks as an intangible asset with useful live of 5 years based on the estimated economic life of bedding products which falls under the trademarks. The trademarks have been amortised based on the useful life during the financial year.

(v) Impairment of loans and receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, 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.

Where there is objective evidence of impairment, the amount and timing of future cash flow are estimated based on historical loss experience for assets with similar credit risk characteristics. Changes in the present value of the estimated future cash flows will result in a revision of the Group's allowance for impairment.

(vi) 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 during the financial year.

Associated company

Based on management's review, there was an impairment of RM9.6 million on investment in an associate company during the financial year.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant accounting estimates and judgements (cont'd.)

(a) Key sources of estimation uncertainty (cont'd.)

(vii) Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognisedliabilities for expected tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

(viii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of future production and sales volume, operating costs, capital expenditure, dividends, and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

(ix) Gain on disposal of Perangsang Templer Golf Club land

Judgement and estimate is involved in determining the consideration price received from Setia Eco Templer ("SET") by Cash Band (M) Berhad in computing the gain on disposal recognised during the financial year. Consideration price should be estimated and recognised based on the probability of the income to be received. Contingent consideration which is dependent on the activities beyond the Group's control should not be recognised until when it is able to be measured reliably.

The Group has recognised the gain on disposal based on minimum consideration price of RM140,000,000 upon fulfillment of all condition precedents during the financial year.

(x) 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 2016 was an amount owing from Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") of RM1,702.3 million (2015: RM1,468.8 million), of which RM1,453.3 million (2015: RM1,231.7 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 17(c) in the financial statements.

Notes to the Financial Statements
for the financial year ended 31 December 2016

3. REVENUE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Rental income from:				
Subsidiaries	–	–	–	269
Others	9,013	8,584	9,013	8,584
Gross dividends from:				
A subsidiary	–	–	37,612	–
Associates	–	–	–	3,000
Sale of chemical products	83,864	62,474	–	–
Manufacturing	25,786	–	–	–
Licensing	18,180	–	–	–
Sale of bedding products	1,989	–	–	–
Leasing	3,948	–	–	–
Hotel operations	1,619	13,748	–	–
Membership fee income	62	–	–	–
Management fees charged:				
Subsidiaries	–	–	80	423
Others	37	295	37	295
	144,498	85,101	46,742	12,571

4. COST OF SALES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cost of inventories sold:				
– Chemical products	75,907	55,178	–	–
– Manufacturing	20,567	–	–	–
– Licensing	1,868	–	–	–
Hotel operations	1,074	7,276	–	–
	99,416	62,454	–	–

5. OTHER INCOME

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Profit from Islamic short term placements	34	259	–	–
Interest income from:				
– Subsidiaries	–	–	10,467	2,983
– Immediate holding company	–	525	–	525
– Deposits with licensed banks	988	487	131	49
– Others	258	182	3	2
Gain on disposal of:				
– Assets of disposal group classified as held for sale (Note 11(a))	97,470	–	–	–
– Investment in a subsidiary (Note 11(b))	–	–	–	32,011
Write-back of liabilities	585	127	–	–
Gain on fair value of money market deposits	1,138	1,740	1,085	1,460
Rental income from operating lease, other than those relating to investment properties	84	566	–	–
Gain on foreign exchange:				
– realised	440	–	–	–
– unrealised	1,946	–	–	–
Others	307	130	110	77
	103,250	4,016	11,796	37,107

6. FINANCE COSTS

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Profit payment/interest expense on:				
– Bank overdrafts and short term borrowings	2,734	270	2,717	270
– Finance lease obligations	12	6	–	–
– Term loan	1,428	–	–	–
Profit payment for Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS")	–	11,872	–	–
	4,174	12,148	2,717	270

Notes to the Financial Statements
for the financial year ended 31 December 2016

7. PROFIT BEFORE TAX AND ZAKAT

The following items have been included in arriving at profit before tax and zakat from continuing operations:

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Employee benefits expense (Note 8)	26,780	19,719	15,092	10,811
Non-executive directors' remuneration (Note 9)	1,218	1,193	1,081	1,040
Auditors' remuneration:				
– Statutory audit	584	211	102	97
– Others	672	73	672	73
Property, plant and equipment (Note 14):				
– Depreciation	4,677	6,560	443	325
– Written off	274	48	10	–
– (Gain)/loss on disposal	(80)	41	–	–
Impairment loss on:				
– Property, plant and equipment (Note 14)	474	–	–	–
– Trade receivables (Note 25)	33	57	–	33
– Amount due from a subsidiary	–	–	–	497
– Investments in subsidiaries (Note 16)	–	–	22,034	–
– Investments in associates (Note 17)	9,641	–	–	–
– Goodwill (Note 20)	2,020	–	–	–
– Long term receivables (Note 21)	7,687	–	–	–
– Other receivables (Note 26)	44	–	–	–
Direct operating expenses of investment properties:				
– Revenue generating during the year	5,311	5,027	5,311	5,027
Bad debts written off	146	5	–	5
Rental of:				
– Premises	984	–	–	–
– Plant and machinery	41	37	41	25
Investment properties (Note 15):				
– Depreciation	3,107	87	3,107	3,108
Intangible assets (Note 19):				
– Amortisation	309	–	–	–
– Write-off	2,060	–	–	–
Royalty fees	33	270	–	–
Provision for slow moving inventories	21	–	–	–
Write off in intercompany balance (Note 11(b))	–	–	–	21,132
Deferred expenditure written off	–	86	–	86
Loss on foreign exchange:				
– realised	34	31	–	–
Reversal of impairment losses on trade receivables (Note 25)	(562)	–	–	–
Loss on disposal of investment in a subsidiary (Note 11(b))	–	32,493	–	–

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Wages, salaries and bonus	21,159	15,478	12,033	8,503
Defined contribution plan	1,862	2,005	1,254	1,097
Social security contributions	112	140	82	47
Other benefits	3,647	2,096	1,723	1,164
	26,780	19,719	15,092	10,811

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM439,000 (2015: RM585,000) and RM nil (2015: RM174,000) respectively 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Directors of the Company				
Executive:				
Salaries	–	174	–	174
Non-executive:				
Fees	487	493	455	442
Other emoluments	589	614	584	598
Benefits-in-kind	42	–	42	–
	1,118	1,107	1,081	1,040
	1,118	1,281	1,081	1,214

9. DIRECTORS' REMUNERATION (CONT'D.)

The details of remuneration received and receivable by directors during the year are as follows (cont'd.):

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Directors of subsidiaries				
Executive:				
Salaries	436	1,056	–	–
Fees	2	2	–	–
Other emoluments	1	1	–	–
Benefits-in-kind	–	35	–	–
	439	1,094	–	–
Non-executive:				
Fees	98	89	–	–
Other emoluments	2	3	–	–
	100	92	–	–
	539	1,186	–	–
Total executive directors' remuneration:				
– continuing operations (Note 8)	439	585	–	174
– discontinued operations (Note 11(b))	–	683	–	–
	439	1,268	–	174
Total non-executive directors' remuneration:				
– continuing operations (Note 7)	1,218	1,193	1,081	1,040
– discontinued operations (Note 11(a))	–	6	–	–
	1,218	1,199	1,081	1,040
	1,657	2,467	1,081	1,214

9. DIRECTORS' REMUNERATION (CONT'D.)

An amount of RM55,000 (2015: RM55,000) is payable to the immediate holding company in respect of the services provided by the Directors of the Group and the Company respectively.

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	
	2016	2015
Executive directors:		
RM150,001 – RM200,000	–	1
Non-executive directors:		
Below RM50,000	1	–
RM50,001 – RM100,000	–	1
RM100,001 – RM150,000	6	5
RM150,001 – RM200,000	2	2

10. INCOME TAX AND ZAKAT

The major components of income tax expense and zakat for the years ended 31 December 2016 and 2015 are:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Malaysian income tax				
Current income tax from continuing operations	9,076	1,585	–	–
Underprovision in prior years	25	228	–	–
	9,101	1,813	–	–
Foreign income tax	2,777	–	–	–
Deferred taxation from continuing operations (Note 34):				
Reversal of temporary differences	(1,536)	(5)	–	–
Under provision in prior years	9	2	–	–
Effect of changes in tax rate	–	(2)	–	–
	(1,527)	(5)	–	–

Notes to the Financial Statements
for the financial year ended 31 December 2016

10. INCOME TAX AND ZAKAT (CONT'D.)

The major components of income tax expense and zakat for the years ended 31 December 2016 and 2015 are (cont'd.):

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Continuing operations:				
Income tax expense recognised in income statement	10,351	1,808	–	–
Zakat	812	170	645	12
	11,163	1,978	645	12
Discontinued operations (Note 11):				
Current income tax	–	2,207	–	–
Overprovision in prior years	–	(2,790)	–	–
	–	(583)	–	–
Deferred taxation (Note 34)				
Relating to origination of temporary differences	–	17,147	–	–
Effect of changes in tax rate	–	(3,226)	–	–
Underprovision of deferred tax	–	2,563	–	–
	–	16,484	–	–
Income tax expense recognised in income statement	–	15,901	–	–
Zakat	–	288	–	–
	–	16,189	–	–
Total income tax and zakat	11,163	18,167	645	12

Domestic income tax is calculated at the statutory tax rate of 24% (2015: 25%) 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.

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 2016 and 2015 are as follows:

	2016 RM'000	2015 RM'000
Group		
Profit before tax and zakat:		
– continuing operations	113,023	50,903
– discontinued operations	–	26,203
	113,023	77,106
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	27,126	19,277
Income not subject to tax	(17,896)	(2,677)
Expenses not deductible for tax purposes	16,890	30,995
Effect of share of profits in associates	(16,022)	(27,757)
Utilisation of current year's reinvestment allowances	–	(300)
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowance	(2,565)	–
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	2,784	3,214
Deferred tax assets recognised on provision in current year	–	(1,818)
Underprovision of deferred tax in prior years	9	2,565
Under/(over) provision of tax expense in prior years	25	(2,562)
Effect of changes in tax rate	–	(3,228)
Income tax recognised in income statement	10,351	17,709

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 2016 and 2015 are as follows (cont'd.):

	2016 RM'000	2015 RM'000
Company		
Profit before tax and zakat	3,399	2,507
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	816	627
Income not subject to tax	(9,287)	(9,118)
Expenses not deductible for tax purposes	7,912	6,883
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	559	1,608
Income tax recognised in income statement	–	–

11. DISCONTINUED OPERATION AND DISPOSAL OF A SUBSIDIARY COMPANY

(a) Discontinued operation and 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.

11. DISCONTINUED OPERATION AND DISPOSAL OF A SUBSIDIARY COMPANY (CONT'D.)

(a) Discontinued operation and assets classified as held for sale (cont'd.)

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.

In previous financial year, the Lands have been presented in the consolidated statement of financial position as "Assets of disposal group classified as held for sale". The results of the golf club and recreational sector have been disclosed as discontinued operation.

The results of Cash Band are as follows:

	2015 RM'000
Other income	238
Expenses	(1,672)
Loss before tax and zakat	(1,434)
Income tax and zakat (Note 10)	59
Loss from discontinued operation, net of tax and zakat	(1,375)

11. DISCONTINUED OPERATION AND DISPOSAL OF A SUBSIDIARY COMPANY (CONT'D.)

(a) Discontinued operation and assets classified as held for sale (cont'd.)

