

**MAJUPERAK  
HOLDINGS  
BERHAD**

(585389-X)



**2017**  
**ANNUAL**  
**REPORT**

# CONTENTS

## MAJUPERAK HOLDINGS BERHAD

(585389-X)



## 2017 ANNUAL REPORT

	<i>page</i>
Notice of Annual General Meeting	[2]–[6]
Corporate Information	[7]–[8]
Corporate Structure	[9]
Board of Directors	[10]–[14]
Profile of Managing Director-Group CEO, and Key Senior Management	[14]
Penyata Pengerusi	[15]–[17]
Chairman’s Statement	[18]–[20]
Management’s Discussion and Analysis	[21]–[25]
Statement on Sustainability	[26]–[29]
Corporate Social Responsibility	[30]–[31]
Statement on Risk Management and Internal Control	[32]–[34]
Corporate Governance Overview Statement	[35]–[45]
Audit Committee Report	[46]–[48]
Additional Compliance Information	[49]–[50]
List of Properties	[51]–[52]
Group Five Years Financial Highlights	[53]
Statistics on Shareholdings	[54]–[55]
Directors’ Statement of Responsibility	[56]
<b>REPORT &amp; FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017</b>	
Directors’ Report	1–7
Statement by Directors	8
Statutory Declaration	9
Independent Auditors’ Report	10–14
Consolidated Statement of Financial Position	15–16
Statements of Comprehensive Income	17
Statements of Changes in Equity	18–20
Statements of Cash Flows	21–22
Notes to the Financial Statements	23–81
Request Form for printed version and Form of Proxy	last 4 pages

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifteenth (15th) Annual General Meeting (“AGM”) of Majuperak Holdings Berhad (“MHB” or “the Company”) will be held at Aman Jaya Convention Centre, Casuarina @ Meru Hotel, Bandar Meru Raya, 30020 Ipoh, Perak Darul Ridzuan on **Monday, 25 June 2018 at 11.00 a.m.**

## AGENDA

### As ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017, together with Directors’ Reports and Auditors’ Report thereon. (Please refer to Note 1)
2. To approve the payment of Directors’ Fees of RM386,250 for the financial year ended 31 December 2017. (Ordinary Resolution 1)
3. To approve the payment of Directors’ benefits (excluding Directors’ Fee) to Non-Executive Directors up to an amount of RM150,000 from 26 June 2018 until the next AGM of the Company. (Ordinary Resolution 2)
4. To re-elect the following Directors retiring in accordance with Article 84 of the Company’s Articles of Association and who being eligible offer themselves for re-election:-
  - 4.1 Y.Bhg. Tan Sri Dato’ Seri Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas (Ordinary Resolution 3)
  - 4.2 Y.Bhg. Dato’ Aminuddin Bin Md Desa (Ordinary Resolution 4)
  - 4.3 Y.B. Dato’ Mohd Azhar Bin Jamaluddin (Ordinary Resolution 5)
5. To re-appoint Messrs AljeffriDean as Auditors of the Company to hold office until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. (Ordinary Resolution 6)

AS **SPECIAL BUSINESS**, to consider and, if thought fit, pass the following Resolutions:

### 6. RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

- 6.1 Subject to his re-election as Director, Y.Bhg. Tan Sri Dato’ Seri Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be retained, to continue to act as an Independent Non-Executive Director of the Company. (Ordinary Resolution 7)
- 6.2 That Tuan Haji Mustapha Bin Mohamed who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be retained, to continue to act as an Independent Non-Executive Director of the Company. (Ordinary Resolution 8)



7. **AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 75 OF THE COMPANIES ACT, 2016** (Ordinary Resolution 9)

“That, subject to the Companies Act, 2016 and the Company’s Articles and Association and approvals from Bursa Malaysia Securities Berhad (“Bursa Securities”), Securities Commission and other relevant governmental or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 75 of the Companies Act, 2016 to allot and issue shares in the Company from time to time upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total issued shares of the Company for the time being AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND FURTHER THAT such authority shall continue to be in force until the conclusion of the Annual General Meeting of the Company held next after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is the earlier.”

8. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS’ MANDATE FOR THE RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** (Ordinary Resolution 10)

“That, subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiaries shall be mandated to enter into the category of Recurrent Related Party Transactions of a Revenue or Trading Nature as specified in Item 2.1 of the Circular dated 30 April 2018 subject further to the following:

- (i) the transactions are in the ordinary course of business and are on terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- (ii) the Proposed Shareholders’ Mandate shall apply in respect of the Recurrent Related Party Transactions to be entered into from 25 June 2018 to the next Annual General Meeting of the Company. The Proposed Shareholders’ Mandate shall only continue to be in force until:
  - the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by a resolution passed at the meeting the authority is renewed; or
  - the expiration of the period within which the next Annual General Meeting after the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016; or
  - revoked or varied by a resolution passed by the shareholders in general meeting before the next Annual General Meeting,
 whichever is earlier.

And that the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the Proposed Shareholders’ Mandate.”



## NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

Thereafter, approval from shareholders for a renewal of the recurrent related party transactions mandate will be sought at each subsequent Annual General Meeting of the Company; and

- (iii) disclosure is made in the annual report of the breakdown of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year and in the annual report for the subsequent financial year during which the Proposed Shareholders' Mandate is in force based on the type of recurrent transactions made and the names of the related parties involved in each type of the recurrent transactions made and their relationship with the listed issuer, provided that such transactions are made on normal commercial terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company on an arm's length basis; and
- (iv) the Directors and/or any of them be and are hereby authorised to complete and do such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016.

By Order of the Board

CHAN YOKE YIN  
CHAN EOI LENG  
Secretaries  
Ipoh  
30 April 2018

### NOTES:

1. Agenda 1 is meant for discussion only as Section 340(1)(a) of the Companies Act, 2016 only requires the Audited Financial Statements to be laid before the Company at the Annual General Meeting and does not require shareholders' approval. Hence, Agenda 1 will not be put forward for voting.
2. Only members whose names appear on the Record of Depositors as at 18 June 2018 shall be entitled to attend the Annual General Meeting or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.
3. A member entitled to attend and vote at the AGM is entitled to appoint a proxy/proxies who may but need not be member/members of the Company to attend and vote in his/her stead. The appointed proxy/proxies must be at least 18 years old and above.
4. A member shall not be entitled to appoint more than two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an 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. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. Any alteration to the instrument appointing a proxy must be initialled.



7. The instrument appointing a proxy must be deposited with the Company Secretaries at 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting.  
Faxed or emailed copies are not acceptable.
8. Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of Fifteenth Annual General Meeting will be put to vote on a poll.
9. The registration for the above Meeting will commence on Monday, 25 June 2018 at 9.30a.m.
10. For verification purposes, members and proxies are required to produce their original identity card at the registration counter. No person will be allowed to register on behalf of another person even with the original card of that other person.
11. Personal Data Privacy – By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company hereby agree and consent that any of your personal data in our possession shall be processed by us in accordance with the Personal Data Protection Act 2010. Further, you hereby warrant that relevant consent has been obtained by you for us to process any third party's personal data in accordance with the said Act.

**EXPLANATORY NOTES TO SPECIAL BUSINESS:**

**A) ORDINARY RESOLUTIONS 1 & 2 – DIRECTORS' FEES AND BENEFITS**

Section 230(1) of the Companies Act, 2016 provides amongst others, that “fee” of the directors and “any benefits” payable to directors of a listed company shall be approved at a general meeting. Pursuant thereto, shareholders' approval is sought for these payments in two separate resolutions as follows:

**Resolution 1: Payment of Directors' Fee to Directors**

The Directors' Fee includes fee payable to the Chairman and members of the Board.

Based on the Nomination and Remuneration Committee's recommendation, the Board decided that the Directors' fee in respect of the financial year ended 31 December 2017 remained unchanged.

**Resolution 2: Payment of Directors' Benefit (excluding Directors' Fee) to Non-Executive Directors' from 26 June 2018 until the next AGM in year 2019.**

The Directors' Benefits (excluding Directors' Fee) comprise the allowance payable to the Chairman and members of the Board and are calculated based on the current composition of the Board and Board Committees and the number of meetings scheduled for the Board and Board Committees.

**B) ORDINARY RESOLUTIONS 3, 4, 5 – RE-ELECTION OF DIRECTORS**

Y.Bhg. Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas, Y.Bhg. Dato' Aminuddin Bin Md Desa and Y.B. Dato' Mohd Azhar Bin Jamaluddin are standing for re-election as Directors of the Company and being eligible have offered themselves for re-election at this AGM.

The Board has via the Nomination & Remuneration Committee had conducted an assessment on their effectiveness and contributions of the said retiring Directors including their skills, experience and strength in qualities and time commitment, has recommended for them to be re-elected to the Board. The profile of the retiring Directors is set out in the Profile of Directors of the Annual Report 2017.

**C) ORDINARY RESOLUTION 6 – RE-APPOINTMENT OF EXTERNAL AUDITOR**

The Audit Committee (“AC”) had on 3 April 2018 deliberated the outcome of the annual assessment of the EA, which included an assessment of the engagement teams' qualifications, credentials and experience, particularly in the financial services sector, their audit work approach, and their ability to provide value added advice and services, as well as to perform the work within MHB Group's timeline by completing an assessment questionnaire. The AC in its assessment found Messrs. AljeffriDean to be sufficiently objective and independent. The Board therefore approved the AC's recommendation that the re-appointment of Messrs. AljeffriDean (“AljeffriDean”) as External Auditors of the Company for the financial year ending 31 December 2018 be put forward for shareholder's approval at the AGM.



**D) ORDINARY RESOLUTIONS 7 & 8 – RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Ordinary Resolutions 7 & 8 if passed, will allow the Directors, Y.Bhg. Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas and Tuan Haji Mustapha Bin Mohamed to continue to hold office until the next Annual General Meeting of the Company as Independent Directors notwithstanding that they have served a cumulative term of more than nine (9) years.

In line with the Recommendation 4.2 of the Malaysian Code on Corporate Governance 2017, the Board on the recommendation of the Nomination and Remuneration Committee, after the annual assessment of the Directors' independence have recommended that Y.Bhg. Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas and Tuan Haji Mustapha Bin Mohamed who have served as Directors of the Company for a cumulative term of more than nine (9) years, be re-appointed as Independent Directors of the Company based on the following justifications:

- (i) They have fulfilled the criteria under the definition of Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- (ii) They remain independent and actively participate in board discussions and provide an independent and objective voice on the Board.
- (iii) They have in depth knowledge of the Company's business operations and he is committed to devote sufficient time and attention to the Company.
- (iv) They act in the best interest of all shareholders and will provide the check and balance to the Board.

**E) ORDINARY RESOLUTION 9 – AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 75 OF THE COMPANIES ACT, 2016**

The Ordinary Resolution 9, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting ("AGM") until the next AGM to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company ("Share Mandate"). This Share Mandate is a renewal of the general mandate that was approved by shareholders at the preceding AGM held on 26 May 2017. There were no funds raised from the general mandate that was approved at the preceding AGM. The renewal of the general mandate is to provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment projects, working capital and/or acquisitions, or strategic opportunities involving equity deals, which may require the allotment and issuance of new shares. In addition, any delay arising from and cost involved in convening a general meeting to approve such issuance of shares should be eliminated. The Company will have to seek shareholders' approval at a general meeting to be convened in the event that the proposed issuance of shares exceeds the 10% threshold contained in the Share Mandate.

**F) ORDINARY RESOLUTION 10 - PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR THE RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The Ordinary Resolution 10 if passed, will enable the MHB Group to enter into any of the recurrent transactions of a revenue or trading nature which are necessary for the MHB Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company. The details of the Proposal are set out in the Circular to the Shareholders dated 30 April 2018 circulated together with this Annual Report.





# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Y.Bhg. Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas	<b>Chairman</b> <i>Senior Independent, Non-Executive Director</i>
Tuan Haji Mustapha Bin Mohamed	<i>Independent, Non-Executive Director</i>
Y.Bhg. Dato' Mohd Khusairi Bin Abdul Talib	<i>Independent, Non-Executive Director</i>
Y.Bhg. Dato' Aminuddin Bin Md Desa	<i>Non-Independent, Non-Executive Director</i>
Y.Bhg. Dato' Mohd Azmi Bin Hj Othman	<i>Independent, Non-Executive Director</i>
Y.B. Dato' Mohd Azhar Bin Jamaluddin	<i>Independent, Non-Executive Director</i>
Rustam Apandi Bin Jamaludin	<i>Managing Director cum Group Chief Executive Officer</i>
Y.Bhg. Datuk Mahdi bin Tan Sri Morad	<i>Independent, Non-Executive Director</i>

## AUDIT & RISK MANAGEMENT COMMITTEE

Tuan Haji Mustapha Bin Mohamed	<b>Chairman</b> <i>Independent, Non-Executive Director</i>
Y.Bhg. Dato' Mohd Azmi Bin Hj Othman	<i>Independent, Non-Executive Director</i>
Y.B. Dato' Mohd Azhar Bin Jamaluddin	<i>Independent, Non-Executive Director</i>

## NOMINATION & REMUNERATION COMMITTEE

Y.Bhg. Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas	<b>Chairman</b> <i>Senior Independent, Non-Executive Director</i>
Y.Bhg. Dato' Mohd Khusairi Bin Abdul Talib	<i>Independent, Non-Executive Director</i>
Y.Bhg. Dato' Aminuddin Bin Md Desa	<i>Non-Independent, Non-Executive Director</i>

## COMMITTEES TO REVIEW PRESS OR PUBLIC ANNOUNCEMENT

Rustam Apandi Bin Jamaludin	<i>Managing Director cum Group Chief Executive Officer</i>
Rozahan Bin Osman	<i>Chief Financial Officer</i>

## MANAGEMENT TEAM

Rustam Apandi Bin Jamaludin	<i>Managing Director cum Group Chief Executive Officer</i>
Rozahan Bin Osman	<i>Group Chief Financial Officer</i>
Noor Hayati Binti Ismail	<i>Chief Executive Officer of Nexus Jade Sdn Bhd</i>





**REGISTERED OFFICE**

55A, Medan Ipoh 1A  
Medan Ipoh Bistari  
31400 Ipoh  
Perak Darul Ridzuan  
Tel: (05) 5474 833  
Fax: (05) 5474 363

**PRINCIPAL PLACE OF BUSINESS**

Perbadanan Kemajuan Negeri Perak  
No. 1-A, Blok A, Menara PKNP  
Jalan Meru Casuarina  
Bandar Meru Raya  
30020 Ipoh, Perak Darul Ridzuan  
Tel: (05) 5019 888/ 5019 588  
Fax: (05) 5019 634  
Email: info@majuperak.com.my  
Website: www.majuperak.com.my

**COMPANY SECRETARIES**

Chan Yoke Yin (MAICSA 7043743)  
Chan Eoi Leng (MAICSA 7030866)

**AUDITORS**

AljeffriDean (AF 1366)  
Chartered Accountants (Malaysia)  
No. 1A, Jalan Meru Utama A1  
Medan Meru Utama  
30020 Ipoh  
Perak Darul Ridzuan

**PRINCIPAL BANKERS**

RHB Bank Berhad  
Malayan Banking Berhad  
Bank Islam Malaysia Berhad

**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  
Email: ssr.helpdesk@symphony.com.my

**SOLICITORS**

Messrs. Ong-Hanim & Badrol  
Messrs. Lokman Reena & Co.  
Messrs. Mad Diah Das & Co  
Messrs. Raimy Fuaad Aqis  
Messrs. Maxwell Kenion Cowdy & Jones  
Messrs. Mior & Associates  
Messrs. Norali & Co  
Messrs. Ram Reza & Muhammad  
Messrs. Sabri & Co  
Messrs. Zul Rafique & Partners  
Messrs. Shook Lin & Bok  
Messrs. Siti Haja Teh Azreen & Khuan  
Messrs. BH Koh Soong Zarin & Partners