The loss before tax and zakat from discontinued operation was stated after charging/(crediting) the following amounts:

	Note	2015 RM'000
Non-executive directors' remuneration	9	6
Auditors' remuneration:		
– Statutory audit		28
Property, plant and equipment:		
– Loss on disposal		12
Rental of equipment		5
Retrenchment cost		1,864
Write-back of liability		(21)
Profit from Islamic short term placement		(71)
Interest income from deposits from licensed banks		(2)
Reversal of impairment loss:		
– Trade receivables	25	(92)

As at 31 December 2015, the assets classified as held for sale were as follows:

	2015 RM'000
Property, plant and equipment	42,530

	2016 RM'000
Disposal consideration	140,000
Assets held for disposal	(42,530)
Gain on disposal (Note 5)	97,470

11. DISCONTINUED OPERATION AND DISPOSAL OF A SUBSIDIARY COMPANY (CONT'D.)

(b) Disposal of a subsidiary company

On 23 June 2014, the Company received an offer letter dated 20 June 2014 in relation to the proposed purchase by KDEB of 90.83% equity in the Titisan Modal Sdn Bhd ("TMSB") ("Proposed Acquisition") and the resolution of the RM150.0 million nominal amount Bai-Bithaman Ajil Islamic Debt Securities A ("BaIDS A") and RM50.0 million amount Bai-Bithaman Ajil Islamic Debt Securities B ("BaIDS B") both issued by Viable Chip (M) Sdn Bhd, a wholly-owned subsidiary of the Company (BaIDS A and BaIDS B are collectively referred to as "VCSB Liability") vide the assumption of such liabilities by KDEB ("Proposed Resolution"), ("Proposed Acquisition and Proposed Resolution are collectively referred to as "Proposals").

On the same day, the Company accepted the offer from KDEB on the Proposals based on the following indicative terms and conditions:

(a) The Proposed Acquisition for indicative consideration of RM78.1 million; and

(b) The Proposed Resolution of the BaIDS A and BaIDS B via KDEB's assumption of the liabilities amounting to an aggregate nominal amount of RM200.0 million as consideration for the settlement of inter-company debt.

On 22 October 2015, the Company had entered into a conditional share purchase agreement ("SPA") in connection with the Proposals with Pengurusan Air Selangor Sdn Bhd ("Air Selangor"), a wholly-owned subsidiary of KDEB.

Based on the terms of the SPA, the disposal consideration of RM78.1 million, refund of the earnest deposit for the right of first refusal granted by KDEB to the Company of RM87.5 million and advances made by the Company to KDEB between January 2010 and August 2011 of RM34.5 million will be set off against VCSB Liability of RM200.0 million.

The Proposals also entail the Company agreeing that all shareholders' loans and/or inter-company borrowings (and interests accrued thereon) made by the Company to TMSB as at completion date will not be claimed by the Company.

The Proposals were approved by the minority shareholders during the Company's Extraordinary General Meeting held on 9 December 2015. The Proposals were deemed completed on 31 December 2015 upon fulfilment of the conditions precedent and as such TMSB has ceased to be a subsidiary of the Group.

The assets and liabilities of TMSB, together with its wholly-owned subsidiaries, Konsortium ABASS Sdn Bhd and Rangkai Aman Sdn Bhd (collectively known as "TMSB Group"), were no longer included in the consolidated statement of financial position of Perangsang Selangor as at 31 December 2015. The results of TMSB Group has been disclosed as discontinued operation and the comparative statement of comprehensive income has been restated to show the discontinued operation separately from continuing operations. Arising from the disposal, the Group has recorded a loss on disposal of RM32,493,000.

11. DISCONTINUED OPERATION AND DISPOSAL OF A SUBSIDIARY COMPANY (CONT'D.)

(b) Disposal of a subsidiary company (cont'd.)

The disposal of TMSB Group had the following effects on the financial position and financial performance of the Group for the year ended 31 December 2015:

Assets and liabilities of TMSB Group

	Note	2015 RM'000
Non-current assets		
Property, plant and equipment	14	2,914
Concession rights	18	251,174
Club membership		210
Intangible asset	19	–
Concession receivable	22	202,213
		456,511
Current assets		
Gross amounts due from customers on contract	24	105,776
Trade and other receivables		693,216
Tax recoverable		5,165
Cash and bank balances		39,757
		843,914
Current liabilities		
Trade and other payables		19,003
Government soft loan	31	2,000
Loans and borrowings		314,159
Tax payable		1,025
		336,187

11. DISCONTINUED OPERATION AND DISPOSAL OF A SUBSIDIARY COMPANY (CONT'D.)

(b) Disposal of a subsidiary company (cont'd.)

Assets and liabilities of TMSB Group (cont'd.)

	Note	2015 RM'000
Non-current liabilities		
Loans and borrowings		513,923
Government soft loan	31	15,836
Provision for concession liability	32	193,302
Accrued lease rental	33	102,911
Deferred tax liabilities	34	137,701
		963,673
Goodwill on consolidation	20	117,215
Transfer from share option reserves		1,492
		118,707
Net assets		119,272
Non-controlling interest		(8,725)
Net assets attributable to the Group		110,547
Disposal consideration		(78,054)
Loss on disposal to the Group	7	32,493
Disposal consideration settled by:		
Settlement of intercompany balances		78,054
Cash inflow arising from disposal:		
Disposal consideration		78,054
Settlement of intercompany balances		121,946
Settlement of loan and borrowings		(200,000)
Cash and cash equivalents of subsidiaries disposed		(39,757)
Net cash outflow on disposal		(39,757)

	Note	Company RM'000
Disposal consideration		78,054
Cost of investment	16	(46,043)
Gain on disposal to the Company	5	32,011
Write off in intercompany balances	7	(21,132)
		10,879

11. DISCONTINUED OPERATION AND DISPOSAL OF A SUBSIDIARY COMPANY (CONT'D.)

(b) Disposal of a subsidiary company (cont'd.)

Results of TMSB Group presented as discontinued operation

	2015 RM'000
Revenue	200,858
Cost of sales	(52,893)
Gross profit	147,965
Other income	48,755
Expenses	(88,550)
Finance costs	(80,533)
Profit before tax and zakat	27,637
Income tax and zakat (Note 10)	(16,248)
Profit from discontinued operation, net of tax and zakat	11,389

The profit before tax and zakat from discontinued operation was stated after charging/(crediting) the following amounts:

	Note	2015 RM'000
Employee benefits expenses		11,362
Auditors' remuneration:		
– Statutory audit		56
Property, plant and equipment:		
– Depreciation	14	1,241
– Gain on disposal		(50)
Hire of plant and machinery		13
Amortisation of concession rights	18	16,745
Impairment loss on financial assets:		
– Trade receivables	25	59,571
Profit from Islamic short term placements		(1,230)
Net gains from remeasurement of intangible asset	19	(12,747)
Notional income on unwinding of discounting of:		
– Loans and receivables		(5,023)
– Concession receivable	22	(18,765)
– Gross amount due from customer on contract		(10,482)
Fair value gain on government soft loan		(2,145)
Unwinding of discounting of:		
– Fixed rate serial bonds		15,005
– Government soft loan	31	1,176
– Provision for concession liability	32	15,414
– Accrued lease rental	33	7,614

11. DISCONTINUED OPERATION AND DISPOSAL OF A SUBSIDIARY COMPANY (CONT'D.)

(b) Disposal of a subsidiary company (cont'd.)

Employee benefits expenses

	2015 RM'000
Wages, salaries and bonus	8,771
Defined contribution plan	1,216
Social security contributions	67
Other benefits	1,308
	11,362

Included in employee benefits expense were executive directors' remuneration amounting to RM683,000.

Cash flows of TMSB Group presented as discontinued operation

	2015 RM'000
Net cash flow generated from operating activities	57,692
Net cash flow used in investing activities	(14,752)
Net cash flow used in financing activities	(48,186)
Net decrease in cash and cash equivalents	(5,246)

12. 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 2016 RM'000	Group 2015 RM'000
Profit attributable to owners of the parent:		
– from continuing operations	97,766	46,232
– from discontinued operations	–	9,097
	97,766	55,329

12. EARNINGS PER SHARE (CONT'D.)

Basic (cont'd.)

	Group 2016 Number of shares '000	Group 2015 Number of shares '000
Weighted average number of ordinary shares in issue	499,004	499,004

	Group 2016 sen	Group 2015 sen
Basic earnings per share:		
– from continuing operations	19.59	9.26
– from discontinued operations	–	1.82
	19.59	11.08

13. DIVIDENDS

	Dividends in respect of year 2016 RM'000	Dividends in respect of year 2015 RM'000	Dividends in respect of year 2014 RM'000	Dividends recognised in year 2016 RM'000	Dividends recognised in year 2015 RM'000
Recognised during the year:					
Single-tier final dividend for 2015: 2 sen per ordinary share, on 499,004,119 ordinary shares	–	9,980	–	9,980	–
Single-tier first interim dividend for 2015: 2 sen per share, on 499,004,119 ordinary shares	–	9,980	–	–	9,980
Single-tier final dividend for 2014: 2 sen per ordinary share, on 499,004,119 ordinary shares	–	–	9,980	–	9,980
Single-tier first interim dividend for 2014: 2 sen per share, on 499,004,119 ordinary shares	–	–	9,980	–	–
Proposed but not recognised as a liability as at 31 December:					
Single-tier final dividend for 2016: 4.25 sen per ordinary share, on 499,004,119 ordinary shares	21,208	–	–	–	–
	21,208	19,960	19,960	9,980	19,960

At the forthcoming Annual General Meeting, a single-tier final dividend in respect of the financial year ended 31 December 2016, 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 2017.

14. PROPERTY, PLANT AND EQUIPMENT

	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
Group								
2016								
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 16(b))	–	3,146	15,757	–	388	32,312	4,461	56,064
Written off (Note 7)	–	–	–	–	–	(164)	(2,129)	(2,293)
Transfer to investment properties (Note 15)	–	(16,103)	(105,365)	–	–	–	–	(121,468)
Disposals	–	–	–	–	–	–	(8)	(8)
Exchange difference	–	–	202	–	10	957	535	1,704
At 31 December	2,968	16,088	76,590	2,079	1,671	34,248	42,929	176,573
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 15)	–	(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

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	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
Group								
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	15,221	35,080	2,079	832	33,376	8,259	97,815

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Capital work in progress RM'000	Motor vehicles RM'000	Office equipment hotel furniture and fittings RM'000	Total RM'000
Group							
2015							
Cost							
At 1 January	2,968	29,045	167,910	–	6,097	52,604	258,624
Additions	–	–	–	277	475	1,784	2,536
Written off (Note 7)	–	–	–	–	(5)	(5,161)	(5,166)
Disposal of a subsdiary (Note 11(b))	–	–	(1,914)	–	(5,033)	(8,810)	(15,757)
Disposals	–	–	–	–	(635)	(890)	(1,525)
At 31 December	2,968	29,045	165,996	277	899	39,527	238,712
Accumulated depreciation							
At 1 January	–	5,957	63,059	–	4,253	46,362	119,631
Depreciation charge for the year (Notes 7 and 16(c))	–	369	4,709	–	755	1,968	7,801
Written off (Note 7)	–	–	–	–	(5)	(5,113)	(5,118)
Disposal of a subsdiary (Note 11(b))	–	–	(1,524)	–	(3,705)	(7,614)	(12,843)
Disposals	–	–	–	–	(635)	(743)	(1,378)
At 31 December	–	6,326	66,244	–	663	34,860	108,093
Net carrying amount							
At 31 December	2,968	22,719	99,752	277	236	4,667	130,619

14. 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					
2016					
Cost					
At 1 January	12,942	550	8,427	198	22,117
Additions	–	–	304	374	678
Write off	–	–	(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
Write off	–	–	(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
2015					
Cost					
At 1 January	12,942	550	8,274	198	21,964
Additions	–	–	158	–	158
Disposals	–	–	(5)	–	(5)
At 31 December	12,942	550	8,427	198	22,117
Accumulated depreciation					
At 1 January	2,482	241	7,596	198	10,517
Depreciation charge for the year (Note 7)	151	11	163	–	325
Disposals	–	–	(4)	–	(4)
At 31 December	2,633	252	7,755	198	10,838
Net carrying amount					
At 31 December	10,309	298	672	–	11,279

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

(a) Net carrying amounts of property, plant and equipment held under hire purchase are as follows:

	Group 2016 RM'000	Group 2015 RM'000
Motor vehicles	154	235

(b) The Group's freehold land, long term leasehold land and buildings with carrying amount of RM34,593,061 (2015: RM124,737,288) are pledged for credit facilities granted to the Group.

15. INVESTMENT PROPERTIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 January	6,510	6,573	51,407	54,491
Reclassification from property, plant and equipment (Note 14)	88,384	–	–	–
Addition	–	24	–	24
Depreciation charge for the year (Note 7)	(3,107)	(87)	(3,107)	(3,108)
At 31 December	91,787	6,510	48,300	51,407
Fair value at 31 December	216,000	8,000	156,000	156,000

During the year, freehold land, long term leasehold land and buildings of the Group with carrying value of RM88,384,872 (2015: RM nil) were reclassified 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 freehold land, long term leasehold land and buildings with carrying amount of RM88,384,872 (2015: RM nil) are pledged for credit facilities granted to the Group as disclosed in Note 30 in the financial statements.

16. INVESTMENT IN SUBSIDIARIES

	Company 2016 RM'000	Company 2015 RM'000
Shares, at cost:		
– Unquoted	258,006	304,049
Subscription of redeemable convertible preference shares	51,649	–
Acquired during the year (Note 16(b))	124,197	–
Disposed during the year (Note 11(b))	–	(46,043)
Impairment losses (Note 7)	(54,959)	(32,925)
	378,893	225,081

(a) Details of the subsidiaries are as follows:

	Name of subsidiaries	Country of incorporation	Principal activities	Proportion of effective ownership interest (%) 2016	Proportion of effective ownership interest (%) 2015	% of ownership interest held by non-controlling interests 2016	% of ownership interest held by non-controlling interests 2015
	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	99.9	–	0.1
	Aqua-Flo Sdn Bhd	Malaysia	Trading in chemical products	51.0	36.0	49.0	64.0
	Nadi Biru Sdn Bhd	Malaysia	Investment holding	100.0	–	–	–
	Bold Approach Sdn Bhd	Malaysia	Investment holding	100.0	–	–	–
+	Perangsang Packaging Sdn Bhd	Malaysia	Investment holding	100.0	–	–	–
+	Perangsang Oil and Gas Sdn Bhd	Malaysia	Investment holding	100.0	100.0	–	–
+	Perangsang Telco Sdn Bhd	Malaysia	Investment holding	100.0	100.0	–	–
+	Kuala Langat Mining Sdn Bhd	Malaysia	Dormant	100.0	100.0	–	–
+	Selangor Amal Holdings Sdn Bhd	Malaysia	Dormant	100.0	100.0	–	–
*	Perangsang Consultancy and Engineering Sdn Bhd	Malaysia	In liquidation	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

16. 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	
				2016	2015	2016	2015
	Held by the Company: (cont'd.)						
*	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
*	Perangsang Alphasoft Sdn Bhd	Malaysia	In liquidation	100.0	100.0	–	–
	Held under Hydrovest Sdn Bhd:						
	Aqua-Flo Sdn Bhd	Malaysia	Trading in chemical products	–	36.0	–	64.0
	Held under Cash Band (M) Berhad:						
	Perangsang Hotel and Properties Sdn Bhd	Malaysia	Hotelier	100.0	99.9	–	0.1
	Brisdale International Hotel Sdn Bhd	Malaysia	Dormant	100.0	99.9	–	0.1
	Held under Nadi Biru Sdn Bhd:						
	Smartpipe Technology Sdn Bhd	Malaysia	Operating, maintenance construction and commissioning of water treatment plant and facilities, and undertake contract works relating to water industry activities	51.0	–	49.0	–
	Held under Bold Approach Sdn Bhd:						
	Kaiserkorp Corporation Sdn Bhd	Malaysia	Investment holding	60.0	–	40.0	–
	Held under Perangsang Packaging Sdn Bhd:						
+	Century Bond Bhd	Malaysia	Investment holding and provision of management services	98.9	–	1.1	–
	Held under Kaiserkorp Corporation Sdn Bhd:						
	Kyco Industries Inc	United States	Investment holding	60.0	–	40.0	–
	King Koil Licensing Inc	United States	Licensing	60.0	–	40.0	–

16. 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	
			2016	2015	2016	2015
Held under Kaiserkorp Corporation Sdn Bhd: (cont'd.)						
King Koil Sales Inc	United States	Distribution and Marketing	60.0	–	40.0	–
+ King Koil International Pte Ltd	Singapore	Distribution and Marketing	60.0	–	40.0	–
Held under Century Bond Bhd:						
+ Eversynergy Sdn Bhd	Malaysia	Property holding	98.9	–	1.1	–
+ Multiview Enterprises Sdn Bhd	Malaysia	Sales and marketing of industrial packaging tapes, materials and machinery and household care products	98.9	–	1.1	–
+ Prestige Packages Sdn Bhd	Malaysia	Manufacture and sale of multi-wall paper bags woven laminted bags and pulp moulded products	98.9	–	1.1	–
+ Cenbond Packages Sdn Bhd	Malaysia	Manufacturing and sale of plastic moulded products, packaging products and paper products	98.9	–	1.1	–
+ Prop Pulp Packages Sdn Bhd	Malaysia	Dormant	98.9	–	1.1	–
+ CB Bags Sdn Bhd	Malaysia	Investment holding	98.9	–	1.1	–
+ Polyplus Packages Sdn Bhd	Malaysia	Manufacturing and sales of corrugated carton boxes	98.9	–	1.1	–
+ Polyplus Packages (JB) Sdn Bhd	Malaysia	Manufacturing and sales of corrugated carton boxes	98.9	–	1.1	–
Held under Prestige Packages Sdn Bhd:						
+ Centoz Industries Sdn Bhd (formerly known as Imej Duta Sdn Bhd)	Malaysia	Dormant	98.9	–	1.1	–
+ Brandpak Industries Sdn Bhd	Malaysia	Manufacture and marketing of stretch films, plastic bags and liners	98.9	–	1.1	–

16. 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	
			2016	2015	2016	2015
Held under Prestige Packages Sdn Bhd: (cont'd.)						
+ PT. Prestige Packages Indonesia	Indonesia	Manufacture and sale of cement paper bags	98.9	–	1.1	–
+ Cengreen Global Sdn Bhd	Malaysia	Distribution of beauty and health products	98.9	–	1.1	–
+ Esteem Packaging Pte Ltd	Singapore	Trading in paper and plastic packaging products	79.1	–	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	–	1.1	–
+ Prior Packaging Industries Sdn Bhd	Malaysia	Dormant	98.9	–	1.1	–
+ Multiview (S) Pte Ltd	Singapore	Sales and marketing of household care products and packaging materials	98.9	–	1.1	–
+ Ready Chemical (M) Sdn Bhd	Malaysia	Dormant	77.1	–	22.9	–
+ Macro Chemicals Sdn Bhd	Malaysia	Contract manufacturing of adhesive and household care products	98.9	–	1.1	–
+ Imej Harmoni Sdn Bhd	Malaysia	Dormant	98.9	–	1.1	–
Held under CB Bags Sdn Bhd						
+ Prestige Packages (Perlis) Sdn Bhd	Malaysia	Manufacture and sale of cement paper bags	98.9	–	1.1	–

+ Audited by firms of auditors other than Ernst & Young
* In liquidation or under official assignee

Notes to the Financial Statements
for the financial year ended 31 December 2016

16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(b) Incorporation/acquisition of subsidiaries

(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.

(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 ("Aqua-Flo")

On 25 May 2016:

(i) 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 Aqua-Flo comprising 180,000 ordinary shares of RM1.00 each for a cash consideration of RM1.9 million;

(ii) 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 Aqua-Flo comprising 120,000 ordinary shares of RM1.00 each to TCB at a cash consideration of RM1.3 million;

(iii) 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 Aqua-Flo comprising 75,000 ordinary shares of RM1.00 each from Prismachem at a cash consideration of RM4.9 million;

(iv) the Company had entered into a Shareholders' Agreement with Prismachem, TCB and Aqua-Flo to regulate the relationship between the Company, Prismachem, TCB and Aqua-Flo in respect of their respective rights and obligations as shareholders of Aqua-Flo.

The above acquisitions and disposal have been completed on 30 June 2016. Following the completion, Aqua-Flo has became a 51% subsidiary of the Company.

(v) 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.

16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(b) Incorporation/acquisition of subsidiaries (cont'd.)

The fair value of the identifiable assets and liabilities of the acquired subsidiaries as at the date of acquisition were:

	Kaiserkorp Group		Century Bond Bhd Group		Smartpipe Technology Sdn Bhd		Total	
	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	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

16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(b) Incorporation/acquisition of subsidiaries (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:

	Kaiserkorp Group RM'000	Century Bond Bhd Group RM'000	Smartpipe Technology Sdn Bhd RM'000	Total RM'000
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

Goodwill on consolidation recognised is attributable to the fair value of manufacturing and licensing business arising from use of brand names, trademark and customer relationships, which has been recognised separately.

16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(b) Incorporation/acquisition of subsidiaries (cont'd.)

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.

Provisional accounting treatment of acquisition of Century Bond Bhd

The Group has recognised intangible assets and goodwill of RM18.0 million and RM20.3 million respectively on provisional basis. This may subject to changes once the final purchase price allocation is completed which per the standard needs to be completed within 12 months from the date of acquisition.

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 Berhad 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 from continuing operations, net of tax would have been RM289,955,000 and RM115,040,000 respectively.

16. 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current assets	199,709	–	2,954	1,267	202,663	1,267
Current assets	33,045	–	53,669	45,091	86,714	45,091
Total assets	232,754	–	56,623	46,358	289,377	46,358
Non-current liabilities	56,916	–	26,022	119	82,938	119
Current liabilities	6,436	–	71	18,287	6,507	18,287
Total liabilities	63,352	–	26,093	18,406	89,445	18,406
Net assets	169,402	–	30,530	27,952	199,932	27,952
Equity attributable to owners of the parent	169,402	–	30,530	27,952	199,932	27,952
Non-controlling interests	–	–	–	–	–	–
	169,402	–	30,530	27,952	199,932	27,952

(ii) Summarised statement of profit or loss and other comprehensive income

	Kaiserkorp Group		Aqua-Flo Sdn Bhd		Total	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	20,169	–	83,864	62,474	104,033	62,474
Profit for the year	1,437	–	4,894	4,365	6,331	4,365
Profit attributable to:						
– owners of the parent	1,437	–	4,894	4,365	6,331	4,365

16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(c) Summarised financial information on subsidiaries with significant non-controlling interests (cont'd.)

(iii) Summarised statement of cash flows

	Kaiserkorp Group		Aqua-Flo Sdn Bhd		Total	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net cash flows generated from/(used in) operating activities	6,492	–	(1,471)	3,832	5,021	3,832
Net cash flows (used in)/ generated from investing activities	(115)	–	(1,381)	83	(1,496)	83
Net cash flows used in financing activities	(85)	–	(4,586)	(765)	(4,671)	(765)
Net increase/(decrease) in cash and cash equivalents	6,292	–	(7,438)	3,150	(1,146)	3,150
Cash and cash equivalents at 1 January	15,518	–	13,108	9,958	28,626	9,958
Cash and cash equivalents at 31 December	21,810	–	5,670	13,108	27,480	13,108

16. 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 Group") and Aqua-Flo Sdn Bhd ("Aqua-Flo"), 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 2016				
NCI percentage of ownership interest and voting interest	40.00%	49.00%	–	89.00%
Carrying amount of NCI	67,761	14,960	7,801	90,522
Profit/loss attributable to NCI	575	3,565	(46)	4,094
At 31 December 2015				
NCI percentage of ownership interest and voting interest	–	64.00%	–	64.00%
Carrying amount of NCI	–	17,889	(457)	17,432
Profit attributable to NCI	–	2,693	916	3,610

17. INVESTMENT IN ASSOCIATES

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
In Malaysia:				
– Unquoted shares	314,833	314,833	133,008	133,008
Less: Impairment loss (Note 7)	(9,641)	–	–	–
	305,192	314,833	133,008	133,008
Share of post acquisition reserves	773,794	723,056	–	–
	1,078,986	1,037,889	133,008	133,008

17. 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 2016	Proportion (%) of effective ownership interest 2015	Accounting model applied
Held by the Company:					
Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd ("SPRINT")	Malaysia	Investment holding and provision of management services	20.0	20.0	Equity method
+ KPS-HCM Sdn Bhd	Malaysia	Road maintenance and rehabilitation	30.0	30.0	Equity method
+ Perangsang Water Management Sdn Bhd	Malaysia	Water project operation and management	40.0	40.0	Equity method
Held by Viable Chip (M) Sdn Bhd:					
Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH")	Malaysia	Investment holding	30.0	30.0	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	40.0	40.0	Equity method
Held by Perangsang Telco Sdn Bhd:					
+ Ceres Telecom Sdn Bhd	Malaysia	Provision of wireless and mobile telecommunications services to end users	34.3	34.3	Equity method

\+ Audited by firms of auditors other than Ernst & Young

Notes to the Financial Statements
for the financial year ended 31 December 2016

17. INVESTMENT IN ASSOCIATES (CONT'D.)

(b) Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information represents the amounts in the MFRS financial statements of the associates and not the Group's share of those amounts.