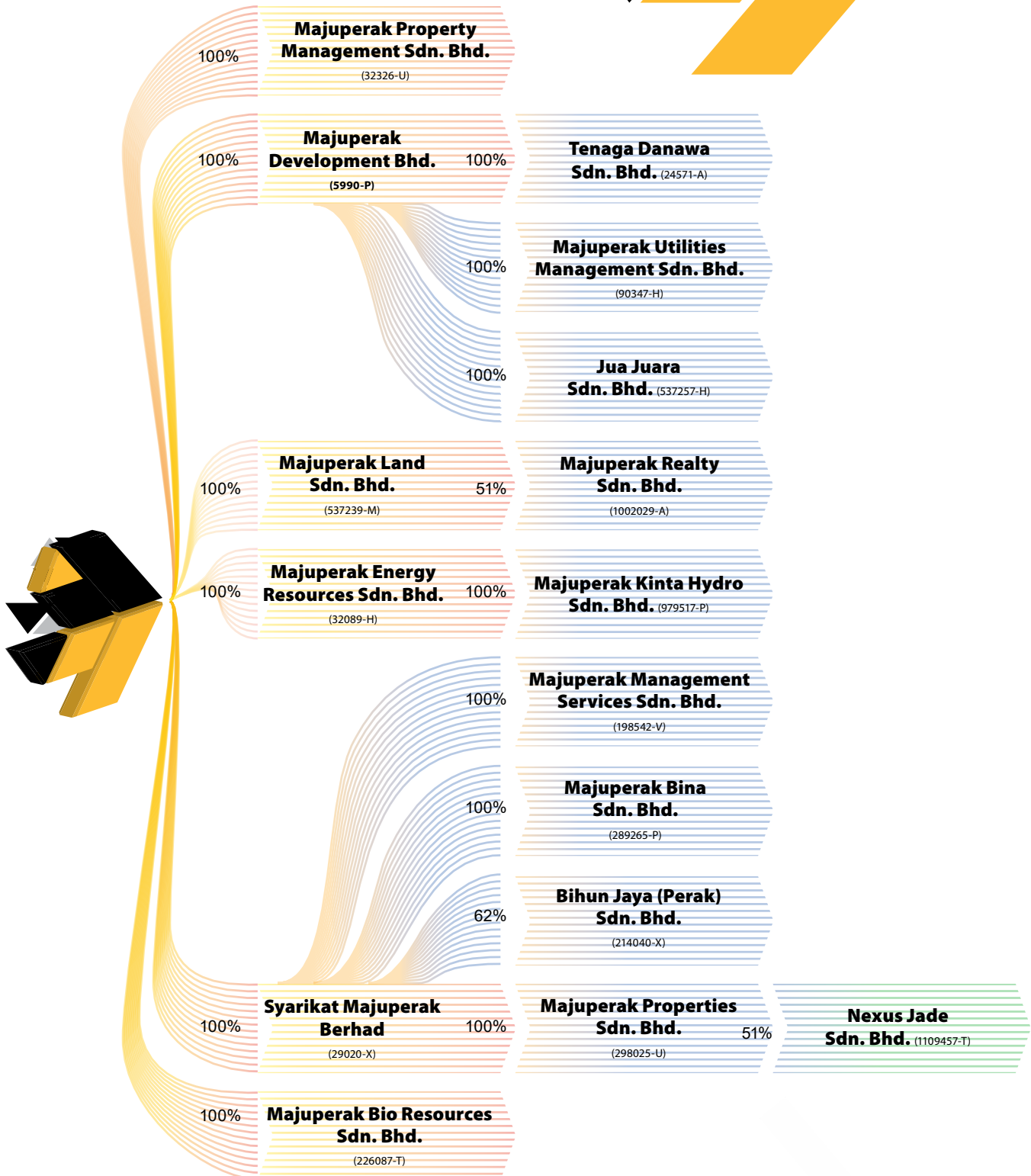
**STOCK EXCHANGE LISTING**

Main Board of Bursa Malaysia Securities Berhad  
Stock Code: 8141  
Stock Short Name: MJPERAK



# CORPORATE STRUCTURE

## MAJUPERAK HOLDINGS BERHAD (585389-X)



# BOARD OF DIRECTORS



1. Y.Bhg. Tan Sri Dato' Seri Megat Najmuiddin Bin Datuk Seri Dr Haji Megat Khas, **Chairman**
2. Tuan Haji Mustapha Bin Mohamed
3. Y.B. Dato' Mohd Khusairi Bin Abdul Talib
4. Y.Bhg. Dato' Aminuddin Bin Md Desa
5. Y.Bhg. Dato' Mohd Azmi Bin Haji Othman
6. Y.B. Dato' Mohd Azhar Bin Jamaluddin
7. Y.Bhg. Datuk Mahdi Bin Tan Sri Morad
8. Encik Rustam Apandi Bin Jamaludin, **Managing Director & Group CEO**



**Y.BHG. TAN SRI DATO' SERI MEGAT NAJMUDDIN  
BIN DATUK SERI DR HAJI MEGAT KHAS**

*Chairman, Senior Independent, Non-Executive Director*

Male, Malaysian, aged 74

**Date of Appointment** 17 August 2006

**Length of Service (as at 30 April 2018)**

11 years 8 months

**Date of Last Re-appointment** 26 May 2017

**Academic/Professional Qualification(s)**

- Bachelor of Law (Hon), University of Singapore

**Present Directorship(s)**

- Asian Pac Holdings Berhad
- SEG International Berhad

**Present Appointment(s)**

- President, Federation of Public Listed Companies Berhad ("FPLC")
- Institute of Integrity Malaysia ("IIM")
- Transparency International Malaysia ("TIM")

**Past Directorship(s) and/or Appointment(s)**

- Member of the High-Level Finance Committee of the Ministry of Finance
- Committee member of Bank Negara Malaysia's Financial Directors' Education Steering Committee ("FIDE")
- Capital Market Advisory Council of the Securities Commission ("CMAC").
- Adjunct Professor at Faculty of Law, University Utara Malaysia.
- Petroliam Nasional Berhad ("PETRONAS")
- Malaysian Institute of Corporate Governance ("MICG")
- Tradewinds Corporation Berhad
- Omesti Berhad

**Family Relationship**

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

**Securities holdings in the Company** 27,000

**Convictions of offences** He has not been convicted for any offence within the past 5 years.

**Board Meetings attended** 6 of 6

**TUAN HAJI MUSTAPHA BIN MOHAMED**

*Independent, Non-Executive Director* Male, Malaysian, aged 72

**Date of Appointment** 30 December 2008

**Length of Service (as at 30 April 2018)**

9 years 4 months

**Date of Last Re-appointment** 26 May 2016

**Academic/Professional Qualification(s)**

- Fellow Member of the Association, Chartered Certified Accountants
- Chartered Accountant, The Malaysian Institute of Accountants
- Member, The Malaysian Association of Certified Public Accountants

**Present Directorship(s)**

- Rubberex Corporation (M) Berhad
- MBM Resources Berhad

**Present Appointment(s):** Nil

**Past Directorship(s) and/or Appointment(s)**

- Partner, Coopers & Lybrand Malaysia (now PricewaterhouseCoopers, 1971 to 1993)
- Director, Gadek Berhad
- Director, Gadek Capital Berhad
- Director, Ip Muda Berhad
- Director, Credit Corporation of Malaysia Berhad
- Director, MHC Plantations Berhad
- Director, Ho Hup Construction Company Berhad

**Family Relationship**

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

**Securities holdings in the Company** 1,181

**Convictions of offences** He has not been convicted for any offence within the past 5 years.

**Board Meetings attended** 5 of 6





**Y.B. DATO' MOHD KHUSAIRI BIN ABDUL TALIB**

*Independent, Non-Executive Director* Male, Malaysian, aged 57

**Date of Appointment** 14 August 2012

**Length of Service (as at 30 April 2018)**  
5 years 8 months

**Date of Last Re-appointment** 12 June 2017

**Academic/Professional Qualification(s)**

- B.A.(Hon), University Kebangsaan Malaysia (UKM)

**Present Directorship(s)**

- Chairman, Ladang Lekir Sdn Bhd (a subsidiary of State Agriculture Development Corporation)
- Director, Felda
- Director, Felda Travel
- Chairman, National Film Development Corporation Malaysia (FINAS)

**Present Appointment(s)**

- Perak State Assemblyman for Slim

**Past Directorship(s) and/or Appointment(s)**

- Managing Director, Goldana Corporation Sdn Bhd (Publishing/Landscaping), 1990 -1998
- Director, Tentiew (M) Sdn Bhd (Publishing & Management), 1999-2000
- Director, Lembaga Air Perak Perak (LAP)
- Director, Yayasan Perak
- Member State Audit Committee

**Family Relationship**

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

**Securities holdings in the Company** Nil

**Convictions of offences:** He has not been convicted for any offence within the past 5 years.

**Board Meetings attended** 4 of 6

**Y.BHG. DATO' AMINUDDIN BIN MD DESA**

*Non-Independent, Non-Executive Director* Male, Malaysian, aged 56

**Date of Appointment** 31 July 2013

**Length of Service (as at 30 April 2018)** 4 years 9 months

**Date of Last Re-appointment**  
26 May 2016

**Academic/Professional Qualification(s)**

- Advance Diploma In Business Studies (Insurance), University of Technology MARA
- Diploma In Accountancy, University of Technology MARA
- Associate Member, Chartered Insurance Institute, United Kingdom
- Associate Member, Malaysian Insurance Institute
- Global Leadership Development Program, ICLIF

**Present Directorship(s)**

- Board Member, Perak Corporation Berhad

**Present Appointment(s)**

- Group Chief Executive, Perbadanan Kemajuan Negeri Perak
- Group Chief Executive Officer Perak Corporation Berhad

**Past Directorship(s) and/or Appointment(s)**

- Board Member, Universiti Teknologi Mara (UiTM)
- Chairman, UiTM Holdings Sdn Bhd
- Executive Director and Chief Executive Officer, Maybank Fortis Holdings Bhd
- Executive Director and Chief Financial Officer, Malayan Banking Berhad

- Chief Executive Officer, Takaful Nasional Sdn Bhd
- General Manager, Arab Malaysian Assurance Bhd
- Deputy General Manager, Takaful Malaysia Sdn Bhd

**Family Relationship**

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

**Securities holdings in the Company** Nil

**Convictions of offences** He has not been convicted for any offence within the past 5 years.

**Board Meetings attended** 5 of 6

**Y.BHG. DATO' MOHD AZMI BIN HAJI OTHMAN**

*Independent, Non-Executive Director* Male, Malaysian, aged 50

**Date of Appointment** 25 February 2014

**Length of Service (as at 30 April 2018)**  
4 years 2 months

**Date of Last Re-appointment** 27 June 2017

**Academic Professional Qualification(s)**

- Ijazah Sarjana Muda Undang-Undang (Hons) University of Technology MARA, Shah Alam

**Present Directorship(s)**

- KYM Holdings Bhd
- Tenaga Danawa Sdn Bhd
- Casuarina Meru Sdn Bhd

**Present Appointment(s)**

- Partner of Azmi Hisham & Co.
- Director, Royal Perak Golf Club Berhad
- Member, Board of Trustees Yayasan Kemajuan Islam Darul Ridzuan
- Trustee YBU Holdings

**Past Directorship(s) and/or Appointment(s)**

Nil

**Family Relationship**

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

**Securities holdings in the Company** Nil

**Convictions of offences** He has not been convicted for any offence within the past 5 years.

**Board Meetings attended** 5 of 6



## Y.B. DATO' MOHD AZHAR BIN JAMALUDDIN

*Independent, Non-Executive Director* Male, Malaysian, aged 51

**Date of Appointment** 30 November 2015

**Length of Service (as at 30 April 2018)**

2 years 5 months

**Date of Last Re-appointment** 26 May 2016

**Academic/Professional Qualification(s)**

- B.B.A (Hons.), 2nd Class Upper, Kuala Lumpur Infrastructure University College (KLIUC)

**Present Directorship(s)**

- Director, Harl Corporation Sdn Bhd
- Director, Malaysian Palm Oil Board (MPOB)
- Director, Maxis Security Sdn Bhd (Safety & Securities)
- Director, Estet Pekebun Kecil Sdn Bhd (RISDA ESTET)
- Director, Livestock
- Advisor, Maju Intan Biomass Energy Sdn Bhd (POWER PLANT)

**Present Appointment(s):**

- Special Committee of Post Exco Public Utilities, Infrastructure, Energy and Water, Perak
- Special Committee of Solid Waste Management and Public Cleanliness Corporation (SWCORP) of Perak
- Special Committee of Majlis Mesyuarat Kerajaan Negeri Perak (MMK) Crime Prevention
- Deputy Chairman, Persatuan Mencegah Dadah Malaysia (PEMADAM) Negeri Perak
- Chairman, Majlis Pembangunan Luar Bandar Parlimen Teluk Intan (MPLB)
- Chairman, Majlis Pembangunan Pertanian Parlimen Teluk Intan (MP3)
- Chairman, Majlis Perundingan Koperasi Parlimen Teluk Intan
- Chairman of Advisory Board, Kolej

Komuniti Teluk Intan Chairman, Yayasan Pendidikan Teluk Intan (YPENDITA)

- Chairman, Koperasi Dana & Aset Bumiputra Teluk Intan Berhad (KODANAPUTRA)
  - Advisory, Kolej Vokasional Teluk Intan
- Past Directorship(s) and/or Appointment(s)**
- Chief Councilor Majlis Perbadanan Teluk Intan (MPTI) (9 years)

**Family Relationship**

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

**Securities holdings in the Company** Nil  
**Convictions of offences** He has not been convicted for any offence within the past 5 years.

**Board Meetings attended** 4 of 6

## Y.BHG. DATUK MAHDI BIN TAN SRI MORAD

*Independent, Non-Executive Director* Male, Malaysian, aged 62

**Date of Appointment** 3 April 2017

**Length of Service (as at 30 April 2018)** 1 year

**Date of Last Re-appointment** 26 May 2017

**Academic/Professional Qualification(s)**

- Masters in Business Administration (Dec 1985) (Major in Finance & Operations Management); University of Missouri- Kansas City
- BSc in Agricultural Business (Aug 1984) (Major in Agricultural Finance); Iowa State University
- Diploma in Agricultural Science (1978); University Putra Malaysia (Formerly known University Pertanian Malaysia)
- Global Leadership Development Program, ICLIF
- Leadership/Management Program and Project Financing by Harvard University
- Financial Institutions Directors' Education (FIDE) by ICLIF

**Present Directorship(s)** Nil

**Present Appointment(s)**

- Ahli Jawatankuasa Pelaburan Negeri Perak Darul Ridzuan
- Ahli Jawatankuasa Kecil Pelaburan Negeri Perak Darul Ridzuan
- Honorary Auditor, Sekolah Tunku Abdul Rahman Old Boys Association (STAROBA)
- Member of Institute Bank-Bank Malaysia (IBBM)

**Past Directorship(s) and/or Appointment(s)**

- Managing Director / Chief Executive Officer of AmBank Islamic Berhad
- Executive Director / Senior General Manager of Arab Malaysian Finance Berhad / AmFinance Berhad / Am Bank (M) Berhad
- Manager of First Malaysia Finance
- Assistant Manager/Branch Manager of Asia Commercial Finance (ACF)
- Estate Assistant Manager / System Coordinator of Sime Darby Plantations Berhad
- Chairman / Director of Arab-Malaysian Credit Berhad
- Director of MBf Trustees Berhad

- Director of AmPremier Capital Berhad
- Director of Islamic Banking and Finance Institute of Malaysia (IBFIM)
- Director of MBf Information Services Sdn Bhd
- Director of Bougainvillea Development Sdn Bhd
- Director of AmProperty Holdings Sdn Bhd
- Director of AmCredit & Leasing Sdn Bhd
- Director of AmCapital (L) Inc.
- Director of AMBB Capital (L) Ltd.
- Council Member and Exco Member of Association of Islamic Banking Institutions Malaysia (AIBIM)

**Family Relationship**

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

**Securities holdings in the Company** Nil  
**Convictions of offences** He has not been convicted for any offence within the past 5 years.