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

17. INVESTMENT IN ASSOCIATES (CONT'D.)

(b) Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information represents the amounts in the MFRS financial statements of the associates and not the Group's share of those amounts (cont'd.).

At 31 December 2016 (cont'd.)

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

At 31 December 2015

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	4,430,026	1,637,121	248,414	25,997	6,341,558
Current assets	1,651,166	391,323	121,996	44,192	2,208,677
Total assets	6,081,192	2,028,444	370,410	70,189	8,550,235
Non-current liabilities	1,889,905	1,181,165	102,397	62	3,173,529
Current liabilities	1,139,966	626,507	143,182	24,079	1,933,734
Total liabilities	3,029,871	1,807,672	245,579	24,141	5,107,263
Net assets attributable to owners of associates	3,051,321	220,772	124,831	46,048	3,442,972

17. INVESTMENT IN ASSOCIATES (CONT'D.)

(b) Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information represents the amounts in the MFRS financial statements of the associates and not the Group's share of those amounts (cont'd.).

At 31 December 2015 (cont'd.)

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	469,739	244,218	553,182	86,491	1,353,630
Profit/(loss) for the year	346,156	29,557	4,173	(1,665)	378,221

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	915,396	44,154	49,932	15,431	1,024,913
Goodwill	–	3,356	2,389	7,231	12,976
Carrying amount of Group's interest in associates	915,396	47,510	52,321	22,662	1,037,889
Group's share of results of associates	103,847	5,911	1,669	(400)	111,027
Dividends received from associates	–	–	–	3,000	3,000

The details of goodwill included within the Group's carrying amount of investment in associates are as follows:

	Group 2016 RM'000	Group 2015 RM'000
Carrying amount		
At 1 January	12,976	12,842
Add: Acquired during the year	–	134
At 31 December	12,976	12,976

17. INVESTMENT IN ASSOCIATES (CONT'D.)

(b) Cont'd.,

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 2016, incorporating the three months period ended 31 March 2016 based on the latest audited financial statements and the management financial statements for the nine month period ended 31 December 2016.

(c) Recoverability of investment in Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH")

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 2016 were RM952.5 million (2015: RM915.4 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 ("Federal Government") 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.

17. INVESTMENT IN ASSOCIATES (CONT'D.)

(c) Recoverability of investment in Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH") (cont'd.)

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 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 2016, 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 from Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") amounted to RM3,740,634,900 as at 31 December 2016. 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 during the 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.

18 CONCESSION RIGHTS

	Group 2015 RM'000
Cost	
At 1 January	418,624
Disposal of a subsidiary company (Note 11(b))	(418,624)
At 31 December	–
Accumulated amortisation	
At 1 January	(150,705)
Amortisation during the year (Note 11(b))	(16,745)
Disposal of a subsidiary company (Note 11(b))	167,450
At 31 December	–
Net carrying amount	
At 31 December	–

19 INTANGIBLE ASSETS

	Trademarks RM'000	Website and software development RM'000	Brand name RM'000	Customer relationship RM'000	Concession rights RM'000	Total 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)	(5,258)	–	–	–	–	(5,258)
Exchange difference	68	182	–	–	–	250
At 31 December	(2,923)	1,041	195,727	18,009	–	211,854
Accumulated amortisation						
At 1 January	–	–	–	–	–	–
Amortisation charged during the year (Note 7)	(79)	(230)	–	–	–	(309)
Write-off during the year (Note 7)	3,198	–	–	–	–	3,198
Exchange difference	(42)	(124)	–	–	–	(166)
At 31 December	3,077	(354)	–	–	–	2,723
Net carrying amount						
At 31 December	154	687	195,727	18,009	–	214,577

	Concession rights RM'000
Group	
2015	
Cost	
At 1 January	81,372
Disposal of a subsidiary company (Note 11(b))	(81,372)
At 31 December	–
Accumulated amortisation	
At 1 January	(81,372)
Effect of changes in estimates (Note 33)	(12,747)
Remeasurement recognised in profit or loss (Note 11(b))	12,747
Disposal of a subsidiary company (Note 11(b))	81,372
At 31 December	–
Net carrying amount	
At 31 December	–

19 INTANGIBLE ASSETS (CONT'D.)

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 financial year. As disclosed in Note 2.5 (a)(iv), 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 estimated to be 20 years, determined based on customer attrition from the acquired relationships.

The remeasurement recognised during the previous financial year was due to a change in the estimated timing of outflow of resources to settle the obligation.

20 GOODWILL ON CONSOLIDATION

	Group	
	2016 RM'000	2015 RM'000
Cost		
At 1 January	2,591	119,806
Acquisition of subsidiaries	37,807	–
Disposal of a subsidiary company (Note 11(b))	–	(117,215)
At 31 December	40,398	2,591
Accumulated impairment		
At 1 January	(571)	(571)
Impairment loss during the year (Note 7)	(2,020)	–
At 31 December	(2,591)	(571)
Net carrying amount		
At 31 December	37,807	2,020

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

20 GOODWILL ON CONSOLIDATION (CONT'D.)

Impairment test for goodwill and brands (cont'd.)

The carrying amounts of goodwill and brands allocated to each CGU are as follows:

	Goodwill RM'000	Brands RM'000	Total RM'000
2016			
Manufacturing	20,345	–	20,345
Licensing	17,336	195,727	213,063
Infrastructure	126	–	126
	37,807	195,727	233,534

	Goodwill RM'000
2015	
Hospitality	2,020

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.

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 as follows:

	Licensing segment	Manufacturing segment
Terminal growth rates	2.0%	1.5%
Discount rates	10.5%	11.0%

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.

20 GOODWILL ON CONSOLIDATION (CONT'D.)

Sensitivity to changes in assumptions

The recoverable amounts of licensing and manufacturing segments exceed its carrying amounts by RM23.5 million and RM5.1 million respectively. The key assumptions used in determining the recoverable amounts are sensitive in the following areas:

- A rise in the discount rate to 11.7% (i.e. +1.2%) in the licensing segment and 11.3% (i.e. +0.3%) 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 2% and 1.5% in the licensing and manufacturing segments respectively. A zero long-term growth rate in the licensing segment would still give a recoverable amount higher than the carrying amount of the segment. For the manufacturing segment, a reduction by 0.5% in the long-term growth rate would result in a recoverable amount equal to its carrying amount.

Impairment loss recognised

During the 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".

21 LONG TERM RECEIVABLES

	Group	
	2016 RM'000	2015 RM'000
Long term receivables	43,350	–
Impairment loss during the year (Note 7)	(7,687)	–
Long term receivables, net	35,663	–

Included in the long-term receivable is an amount of 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 receivable from Leo Hospitality Sdn Bhd arising from lease income and business commission receivables which is charged an interest rate of 4.5% over a period of 26 months commencing from April 2017.

22 CONCESSION RECEIVABLE

	Group 2015 RM'000
At 1 January	224,467
Notional income on unwinding of discounting (Note 11(b))	18,765
Settlement	(26,045)
Effect of changes in estimates (Note 32)	(14,974)
	202,213
Disposal of a subsidiary company (Note 11(b))	(202,213)
At 31 December	–

The concession receivable represented the financial assets recognised for the consideration receivable in exchange of providing the design, construction, completion, testing and commissioning of installation works for the existing facilities of the Sungai Semenyih Water Supply Scheme.

23 INVENTORIES

	Group	
	2016 RM'000	2015 RM'000
Chemical products	1,497	1,066
Consumables	–	56
Food and beverage	–	64
Bedding products	808	–
Manufacturing:		
– Raw materials	20,897	–
– Work-in-progress	611	–
– Finished goods	7,599	–
	31,412	1,186

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM96,594,368 (2015: RM55,178,101).

24 AMOUNTS DUE FROM CUSTOMERS ON CONTRACT

	Group 2015 RM'000
Construction costs incurred to date	399,658
Attributable profits	27,637
	427,295
Less: Progress billings	(321,519)
Amounts due from customers on contract (Note 24)	105,776
Disposal of a subsidiary company (Note 11(b))	(105,776)
	–

The gross amounts due from customers related to the construction of Bukit Badong Distribution Works which is billed through adjusted water tariff over the concession period as stipulated in the Supplemental Agreement dated 10 February 2001.

25 TRADE RECEIVABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade receivables	66,660	23,422	408	386
Less: Allowance for impairment	(1,539)	(299)	(136)	(136)
Trade receivables, net	65,121	23,123	272	250
Trade receivables	65,121	23,123	272	250
Long term receivables (Note 21)	35,663	–	–	–
Other receivables (Note 26)	5,332	3,060	1,706	2,555
	106,116	26,183	1,978	2,805
Add:				
Amount due from immediate holding company (Note 28(a))	11,785	12,116	1,103	1,433
Amounts due from subsidiaries (Note 28(b))	–	–	217,702	236,455
Amounts due from related companies (Note 28(c))	28,977	4,965	1,104	1,342
Amount due from an associate (Note 28(d))	4,676	4,574	–	–
	151,554	47,838	221,887	242,035
Add: Cash and bank balances (Note 29)	131,995	92,558	3,182	55,926
Total loans and receivables	283,549	140,396	225,069	297,961

25 TRADE RECEIVABLES (CONT'D.)

The Group's normal trade credit terms ranges from 30 to 90 days (2015: 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Neither past due nor impaired	35,831	9,732	77	149
1 to 30 days past due not impaired	13,289	4,538	195	101
31 to 60 days past due not impaired	7,490	4,570	–	–
61 to 90 days past due not impaired	5,607	2,332	–	–
91 to 120 days past due not impaired	1,078	1,947	–	–
More than 121 days past due not impaired	1,826	4	–	–
	29,290	13,391	195	101
Impaired	1,539	299	136	136
	66,660	23,422	408	386

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.

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM29,290,000 (2015: RM13,391,000) and RM195,000 (2015: RM101,000) 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.

25 TRADE RECEIVABLES (CONT'D.)

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade receivables – nominal amounts	1,539	299	136	136
Less: Allowance for impairment	(1,539)	(299)	(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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 January	299	215,436	136	103
Acquisitions of subsidiaries	1,769	–	–	–
Charge for the year				
– Continuing operations (Note 7)	33	57	–	33
– Discontinued operations (Note 11(b))	–	59,571	–	–
Write off	–	(177)	–	–
Reversal of impairment losses				
– Continuing operations (Note 7)	(562)	–	–	–
– Discontinued operations (Note 11(a))	–	(92)	–	–
	1,539	274,795	136	136
Disposal of a subsidiary company	–	(274,496)	–	–
At 31 December	1,539	299	136	136

The impairment losses of RM59,571,000 was recognised during the previous financial year due to change in the estimated time frame for collection of receivables at Konsortium ABASS Sdn Bhd, an indirect subsidiary company of the Company prior to 31 December 2015.

Other information on financial risks of trade and other receivables are disclosed in Note 46.