**Board Meetings attended** 3 of 4



**MANAGING DIRECTOR  
KEY SENIOR MANAGEMENT  
GROUP CHIEF EXECUTIVE OFFICER**

**RUSTAM APANDI BIN JAMALUDIN** Male, Malaysian, aged 57

**Date of Appointment** 1 April 2017

**Length of Service (as at 30 April 2018)** 1 year 1 month

**Date of Last Re-appointment** 26 May 2017

**Academic/Professional Qualification(s)**

- Masters in Business Administration (May 1987)  
Central Missouri State University, USA
- Bachelor Science of Business Administration (Finance) (May 1985), St. Louis University, USA
- Diploma In Accountancy (June 1982)  
MARA Institute of Technology

**Present Directorship(s)**

- Board Member, Perbadanan Kemajuan Negeri Perak's Subsidiaries

**Present Appointment(s)**

- Deputy Chief Executive Officer (Business Operations) in Perbadanan Kemajuan Negeri Perak

**Past Directorship(s) and/or Appointment(s):**

- Senior Vice-President, Business Banking Bank Muamalat Malaysia Berhad
- Vice-President, Malaysian Rating Corporation Berhad

**Family Relationship**

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

**Securities holdings in the Company:** Nil

**Convictions of offences:** He has not been convicted for any offence within the past 5 years.

**Board Meetings attended:** 4 of 4



**KEY SENIOR MANAGEMENT  
GROUP CHIEF FINANCIAL OFFICER**

**ROZAHAN BIN OSMAN**

Male, Malaysian, aged 53

**Date of Appointment:** 17 April 2014

**Length of Service (as at 30 April 2018):** 4 years

**Academic/Professional Qualification(s)**

- The Association of Chartered Certified Accountants (ACCA)
- Certified Management Accountant (CMA)
- Chartered Financial Analyst (CFA)
- Certified SAP Consultant- Controlling

**Present Directorship(s) in Public Companies and Listed Issuer:** Nil

**Present Appointment(s):**

- Director Finance, Accounts & Administration of Perbadanan Kemajuan Negeri Perak (PKNP)
- Group Chief Financial Officer of Perak Corporation Berhad

**Directorships in Public Companies and Listed Issuer:** Nil

**Working Experience:**

- Chief Financial Officer of Cement Industries of Malaysia Berhad
- General Manager, Finance/Corporate Planning of Malaysia Marine and Heavy Engineering Berhad
- Group Financial Controller of Magna Prima Berhad
- Financial Controller of Malakoff Berhad
- Research Analyst of Zalik Securities Sdn Bhd
- Audit Senior 1 of Ernst and Young

**Family Relationship**

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

**Securities holdings in the Company:** Nil

**Convictions of offences:** He has not been convicted for any offence within the past 5 years.



**KEY SENIOR MANAGEMENT  
CHIEF EXECUTIVE OFFICER  
NEXUS JADE SDN BHD**

**NOOR HAYATI BINTI ISMAIL**

Female, Malaysian, aged 54

**Date of Appointment** 1 May 2015

**Length of Service (as at 30 April 2018)** 3 years

**Academic/Professional Qualification(s)**

- Diploma In Accountancy, MARA University of Technology, Malaysia

**Present Directorship(s) in Public Companies and Listed Issue** Nil

**Working Experience**

- Regional Head for Consumer Banking Northern Region, Affin Bank Berhad

- State Manager for Kedah/Perlis, Retail Banking - Affin Bank Berhad
- Branch Manager Alor Setar Branch, BSN Commercial Bank Berhad
- Branch Manager Kepala Batas Branch, Penang, Hong Leong Finance Berhad
- Assistance Branch Manager, Visia Finance Berhad, Alor Star

**Family Relationship**

She does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

**Securities holdings in the Company**

49% share in Nexus Jade Sdn Bhd deemed through Syncworks Sdn Bhd

**Convictions of offences:** She has not been convicted for any offence within the past 5 years.





# PENYATA PENERUSI

Pemegang Saham yang dihormati,

Dengan nama Allah swt, Yang Maha Pengasih, Yang Maha Pemurah.  
Assalamualaikum Warahmatullahi Wabarakatuh.

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan 2017 dan Penyata Kewangan yang Diaudit bagi Kumpulan dan Syarikat bagi Tahun Kewangan berakhir 31hb Disember 2017.

## TINJAUAN KEWANGAN

Kumpulan mencatatkan perolehan yang lebih rendah sebanyak RM11.3 juta bagi tahun kewangan di bawah kajian berbanding dengan hasil sebanyak RM21.1 juta yang dilaporkan pada tahun sebelumnya berikutan jualan tanah yang lebih rendah berbanding dengan tahun 2016. Walau bagaimanapun, sukacita kami laporkan bahawa bagi tahun kewangan yang ditinjau, perniagaan *merchandising* melalui Nexus Jade Sdn Bhd (“NJSB”) telah muncul sebagai penyumbang utama kepada pendapatan Kumpulan dengan menyumbang RM5.2 juta atau 46% daripada jumlah pendapatan Kumpulan dalam tahun kewangan di dalam tinjauan (Tahun kewangan [TK] 2016: RM6.2 juta, 29%). Strategi Kumpulan adalah untuk mengembangkan perniagaan *merchandisingnya* dengan memperbaiki aktiviti pemasaran dan promosi NJSB melalui pemasaran inovatif, serta segmen tenaga boleh diperbaharui (*renewable energy*) yang bersama-sama akan menjadi penyumbang utama kepada aliran pendapatan Kumpulan. Kumpulan telah mencatatkan kerugian sebelum cukai sebanyak RM10.5 juta bagi tahun kewangan yang dikaji berbanding dengan keuntungan sebelum cukai sebanyak RM3.2 juta pada tahun kewangan sebelumnya disebabkan terutamanya oleh elaun hutang ragu sebanyak RM4.9 juta dan kejatuhan pendapatan lain sebanyak 70% serta kenaikan dalam perbelanjaan operasi sebanyak 23% berbanding tahun sebelumnya.

Bagaimanapun, Kumpulan meramalkan potensi pertumbuhan dalam kedudukan keuntungan melalui penambahbaikan jualan barangan oleh NJSB yang dijangka menjana pendapatan yang lebih baik pada 2018 serta penjualan bank tanah dalam segmen hartanah. Kumpulan juga akan meninjau untuk memperluaskan segmen tenaga boleh diperbaharainya untuk meningkatkan hasil dan keuntungan sekiranya peluang itu muncul.

Kumpulan akan terus memberi tumpuan kepada perniagaan sedia ada iaitu perniagaan *merchandising* (barangan dagangan), perniagaan tenaga boleh diperbaharui serta segmen hartanah yang akan memastikan kelestarian keuntungan masa depan Kumpulan. Untuk tujuan ini, Kumpulan mempunyai tunai dan baki bank sebanyak RM2.3 juta pada 31 Disember 2017.

Pada 31 Disember 2017, aset bersih sesaham Kumpulan berjumlah RM0.81.

## TINJAUAN OPERASI

### Perniagaan *Merchandising*

Perniagaan *merchandising* (barangan dagangan) menyumbang pendapatan yang lebih tinggi kepada Kumpulan sebanyak RM5.2 juta (TK 2016: RM6.2 juta), menyumbang kira-kira 46% pendapatan kepada Kumpulan untuk tahun kewangan yang ditinjau. NJSB telah dilantik sebagai pembekal tunggal untuk semua barangan yang akan dijual di Movie Animation Park Studios (“MAPS”). Walaupun mencatatkan penurunan pendapatan sebanyak 16% pada tahun 2017, kami percaya perniagaan ini dijangka menjadi penyumbang utama kepada keuntungan keseluruhan Kumpulan apabila MAPS membuka sepenuhnya Dream Zone pada tahun 2018. Dalam menghadapi cabaran pasaran semasa, NJSB memperhebat pengiklannya dan kempen promosi dengan tumpuan yang kuat terhadap strategi pemasaran inovatifnya dalam berusaha mencapai keuntungan yang diinginkan kepada Kumpulan.



### Tenaga yang boleh diperbaharui (Renewable energy)

Majuperak Energy Resources Sdn Bhd (“**MERSB**”) adalah anak syarikat milik penuh Syarikat. Loji janakuasa solar MERSB mampu menghasilkan anggaran pendapatan sebanyak RM1.25 juta setahun. MERSB mempunyai kilang kuasa di bawah Feed in Tariff (FIT) dengan kapasiti 1.5 megawatt-jam (“**MWh**”) di Keramat Pulai, Perak. Semasa TK 2017, segmen tenaga boleh diperbaharui mencatatkan pendapatan sebanyak RM1.3 juta dan menjana sekitar 1.9 megawatt (“**MW**”) dan menyumbang 12% daripada jumlah pendapatan Kumpulan. Kami telah mencapai pendapatan yang stabil dan berulang menerusi segmen tenaga boleh diperbaharui kami. Pada masa ini, Pengurusan mengenal pasti tapak-tapak yang sesuai untuk biomas dan solar photovoltaic berskala besar di dalam negeri Perak untuk mewujudkan kedudukan yang kukuh dalam sektor tenaga.

### Segmen Harta

Pada tahun yang ditinjau, segmen hartanah telah mencapai hasil RM3.0 juta (2016: RM12.1 juta), terutamanya yang diperolehi daripada aktiviti sewa dan penjualan tanah dalam Kumpulan. Kumpulan memiliki dan menguruskan Wisma Maju Umno yang menyumbang sumber pendapatan sewa yang konsisten. Walau bagaimanapun, segmen ini mencatatkan jualan tanah yang lebih rendah berbanding RM8.6 juta pada tahun kewangan sebelumnya, terutamanya disebabkan oleh transaksi penjualan tanah yang tidak lengkap di tanah Tanjong Tualang berjumlah RM17.7 juta yang boleh menyumbang kepada pendapatan kira-kira RM17.7 juta kumpulan. Segmen ini juga dipengaruhi oleh sentimen ekonomi yang mencabar dan kami menjangkakan senario itu akan terus mencabar pada tahun 2018.

### Kompleks Silveritage Galleria

Pembangunan semula Silveritage Galleria Complex (“**SGC**”) telah siap pada 17 Mac 2017. Kompleks ini telah mula beroperasi pada bulan November 2017 dengan jumlah kawasan yang boleh disewa sebanyak 110 lot, terdiri daripada 27 lot runcit, 45 lot bazaar, 6 lot sudut alat, 8 lot F & B, 20 lot pengadilanan makanan dan 4 lot gerai buah. Kadar penghunian sehingga kini adalah 96.4%.

Harta ini kini menawarkan campuran kedai runcit dan makanan dan minuman yang menggalakkan hasil, produk dan masakan tempatan. Pada dasarnya pusat pelancongan komersial untuk usahawan tempatan untuk menjual produk mereka dan ia akan menjadi pusat sehenti pelbagai, bukan hanya seni, kraftangan dan produk. Kumpulan akan meningkatkan promosi, acara dan aktiviti untuk memenuhi keperluan pelanggan, meningkatkan jualan serta meningkatkan hasil Kumpulan.

### Sumber Manusia

Kumpulan MHB sentiasa mengiktiraf modal insan mereka sebagai aset penting bagi syarikat. Bagi memastikan Kumpulan mempunyai tenaga kerja yang mencukupi untuk menyokong Pelan Strategik Perniagaan Syarikat, bagi tahun 2017, Kumpulan telah berhemat dan tetap melakukannya dalam menjalankan pengambilannya. Untuk pembangunan pekerja yang berterusan, latihan adalah salah satu aspek yang paling penting dalam Kumpulan MHB.

Kumpulan juga telah berdedikasi untuk terus memberi tumpuan kepada pelaksanaan Penilaian Berasaskan Kecekapan untuk pekerja peringkat Eksekutif selepas kelulusan Teras Model Kecekapan dan Kepimpinan pada tahun 2016. Asas untuk pembentukan model kompetensi adalah berdasarkan kepada empat sifat Nabi Muhammad (SAW) iaitu Siddiq, Amanah, Tabligh dan Fattanah. Kecekapan ini akan digunakan sebagai garis panduan untuk mengukur serta mengenal pasti kemahiran dan jurang kecekapan dengan lebih cekap dan berkesan dengan menyediakan program latihan profesional dan menyesuaikan berdasarkan rancangan pembangunan individu.

Kami percaya bahawa dengan membantu pekerja kami merealisasikan potensi penuh mereka, mereka juga boleh membantu kami mencapai aspirasi korporat Kumpulan MHB, menjadikan Kumpulan sebagai tempat yang *ideal* untuk menarik individu berbakat untuk membina kerjaya mereka.

### DIVIDEN

Lembaga Pengarah tidak mencadangkan pembayaran dividen akhir untuk tahun kewangan berakhir 31 Disember 2017.

### TINJAUAN DAN PROSPEK

Inflasi telah meningkat kepada 3.7% pada tahun 2017 (2016: 2.1%). Inflasi kekal tidak menentu pada tahun ini dan terutamanya didorong oleh kenaikan harga minyak domestik. Harga komoditi global yang lebih tinggi dan gangguan bekalan makanan domestik juga menyumbang kepada inflasi yang lebih tinggi. Walau bagaimanapun, ini dikurangkan oleh kadar pertukaran ringgit yang lebih kukuh sejak April 2017, yang membantu menampung kenaikan kos pengeluaran bagi barangan dalam negeri.

Dalam keadaan ekonomi global yang lebih kukuh, ekonomi Malaysia dijangka berkembang 5.5% - 6.0% pada 2018. Permintaan dalam negeri akan terus menjadi pemangkin pertumbuhan, disokong oleh aktiviti sektor swasta, menurut Laporan Tahunan Bank Negara 2017.

Oleh kerana penjualan *merchandising* (barangan dagangan) merupakan penyumbang utama kepada hasil Kumpulan yang kebanyakannya berasal dari projek Taman Tema Animasi, Kumpulan melalui anak syarikatnya, Nexus Jade Sdn Bhd, akan merangka strategi untuk meningkatkan produktiviti, pertumbuhan dan prospek jualan dagangan dan memastikan segmen ini akan menyumbang secara positif kepada keuntungan masa depan Kumpulan.

Sebagai tambahan kepada usaha Kumpulan untuk mempelbagaikan asas pendapatannya, Kumpulan melalui anak syarikatnya, MERSB telah menceburkan diri dalam perniagaan tenaga boleh diperbaharui, dengan jumlah tenaga elektrik sebanyak 1.9 MW pada tahun 2017. Walaupun menjana pendapatan bagi Kumpulan, perniagaan ini juga mencerminkan usaha Kumpulan untuk menyumbang kepada tenaga hijau dan bersih.

Dengan strategi ini, Kumpulan optimistik mengenai prospek jangka panjang dan yakin dalam merealisasikan potensi pelaburan yang dibuat setakat ini.

### PENGHARGAAN

Sepanjang tahun ini, kita berasa sangat sedih dan dukacita dengan kehilangan Y.M. Dato Seri Dr. Raja Ahmad Zainuddin Bin Raja Haji Omar, Pengarah Bebas Bukan Eksekutif yang meninggal dunia pada 9 Jun 2017. Allahyarham Y.M. Dato' Seri Dr Raja Ahmad Zainuddin Bin Raja Haji Omar adalah seorang yang berkaliber dan sumbangannya yang tidak ternilai ketika lebih dari 7 tahun bersama Syarikat.

Saya juga mengalu-alukan pelantikan Datuk Mahdi bin Tan Sri Morad sebagai ahli Lembaga Pengarah pada 3 April 2017. Dahulunya beliau berkecimpung dalam industri perbankan. Dengan pengalamannya yang luas, beliau seharusnya menjadi aset yang bernilai kepada Syarikat

Bagi pihak Lembaga, saya ingin merakamkan penghargaan kepada rakan-rakan sejawat ahli Lembaga Pengarah, pihak pengurusan dan kakitangan atas komitmen berterusan dan sumbangan berharga kepada Kumpulan. Kami juga ingin mengucapkan terima kasih kepada semua pelanggan, pembekal, rakan kongsi perniagaan, bank dan pihak berkuasa kerajaan masing-masing atas sokongan dan keyakinan mereka terhadap Kumpulan MHB.

Akhir sekali, kami berharap 2018, Kumpulan ini dipacu ke tahap yang lebih tinggi.

Terima kasih dan salam hormat dari kami.

**Y.Bhg. Tan Sri Dato' Seri Megat Najmuddin**  
**Bin Datuk Seri Dr. Haji Megat Khas**  
Pengerusi



# CHAIRMAN'S STATEMENT

Dear Shareholders,

In the name of Allah, the Most Compassionate, the Most Merciful.  
Assalamualaikum Warahmatullahi Wabarakatuh.

On behalf of the Board of Directors, I am pleased to present the 2017 Annual Report and Audited Financial Statements of the Group and the Company for the Financial Year ended 31st December 2017.

## FINANCIAL REVIEW

The Group registered a lower revenue of RM11.3 million for the financial year under review as compared to a revenue of RM21.1 million reported in the previous year due to a substantially lower land sale. Nevertheless, we are pleased to report that for the financial year under review, the merchandising business through Nexus Jade Sdn Bhd (“**NJSB**”) has emerged as the major contributor to the Group’s revenue by contributing RM5.2 million or 46% of the Group’s total revenue (FYE 2016: RM6.2 million, 29%). The Group’s strategy will be to grow its merchandising business by improving on NJSB’s marketing and promotional activities through innovative marketing, as well as efficiently managing the renewable energy segment which together will become the key contributors to the Group’s stream of revenue.

The Group registered a pre-tax loss of RM10.5 million for the financial year under review as compared to a pre-tax profit of RM3.2 million in the previous financial year mainly due to an allowance for doubtful debts of RM4.9 million and a significant drop in other income by 70% as well as the increase in operating expenses by 23% as compared to previous year. However, the Group foresees a potential growth in profit position through an improvement in sales of merchandising by NJSB which expected to generate better revenue in 2018 as well as sales of land banks in the property segment. The Group will also be looking at expanding its renewable energy segment to enhance revenue and profit should the opportunity arises.

The Group will continue to focus with its existing businesses namely merchandising business, renewable energy business as well as property segment that would ensure sustainability of the Group’s future profits. To this end, the Group has cash and bank balances of RM2.3 million as at 31 December 2017.

As at 31 December 2017, the Group’s net asset per share stood at RM0.81.

## OPERATIONAL REVIEW

### Merchandising Business

The merchandising business contributed a revenue of RM5.2 million to the Group (FYE 2016: RM6.2 million), contributing about 46% of revenue for the financial year under review. NJSB has been appointed as the sole supplier for all merchandise items retailed at the Movie Animation Park Studios (“**MAPS**”). Despite recording a 16% decrease in its revenue in 2017, we believe this business is set to become a key contributor to the Group’s overall profitability once MAPS fully opens its Dream Zone in 2018. In the face of the current market challenges, NJSB has intensified its advertising and promotion campaigns with strong focus on its innovative marketing strategy in striving to achieve the desired profit to the Group.



### Renewable Energy

Majuperak Energy Resources Sdn Bhd (“**MERSB**”) is a wholly owned subsidiary of the Company. MERSB solar power plants are capable of generating an estimated revenue of RM1.25 million per year. MERSB has a power plant under the Feed in Tariff (FiT) with a capacity of 1.5 megawatt-hours (“**MWh**”) in Keramat Pulai, Perak. During FYE 2017, the renewable energy segment recorded RM1.3 million revenue and generated around 1.9 megawatts (“**MW**”) and contributed 12% of the Group's total revenue. I am happy to mention that our solar power plants have now achieved a stable and recurring income. Currently, the Management is identifying suitable sites for Biomass and Large Scale Solar Photovoltaic Plants within the Perak state so as to establish a strong foothold in the energy sector.

### Property Segment

In the year under review, the property segment has achieved RM3.0 million revenue (2016: RM12.1 million), mainly derived from rental activities and sales of land within the Group. The Group owns and manages Wisma Maju Umno which contributes a consistent source of rental income. However, this segment registered lower land sales as compared to RM8.6 million in the previous financial year, mainly due to incomplete land sales transaction of Tanjong Tualang land amounting to RM17.7 million which can contribute to an approximately RM17.7 million revenue to the Group. This segment was also impacted by the soft economic sentiment and we expect the scenario to remain challenging in 2018.

### Silveritage Galleria Complex

The redevelopment of Silveritage Galleria Complex (“**SGC**”) has been completed on 17 March 2017. The complex has started operation in November 2017 with a total lettable area of 110 lots, comprising 27 retail lots, 45 bazaar lots, 6 gadget corner lots, 8 food & beverages lots, 20 food court lots and 4 fruit stall lots. Occupancy rate to-date is at 96.4%.

This property now offers an exciting mix of retail and food and beverages outlets that promote local produce, products and cuisines. It is in essence a commercial tourist hub for local entrepreneurs to sell their products and it will be a one-stop centre of sorts, not just arts, handicrafts and products. The Group will increase promotions, events and activities to satisfy our customers' needs and help increase sales.

### Human Resources

The MHB Group has always recognized its human capital as an important asset for the company. In order to ensure the Group has adequate workforce to support the Company's Business Strategic Plan for the year 2017, the Group has been prudent and remain to do so in its recruitment exercise. For continuous employees' development, training is one of the most important facet in MHB Group.

The Group also has been dedicated to continue to focus on the implementation of Competency Based Assessment for the Executive level employees after the approval of the Competency Model Core and Leadership in 2016. The fundamental for the formation of the competency model is based on the Prophet Muhammad (SAW)'s four attributes which are Siddiq, Amanah, Tabligh and Fattanah. These competencies will be used as a guideline to measure as well as identify skills and competency gaps more efficiently and effectively by providing professional and customize training programs based on the individual development plan.

I believe that by helping our employees realise their full potential, they in turn, can help achieve MHB Group's corporate aspiration, making the Group an ideal place to attract talented individuals to build their careers.



### DIVIDEND

The Board does not recommend the payment of a final dividend in respect of the financial year ended 31 December 2017.

### OUTLOOK AND PROSPECTS

Headline inflation increased to 3.7% in 2017 (2016:2.1%). Inflation remained volatile during the year and was primarily driven by higher domestic fuel prices. Higher global commodity prices and disruptions in domestic food supplies also contributed to the higher inflation. This, however, was mitigated by the stronger ringgit exchange rate since April 2017, which helped contain the rise in production costs for domestic goods.

Amid the stronger global economic conditions, the Malaysian economy is projected to grow by 5.5% - 6.0% in 2018. Domestic demand will continue to be the anchor of growth, underpinned by private sector activity, according to Bank Negara Annual Report 2017.

As merchandising sales is the major contributor to the Group's revenue mainly derives from the Animation Theme Park project, the Group through its subsidiary, NJSB, will strategize to increase productivity, growth and prospect of merchandising sales and ensure that this segment will contribute positively to the Group's future profitability.

In addition to the Group's effort to diversify its revenue base, the Group through its subsidiary, MERSB has ventured into renewable energy business, with current total generation of 1.9MW of electricity in 2017. While generating revenue for the Group, the business is also a reflective of the Group's effort towards contributing to green and clean energy.

With these strategies in place, the Group is optimistic about the long-term prospects and are confident in realizing the potential of investments made so far.

### ACKNOWLEDGEMENTS

During the year, we were deeply saddened by the passing of Y.M. Dato' Seri Dr Raja Ahmad Zainuddin Bin Raja Haji Omar, the then Independent Non-Executive Director on 9 June 2017. We acknowledge Y.M. Dato' Seri Dr Raja Ahmad Zainuddin Bin Raja Haji Omar's excellence calibre and his invaluable contributions over 7 years with the Company.

Please also join me to welcome Datuk Mahdi bin Tan Sri Morad, a retired banker, who joined our Board on 3 April 2017. With his extensive experience, he will be a valuable asset to the Company.

On behalf of the Board, I would like to extend our gratitude and appreciation to my fellow Board members, the management and staff for their continuous commitment and valuable contributions to the Group. We also like to thank all our valued customers, suppliers, business partners, bankers and the respective government authorities for their support and confidence in MHB Group.

On that note, I conclude this year's review and we look forward to 2018, to drive the Group to greater heights.

Thank you and our warmest regards

**Y.Bhg. Tan Sri Dato' Seri Megat Najmuddin**  
**Bin Datuk Seri Dr. Haji Megat Khas**  
Chairman





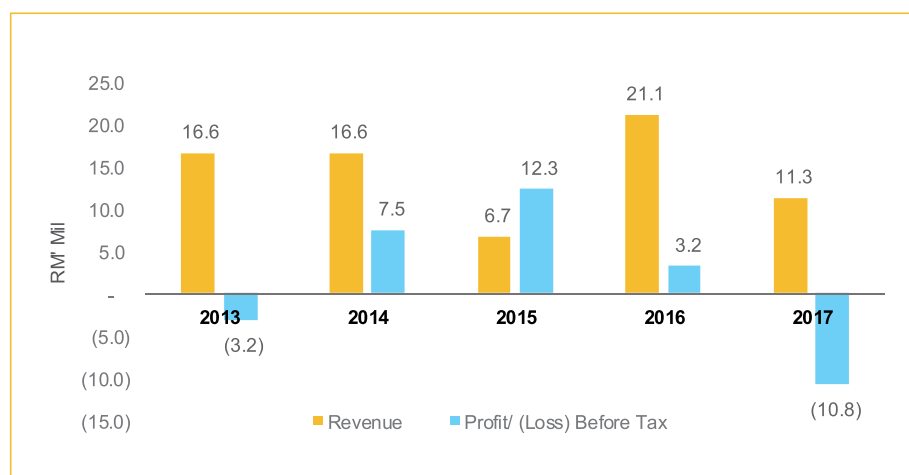
# MANAGEMENT'S DISCUSSION AND ANALYSIS

## OVERVIEW

The Group's main revenue contributor during the financial year under review is from merchandising business. The Group through its subsidiary, Nexus Jade Sdn Bhd ("**NJSB**") has contributed 46% of the Group's total revenue (FYE 2016: 28.9%), followed by property segment and renewable energy segment which contributed 13% and 12% respectively of the Group's total revenue. For the financial year under review, the Group recorded lower in sales of land as compared to 2016 which is mainly due to incomplete land sales transaction for Tanjong Tualang land in Daerah Kinta, Perak.

In tandem with the Group's 5-year Strategic Blueprint launched in 2014, MHB Group is working towards realigning its core businesses while creating a high performance workforce by venturing into renewable energy and merchandising business. The Group through its subsidiary, Majuperak Energy Resources Sdn Bhd ("**MERSB**"), operates three Solar Energy Power Plants in Keramat Pulai, Simpang Pulai. The three plants operate under the Feed-in-Tariff Renewable Energy Act 2011, and collectively generated a total of 1.9 megawatts ("**MW**") of electricity in 2017. For 2018, the Group expects to collectively generate roughly the same amount of electricity as in 2017. While contributing positively to the group, the business is reflective of the Group's efforts towards contributing to green and clean energy.

## FINANCIAL REVIEW



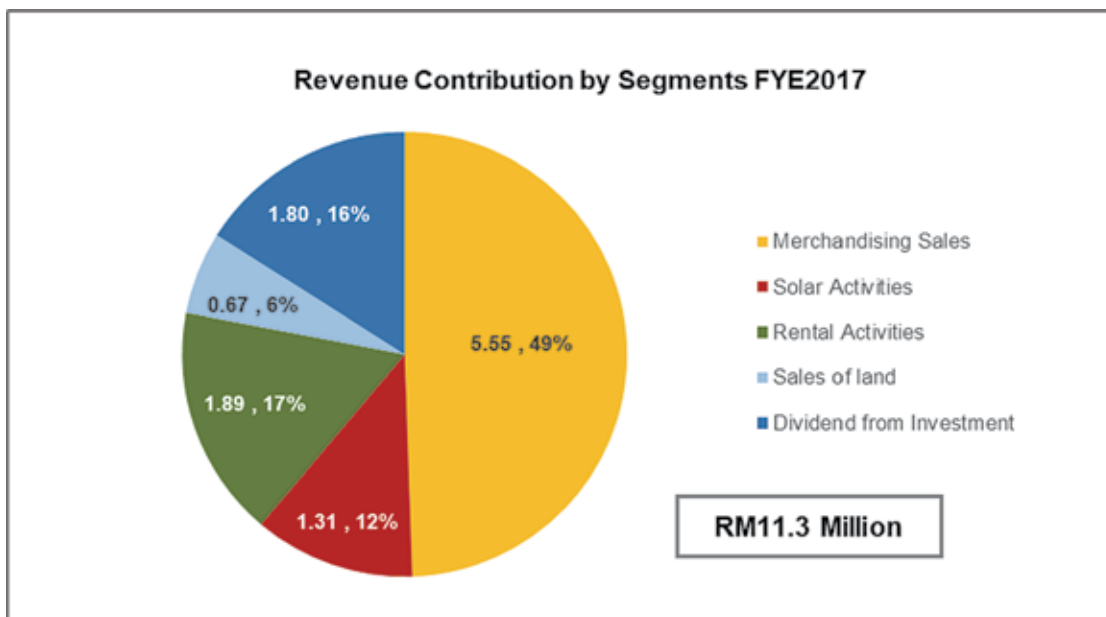
The Group recorded revenue of RM11.3 million FYE 2017 and reported a variance of 46% as compared to RM21.1 million FYE 2016 mainly amongst others, due to lower in sales of land. However, we are pleased to report that merchandising business through NJSB has shown a consistent performance throughout its operational year. We expect that this business will start to bear fruits once MAPS become fully operational with the opening of Dream Zone by the end of the first half of 2018.

The Group registered a loss before tax ("**LBT**") of RM10.5 million in 2017 compared to a profit of RM3.2 million in 2016 due to provision of impairment, lower land sales as well as higher operating expenditure as compared to 2016.





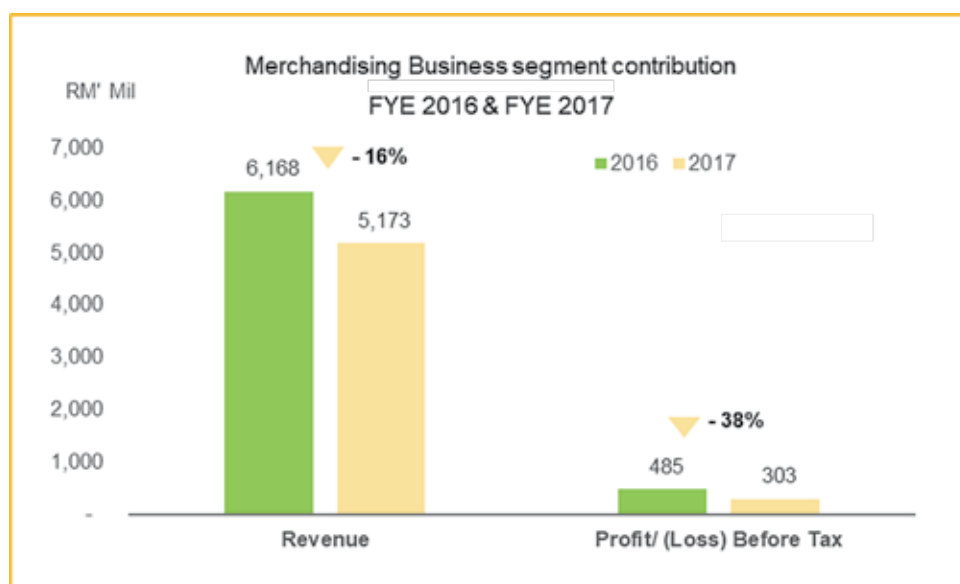
Below is the contribution of each activities to the Group's total revenue:



The Company recorded loss per share attributable to ordinary equity holders of the Company at 4.28 sen for the year 2017 compared to previous year that earned profit per share at 1.04 sen. Meanwhile, the net assets per share as at 31 December 2017 stood at RM0.81 compared to RM0.85 in 2016.

**OPERATIONAL REVIEW**

**Merchandising Business**



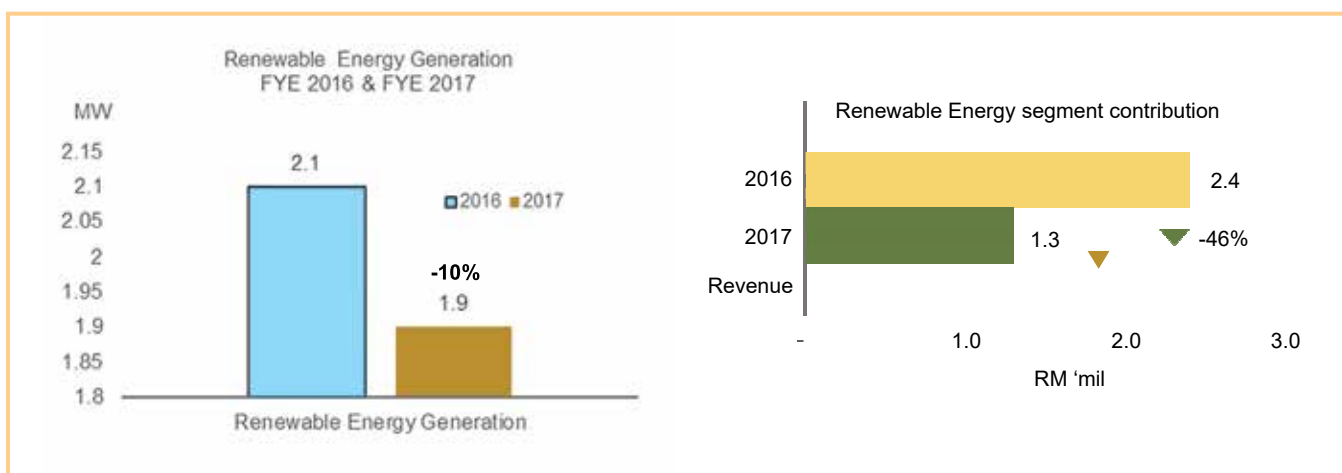
The merchandising business contributed a revenue of RM5.2 million to the Group (FYE 2016: RM6.2 million), contributing about 46% of revenue for the financial year under review. NJSB has been appointed as the sole supplier for all merchandise items retailed at the Movie Animation Park Studios (“MAPS”). This merchandising business segment (“MB segment”) has been a staple contributor to the Group in 2017 as compared to 2016. Despite recording a 16% decrease in its revenue in 2017, we believe this business is set to become a key contributor to the Group’s overall profitability once MAPS fully opens its Dream Zone in 2018. In the face of the current market challenges, NJSB has intensified its advertising and promotion campaigns with strong focus on its innovative marketing strategy in striving to achieve the desired income to the Group.