26 OTHER RECEIVABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Advances	191	15	8	15
Deposits	1,883	588	410	410
Sundry receivables	2,889	2,558	1,390	2,232
GST receivables	530	16	–	–
	5,493	3,177	1,808	2,657
Less: Allowance for impairment	(161)	(117)	(102)	(102)
	5,332	3,060	1,706	2,555

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Other receivables – nominal amounts	161	117	102	102
Less: Allowance for impairment	(161)	(117)	(102)	(102)
	–	–	–	–

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Movement of allowance				
At 1 January	117	179	102	102
Charge for the year (Note 7)	44	–	–	–
Write off	–	(62)	–	–
At 31 December	161	117	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.

27 OTHER CURRENT ASSETS

	Group 2016 RM'000	Group 2015 RM'000
Prepayments	1,083	50
Others	61	–
Amounts due from customers on contract (Note 24)	–	105,776
	1,144	105,826
Disposal of a subsidiary company (Note 11(b))	–	(105,776)
	1,144	50

28 AMOUNTS DUE FROM IMMEDIATE HOLDING COMPANY, SUBSIDIARIES, RELATED COMPANIES AND AN ASSOCIATE

(a) Amount due from immediate holding company

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Current				
Amount due from immediate holding company	11,785	12,116	1,103	1,433

Amount due from immediate holding company of the Group and of the Company are unsecured, non-interest bearing and repayment on demand.

(b) Amounts due from subsidiaries

	Company 2016 RM'000	Company 2015 RM'000
Amounts due from subsidiaries	221,453	240,206
Less: Allowance for impairment	(3,751)	(3,751)
	217,702	236,455

28 AMOUNTS DUE FROM IMMEDIATE HOLDING COMPANY, SUBSIDIARIES, RELATED COMPANIES AND AN ASSOCIATE (CONT'D.)

(b) Amounts due from subsidiaries (cont'd.)

In current financial year:

(i) An amount of RM4,000,000 (2015: RM4,000,000) due from a subsidiary is unsecured, bears an interest of 5.30% (2015: 4.55%) per annum and repayable on demand.

(ii) An amount of RM152,536,252 (2015: RM nil) due from a subsidiary is unsecured, bears an interest of 5.30% (2015: nil) per annum and repayable on demand.

(iii) An amount of RM44,235,275 (2015: RM nil) due from a subsidiary is unsecured, bears an interest of 5.30% (2015: 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 RM11,648,858 due from a subsidiary was unsecured, bears an interest of 4.55% per annum and repayable on demand.

(ii) An amount of RM40,000,000 due from a subsidiary was unsecured, bears an interest of 4.55% per annum and repayable on demand.

(iii) An amount of RM17,081,757 due from a subsidiary was unsecured, bears an interest of 4.55% per annum and repayable on demand.

(iv) The remaining amount due from subsidiaries were unsecured, non-interest bearing and repayable on demand.

(c) Amounts due from related companies

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Amounts due from related companies				
– Trade	27,873	3,623	–	–
– Non trade	1,104	1,342	1,104	1,342
Total	28,977	4,965	1,104	1,342

The amounts due from related companies where are non trade in nature are unsecured, non-interest bearing and repayable on demand.

28 AMOUNTS DUE FROM IMMEDIATE HOLDING COMPANY, SUBSIDIARIES, RELATED COMPANIES AND AN ASSOCIATE (CONT'D.)

(d) Amount due from an associate

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Amount due from an associate	4,676	4,574	–	–

The amount due from an associate is unsecured, bears an interest of 4.50% per annum (2015: 4.50%) and has no fixed term of repayment.

29 CASH AND BANK BALANCES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sinking Fund Trust Account	663	643	–	–
Cash on hand and at banks	82,520	16,103	2,081	1,706
Money market deposits	1,636	60,812	–	53,153
Deposits with licensed banks and financial institutions	47,176	15,000	1,101	1,067
Cash and bank balances (Note 25)	131,995	92,558	3,182	55,926

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 RM9,214,211 (2015: RM2,794,457) and RM1,101,073 (2015: RM1,066,074) respectively, are pledged for credit facilities granted to the Group and the Company.

29 CASH AND BANK BALANCES (CONT'D.)

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	131,995	92,558	3,182	55,926
Less: Deposits with licensed banks with maturity period of more than 3 months	(7,678)	(12,089)	(1,101)	(1,066)
Money market deposits	(1,636)	(60,812)	–	(53,153)
Cash and cash equivalents	122,681	19,657	2,081	1,707

The weighted average interest/profit rates of deposits at the reporting date were as follows:

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
Licensed banks	2.77	3.24	3.05	3.25

The average maturities of deposits at the end of the financial year were as follows:

	Group		Company	
	2016 Days	2015 Days	2016 Days	2015 Days
Licensed banks	79	171	87	183

Notes to the Financial Statements
for the financial year ended 31 December 2016

30 LOANS AND BORROWINGS

	Maturity	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Current					
Secured:					
Revolving credits	on demand	108,000	30,000	108,000	30,000
Term loans (b)	2017	136	–	–	–
Obligations under finance leases (Note 43(d))	2017	42	42	–	–
		108,178	30,042	108,000	30,000
Non-current					
Secured:					
Obligations under finance leases (Note 43(d))	2018-2019	46	88	–	–
Ijarah term financing-i	2018-2021	103,000	–	–	–
Term loans (a)	2018-2021	56,000	–	–	–
Term loans (b)	2018-2020	155	–	–	–
		159,201	88	–	–
Total					
Revolving credits		108,000	30,000	108,000	30,000
Obligations under finance leases (Note 43(d))		88	130	–	–
Ijarah term financing-i		103,000	–	–	–
Term loans (a)		56,000	–	–	–
Term loans (b)		291	–	–	–
Total loans and borrowings		267,379	30,130	108,000	30,000

30 LOANS AND BORROWINGS (CONT'D.)

The remaining maturities of the loans and borrowings as at 31 December 2016 are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Within one year	108,178	30,042	108,000	30,000
More than 1 year and less than 2 years	53,182	42	–	–
More than 2 years and less than 5 years	106,019	46	–	–
	267,379	30,130	108,000	30,000

The weighted average effective interest/profit rates per annum at the reporting date for borrowings were as follows:

	Group	
	2016 %	2015 %
Revolving credits	5.42	5.42
Obligations under finance leases	2.56	2.56
Ijarah Term Financing-I Facility	5.75	–
Term Loan (a)	5.95	–
Term Loan (b)	3.66	–

(i) Revolving credits were secured by way of first legal charge over certain property, plant and equipment of the Group as disclosed in Note 14 to the financial statements.

(ii) Ijarah Term Financing-I Facility

During the 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 acquisiton 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 reeivables 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.

30 LOANS AND BORROWINGS (CONT'D.)

(iii) Term loan (a)

During the financial year, PPSB has secured a term loan facility of RM67.0 million to part finance the acquisiton 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.

(iv) Term loan (b)

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.

31 GOVERNMENT SOFT LOAN

On 1 March 2013, Konsortium ABASS Sdn Bhd ("ABASS"), a subsidiary of the Company, had entered into a Loan Facility Agreement with the Selangor State Government in respect of a loan facility of RM30.0 million ("Selangor State Government Loan") granted to ABASS by the Selangor State Government.

The salient terms of the Selangor State Government Loan are as follows:

(i) Facility Amount: RM30.0 million

(ii) Purpose of Loan: To finance asset replacement works ("ARW") for operations exceeding the design capacity for Sungai Semenyih Water Treatment Plant.

(iii) Repayment: The Facility Amount to be repayable over fifteen (15) years beginning on 30 September 2016 to 30 September 2030 of RM2.0 million per annum.

(iv) Interest: Nil

During the previous year, ABASS had drawndown RM3,178,165 from this facility. FRS 120 requires the benefit of a government loan at a below market rate of interest to be treated as a government grant. The difference between the amount received and the present value of estimated cash flows discounted at market interest rate is recognised in profit or loss over the period in which ABASS recognises the costs of the ARW for which the Selangor State Government Loan is granted for.

	Group 2015 RM'000
Net carrying amount	
At 1 January	15,627
Drawndown during the year	3,178
Fair value gain on government soft loan	(2,145)
Unwinding of discount (Note 11(b))	1,176
	17,836
Disposal of a subsidiary company (Note 11(b))	(17,836)
At 31 December	–

32 PROVISION FOR CONCESSION LIABILITY

	Group 2015 RM'000
Cost	
At 1 January	207,887
Effect of changes in estimates (Note 22)	(14,974)
Unwinding of discounting (Note 11(b))	15,414
Settlement of concession liability	(15,025)
	193,302
Disposal of a subsidiary company (Note 11(b))	(193,302)
At 31 December	–

The provision for concession liability related to asset replacement works and maintenance obligations for a period of 30 years from 2 January 2001.

The effect of changes in estimates was the effect of the revision on the timing of estimated outflows to settle the present obligation at the end of the reporting period and changes to the discount rate to reflect the current best estimate.

33 ACCRUED LEASE RENTAL

	Group 2015 RM'000
At 1 January	108,044
Unwinding of discounting (Note 11(b))	7,614
Effect of changes in estimates (Note 19)	(12,747)
	102,911
Disposal of a subsidiary company (Note 11(b))	(102,911)
At 31 December	–

The amount related to accrued lease rental payable to the State Government, as stipulated in the Privatisation Cum Concession Agreement dated 9 December 2000.

The effect of changes in estimates was the effect of the revision on the timing of estimated outflows to settle the present obligation at the end of the reporting period and changes to the discount rate to reflect the current best estimate.

34 DEFERRED TAX

	Group 2016 RM'000	Group 2015 RM'000
At 1 January	(31)	(121,253)
Recognised in income statement (Note 10)	1,527	(16,479)
Acquisition of subsidiary companies (Note 16(b))	(66,835)	–
Exchange difference	30	–
Disposal of a subsidiary company (Note 11(b))	–	137,701
At 31 December	(65,309)	(31)
Presented after appropriate offsetting as follows:		
Deferred tax assets	333	154
Deferred tax liabilities	(65,642)	(185)
	(65,309)	(31)

Deferred tax liabilities of the Group:

	Intangible assets RM'000	Property, plant and equipment RM'000	Concession Receivable RM'000	Government soft loan RM'000	Provision and others RM'000	Offsetting RM'000	Total RM'000
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	(60,231)	(5,725)	–	–	(317)	631	(65,642)
At 1 January 2015	(64,468)	(1,332)	(51,972)	(2,799)	(80,447)	–	(201,018)
Recognised in income statement	4,186	1,147	7,586	(120)	(16,670)	–	(3,871)
Disposal of a subsidiary company	60,282	–	44,386	2,919	97,117	–	204,704
At 31 December 2015	–	(185)	–	–	–	–	(185)

34 DEFERRED TAX (CONT'D.)

Deferred tax assets of the Group:

	Tax losses and unabsorbed capital allowance RM'000	Provision for concession liability RM'000	Accrued lease rental RM'000	Others RM'000	Offsetting RM'000	Total RM'000
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
At 1 January 2015	–	49,113	27,011	3,641	–	79,765
Recognised in income statement	154	(5,579)	(2,313)	(4,870)	–	(12,608)
Disposal of a subsidiary company	–	(43,534)	(24,698)	1,229	–	(67,003)
At 31 December 2015	154	–	–	–	–	154

Deferred tax assets not recognised as at 31 December relate to the followings:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unutilised tax losses	110,284	117,226	42,270	39,939
Unabsorbed capital allowances	44,270	43,133	1,441	474
Other deductible temporary differences	7,687	969	–	969
	162,241	161,328	43,711	41,382

Deferred tax assets have not been recognised in respect of these losses 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 profit would increase by RM38,938,000.