NJSB supplies all kinds of merchandises and branded premium gift items which are popular among clients, be it government agencies, corporate bodies or individuals. Product ranges from stationery, bags, 3-in-1 USB flash drive pen, umbrella, general premium items as well as hampers and gifts to suit any events as required by clients. A dedicated team provides assistance and consultancy service in terms of design as well as the available printing methods to incorporate clients’ corporate logo and advertisement required.

**Renewable Energy**

While demand for electricity is constantly rising, consumption of fossil fuels with its effects on world pollution and its depletion in future has raised much concern globally, thereby creating a need for the generation of energy using renewable resources such as solar and hydro. Development of inexhaustible and clean solar energy technologies will have huge long-term benefits including to increase each countries’ energy security, enhance sustainability, reduce pollution, lower the costs of mitigating climate change and to keep fuel prices lower.

MHB’s subsidiary, Majuperak Energy Resources Sdn Bhd (“MERSB”) continues to contribute to the Group’s income. MERSB owns and operates three Solar Energy Power Plants in Keramat Pulai, Simpang Pulai, Perak. The three plants operate under the Feed In Tariff Renewable Energy Act 2011, and collectively generated a total of 1.9MW of electricity in 2017. This was lower than the 2.1MW last year due to the lower sunny days in the solar farm. It is projecting to generate approximately the same amount of electricity in 2018.



The Renewable Energy segment registered revenue of RM1.31 million in FYE 2017 (FYE 2016: RM2.4 million) derived from selling solar energy to Tenaga Nasional Berhad. The decrease in revenue was mainly due to the lower sunny days in the solar farm in the area of Keramat Pulai, Simpang Pulai. The momentum of this segment will be maintained by the Group as one of its major revenue contributors.



### Property segment

The Property segment ("**PE segment**") achieved a revenue of RM1.5 million in 2017 (FYE 2016: RM1.8 million), which amounted to 13% of Group's total revenue. The revenue was mainly derived from rental activities within the Group and dividend received from investment related to the property segment.

However, for sales of land segment, the Group has registered a lower sales revenue of RM0.67 million in the financial year under review as compared to RM10.3 million in the previous financial year, mainly due to incomplete land sales transaction of Tanjong Tualang land amounting to RM17.7 million which will be recorded in the financial year ending 2018.

### Silveritage Galleria Complex

The Group owns and manages commercial properties in Perak State, including Silveritage Galleria Complex ("**SGC**") which has been completed on 17 March 2017 with a total lettable areas of 110 lots, comprising 27 retail lots, 45 bazar lots, 6 gadget corner lots, 8 food & Beverages lots, 20 food court lots and 4 fruit stall lots. SGC is located on the southern banks of Sungai Pinji close to the Sultan Azlan Shah Airport and at the outskirts of an expanding Ipoh.

This property now offers an exciting mix of retail and food and beverages outlets that promote local produce, products and cuisines. It is in essence a commercial hub for local entrepreneurs to sell their products and it will be a one-stop centre of sorts, not just arts, handicrafts and products.



### **Brewster Village**

Brewster Village Sdn Bhd (BVSB) is an associate company under Majuperak Properties Sdn Bhd, a wholly owned subsidiary of MHB. BVSB has started its operation on 5 March 2016 and actively involved in the development of facilities for conducting entertainment events such as weddings, corporate banquets, and birthday celebrations as well as offering Ramadhan buffet complete with a banquet hall, catering services, grooming, car park, and temporary accommodation. The main convention hall is now equipped with fully air-conditioning facility to ensure a competitive market offering within the area.

Total revenue of BVSB for 2017 is reported at RM0.65 million, an increase by more than 100% from RM0.29 million from 2016 mainly due to increase in the number of event in 2017. However, BVSB posted a loss before tax of RM0.23 million (FYE 2016: LBT RM0.44 million), decreased by 50% from the previous financial year. The revenue was mainly contributed by wedding and corporate events held at Brewster Village.

### **FUTURE PROSPECTS**

The Group shall strive to achieve good results for the financial year ending 31 December 2018 through continuous commitment to its long-term strategies which will lead to the growth of the Group. The Group will continue to look at various ways in improving its revenue stream.

Moving forward, more resources and efforts will be put in to explore collaborative opportunities to improve the revenue and profitability of the Group.

The Group expects its results for the financial year 2018 to be moderately improved with the register of sales from Tanjong Tualang land which amounts to RM17.7 million as well as the merchandising business, renewable energy activities as well as property segment to maintain its performance and consistently contribute to the Group's revenue.

The Group is optimistic that given the prevailing economic conditions and financial outlook, the strategies implemented and future undertakings will generate revenue for the Group and ensure the growth of its core businesses.



# STATEMENT ON SUSTAINABILITY

## INTRODUCTION

Sustainability has always been an integral part of our way of doing business and a guiding principle in our decision making and development processes. Over the years, Majuperak Holdings Berhad (MHB) Group has undertaken various efforts to ensure top priority in our sustainability initiatives especially towards our core businesses within the Group, namely Property & Realty, and other Strategic Businesses such as solar energy harvesting and merchandise items. Being a player which actively participating in propelling economic growth in Perak State, the Group strives to ensure the stakeholders as well as the community within the area feel the development impact.

This statement will incorporate some standard disclosures from Bursa Malaysia on the Sustainability Reporting Guideline and meeting the expectations of Bursa Malaysia's revised Main Market Listing Requirements covering sustainability reporting. Through this report, we aim to provide our stakeholders with a reliable economic, environmental and social ("EES") information about our company and in doing so, strengthen trust and relationship with our stakeholders through increased transparency and disclosure.

### A. ECONOMIC

#### Property & Realty

In this area, MHB manages and owns several commercial property in the state. Among the buildings are Wisma Maju UMNO, and Silveritage Galleria Complex in Ipoh.

Wisma Maju UMNO which is located at Jalan Sultan Idris Shah currently has several tenants, including Accountant General's Department of Malaysia and Ministry of Home Affairs (Bahagian Kawalan Penerbitan dan Teks Al-Quran).

Silveritage Complex is located on the southern banks of Sungai Pinji close to the Sultan Azlan Shah Airport and at the outskirts of an expanding Ipoh. The complex redevelopment as a tourist attraction was completed on 17 March 2017. With total lettable area of 110 lots, comprising of F&B lots, retail lots, kiosks and bazar lots, the facility acts as a commercial site for entrepreneurs and a one-stop-centre for Perak based tourist products.

The main objective is to turn it into a modern lifestyle complex providing local delicacies and handicraft focusing on both local and foreign tourists. The complex was reopened to public in January 2018 and provides opportunity for small and medium entrepreneurs (SME's) to showcase their products, thus enabling them to be more actively promote their products to the local and foreign tourists.

This proves development that the Group brings are going simultaneously with the fostering of SME entrepreneurs by providing a suitable platform in commercialising their products.

#### Strategic Business

Besides Property & Realty business, MHB is also actively engaged in other strategic businesses in which can generate sustainable income for the company, such as solar energy harvesting and merchandise items.



### ***Solar Energy Harvesting***

The Group through its wholly owned subsidiary, Majuperak Energy Resources Sdn Bhd (MERSB) owns and operates three (3) solar power plant which is located at Keramat Pulai, Simpang Pulai, Perak. The plant collectively generate around 1,900 MW of electricity per annum.

Besides generating revenue for the company, this business is reflective of the Group's efforts towards contributing to green and clean energy. For year 2017, the plant generate around 1,950 MW of electricity and is expected to generate around the same amount in 2018.

### ***Merchandise Items***

Nexus Jade Sdn Bhd(NJSB), a subsidiary company of the Group through Syarikat Majuperak Berhad is the sole supplier for all merchandise items to be retailed at Movie Animation Park Studios (MAPS).

NJSB also supplies all kinds of merchandise and branded premium gift items which are popular among clients, be it government agencies, corporate bodies or individuals. The merchandising business through NJSB is one of the main source of revenue to the Group.

The businesses above, whilst diversified in terms of activities & areas, will establish a strong and sustainable stream of revenue to the Group.

## **B. Environmental**

MHB Group has always been committed to comply with the legal and regulatory requirements of the Malaysian Department of Environment (DOE) and other regulators and authorities. To this end, environmental protection measures and considerations have long been embedded in our business.

The Group's commitment to the environmental preservation is proven by its investment in the solar power plant located in Keramat Pulai by MERSB. The demand for electricity is continuously high but the world is pushing for clean and renewable energy sources. Fossil fuels are non-renewable and require finite resources, which are dwindling because of high cost and environmentally damaging retrieval techniques. Due to this, the need for friendly environmental resources is greatly needed, and the alternative option that is efficient and more feasible is solar energy.

## **C. SOCIAL**

MHB Group has always believed that the way to build a great and enduring company is to strike a balance between profitability and fulfilling its social responsibilities. In today's inter-connected world, no business can operate as an entity onto itself. Companies are also measured in terms of their standing and interactions with the community. Throughout the year 2017, MHB Group continued to make progress to operate responsibly and with care to meet the changing expectations on society.





**Local Communities Development**

We believed fulfilling our dues to society should not solely be driven by the Company, but also from individuals as well. The Group has always encouraged its management and staffs to be involved in welfare work and charity and we are pleased that the spirit of giving is very much alive within the Group.

**(a) Giving Back to the Society**



In furtherance to the Blood Donation Campaign which received overwhelming response from the workforce over the years, the Biro Kebajikan Kelab Warga Kumpulan continued this noble course in 2017 at Hotel Casuarina @ Meru, Ipoh.



The target donors are among employees of the Group, government departments and local residents around Bandar Meru Raya. As human blood is a scarce and precious resource, this drive has successfully raised awareness on blood donation and encouraged the culture of voluntary blood donation as it is a safe, simple and speedy process that helps to save lives.



Another activity that has been organized is “Program Beli Baju Raya”, whereby the group has sponsored students from Persatuan Kebajikan Anak Yatim & Miskin Al- Munirah, Parit & Yayasan Nurul Ihsan, Sg. Siput in buying Aidilfitri clothes for their Raya celebrations. Both of this program has become our Corporate Social Responsibility (CSR) Programmes to care for the welfare of the people.



In 2017, with the aim to promote social welfare among the less fortunate, the Group sponsored charity activities which include iftar program with Pertubuhan Anak Yatim & Miskin, Bait-Al-Amin, Perak, Rumah Ar Ridhwani, Manjoi and Rumah DaHikmah, Gopeng.





### Development of Human Resources

At MHB Group, we value the contribution of each and every one of our employees, which is why we place utmost importance in creating a conducive work environment to nurture our employees' growing talent and ambitions. We believe that by helping our employees realise their full potential, they in turn, can help us achieve PCB Group's corporate aspiration, making the Group an ideal place to attract talented individuals to build their careers.

For continuous employees' development, training is one of the most important facet in MHB Group. In line with the Strategic Human Capital Management Plan, the Group establishes a system to continuously:

- Identify knowledge gap;
- Identify training programmes suitable to achieve company and Group objectives;
- Establish training support from both internal and external resources;
- Continuous assessment on the effectiveness of training programmes.

### CONCLUSION

In our journey towards integrating sustainability in our business, the Group will establish formal procedures in internalising sustainability considerations in our organisation. We will strive to further seek enhancement opportunities in pursuing business, environment and social sustainability. A copy of Group's Sustainability Policy is available on MHB Group's website at [www.majuperak.com.my](http://www.majuperak.com.my), under Investor Relations column.



# CORPORATE SOCIAL RESPONSIBILITY

The Group recognizes the importance of corporate social responsibility ('CSR') as an integral part of business and strongly pursue its belief of caring for and sharing with peoples, business associates and community. The Group is committed to fulfill this responsibility beyond our statutory obligations. Our increased efforts in this regard is a testimony of our enduring commitment to balance overall environmental, social and economic goals towards building a sustainable future.

The Group has contributed and shall continuously endeavor to play a role in promoting CSR activities which include the following:

## (i) Long Service Awards

A couple of initiatives for employees' wellbeing has been introduced and maintained. One of them is the Long Service Awards aims to recognize and demonstrate the appreciation to loyal and committed of long serving employees. The Group believe, such gratitude also needs to be further expanded to their children who are excel in their studies, hence, the presentation of Academic Excellence Award has become a highly-anticipated event for them.

## (ii) Industrial & Internship Training Program

We believe that industrial training is an integral component in empowering the young. By providing them with a first-hand experience in the employment world, students will be better equipped to handle challenges in their future workplace and moulded to become more responsible and charismatic. In this regard, we have an ongoing internship program which provides undergraduate and graduate students opportunities to perform their industrial training with us as part of their course requirements.

## (iii) Ramadan Iftar and Eid al-Fitr Celebration



The Group uphold the importance of having good working relationships among its staff. So, it makes sense that the better our relationships are at work, the happier and more productive we're going to be. Ramadan Iftar and Eid al-Fitr Celebrations were being held every year not just as a social gathering but more to strengthen the relationship among stakeholders, for instance, employees, management, government officials, vendor, contractors, and of course deserving recipients of the society, like orphanages and the disabled members of the community.

**(iv) Blood Donation Campaign**



What is more commendable, the activity of corporate social responsibility is not only initiated by the Group but also driven its Staff Club. Through their Welfare Bureau, they annually hold a Blood Donation Campaign which supports Hospital Raja Permaisuri Bainun Ipoh to increase their blood bank. There is consistent enthusiasm from the Group's employees and surrounding communities towards blood donation campaigns, consequently, each year the number of blood donors has increased tremendously.

We consider ourselves to be on a mission to make a difference in the communities that we live and work. A great deal of effort and resources are channeled into the Group's CSR programs and the top management is directly involved in the Group's CSR efforts.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main LR of Bursa Malaysia, the Board of Directors of MHB is committed to maintain a sound risk management framework and internal control system in the Group and is pleased to present herewith the Statement on Risk Management and Internal Control which outlines the nature and state of risk management and internal control of the Group during the year.

This statement is prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), Statement on Risk Management & Internal Control – Guidance for Directors of Listed Issuers provided by Bursa Securities and the Malaysian Code on Corporate Governance 2017.

## BOARD’S RESPONSIBILITY

The Board of Directors acknowledges its overall responsibility in maintaining a sound system of internal controls and risk management which includes not only financial controls but also operational and compliance controls as well as effective risk management.

The Board affirms that there is an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of the Group’s business objectives, which has been in place during the year and up to the date of approval of the annual report and financial statements.

The system of internal control is design to manage and provide reasonable rather than absolute assurance of effectiveness against the material misstatement of management and financial information, financial losses, fraud and breaches of laws and regulations.

## AUDIT & RISK MANAGEMENT FRAMEWORK

The Board fully supports the contents of the Risk Management and Internal Control Guidance and with the assistance of the internal auditor; a structured risk management framework for the Group has been put in place. The risk framework for adoption by the Group involves the following:

- **Group Audit & Risk Management Committee**

Responsible to identify continuously and communicate and report to the Board, the critical risks the Group faces, their changes and the management action plans to manage the risks.

The Audit & Risk Management Committee are as follows: -

- (i) Tuan Haji Mustapha Bin Mohamed (Chairman, Independent Non-Executive)
- (ii) Y.Bhg. Dato’ Mohd Azmi Bin Hj Othman (Independent Non-Executive)
- (iii) Y.B. Dato’ Mohd Azhar Bin Jamaluddin. (Independent Non-Executive)

- **Key Management Staff**

Nomination of key management staff in each operating unit to prepare action plans, with implementation time-scales to address any risk and control issues.



- **Risk Management Reporting**

Reporting by the head of operating units/management staff to the Group risk. All the General Managers reporting to the Group Audit & Risk Management Committee.

The Internal Auditors provides supports to the Audit & Risk Management Committee in discharging its duties with respect to the adequacy and integrity of the system of internal controls within the Group.

The Internal Auditors carried out audits based on an internal audit plan approved by the Audit & Risk Management Committee. Their reports are table to the Audit & Risk Management Committee meeting, where the Audit & Risk Management Committee members reviewed the findings with management. The internal auditors ensured that recommendations to improve controls were implemented by management.

#### **OTHER KEY ELEMENTS OF INTERNAL CONTROL**

Apart from key risk management and internal audit, the Group has in place the following key elements of internal control:

- **Board Meetings**

The Board meets at least quarterly and has a formal agenda on matters for discussion. The Managing Director leads the presentation of board papers and provides explanations on pertinent issues. In arriving at any decisions, on recommendation by the Management, a thorough deliberation and discussion by the Board is a prerequisite. In addition, the Board is kept updated on the Group's activities and operations on a timely and regular basis.

- **Organizational Structure**

The Group has in place an appropriate organizational structure with clearly defined lines of responsibility and delegated authority established for directors and management within the group in respect of quick response to the changes in the evolving business environment, effective supervision of day-to-day operations and accountability for operations performance. Capital and non-capital expenditures and acquisition and disposal of investment interest are subject to appropriate approval processes.