35 TRADE PAYABLES

Current

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade payables	40,553	19,059	1,349	1,340
Other payables (Note 36)	41,347	57,416	8,615	5,997
Amount due to immediate holding company (Note 37(a))	203	203	–	–
Amounts due to subsidiaries (Note 37(b))	–	–	5,276	642
Amounts due to related companies (Note 37(c))	23	38	23	23
	82,126	76,716	15,263	8,002
Add: Loans and borrowings (Note 30)	267,379	30,130	108,000	30,000
Total financial liabilities carried at amortised cost	349,505	106,846	123,263	38,002

The normal trade credit terms granted to the Group ranges from 30 to 120 days (2015: 30 to 120 days). These amounts are non-interest bearing.

36 OTHER PAYABLES

Current

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Accruals	16,504	12,452	6,187	3,767
Sundry payables	24,780	4,659	2,428	2,013
GST payable	63	305	–	217
Advance received in relation to Development Agreement	–	40,000	–	–
	41,347	57,416	8,615	5,997

These amounts are non-interest bearing. Other payables are normally settled on an average term of 30 to 90 days (2015: 30 to 90 days).

37 AMOUNTS DUE TO IMMEDIATE HOLDING COMPANY, SUBSIDIARIES AND RELATED COMPANIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
(a) Amount due to immediate holding company	203	203	–	–
(b) Amounts due to subsidiaries	–	–	5,276	642
(c) Amounts due to related companies	23	38	23	23
	226	241	5,299	665

The amounts due to immediate holding company, subsidiaries and related companies are unsecured, non-interest bearing and repayable on demand.

38 SHARE CAPITAL

	Group/Company			
	Number of ordinary shares of RM1 each		Amount	
	2016 '000	2015 '000	2016 RM'000	2015 RM'000
Authorised:				
At 1 January/31 December	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid:				
At 1 January/31 December	499,004	499,004	499,004	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.

39 SHARE PREMIUM

	Group/Company	
	2016 RM'000	2015 RM'000
At 1 January/31 December	39,088	39,088

40 OTHER RESERVES

	Foreign translation reserve RM'000	General reserve RM'000	Total RM'000
Group			
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
At 1 January/31 December 2015	–	8,000	8,000

	General reserve RM'000
Company	
At 1 January/31 December 2016	8,000
At 1 January/31 December 2015	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.

41 RETAINED EARNINGS

The entire retained earnings of the Company as at 31 December 2016 and 31 December 2015 may be distributed as dividend under the single-tier system.

42 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:

	2016 RM'000	2015 RM'000
Group		
Sale of goods to a subsidiary company of NCI:		
– Sungai Harmoni Sdn Bhd	16,504	16,498
– Taliworks (Langkawi) Sdn Bhd	1,442	1,209
Sale of goods to related companies:		
– Konsortium Air Selangor Sdn Bhd	1,410	1,013
– PNSB Water Sdn Bhd	25,056	–
– Konsortium ABASS Sdn Bhd	10,148	–
Management fees received from immediate holding company:		
– Kumpulan Darul Ehsan Berhad	23	154
Rental income received from related companies		
– Konsortium ABASS Sdn Bhd	278	–
– Kumpulan Hartanah Selangor Berhad	–	445

	2016 RM'000	2015 RM'000
Company		
Rental income		
(i) Immediate holding company		
– Kumpulan Darul Ehsan Berhad	81	104
(ii) Subsidiaries		
– Konsortium ABASS Sdn Bhd	–	269
(iii) Related companies		
– Konsortium ABASS Sdn Bhd	278	–
– Kumpulan Hartanah Selangor Berhad	–	445

42 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

(a) Sale and purchase of goods and services (cont'd.)

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 (cont'd.):

	2016 RM'000	2015 RM'000
Company (cont'd.)		
Management fees received		
(i) Immediate holding company		
– Kumpulan Darul Ehsan Berhad	23	154
(ii) Subsidiaries		
– Konsortium ABASS Sdn Bhd	–	342
Interest income received		
(i) Advances to subsidiaries		
– Cash Band (M) Sdn Bhd	158	890
– Titisan Modal (M) Sdn Bhd	–	767
– Perangsang Oil and Gas Sdn Bhd	2,000	1,149
– Perangsang Telco Sdn Bhd	527	177
– Viable Chip (M) Sdn Bhd	7,273	–
– Perangsang Packaging Sdn Bhd	509	–
(ii) Advances to immediate holding company		
– Kumpulan Darul Ehsan Berhad	–	525

42 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

(b) Compensation of key management personnel

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Salaries, wages and bonuses	2,331	1,073	837	150
Fees and allowances	1,333	1,201	1,193	1,040
Defined contribution plan	214	157	117	24
Other employee benefits	48	36	48	-
	3,926	2,467	2,195	1,214

Included in the total key management personnel are:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Directors' remuneration				
– continuing operations	1,657	1,778	1,081	1,214
– discontinued operations	–	689	–	–
	1,657	2,467	1,081	1,214

43 COMMITMENTS

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Capital expenditure				
Approved but not contracted for:				
Property, plant and equipment	26,300	25,812	26,300	25,812
Approved and contracted for:				
Property, plant but equipment	693	2,495	–	–

(b) Operating lease commitments – as lessee

The Group entered into non-cancellable arrangements with its third parties on rental of office space and showroom. These leases have remaining lease terms of between three to four years. All lease 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 lease at the reporting date are as follows:

	Group 2016 RM'000
Not later than 1 year	3,430
Later than 1 year but not later than 5 years	7,014
	10,444

43 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 twenty 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Not later than 1 year	9,404	5,597	7,284	5,597
Later than 1 year but not later than 5 years	17,374	1,905	8,734	1,905
Later than 5 years	30,000	–	–	–
	56,778	7,502	16,018	7,502

(d) Finance lease commitments

The Group has finance leases for motor vehicles (Note 14).

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group	
	2016 RM'000	2015 RM'000
Minimum lease payments:		
Not later than 1 year	47	47
Later than 1 year and not later than 2 years	45	47
Later than 2 years and not later than 5 years	7	52
Total minimum lease payments	99	146
Less: Amount representing finance charges	(11)	(16)
Present value of minimum lease payments	88	130
Present value of minimum lease payments:		
Not later than 1 year	42	42
Later than 1 year and not later than 2 years	40	42
Later than 2 years and not later than 5 years	6	46
Present value of minimum lease payments (Note 30)	88	130
Less: Due within 12 months (Note 30)	(42)	(42)
Due after 12 months (Note 30)	46	88

Notes to the Financial Statements
for the financial year ended 31 December 2016

44 GUARANTEES AND CONTINGENT LIABILITIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 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	32,643	44,557	–	–
(ii) Working capital and issuance of bank guarantees	28,000	28,000	–	–
(iii) For the warrant guarantee	–	3,558	–	–
(ii) Unsecured:				
– Performance guarantees to third parties	677	669	677	669

45 FAIR VALUE OF FINANCIAL INSTRUMENTS

(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		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets				
At 31 December 2016				
Club memberships	523	*	523	*
At 31 December 2015				
Club memberships	523	*	523	*

* The directors are of the view that it is not practicable within the constraints of timeliness and cost to estimate reliably the fair values of the club membership.

45 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

(a) Fair value of financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (cont'd.)

	Note	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 2016					
Finance lease commitments	46(d)	46	–	–	–
At 31 December 2015					
Finance lease commitments	46(d)	88	–	–	–

(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).

45 FAIR VALUE OF FINANCIAL INSTRUMENTS (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 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 15)	–	–	216,000	216,000
Asset measured at fair value:				
Money market deposits (i)	1,636	–	–	1,636
Company				
Asset for which fair value are disclosed:				
Investment properties (Note 15)	–	–	156,000	156,000

Fair value measurement hierarchy for assets as at 31 December 2015:

	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 15)	–	–	8,000	8,000
Asset measured at fair value:				
Money market deposits (i)	60,812	–	–	60,812
Company				
Asset for which fair value are disclosed:				
Investment properties (Note 15)	–	–	156,000	156,000
Asset measured at fair value:				
Money market deposits (i)	53,153	–	–	53,153

(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.

45 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

(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	25
Other receivables	26
Cash and bank balances	29
Loans and borrowings	30
Trade payables	35
Other payables	36

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) immediate holding company, subsidiaries, related companies and an associate

It is not practical to estimate the fair values of the amounts due from/(to) immediate holding company, subsidiaries 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.

.

46 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, 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 RM159.0 mil relating to a corporate guarantee provided by the Company to a bank on a subsidiary's loan as disclosed in Note 30 in the financial statements.

- Amount owing by PNSB Water Sdn Bhd which make up of 60.4% (2015: nil) of the total amounts due from related companies.

(i) Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 25. 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 Notes 25 and 26.

46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(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 41% (2015: 99%) and 100% (2015: 100%) of the Group's and the Company's loans and borrowings as disclosed in Note 30 to financial statements will mature in less than one year based on the carrying amount reflected in the financial statements.

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:

		2016 RM'000			
	Note	On demand or within one year	One to five years	Over five years	Total
Group					
Financial liabilities:					
Trade payables	35	40,553	–	–	40,553
Other payables	36	41,347	–	–	41,347
Amount due to immediate holding company	37(a)	203	–	–	203
Amounts due to related companies	37(c)	23	–	–	23
Loans and borrowings		122,692	177,319	–	300,011
Finance lease commitment	43(d)	47	51	–	98
Total undiscounted financial liabilities		204,865	177,370	–	382,235
Company					
Financial liabilities:					
Trade payables	35	1,349	–	–	1,349
Other payables	36	8,615	–	–	8,615
Amount due to subsidiaries	37(b)	5,276	–	–	5,276
Amounts due to related companies	37(d)	23	–	–	23
Loans and borrowings		113,292	–	–	113,292
Total undiscounted financial liabilities		128,555	–	–	128,555

46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity risk (cont'd.)

		2015 RM'000			
	Note	On demand or within one year	One to five years	Over five years	Total
Group					
Financial liabilities:					
Trade payables	35	19,059	–	–	19,059
Other payables	36	57,416	–	–	57,416
Amount due to immediate holding company	37(a)	203	–	–	203
Amount due to related companies	37(c)	38	–	–	38
Loans and borrowings		31,626	–	–	31,626
Finance lease commitment	43(d)	47	99	–	146
Total undiscounted financial liabilities		108,389	99	–	108,488
Company					
Financial liabilities:					
Trade payables	35	1,340	–	–	1,340
Other payables	36	5,997	–	–	5,997
Amounts due to subsidiaries	37(b)	642	–	–	642
Amounts due to related companies	37(c)	23	–	–	23
Loans and borrowings		31,626	–	–	31,626
Total undiscounted financial liabilities		39,628	–	–	39,628

(c) Interest rate risk

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 interest rates.

The Group's and the Company's exposure to 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 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 interest rate swap agreements.

<u>Sensitivity analysis for interest rate risk</u>

At the reporting date, if 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 RM159,000 (2015: RM4,973) as a result of lower/higher interest expense on term loans.

46 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 does not hedge its financial assets and liabilities denominated in foreign currencies.

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 2016					
Trade receivables	12,395	–	3,836	–	3,370
Other receivables	111	–	–	–	–
Cash and cash 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
31 December 2015					
Trade payables	4,277	434	–	10	–

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 2016					
(Loss)/Profit after tax	(2,670)	(82)	(1,887)	92	(447)
31 December 2015					
Loss after tax	(477)	(35)	–	(1)	(35)

47 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 2016 and 31 December 2015.