- **Management Financial Report**

Quarterly financial and performance reports are submitted to the Board and reviewed, which include explanation and management action taken for improvement of results.

Regular visits to the subsidiaries by the members of the management to monitor and assess the Group's performance and control.



## REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement in accordance with the Recommendation Practice Guide (“RPG”) 5 (Revised), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by Malaysia Institute of Accountants on the Review of Directors’ Statement on Risk Management and Internal Control pursuant to paragraph 15.23 of the MMLR of Bursa Securities and 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 the review of the integrity of the system of risk management and internal control of the Group.

## CONCLUSION

The Board has reviewed the adequacy and effectiveness of the Group’s risk management and internal control system for the year under review and a number of minor structural deficiencies were identified during the period, all of which have been addressed. However, none of the deficiencies have results in any material losses, contingencies or uncertainties that required disclosure in the Company’s annual report.

This Statement on Risk Management and Internal Control was reviewed and approved by the Board of Directors on 3 April 2018.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the Board) recognizes the importance of safeguarding and promoting the interests of shareholders. The Board is committed to uphold the value of good corporate governance by continuously advocating transparency, accountability, integrity and responsibility to enhance long term shareholders' values and safeguarding the stakeholders' values.

The Board is pleased to report on the corporate governance practices of the company and the extent to which the company has complied with the principles as set out in the Malaysian Code on Corporate Governance 2017 ("Code").

## **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS**

### **Board Charter**

The Company has formalised a Board Charter which clearly set out the composition, roles and responsibilities of the Board and Board committees and the processes and procedures for convening their meetings. The Board Charter serves as a reference providing prospective and existing members of the Board and management insight into the fiduciary duties of directors.

The Board reviews the Board Charter on a regular basis to keep up to date with changes in Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Main Market Listing Requirements ("Listing Requirements"), other regulation and best practices and ensure its effectiveness and relevance to Board's objectives. In February 2018, the Board had reviewed and approved the amendments to the Board Charter, Code of Conduct to be in line with the practices in the MCCG and the details of the Board Charter are available for reference on the Company's website at [www.majuperak.com.my](http://www.majuperak.com.my).

### **Principal Roles**

The Directors together as a team set values and standards of the Company and ensures that the Group's business is properly managed to safeguard the Group's assets and shareholders' interests. The Board assumes full responsibility for the oversight and overall management of the Company.

### **Roles and Responsibilities**

The Board's principal focus is the overall strategic direction, development and control of the Group. In support of this focus, the Board maps out and reviews the Group's medium and long term strategic plans on a basis, so as to align the Group's business directions and goals with the prevailing economic and market conditions. The Board considers all aspects of the operations of the Group and particularly in the following areas:

- Reviewing the management's performance and ensures that necessary financial and human resources are available to meet the Group's objectives;
- Overseeing the conduct of the business of the Group;
- Review the capital budgets and regularly monitors their progress throughout the year, using appropriate financial indicators and industry benchmarks;
- Succession planning for senior management;
- Identifying and putting in place systems to manage any principal risk;
- Reviewing the adequacy and integrity of the management information and internal control system.





The role of the Chairman, YBhg. Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas and the Managing Director, Encik Rustam Apandi Bin Jamaludin are separated with clear distinction of responsibility between them. The role of the Chairman is to ensure the smooth and effective functioning of the Board. His duties include providing leadership for the Board, ensuring the Board carries out its responsibilities in the best interest of the Company and that all the key issues are discussed in a timely manner. The Chairman is also tasked with facilitating active discussion and participation by all Directors and ensuring that sufficient time is allocated to discuss all relevant issues at the Board meetings. Whereas the Managing Director is responsible for the day-to-day running of the business and implementation of Board's policies and decisions.

### **Board Meetings**

The Board meets on a quarterly basis and additional meetings were convened and held when specific urgent or important matters are required to be considered and decided between the scheduled meetings. During the financial year, the Board met six (6) times i.e. 28 February 2017, 28 March 2017, 3 April 2017, 26 May 2017, 29 August 2017 and 28 November 2017 where the Board deliberated and considered a variety of matters including the Group's financial results, budget and strategy, corporate proposals and strategic issues that affect the Group's business operations.

All the Directors have complied with the minimum attendance at Board Meetings as stipulated by Bursa Malaysia Securities Berhad ("Bursa Securities") during the financial year.

### **Access to Information and Advice**

The Board had unrestricted access to timely and accurate information, necessary in the furtherance of their duties. In carrying out their duties, the Directors have complete access to all staff for information pertaining to the Group's affair. The Directors have full access and dedicated support services of the Company Secretaries, independent professional advisers, and internal/external auditors in appropriate circumstances at the Company's expense, if required to ensure effective functioning of the Board. The Directors may also interact directly with, or request further explanation, information and updates on any aspect of the Company's operations or business concerns from the Management.

The Board and Board Committees meetings are planned in advance prior to the commencement of a new calendar year and the schedule is circulated to the Directors and Committee members well in advance to enable them to plan ahead. Board members are given at least seven (7) days' notice before any Board meeting is held. The agenda for each Board meeting and papers relating to the matters to be deliberated at the meeting are forwarded to all Directors at least five (5) days before the Board meeting. The Board papers are comprehensive covering agenda items to facilitate informed decision-making. In between Board meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions enclosing all relevant information to enable the Board to make informed decisions. All circular resolutions approved by the Board will be tabled for notation at next Board meeting.

The Board also peruses the decisions deliberated by Board Committees through minutes of these Committees. The Chairman of the Board Committees is responsible to inform the Directors at Board meeting of any salient matters noted by the Committees and which require the Board's notice or direction. All proceedings of Board meetings are minuted and signed by the Chairman of the meeting in accordance with the provisions of Companies Act, 2016.

The Directors are notified of any corporate announcements released to Bursa Securities. They are also notified of the impending restriction in dealing with the securities of the Company at least thirty (30) days prior to the targeted released date of the quarterly financial results announcement.



### **Board Composition**

The Group is helmed by an effective and experienced Board comprising individuals of caliber and credibility from diverse professional backgrounds with a wealth of experience, skills and expertise which are crucial for the Board to function effectively.

The Board currently comprises eight (8) members, one (1) Managing Director, one (1) Non-Independent Non-Executive Director and a strong presence of six (6) Independent Non-Executive Directors. The presence of a majority of Independent Non-Executive Directors provides an effective check and balance in the functioning of the Board which is in compliance with paragraph 15.02 of Bursa Securities Listing Requirements. The Independent Directors which make up more than half the Board play a crucial role in the exercise of independent assessment and objective participation in Board deliberations and decision-making process. Hence, they do not participate in the day-to-day management of the Company and do not engage in any business dealing and are not involved in any other relationships with the Company which could materially interfere with the exercise of their independent judgements.

The Board has also identified the Chairman as the Senior Independent Director. Any concern relating to the Group may be conveyed by the stakeholders to the Senior Independent Director. The Board through the NRC ensures that it recruits to the Board individuals of sufficient caliber, knowledge, integrity, professionalism and experience.

With regards with gender diversity in the Board's composition, none of the directors is a female. Notwithstanding this, the Board will continuously review the composition of the Board and source for suitable directors considering the diversity in business background, area of expertise, skills, educational background, gender, ethnicity as well as others factors that might provide the Board with a broader range of viewpoints and perspective.

### **Appointment to the Board and Re-election of Directors**

In accordance with the Company's Articles of Association, all directors who were appointed by the Board are subject to re-election at the first opportunity after their appointment and at least one third of the remaining directors are subject to re-election by rotation at each Annual General Meeting ("AGM"). The Articles of Association also provide that all directors shall retire at least once in every three (3) years.

The proposed appointment of new Board members as well as the proposed re-election/re-appointment of existing Directors who are seeking re-election/re-appointment at the Annual General Meeting are first considered and evaluated by the NRC. For the purpose of determining the eligibility of the Directors to stand for re-election at the AGM, the NRC had also conducted an annual review of the performance of the Board to ensure that it is continuously effective.

The review conducted via a set of questionnaires to assist the reviewer in his assessment is spread over the following three (3) key areas:

- The performance and contribution of each of the Directors based on their self and peer assessment results of the Board Effective Evaluation;
- The assessment of the individual Director's level of contribution to the Board through each of their skills, experience and strength in qualities and
- The level of independence demonstrated by each of the Non-Executive Directors (NED) and his ability to act in the best interest of the Company in decision making, to ensure that the Non-Executive Directors were independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interest of the Company.



Upon its evaluation, the NRC will make recommendations on the proposal(s) to the Board for approval, taking into account the Director's attendance at meetings, participation, contribution and time commitment. The Board makes the final decision on the proposed appointment or re-election/re-appointment to be presented to shareholders for approval as follows:

- Y.Bhg. Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas, Y.Bhg. Dato' Aminuddin Bin Md Desa and Y.B. Dato' Mohd Azhar Bin Jamaluddin will be retiring by rotation in accordance with Article 84 of the Company's Articles of Association and being eligible had offered themselves for re-election as Directors of the Company at the forthcoming AGM to be held on 25 June 2018. At the recommendation of the NRC and as approved by the Board, they will be seeking for re-election as Directors at the 2018 AGM.

### **Tenure of Independent Directors**

The Board does not have term limits for independent Directors. However, in line with the recommendation of the Code, the Company follows the guidelines which provide a limit of a cumulative term of nine (9) years on the tenure of the independent directors unless extended by shareholders. The NRC and the Board have determined that Y.Bhg. Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr Megat Khas and Tuan Haji Mustapha Bin Mohamed, who have served the Board as Senior Independent Non-Executive Director and Independent Director respectively, exceeding a cumulative term of nine (9) years, have remain unbiased, objective and independent in expressing their opinions and in participating in the decision-making of the Board.

Therefore, the Company will be seeking shareholders' approval to retain Y.Bhg. Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr Megat Khas and Tuan Haji Mustapha Bin Mohamed as Independent Non-Executive Directors based on the following justifications:

- a) they have fulfilled the criteria of independent directors pursuant to the Listing Requirements;
- b) they have in-depth knowledge of and familiar with the Group's business operations;
- c) they have devoted sufficient time and attention to his responsibilities as independent directors of the Company; and
- d) they act in the best interest of all shareholders and will provide the check and balance to the Board.

### **Directors' Training**

The Board acknowledges the importance of continuous education and training broaden one's perspective and to keep abreast with the current and future developments in the industry and global markets, regulatory updates as well as management strategies to enhance the Board's skills and knowledge in discharging their duties. An orientation program is initiated for newly appointed Directors who have attended the Mandatory Accreditation Programs prescribed by Bursa Securities. Other than management/operations briefings, Y.Bhg. Dato' Aminuddin Bin Md Desa, Y.B. Dato' Mohd Khusairi Bin Abdul Talib and Tuan Haji Mustapha Bin Mohamed did not attend any formal training programmes during the financial year ended 31 December 2017 due to some conflicting commitments and/or time constraints. The rest of the Directors did attend and participate in various training programmes, briefings, conferences and seminars, which they have individually considered as relevant and useful to further enhance their business acumen and professionalism in discharging their stewardship responsibilities.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

The following were the details of trainings attended by the Directors during the financial year ended 31 December 2017:

<i>Directors</i>	<i>Programs</i>	<i>Date /Venue of the Event</i>
<b>Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr Megat Khas</b>	Petronas Board Strategic Away Training Days	22~24 January 2017 Petronas, KL
	Sustainability Engagement Series for Directors/ Chief Executive Officer	13 March 2017 Bursa Malaysia Berhad, KL
	Global Emerging Markets Regulatory Conference 2017	14 March 2017 Securities Commission Malaysia, KL
	Petronas Board Strategic Away Training Days	17~18 March 2017 Petronas, KL
	Bank Negara's Governor Address on Economy	24 March 2017 Securities Commission Malaysia, KL
	Assessment of Directors	11 April 2017 MICG KL
	Fraud Risk Management Workshop	13 July 2017 Bursa Malaysia Berhad, KL
	Bursa CG Breakfast Series – "Board Excellence: How to Engage and Enthuse Beyond Compliance with Sustainability"	17 July 2017 Bursa Malaysia Berhad, KL
	Stepping up Corporate Governance, Compliance and Anti-Corruption Practices	20 July 2017 Malaysian Institute of Management in collaboration with Basel Institute on Governance, Switzerland
	The Asian Captive Conference 2017	16~17 August 2017 Labuan IBFC Incorporation, KL
<b>Dato' Mohd Azmi Bin Hj Othman</b>	Khazanah Megatrends Forum 2017	02~03 October 2017 Khazanah Nasional Berhad, KL
	Corporate Governance Breakfast Series entitled Integrating an Innovation Mindset with Effective Governance	7 October 2017 Bursa Malaysia Berhad, KL
<b>Dato' Azhar Bin Jamaludin</b>	"Critical & Creative Thinking Skills For Decision Making and Problem Solving"	24 August 2017 Seri Pacific Hotel, KL
	"Implementing The Companies Act 2016 & The Malaysian Code of Corporate Governance 2017 – What Every Directors Need To Know	5 December 2017, Bursatra, KL
	"Driving Financial Integrity & Performance – Enhancing Financial Literacy".	3 August 2017 Bursa Malaysia Berhad, KL



<b>Datuk Mahdi Bin Tan Sri Morad</b>	“Mandatory Accreditation Program” (“MAP”)	25 & 26 September 2017 Bursa Malaysia Berhad, KL
	“Changes of Companies Act 2016 - What Directors Need To Know”	5 September 2017 Bursa Malaysia Berhad, KL
	“Business Foresight Forum (BFF)”	25 October 2017 Securities Commission, KL
	“Are we heading For Another Global Recession”	7 November 2017 Bursatra, KL
<b>Rustam Apani Bin Jamaludin</b>	“Mandatory Accreditation Program” (“MAP”)	25 & 26 September 2017 Bursa Malaysia Berhad, KL

**Nomination & Remuneration Committee (NRC)**

1. Tan Sri Dato’ Seri Megat Najmuddin Bin Datuk Seri Dr. Megat Khas  
 Senior Independent, Non Executive Director
2. Y.B. Dato’ Mohd Khusairi Bin Abdul Talib  
 Independent, Non Executive Director
3. Y.Bhg. Dato’ Aminuddin Bin Md Desa  
 Non Independent, Non Executive Director

The role of the NRC is set out in its terms of reference and available for reference on the Company’s website at [www.majuperak.com.my](http://www.majuperak.com.my).

The NRC meets at least once in a financial year and wherever required. The NRC met once during the financial year i.e. 28 March 2017 and undertook the following activities:

- reviewed the mix of skills, independence, experience and other qualities of the Board.
- reviewed the performance of the Directors who are due for re-election/re-appointment at the next Annual General Meeting of the Company.
- assessed the independence of the Independent Directors.
- reviewed the annual assessment of the effectiveness, composition and balance of the Board as well as the effectiveness of the Committees and contribution of each individual directors using the following criteria:

Audit & Risk Management Committee

- i) Quality and Composition;
- ii) Skills and Competencies; and
- iii) Meeting Administration and Conduct

Board of Directors

- i) Board Structure;
- ii) Board Operations; and
- iii) Board Roles and Responsibilities.

- reviewed the remuneration package for the Group Chief Executive Officer





The Director who is subject to re-election and/or re-appointment at the next Annual General Meeting is assessed by the NRC before recommendation is made to the Board and shareholders for the re-election and/or re-appointment. Appropriate assessment and recommendation by the NRC is based on the yearly assessment conduct.

The NRC, having conducted an annual assessment of the Board and its individual members, the Audit & Risk Management Committee and its members, and the NRC was satisfied with the current board size and the effectiveness of the Board/Board Committees and thus, no recommendation on the change of composition of the Board is made and also of the opinion that the NRC has effectively and efficiently discharged its roles and responsibilities with respect to its nomination and remuneration functions as listed in the Terms of Reference of the NRC. The assessment and evaluation was properly documented.

The Board concurred with the NRC and is satisfied that the NRC has effectively and efficiently discharged its roles and responsibilities with respect to its nomination and remuneration functions as listed in the Terms of Reference of the NRC. As such, there is no need to separate the nomination and remuneration functions into distinct nomination and remuneration committees.

### Directors' Remuneration

All Non-Executive Directors are paid Directors' fees as approved by the shareholders at the Annual General Meeting based on the recommendation of the Board. The determination of the level of fees of the Non-Executive Directors is a matter decided by the Board as a whole to ensure that it is sufficient to attract and retain the services of the Non-Executive Directors which are vital to the Company. Meetings attendance allowances are paid to Non-Executive Directors in accordance with the number of meetings attended during the financial year.

For the Managing Director, the remuneration package link rewards to individual as well as corporate performance and achievement of key performance indicators, taking into consideration the market and industry practice.

The remuneration of the current directors of the Company on a named basis for the financial year ended 31 December 2017 is as follows:

#### Group/Company

Name of directors	Fees RM	Meeting RM	Other emoluments RM	Benefit- in-kind RM	Total RM
Y.Bhg. Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas (Non-Executive Chairman)	60,000.00	10,500.00	-	-	70,500.00
Tuan Haji Mustapha Bin Mohamed	45,000.00	11,000.00	-	-	56,000.00
Y.M. Dato' Seri Raja Ahmad Zainuddin Bin Raja Hj Omar (Demised on 9 June 2017)	22,500.00	4,000.00	-	-	26,500.00
Y.B. Dato' Mohd Khusairi Bin Abdul Talib	45,000.00	5,000.00	-	-	50,000.00
Y.Bhg. Dato' Aminuddin Bin Md Desa	45,000.00*	-	-	-	45,000.00*



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

Name of directors	Fees RM	Meeting RM	Other emoluments RM	Benefit- in-kind RM	Total RM
Y.Bhg. Dato' Mohd Azmi Bin Haji Othman	45,000.00	9,000.00	-	-	54,000.00
Y.B. Dato' Mohd Azhar Bin Jamaluddin	45,000.00	8,000.00	-	-	53,000.00
Encik Rustam Apandi Bin Jamaludin (Managing Director/ Group CEO) – <i>Appointed on 1 April 2017</i>	33,750.00*	-	-	-	33,750.00*
Y.Bhg. Datuk Mahdi Bin Tan Sri Morad – <i>Appointed on 3 April 2017</i>	33,750.00	3,000.00	-	-	36,750.00
Y.Bhg. Dato' Jamal Bin Mohd Aris (Managing Director/ Group CEO) – <i>Resigned on 3 March 2017</i>	11,250.00*	-	-	-	11,250.00*

The disclosure of Directors' remuneration is made in accordance with the Code.

\* *If approved by the shareholders at the forthcoming AGM, this amount is payable to the holding company, Perbadanan Kemajuan Negeri Perak (PKNP) in view that the individual is a nominee director of PKNP.*

### Senior Management's Remuneration

The remuneration of Senior Management is not disclosed as most of the employees are on secondment from its holding company, PKNP and/or related company.

### PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

The Group has delegated certain responsibilities to the Board Committees which operate within defined terms of reference approved by Board to assist the Board in discharging its fiduciary duties and responsibilities. The Board Committees include the Audit & Risk Management Committee and Nomination & Remuneration Committee.

The Board Committees exercise transparency and full disclosure in their proceedings. Where necessary, issues deliberated by the Board Committees are presented to the Board with the appropriate recommendations. The ultimate responsibility for the final decision on all matters however, lies with the Board.



The Board Committees of MHB are as follows:

### **Audit & Risk Management Committee**

The Audit & Risk Management Committee comprises three (3) Independent Non-Executive Directors and is in compliance with the Bursa Securities Main Market Listing Requirements (“Listing Requirements”). The members of the Audit & Risk Management Committee are as follows:

1. Tuan Haji Mustapha Bin Mohamed  
Independent Non-Executive Director – Chairman
2. Y.B. Dato' Mohd Azmi Bin Hj Othman  
Independent Non-Executive Director
3. Y.B. Dato' Mohd Azhar Bin Jamaluddin  
Independent Non-Executive Director

A full report of the Audit & Risk Management Committee with a summary of the works performed during the financial year are set out in this Annual Report under the Audit & Risk Management Committee Report.

The Audit & Risk Management Committee's principal role is to ensure that the Group's assets are utilized efficiently. As part of the Audit & Risk Management Committee's responsibilities, they would review the Company's financial statements, related party transactions and the system of internal controls. They may also consider whether procedures on internal audit are effective in monitoring adherence to the Company's standards and values. During the financial year, the Audit & Risk Management Committee had two (2) meetings with the external auditors without the presence of the management and Managing Director.

The Board also acknowledges its overall responsibility in maintaining an internal control system that provides reasonable assurance of effective and efficient operations, compliance with laws and regulations, as well as internal procedures and guidelines. However, the Group's system of internal control is designed to manage and not eliminate the risk of failure to achieve the Group's objectives, hence the internal control system can only provide reasonable and not absolute assurance against the risk of material errors, fraud or loss.

The Statement on Risk Management and Internal Control, which provides an overview of the state of internal control within the Group, is set out on pages 32 to 34 of this Annual Report.

The Audit & Risk Management Committee conducts a review of the Internal Audit Function in terms of its authority, resources and scope as defined in the Internal Audit Charter adopted by the Group. The minutes of the Audit & Risk Management Committee meetings are tabled to the Board for perusal and for action where appropriate.

### **Assessment of Suitability and Independence of External Auditors (EA)**

The Audit Committee (“AC”) had on 3 April 2018 deliberated the outcome of the annual assessment of the EA, which included an assessment of the engagement teams' qualifications, credentials and experience, particularly in the financial services sector, their audit work approach, and their ability to provide value added advice and services, as well as to perform the work within MHB Group's timeline. The AC then decided to recommend for the Board's approval the re-appointment of Messrs. AljeffriDean (“AljeffriDean”) as external auditors of the Company for the financial year ending 31 December 2017. At the same time, the AC further undertook an annual assessment of the quality of audit, which encompassed the performance of the EA, AljeffriDean, and the quality of their communications with the AC and MHB Group, based on the feedback obtained via assessment questionnaires from MHB personnel who had regular contact with the external audit team, AljeffriDean throughout the year. The



AC also took into account the openness in communication and interaction with the lead audit engagement partner and engagement team through discussion at private meetings, which demonstrated their independence, objectivity and professionalism. AljeffriDean had also confirmed their independence throughout the conduct of their audit engagement with MHB Group in accordance with the independence criteria set.

The AC was satisfied with the suitability of AljeffriDean based on their quality of service and sufficiency of resources provided to the Group, in terms of the firm and the professional staff assigned to the audit. The AC was also satisfied in its review that the provision of non-audit services by AljeffriDean to the Company for the financial year ended 31 December 2017 did not in any way impair their objectivity and independence as external auditors of MHB and Group. Having regard to the outcome of the evaluations and the annual assessment of external auditors which supported the AC's recommendation on the suitability and independence of the external auditors, the Board approved the AC's recommendation for the shareholders' approval to be sought at the Annual General Meeting on the appointment of AljeffriDean as external auditors of the Company for the financial year ending 31 December 2018.

A statement by the Directors on their responsibilities in preparing the financial statements is set out on Page 56 of this Annual Report.

### **Relationship with Auditors**

The Company, through its Audit & Risk Management Committee, has established a transparent and appropriate relationship with the Company's auditors, both internal and external. It is the policy of the Audit & Risk Management Committee to meet the external auditors to discuss their audit plan, audit findings and the financial statements.

The roles of both the internal and external auditors are further described in the Audit & Risk Management Committee Report.

## **PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANING FULL RELATIONSHIP WITH STAKEHOLDER**

### **Communication with Shareholders**

The Board is committed to provide shareholders and investors accurate, useful and timely information about the Company, its business and its activities. The Company has regularly communicated with shareholders and investors in conformity with the disclosure requirements.

The Company's AGM remains the principal forum for dialogue and interaction with shareholders and provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's business and corporate development.

Notice of the AGM together with the Annual Report are sent out to shareholders at least twenty-eight (28) days before the date of meeting.

The Board encourages participation from shareholders by having a question and answer session during the AGM. The directors and the GCEO are available to provide responses to questions from shareholders during the meeting.

All resolutions set out in the notice of general meetings of the Company are to be conducted by poll and an independent scrutineer is appointed to monitor the conduct of polling for each general meeting.



At the AGM held on 26 May 2017, poll voting was conducted in respect of all resolutions by way of e-polling process and Symphony Corporatehouse Sdn Bhd was appointed as Scrutineers to verify the poll results. The outcome of the poll against the resolutions was announced at the same meeting and detailed results stating the votes cast were announced via Bursa LINK.

The Group ensures that timely disclosures are made to the public with regard to the Group's corporate proposals, financial results and other required announcement.

Corporate and financial information of the Group as well as the Company's announcements to Bursa Securities are also made available to the public through the Company's website at [www.majuperak.com.my](http://www.majuperak.com.my)

### **Compliance with the Code**

The Group has complied with the Principles of Corporate Governance as contained in the Code except for the following exception that, in the opinion of the Directors, adequately suit the circumstances:

- Practice 4.5 (The Board discloses on its annual report the Company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the Board must have at least 30% women directors).
- Practice 7.2 (The Board discloses on a named basis the top five (5) senior management's remuneration in bands of RM50,000);
- Practice 12.3 (Listed Companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate:
  - ~ including voting in absentia; and
  - ~ remote shareholders' participation at General Meeting).

The explanation for departure is further disclosed in the Corporate Governance Report.

This statement is prepared in compliance with Bursa Malaysia Securities Berhad Main Market Listing Requirements and it is read together with the CG Report which is available on the Company's website, [www.majuperak.com.my](http://www.majuperak.com.my).

This CG Overview Statement was approved by the Board of Directors of MHB on 3 April 2018.



# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors (“the Board”) of Majuperak Holdings Berhad (“MHB” or “the Company”) is pleased to present the report on the Audit and Risk Management Committee (“ARMC”) for the financial year ended 31 December 2017 in compliance with Paragraph 15.15 of the Main LR of Bursa Malaysia.

The ARMC was established on 21 May 2007 to serve as a committee of the Board of MHB. In performing their duties and discharging their responsibilities, the ARMC is guided by its terms of reference. The ARMC’s Terms of Reference is available at the Company’s website at [www.majuperak.com.my](http://www.majuperak.com.my).

## **1. COMPOSITION AND ATTENDANCE**

The ARMC comprises three (3) members and all of whom are Independent and Non-Executive Directors. This meets the requirements of Para 15.09(1)(a) and (b) of the Main Market Listing Requirement (MMLR).

The Chairman, Tuan Haji Mustapha bin Mohamed is a fellow member of the Association of Chartered Certified Accountants (ACCA) and a member of the Malaysian Institute of Accountants and Malaysian Association of Certified Public Accountants. Accordingly, MHB complies with requirements of Paragraphs 15.09(1)(c)(i) of the MMLR of Bursa Malaysia.

The NRC reviews the terms of office of the ARMC members and assesses the performance of the ARMC and its members through an annual effectiveness evaluation. The NRC is satisfied that the ARMC and its members discharged their functions, duties and responsibilities in accordance with the ARMC’s Terms of Reference, supporting the Board in ensuring the Group upholds appropriate Corporate Governance standards.

The term of reference (TOR) was reviewed and amended in year 2018 to reflect the requirement of the requirement of the applicable practices and guidance of the Malaysian Code on Corporate Governance (MCCG).

During the financial year ended 31 December 2017, five (5) ARMC meetings were held (28 February 2017, 3 April 2017, 26 May 2017, 29 August 2017 and 28 November 2017) and the details of the attendance were as follows:

<b><u>Members</u></b>	<b><u>No. of Meetings Attended</u></b>
Tuan Haji Mustapha Bin Mohamed (Chairman, Independent Non Executive Director)	4 out of 5
Y.Bhg. Dato’ Mohd Azmi Bin Hj. Othman (Independent Non Executive Director)	4 out of 5
Y.B. Dato’ Mohd Azhar Bin Jamaluddin (Independent Non Executive Director)	4 out of 5

The Company Secretary attended all the Meetings of the ARMC held during the financial year. Minutes of each ARMC Meeting were recorded and tabled for confirmation at the next ARMC meeting and subsequently presented to the Board for notation. The Group Chief Executive Officer (GCEO) and Chief Financial Officer (CFO) and other members of the Board and employees also attended the Meetings upon invitation of the ARMC. The CFO will brief the ARMC on specific issues arising from the audit reports or any matters of interest. In 2017, the ARMC Chairman presented to the Board the Committee’s recommendation to approve the annual and quarterly financial statements and any significant concern as and when raised by the External Auditors or Internal Auditors. The ARMC Chairman also conveyed to the Board matters of significant concern as and when raised by the External Auditor or Internal Auditors in the respective quarterly presentations.





## **2. SUMMARY OF ACTIVITIES**

The key activities carry out by the ARMC in line with its terms of reference during the financial year ended 31 December 2017 comprised the following:

- a) Financial Reporting
  - i) reviewed the Group's quarterly financial statements before recommending them to the Board for approval.
  - ii) reviewed the audited financial statements of MHB and Group with the External Auditors to ensure compliance with the provisions of the Companies Act 2016 and the applicable accounting standards prior to submission to the Board for approval.
  - iii) to safeguard the integrity of information, the Chief Financial Officer had given assurance to the Audit and Risk Committee that:
    - (a) appropriate accounting policies had been adopted and applied consistently;
    - (b) the going concern basis applied in the Annual Financial Statements was appropriate;
    - (c) prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRS;
    - (d) the Audited Financial Statement and Quarterly consolidated financial statements did not contain material misstatements and gave a true and fair view of the financial position of the Group and its subsidiaries for year 2017.
- b) External Audit
  - (i) reviewed the scope of work and the Audit Planning Memorandum of the External Auditors and their proposed fees for the statutory audit in respect of the audit for financial year ended 31 December 2017 prior recommending to the Board for adoption.
  - (ii) reviewed with the External Auditors the results of the audit and management's responses to their audit findings, including corrective actions taken by the management on outstanding audit issues highlighted in the previous audit.
  - (iii) met with the External Auditors without the presence of management including the Managing Director/GCEO. The external Auditors do not have any areas of concern to highlight to the ARMC and they have received full co-operation from the management.
  - (iv) reviewed and evaluated the performance of the External Auditors and their independence, objectivity and professionalism and assessment questionnaires were used as a tool for the assessment and made recommendations to the Board on their re-appointment.
- (c) Internal Audit
  - (i) reviewed and approved the internal audit plan, including the scopes and audit approach.



- (ii) reviewed and deliberated on the internal audit reports from the Internal Audit Unit and management's response to the recommendations and presented the reports to the Board of Directors.
  - (iii) carried out an annual review of performance of the Internal Audit Unit including assessment of their suitability and independence in performing their obligations by completing a formal evaluation form.
- (d) Related Party Transactions
- Reviewed the related party transactions to ensure they are transacted within the limits prescribed under the MMLR.
- (e) Annual Report
- i) reviewed the Statement on Risk Management and Internal Control and recommended to the Board for approval and inclusion in the Annual Report;
  - ii) presented the ARMC Report to the Board for approval and inclusion in the Annual Report.

### **3. GROUP INTERNAL AUDIT FUNCTION**

The Company has an in-house Internal Audit Unit which provides support to the ARMC in discharging its duties and responsibilities. The functions and responsibilities of the Group's Internal Audit Function ("IAF") are to adopt a risk-based approach and prepares its audit strategy and plan based on risk profiles of the business units of the Group. The IAF would conduct activities in accordance with its annual internal audit plan and also undertakes special reviews and investigations at the request of the senior management.

The activities of the Internal Audit Department that were carried out are as follows: -

- Providing reasonable assurance in relation to the adequacy, efficiency and effectiveness of the internal control systems;
- Independent assessment and systematic review of the operational efficiency of the Group;
- Identifying and evaluating potential risk areas;
- Assessing the reliability of systems and the reported information; and
- Ensuring compliance with the Group's policies/guidelines and with legislation.

During the year, the IAF had performed its roles with impartiality, proficiency and due professional care. The scope of the audit encompassed the corporate governance structure and the control environment focusing on revenue and accounts receivable.

The Management is responsible for ensuring that corrective actions are taken to overcome the reported deficiencies within an appropriate time frame. Audit reports incorporating the audit findings and recommendations for corrective actions on systems and control deficiencies are presented to the management concerned, and thereafter to the ARMC for appraisal and review.

There was no cost incurred for the Internal Audit Function of the Group for the financial year ended 31 December 2017 as the resources are seconded from its Holding Company, Perbadanan Kemajuan Negeri Perak under shared services approach.