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	
		2016	2015
	Note	RM'000	RM'000
Trade payables	35	40,553	19,059
Other payables	36	41,347	57,416
Amount due to immediate holding company	37(a)	203	203
Amounts due to related companies	37(c)	23	38
Loans and borrowings	30	267,379	30,130
Less: Cash and bank balances	29	(131,995)	(92,558)
Net debt		217,510	14,288
Total capital, equity attributable to the owners of the parent		1,328,030	1,237,215
Capital and net debt		1,545,540	1,251,503
Gearing ratio		14%	1%

48 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

48 SEGMENT INFORMATION (CONT'D.)

Group - Continuing operations

	Investment holding RM'000	Infrastructure and Utilities RM'000	Manufacturing RM'000	Licensing RM'000	Trading RM'000	Hospitality RM'000	Oil and 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:											
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	42,883	–	–	–	–	–	–	–	(33,209)	B	9,674
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	853,889	–	404,192	228,446	60,365	–	–	–	292,563	E	1,839,455
Liabilities:											
Segment liabilities	207,681	–	68,584	6,726	25,384	–	–	–	112,528	F	420,903

48 SEGMENT INFORMATION (CONT'D.)

	Investment holding RM'000	Infrastructure and Utilities RM'000	Trading RM'000	Hospitality RM'000	Telco RM'000	Oil and Gas RM'000	Others RM'000	Adjustments and eliminations RM'000	Note	Consolidated RM'000
2015										
Revenue	8,879	–	62,474	13,748	–	–	–	–		85,101
External revenue	3,692	–	–	–	–	–	–	(3,692)	A	–
Inter-segment	12,571	–	62,474	13,748	–	–	–	(3,692)		85,101
Results:										
Interest income	608	–	376	289	–	–	180	–		1,453
Depreciation and amortisation	3,433	–	117	4,036	–	–	–	(939)		6,647
Share of results of associates	–	112,139	–	–	1,669	(2,781)	–	–		111,027
Other non-cash expenses	33	–	–	24	–	–	–	–	B	57
Segment profit/(loss)	1,915	–	5,854	(7,201)	–	–	(12)	50,347	C	50,903
Assets:										
Investment in associates	906,402	131,487	–	–	–	–	–	–		1,037,889
Additions to non-current assets	182	–	290	1,101	–	–	–	–	D	1,573
Segment assets	597,644	–	46,351	131,176	–	–	10,513	576,304	E	1,361,988
Liabilities:										
Segment liabilities	228,171	–	17,785	6,136	–	–	504	(145,255)	F	107,341

48 SEGMENT INFORMATION (CONT'D.)

Group - Discontinued operations

	Infrastructure and utilities RM'000	Golf club and recreational facilities RM'000	Adjustments and eliminations RM'000	Note	Consolidated RM'000
2015					
Revenue					
External revenue	200,858	–	–		200,858
Results:					
Interest income	11,712	73	–		11,785
Depreciation and amortisation	17,986	–	–		17,986
Other non-cash expenses	59,571	–	–	B	59,571
Segment profit/(loss)	107,559	(5,303)	(76,053)	C	26,203

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	2016 RM'000	2015 RM'000
Continuing operations			
Impairment of financial assets:			
– Trade receivables	7	33	57
– Investments in associates	7	9,641	–
		9,674	57
Discontinued operations			
Impairment of financial assets:			
– Trade receivables	11(b)	–	59,571

48 SEGMENT INFORMATION (CONT'D.)

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:

	2016 RM'000	2015 RM'000
Continuing operations		
Share of results of associates	50,738	111,027
Finance costs	(4,174)	(12,148)
Loss upon disposal of a subsidiary company	–	(32,493)
Others	21,383	(16,039)
	67,947	50,347
Discontinued operations		
Finance costs	–	(80,533)
Others	–	4,480
	–	(76,053)

D Additions to non-current assets consist of:

	2016 RM'000	2015 RM'000
Continuing operations		
Property, plant and equipment	3,862	1,549
Investment properties	–	24
Intangible assets	20	–
	3,882	1,573
Discontinued operations		
Property, plant and equipment	–	987

48 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:

	2016 RM'000	2015 RM'000
Investments in associates	1,078,986	1,037,889
Tax recoverable	1,522	265
Inter-segment assets	(787,945)	(461,850)
	292,563	576,304

F The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2016 RM'000	2015 RM'000
Deferred tax liabilities	65,642	31
Tax payable	5,756	464
Loans and borrowings	267,379	30,130
Inter-segment liabilities	(226,249)	(175,880)
	112,528	(145,255)

49 SIGNIFICANT AND SUBSEQUENT EVENTS

(a) Development Agreement between Cash Band (M) Berhad and Rockbay Streams Sdn Bhd

On 6 February 2013, Cash Band (M) Berhad ("Cash Band"), a subsidiary of the Company had 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 the proposed joint venture involving a mixed development project comprising residential and commercial properties ("the Project").

Cash Band is the registered and beneficial owner of the following lands:

(i) The land held under PN 16838 for Lot 614, Pekan Templer, District of Gombak, measuring in area approximately 56.62 hectares being leasehold land for ninety-nine (99) years expiring on 26 March 2094;

(ii) The land held under PN 17396 for Lot 11, Pekan Templer, District of Gombak, measuring in area approximately 183,000 square metres being leasehold land for ninety-nine (99) years expiring on 26 March 2094; and

(iii) The land held under HSM 6815 for Lot PT 11444 Templer Park Resort, Mukim Rawang, District of Gombak, measuring in area approximately 3.954 hectares being leasehold land for ninety-nine (99) years expiring on 29 September 2095.

49 SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D.)

(a) Development Agreement between Cash Band (M) Berhad and Rockbay Streams Sdn Bhd (cont'd.)

In consideration for Cash Band entering into the Agreement, SET shall pay to Cash Band a sum ("Landowner's Entitlement") representing thirteen per cent (13%) of the Gross Sales Value ("GSV") of the Project ("Agreed Value") subject to a minimum payment of RM140,000,000.

The above lands ("said Lands") were formerly used as a golf club with commercial facilities located in Templer Park ("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.

The salient amendments to the Agreement are, inter alia, as follows:

(i) the delivery by SET to Cash Band of a bank guarantee for an amount equal to RM100,000,000 or, in the case where the Agreed Value is reduced, an amount of RM40,000,000, has been amended from "within three (3) months" to "within five (5) months" from the Unconditional Date; and

(ii) the delivery of vacant possession of the Land by Cash Band to SET has been amended from "within ten (10) business days from the period of three (3) months from Unconditional Date" to "within ten (10) business dates from the date when SET pays the Second Payment to CBB ("Possession Date")".

Gain on disposal amounting to RM97.5 million has been recognised during the financial year upon completion of the conditions precedent stated in the Supplemental Agreement.

(b) 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.

(c) 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.

49 SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D.)

(d) Leasing of Quality Hotel City Centre by Perangsang Hotel and Properties Sdn Bhd

As part of the Group rationalisation plan, on 12 May 2016, Perangsang Hotel and Properties Sdn Bhd ("PHP") had entered into a Lease Agreement with MG Hospitality Management Sdn Bhd ("MGH") for the leasing of a 15 storey building together with a three (3) storey podium block and three (3) levels of basement car park known as Quality Hotel City Centre located at 21, Jalan Raja Laut, 50750 Kuala Lumpur ("Agreement 1"). The lease period is for twenty (20) years, with effective from 1 March 2016 and expiring on 28 February 2036.

However, on 27 December 2016, both parties have mutually agreed to terminate the Lease Agreement and on the even date, a new Lease Agreement ("Agreement 2") was signed between PHP and Leo Hospitality Sdn Bhd ("LEO") with same terms and conditions as Agreement 1.

Arising from the leasing arrangement, the nature of business and revenue for PHP changed from hotel operations to an income from lease and sales commission.

(e) 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.

(f) Acquisition of additional 15% equity interest in Aqua-Flo Sdn Bhd ("Aqua-Flo")

On 25 May 2016:

(i) 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 Aqua-Flo comprising 180,000 ordinary shares of RM1.00 each for a cash consideration of RM1.9 million;

(ii) 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 Aqua-Flo comprising 120,000 ordinary shares of RM1.00 each to TCB at a cash consideration of RM1.3 million;

(iii) 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 Aqua-Flo comprising 75,000 ordinary shares of RM1.00 each from Prismachem at a cash consideration of RM4.9 million;

(iv) the Company had entered into a Shareholders' Agreement with Prismachem, TCB and Aqua-Flo to regulate the relationship between the Company, Prismachem, TCB and Aqua-Flo in respect of their respective rights and obligations as shareholders of Aqua-Flo.

The above acquisitions and disposal have been completed on 30 June 2016. Following the completion, Aqua-Flo has became a 51% subsidiary of the Company.

(g) 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.

49 SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D.)

(h) Acquisition of 98.9% equity interest in Century Bond Bhd ("CBB") from C B Equities Sdn Bhd ("CBE") and from other vendors by Perangsang Packaging Sdn Bhd

On 11 August 2016, PPSB, a wholly-owned subsidiary of the Company had entered into a conditional Share Sales Agreement with CBE and other vendors whereby PPSB agreed to acquire a total of 85,729,266 ordinary shares in CBB ("CBB Share(s)"), representing approximately 71.4% equity interest in CBB, for a total cash consideration of RM150.0 million or RM1.75 per CBB Share ("Acquisition").

As CBB is a listed entity in Bursa Malaysia, pursuant to Section 218(2) of the Capital Markets & Services Act, 2007 ("CMSA") and Section 9(1), Part III of the Malaysian Code on Take-Overs and Mergers, 2010 ("Code"), PPSB is obliged to extend a Mandatory General Offer ("MGO") for all remaining CBB Shares not already owned by PPSB representing approximately 34,270,734.00 or 28.6% of the issued and paid-up share capital of CBB, for a cash consideration of RM1.75 per CBB Share.

The Acquisition and MGO were approved by the shareholders of the Company at an Extraordinary General Meeting on 31 October 2016.

On 8 November 2016, PPSB completed the acquisition of 71.4% equity interest in CBB a listed entity. Through its subsidiaries, CBB is principally involved in the manufacturing of cement bags and currently the leading player with a significant market share in Peninsular Malaysia with presence in Indonesia, Singapore and Thailand. While the paper bag products lead its revenue contribution, CBB aspires to be a one-stop packaging solution provider. The flexible plastic packaging products and corrugated carton boxes produced in-house provides synergistic solutions to other divisions within the CBB's Group and have been regularly generating external sales. The CBB's Group is also involved in the production of a wide range of household care products under its house brand and as the contract manufacturer for leading retailers.

On 8 November 2016, PPSB issued a Notice of Extended Closing Date for the acceptance of the MGO to 13 November 2016 and thereafter was extended to 27 December 2016 ("Closing Date").

On 6 December 2016, PPSB holds 108,732,266 or 90.6% of CBB Shares. Paragraph 8.02(1) of the Listing Requirements provides that a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. In view of that the Company does not intend to maintain the listing status of CBB, an application to withdraw the listing status was made to Bursa Securities and CBB Shares was suspended from trading on 5 January 2017 upon expiry of the 5 market days from the Closing Date.

Based on the level of acceptances and the number of voting shares of CBB on the Closing Date, PPSB was not eligible to invoke the provisions of Section 222 of the CMSA to compulsorily acquire the remaining CBB Shares. In this regard, the PPSB has exercised its rights in accordance with Subsection 223(1) of the CMSA after the Closing Date, served the notice to acquire the remaining of CBB Shares, whereby such acquisition shall be done on the same terms and conditions as set out in the intial Offer including at the same offer price of RM1.75 per CBB Share as set out in the Offer document. All acceptance form must reach the PPSB not later than 28 March 2017.

At 31 December 2016 and 28 March 2017, PPSB holds 93.3% and 98.9% of CBB shares respectively.

(i) On 9 January 2017, an indirect subsidiary of Century Bond Bhd, Centoz Industries Sdn Bhd (formerly known as Imej Duta Sdn Bhd) ("Centoz") increased its issued and paid-up share capital from RM250,000 to RM500,000 by 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 new shares issued. Accordingly the Group shareholding in Centoz has been reduced to 55.0%.

50 SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED EARNINGS INTO REALISED AND UNREALISED

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2016 and 31 December 2015 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group	
	2016 RM'000	2015 RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries		
– Realised	8,588	(31,933)
– Unrealised	(3,473)	–
Total share of retained earnings from associates		
– Realised	773,794	723,056
Retained earnings as per financial statements	778,909	691,123

	Company	
	2016 RM'000	2015 RM'000
Total retained earnings of the Company		
– Realised	127,939	135,165

OTHERS

Analysis of Shareholdings

As At 31 March 2017

A. Issued and paid-up share capital : RM499,004,119.00 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	573	7.53	28,424	0.01
100 to 1,000	2,171	28.52	1,353,770	0.27
1,001 to 10,000	3,316	43.57	16,745,254	3.35
10,001 to 100,000	1,343	17.64	44,446,697	8.91
100,001 to less than 5%	206	2.71	120,067,086	24.06
5% and above	2	0.03	316,362,888	63.40
Total	7,611	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	23,900,300	4.79
4.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NOOR AZMAN @ NOOR HIZAM B MOHD NURDIN (CEB)	5,819,400	1.17
5.	DB (MALAYSIA) NOMINEES (ASING) SDN BHD SSBT FUND PLD2 FOR POLUNIN EMERGING MARKETS SMALL CAP FUND, LLC	5,666,600	1.14
6.	LIM CHEE MENG	5,024,700	1.01

Analysis of Shareholdings
As At 31 March 2017

D. LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONT'D.)

NO.	NAME	SHAREHOLDINGS	%
7.	TABUNG WARISAN NEGERI SELANGOR	5,000,000	1.00
8.	NG CHIEW ENG @ NG CHIEW MING	4,650,000	0.93
9.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	2,772,400	0.56
10.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	2,571,500	0.52
11.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	2,190,100	0.44
12.	LIM SI PIN	2,000,000	0.40
13.	GOH CHYE KEAT	1,904,000	0.38
14.	AMSEC NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PACIFIC PEARL FUND (UT-PM-PPF)	1,698,500	0.34
15.	CK GOH HOLDINGS SDN BHD	1,676,000	0.34
16.	KUMPULAN DARUL EHSAN BERHAD	1,357,494	0.28
17.	JUMA'AH BINTI MOKTAR	1,281,000	0.26
18.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD EXEMPT AN FOR MAYBANK KIM ENG SECURITIES PTE LTD (A/C 648849)	1,266,600	0.25
19.	HELLY LYKE TABALUJAN	1,040,000	0.21
20.	MAL MONTE SDN BHD	1,010,000	0.20
21.	TAN SRI ONG LEONG HUAT @ WONG JOO HWA	1,000,000	0.20
22	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG KENG TEONG	950,000	0.19
23	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NOOR AZMAN @ NOOR HIZAM BIN MOHD NURDIN (8037673)	892,000	0.18
24.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CACEIS BANK LUXEMBOURG (UCITS CLTS)	890,300	0.18
25.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH TECK TEE	825,000	0.17
26.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NORAZLAN BIN MOHAMAD NORDIN (CEB)	800,000	0.16
27.	TEE KIAM HENG	730,000	0.15
28.	CHENG CHANG CHAI	680,000	0.14
29.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH DEE KONG (E-JCL)	680,000	0.14
30.	LOW CHEE KWONG	665,200	0.13

E. LIST OF DIRECTORS AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDINGS

NO.	NAMES	SHAREHOLDINGS	%
	DIRECTORS		
1.	YM RAJA DATO' HAJI IDRIS RAJA KAMARUDIN Shares held in CDS accounts as follows: a) Kenanga Nominees (Tempatan) Sdn Bhd – 27,047 b) Own Account – 182,900	209,947	0.04
2.	ENCIK MUSTAFFA KAMIL BIN AYUB Shares held in CDS account as follows: a) Own Account – 26,720	26,720	0.01
3.	YB SIVARASA A/L RASIAH	0	0.00
4.	YB DATO' KAMARUL BAHARIN BIN ABBAS Shares held in CDS account as follows: a) RHB Nominees (Tempatan) Sdn Bhd – 5	5	0.00
5.	ENCIK SUHAIMI BIN KAMARALZAMAN Shares held in CDS account as follows: a) RHB Nominees (Tempatan) Sdn Bhd – 10,000	10,000	0.00
6.	YBHG DATO' DR. MOHAMED ARIFFIN BIN ATON	0	0.00
7.	ENCIK ROSELY @ MOHAMED ROSS BIN MOHD DIN Shares held in CDS account as follows: a) Own Account – 10,320	10,320	0.00
8.	YBHG DATO' IDRIS BIN MD TAHIR	0	0.00
9.	YM RAJA SHAHREEN BIN RAJA OTHMAN	0	0.00
	CHIEF EXECUTIVE OFFICER		
1.	ENCIK AHMAD FARIZ BIN HASSAN	0	0.00

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 Revaluation/ Acquisition	Net Book Value/ Land Cost as at 31/12/2016 (RM'000)
Batang Kali Hulu Selangor	Perangsang Selangor	Perangsang Selangor	1,763 sq. ft	Freehold	Apartment	32	2-Jan-85	116
Shah Alam Selangor	Perangsang Selangor	Perangsang Selangor	108,360 sq. ft	Leasehold (Expiry: 2086)	Office and Hotel	29	5-Jul-00	52,033
Tanjong Tuan Port Dickson	Perangsang Selangor	Perangsang Selangor	1,099 sq. ft	Leasehold (Expiry: 2081)	Apartment	31	14-Mar-03	170
Wisma SAP Bandar Baru Selayang Mukim Batu	Perangsang Selangor	Perangsang Selangor	9,957 sq. ft	Leasehold (Expiry: 2091)	Land and 3 storey shopoffice building	25	3-Nov-10	6,402

2. 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 Revaluation/ Acquisition	Net Book Value/ Land Cost as at 31/12/2016 (RM'000)
Sungai Buloh Daerah Kuala Selangor	Aqua-Flo Sdn Bhd	Aqua-Flo Sdn Bhd	3,000 sq. ft	Leasehold (Expiry: 2091)	Warehouse Store	23	31-Dec-00	264
Damansara Intan Petaling Jaya	Aqua-Flo Sdn Bhd	Aqua-Flo Sdn Bhd	1,130 sq. ft	Freehold	Office	15	31-Dec-00	190
			1,249 sq. ft	Freehold	Office	12	20-Sep-03	202

3. 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 Revaluation/ Acquisition	Net Book Value/ Land Cost as at 31/12/2016 (RM'000)
PERANGSANG HOTEL AND PROPERTIES SDN BHD								
1702 Section 46 Bandar Kuala Lumpur	PHP	PHP	34,714 sq. ft	Leasehold (Expiry: 2072)	Hotel	43	19-Dec-12	43,487
BRISDALE INTERNATIONAL HOTEL SDN BHD (BIH)								
Lot 1738 Seksyen 41 Bandar Kuala Lumpur	BIH	BIH	1,806 sq. mtr	Freehold	Hotel	19	1-Jan-97	21,524

4. CENTURY BOND BHD

Location	Registered Owner	Beneficiary Owner	Land Area (Acres)	Tenure/ Lease Expiry (Years)	Existing Use	Approximately Age of Building (Years)	Date of Revaluation/ Acquisition	Net Book Value/ Land Cost as at 31/12/2016 (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	19	2-Jan-85	10,500
PTD 65029 Mukim of Senai-Kulai District of Johore Bahru	Prestige Packages Sdn Bhd	Prestige Packages Sdn Bhd	90,604 sq. ft	Leasehold (Expiry: 2030)	A single storey detached factory, a double storey detached factory, guard house and bin centre	14	5-Jul-00	3,900
PT 8856 Mukim of Senai-Kulai, District of Johor Bahru	Prestige Packages Sdn Bhd	Prestige Packages Sdn Bhd	116,735 sq, ft	Leasehold (Expiry: 2025)	A single storey detached factory	22	14-Mar-03	2,900
PT 8848 Mukim of Senai-Kulai District of Johor Bahru	Prestige Packages Sdn Bhd	Prestige Packages Sdn Bhd	108,900 sq. ft	Leasehold (Expiry: 2024)	A single storey detached factory and a guard house	24	3-Nov-10	2,500
PTD 8849 Mukim of Senai-Kulai District of Johor Bahru	Eversynergy Sdn Bhd	Eversynergy Sdn Bhd	98,446 sq. ft	Leasehold (Expiry: 2024)	A single storey detached factory	24	1997	2,300
PLO 178 Mukim Senai-Kulai, Senai Industrial Estate III, Johor	Prestige Packages Sdn Bhd	Prestige Packages Sdn Bhd	21,780 sq. ft	Leasehold (Expiry: 2034)	A single storey detached factory	N/A	31-Oct-04	900
PTD 46029 Mukim Senai-Kulai Senai Industrial Estate III, Johor	Prestige Packages Sdn Bhd	Prestige Packages Sdn Bhd	43,560 sq. ft	Leasehold (Expiry: 2025)	A single storey detached factory with a double storey front office	18	28-Feb-07	1,100
JL, Dosomuko Ujung Baru Pelabuhan Belawan Medan Indonesia	PT Prestige Packages Indonesia	PT Prestige Packages Indonesia	5,652.50 sq. mtr	Leasehold (Expiry: 2016)	A single storey detached factory	N/A	1-Sep-07	466
31 Woodlands Close 01-14 Woodlands Horizon Singapore	Esteem Packaging Pte Ltd	Esteem Packaging Pte Ltd	171 sq. mtr	Leasehold (Expiry: 2072)	Factory unit on the 1st storey of the Building	3	1-Oct-12	2,901

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 Tel : 03-5510 3999 Fax : 03-5510 9977	16th - 17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977
PERANGSANG OIL AND GAS SDN BHD (Company No. 989384-M)	17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977	17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977
PERANGSANG TELCO SDN BHD Company No. 981000-T)	17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977	17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977
CASH BAND (M) BERHAD (Company No. 735830-K)	17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977	17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977
VIABLE CHIP (M) SDN BHD (Company No. 720808-W)	17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977	17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977
AQUA-FLO SDN BHD (Company No. 324865-U)	17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977	827, 8th Floor, Block A Damansara Intan No.1, Jalan SS 20/27 47400 Petaling Jaya Tel : 03-7725 7279 Fax : 03-7725 6277
NADI BIRU SDN BHD (Company No. 1174452-M)	17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977	17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977
BOLD APPROACH SDN BHD (Company No. 1187066-D)	17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977	17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977
PERANGSANG PACKAGING SDN BHD (Company No. 1190574-X)	17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977	17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Tel : 03-5510 3999 Fax : 03-5510 9977

PROXY FORM

KUMPULAN PERANGSANG SELANGOR BERHAD (23737-K)
(Incorporated in Malaysia)

No. of Ordinary Shares Held	

Proxy Form for the 40th 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 ....

.... NRIC/Passport No./Company No. ....
(Full Name In Capital Letters)

of ....
(Full Address)

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 40th AGM of the Company to be held at the Shah Alam 1, SACC Convec, No. 4, Jalan Perbadanan 14/9 40000 Shah Alam, Selangor Darul Ehsan on Thursday, 25 May 2017 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 2016.		
	To re-elect the following Directors who retire by rotation pursuant to Article 84 of the Company's Article of Association:		
Ordinary Resolution 2	a. YM Raja Shahreen bin Raja Othman		
Ordinary Resolution 3	b. YBhg Dato' Idris bin Md Tahir		
Ordinary Resolution 4	To approve the Directors' fees of RM455,000.00 for the financial year ended 31 December 2016.		
Ordinary Resolution 5	To approve the payment of Directors' remuneration to the Directors up to an amount of RM2,105,959.00 from 1 January 2017 until the next AGM of the Company.		
Ordinary Resolution 6	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 7	To approve the Proposed Shareholders' Mandate for Recurrent Related Party Transactions 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 2017

....
Signature/Common Seal of Shareholder

NOTES

1. For the purpose of determining a member who shall be entitled to attend this 40th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 50(b) of the Company's Articles of Association and Section 34(l) of the Securities Industry (Central Depositories) Act 1991 of Malaysia ("Central Depositories Act") to issue a General Meeting Record of Depositors as at 18 May 2017. Only a depositor whose name appears on the Record of Depositors as at 18 May 2017 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 repsesented 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, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time of holding the AGM or any adjournment thereof.
10. The lodging of a form of proxy does not preclude a member from attending and voting in person at the meeting, should the member subsequently decide to do so.

fold here along dotted line

affix
stamp
here

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

fold here along dotted line