# ADDITIONAL COMPLIANCE INFORMATION

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad for the year ended 31 December 2017

## 1. Details of the Recurrent Related Party Transactions

The details of the Recurrent Related Party Transactions are set out in the following table:

Transacting company within the MHB Group	Related Transacting Party	Nature of transactions	Related Parties	Nature of Relationship	Proposed Renewal Shareholders' Mandate
					Estimated aggregate value to be incurred from the 15th AGM to the next AGM date (RM)
Majuperak Holdings Berhad (MHB) /	Casuarina Meru Sdn Bhd (CMSB)#	Rental of office space by MHB <sup>1</sup>	@*	/ # *	570,000
NJSB**	ATP <sup>^</sup>	Sale and supply of merchandise by NJSB to ATP	@*	** ^ *	20,000,000

Notes:

- \* Perbadanan Kemajuan Negeri Perak ("PKNP") is the major shareholder/holding company of Majuperak Holdings Berhad (MHB) and Perak Corporation Berhad (PCB) with 55.12% and 52.9% equity interest respectively as at 31 March 2018. PKNP was formed on 7 October 1967 as a state incorporated body under the Perak State Development Corporation Enactment No.3 of 1967 in Perak Darul Ridzuan. Its principal activities include investment holding, property and infrastructure development, tourism, entrepreneur development, manufacturing, industrial development and industrial promotional activities in Perak Darul Ridzuan.
- / MHB is a 55.12% subsidiary of PKNP.
- # CMSB is a 89.5% subsidiary of PCB Taipan Sdn Bhd and the latter is a wholly owned subsidiary of PCB. PCB, in turn, is a 52.9% subsidiary of PKNP.
- ^ ATP is a 51% subsidiary of PCB via PCB Development Sdn Bhd (PCBD). PCBD is a wholly owned subsidiary of PCB.
- \*\* NJSB is a 51% subsidiary of MHB via Majuperak Properties Sdn Bhd (MPSB). MPSB, in turn, is a wholly owned subsidiary of Syarikat Majuperak Berhad and the latter is a wholly owned subsidiary MHB. MHB is a 55.12% subsidiary of PKNP.
- @ PKNP and the directors of MHB who are interested in the Proposed Mandate are YBhg. Dato' Aminuddin Bin Md Desa and Rustam Apandi Bin Jamaludin. They are deemed interested in the Proposed Mandate by virtue of them being the nominee Directors of PKNP, the major shareholder.
- 1 MHB rents office space from PKNP situated on No 1-A, Blok A, Menara PKNP, Jalan Meru Casuarina, Bandar Meru Raya, 30020 Ipoh, Perak Darul Ridzuan for a total monthly rental of RM36,278 including general maintenance services. There is no formal rental agreement and the rental is payable yearly subject to biennial review.

New Recurrent Transaction (if any) will be covered in the Proposed New Shareholders' Mandate.



**2. Utilisation of Proceeds Raised from Corporate Proposals**

There were no proceeds raised from corporate proposals during the financial year.

**3. Auditors' Remuneration**

The auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2017 is as follows:

	<b>Group RM</b>	<b>Company RM</b>
Audit Fees	117,400	24,700
Non-Audit Fees	-	-
	<hr/> 117,400	<hr/> 24,700

**4. Material Contracts and Contract Relating to Loans awarded to Directors, Chief Executive and Substantial Shareholders**

There were no material contracts and contracts relating to loans entered into by the Company and its subsidiaries which involve the Directors, Chief Executive who is not a Director and substantial shareholders entered into since the previous financial year.



# LIST OF PROPERTIES AS AT 31 DECEMBER 2017

(ABOVE RM1 MILLION)

No.	Name of Owner	Title/Location	Tenure/ Age of Building	Land Use	Land Area/ Built up Area	Net Book value as at 31.12.2017 (RM)	Acquisition Date
<b>A. INVESTMENT PROPERTIES</b>							
1	Syarikat Majuperak Berhad	Lot 008051N (PN 31150) Wisma Maju UMNO, Unit Nos 2,3,4 and 5 at Level 1, Unit No. 2 at Level 2 and Level 5 to Level 10, Jalan Sultan Idris Shah, 30000 Ipoh	Leasehold of 99 years expiring in year 2086/25yrs	10-Storey Office Building	24,089 sq.ft/ 72,602 sq.ft	5,087,058	1987
2	Syarikat Majuperak Berhad	Lot 9225N (PN 213729) PT 125562, Kompleks Majuperak (Brewster Village), Jalan Sultan Idris Shah, 30000 Ipoh	Leasehold of 99 years expiring in year 2095 / 75yrs	Commercial/ Office Building/ Parking	71,586 sq.ft/ 8,085 sq.ft	3,562,636	1996
3	Syarikat Majuperak Berhad	Lot 28801 (GRN 59907) Medan Letak Kenderaan, Jalan Sultan Idris Shah, 30000 Ipoh	Freehold (Residential)	Commercial/ Parking	16,226 sq.ft	1,228,482	2002
4.	Bihun Jaya Sdn Bhd	Lot 3109, PM122 (Malay reserve land) Mukim Kg Gajah, District of Perak Tengah, Perak	Leasehold of 99 years expiring in year 2085/	Vacant land/ factory	185,565 sq.ft (4.260 acres) 25,921 sq.ft	602,644	24/2/1986
<b>B. DEVELOPMENT PROPERTIES</b>							
1.	Jua Juara Sdn Bhd (a subsidiary of Majuperak Development Berhad)	PT 18643 - 54.93 acre, PT 18644 - 88.18 acre. Mukim of Ulu Bernam, District of Batang Padang, Perak	#99 years	a) Residential/ Commercial	143.11 acres	1,395,838	2002
2.	Jua Juara Sdn Bhd (a subsidiary of Majuperak Development Berhad)	Mukim of Ulu Bernam, District of Batang Padang, Perak, located off the 2½ M.S. Jalan Slim Lama and lies adjoining the Bernam Industrial Park, Proton City, Tanjung Malim, Perak	#99 years	a) Residential Commercial/  b) Industry  c) Agriculture	203.44 acres	2,353,146	2002
3.	Tenaga Danawa Sdn Bhd (a subsidiary of Majuperak Development Berhad)	PT 1779 [HS(D) 25344] - PT 1783 [HS(D) 25348] Mukim Trong, District of Larut Matang, Perak	Leasehold of 99 years expiring in year 2017	Residential/ Commercial	123.39 acres	2,666,666	2001
4.	Tenaga Danawa Sdn Bhd (a subsidiary of Majuperak Development Berhad)	PT 1312 - 1319, PT 1321 - 1552, PT 1680 - 1716, HS(D) LM 14102 - (4109), HS(D) LM 1411 - 14342), [HS(D) LM 14470 - 14506), Taman Trong Bakti, Trong, District of Larut Matang, Perak. (Trong Phase 2: 277 lot)	Leasehold of 99 years expiring in year 2099	Commercial / Residential	7.73 acres	2,700,908	2000



LIST OF PROPERTIES AS AT 31 DECEMBER 2017 (CONTINUED)

No.	Name of Owner	Title/Location	Tenure/ Age of Building	Land Use	Land Area/ Built up Area	Net Book value as at 31.12.2017 (RM)	Acquisition Date
5.	Tenaga Danawa Sdn Bhd (a subsidiary of Majuperak Development Berhad)	Tapah Road, District of Batang Padang, Perak (UCM)	#99 years	Residential/ Commercial	52.79 acres	19,726,411	2006
			*99 years	Residential / Commercial	122 acres		2006
		Aportion of the above land, title issued PT 67488 [HS(D) 17221]	Leasehold of 99 years expiring in 2110	Residential/ Commercial	100 acres		2006
6.	Syarikat Majuperak Berhad	Part of Lot No. 127196, 155002, 11450, 35433, 28414 & 35434 Balance of package 1 Bdr Tasik Idaman located along 2½ m.s. Batu Gajah/Gopeng Road, Batu Gajah, Mukim Sungai Terap, District of Kinta	*99 years	Residential		2,784,897	2000
		Lot 310259 - Lot 310263 (5 lots), Lot 310279 - Lot 310280 (2 lots)	Leasehold of 99 years expiring in year 2102				
		PT 37487 - PT 37532 (46 lots), PT 37533 - PT 37542 (10 lots), PT 37543 - PT 37546 (4 lots).	Leasehold of 99 years expiring in year 2109		10.07 acres		
		286 lots: Plot 3 - 4, Plot 113 - 176, Plot 230-350, Plot 433-464, Plot 506-537, Plot 594-603, Plot 614-624, Plot 647-650	* 99 years		15.94 acres		
		128 lots: Plot 351-432, Plot 538-551, Plot 701-732	* 99 years		10.69 acres		
		Plot 1 - 8 (8 unit) R/Kedai			0.3 acres		
		Plot 9 - 93 (85 unit) (Rumah Teres - 22'x75'), Plot 94 - 110 (17 unit) (Rumah Teres - 24'x60')			4.23 acres		
		Plot 111 (1 unit) (R/Teres Kos Rendah - 20'x55')			0.11 acres		
		Plot 112 (1 unit) (KAD)			3.59 acres		

Notes:

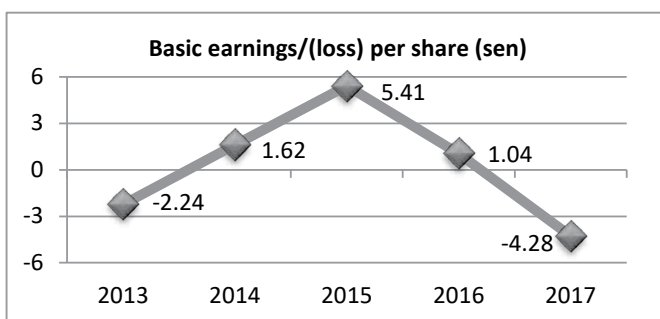
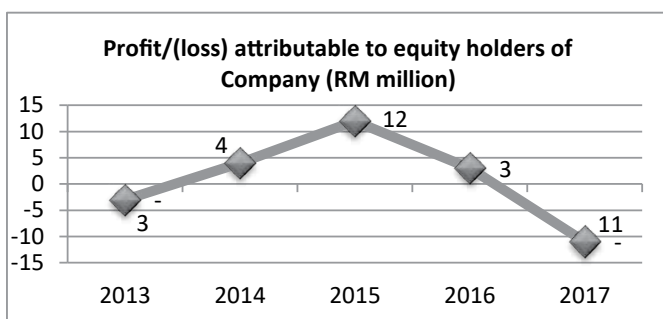
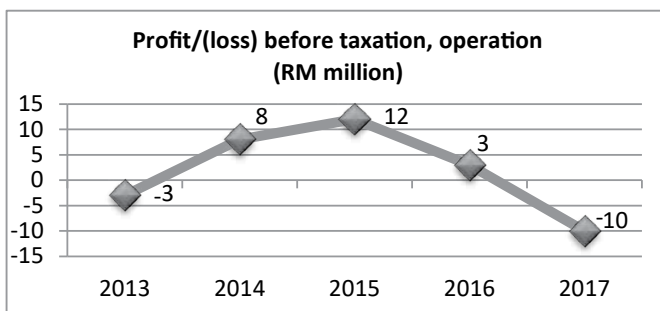
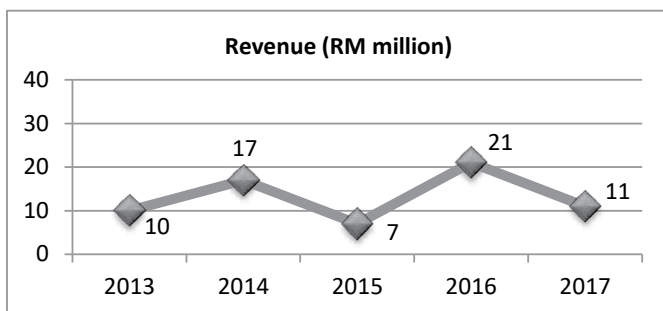
\* In the process of issuing individual title

# In the process of issuing block title

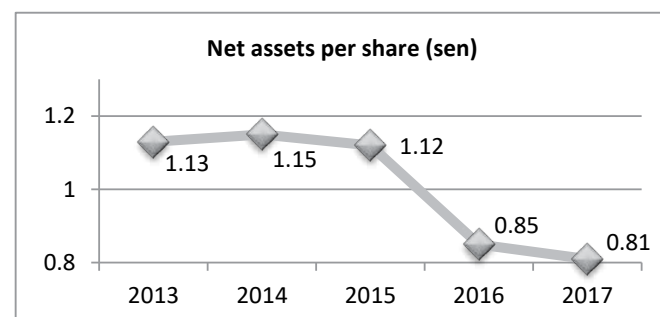
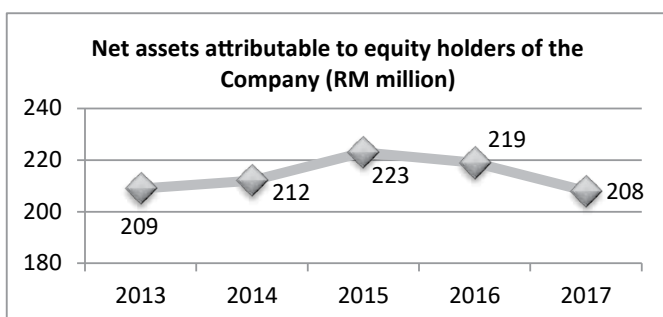


# GROUP FIVE-YEAR FINANCIAL HIGHLIGHTS

Financial Results	2017	2016	2015	2014	2013
Revenue (RM'000)	11,291	21,099	6,683	16,627	10,252
Profit/(loss) before taxation, operation (RM'000)	(10,472)	3,226	12,320	7,522	(3,199)
Profit/(loss) attributable to equity holders of the Company (RM'000)	(11,010)	2,685	11,574	3,758	(3,288)
Basic earnings/(loss) per share (sen)	(4.28)	1.04	5.41	1.62	(2.24)



Financial Positions	2017	2016	2015	2014	2013
Total assets (RM'000)	295,148	299,152	301,594	289,312	274,458
Total liabilities (RM'000)	87,490	80,432	78,483	77,399	65,575
Net assets attributable to equity holders of the Company (RM'000)	207,657	218,720	223,111	211,913	208,883
Number of ordinary shares issued and fully paid ('000 shares)	257,052	257,052	198,430	184,313	182,581
Net assets per share (RM)	0.81	0.85	1.12	1.15	1.13



# STATISTICS ON SHAREHOLDINGS

AS AT 5 APRIL 2018

## Analysis of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	644	16.09	21,060	0.01
100 - 1,000	1,186	29.64	710,850	0.28
1,001 - 10,000	1,399	34.96	5,451,077	2.12
10,001 - 100,000	648	16.19	21,902,993	8.52
100,001 to less than 5% of issued shares	121	3.02	59,305,417	23.07
5% and above of issued shares	4	0.10	169,661,026	66.00
<b>Total</b>	<b>4,002</b>	<b>100.00</b>	<b>257,052,423</b>	<b>100.00</b>

## Directors' Shareholdings

No.	Name of Directors	No. of Shares			
		Direct Interest	%	Deemed Interest	%
1	Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas	27,000	0.01	-	-
2	Mustapha Bin Mohamed	1,181	0.00	-	-
3	Y.B. Dato' Mohd Khusairi Bin Abdul Talib	-	0.00	-	-
4	Y.Bhg. Dato' Aminuddin Bin Md Desa	-	0.00	-	-
5	Y.Bhg. Dato' Mohd Azmi Bin Haji Othman	-	0.00	-	-
6	Y.B. Dato' Mohd Azhar Bin Jamaluddin	-	0.00	-	-
7	Rustam Apandi Bin Jamaludin	-	0.00	-	-
8	Y.Bhg. Datuk Mahdi Bin Tan Sri Morad	-	0.00	-	-

## Substantial Shareholders

No.	Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
1	Perbadanan Kemajuan Negeri Perak Registered	141,682,309	55.12	-	-
2	KUB Malaysia Berhad	14,429,143	5.61	-	-
3	BI Credit & Leasing Berhad	13,549,574	5.27	-	-



STATISTICS ON SHAREHOLDINGS (CONTINUED)

Thirty Largest Registered Holders as at 5 April 2018

No.	Name of Shareholders	Number of Ordinary Shares	%
1.	PERBADANAN KEMAJUAN NEGERI PERAK	128,682,309	50.06
2.	KUB MALAYSIA BERHAD	14,429,143	5.61
3.	BI CREDIT & LEASING BERHAD	13,549,574	5.27
4.	PERBADANAN KEMAJUAN NEGERI PERAK	13,000,000	5.06
5.	ABB NOMINEE (TEMPATAN) SDN BHD AFFIN BANK BERHAD (LOAN RECOVERY)	5,393,371	2.10
6.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR HAN FOOK FONG (E-PPG)	4,158,500	1.62
7.	CHERRY BLOSSOM SDN BHD	4,038,686	1.57
8.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAN SENG KOW (MY0085)	3,584,100	1.39
9.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR SYED ABU HUSSIN BIN HAFIZ SYED ABDUL FASAL (M96067)	3,216,100	1.25
10.	LIM HAN KONG	2,444,010	0.95
11.	JENNY WONG	2,401,700	0.93
12.	CHAN WAN MOI	1,322,429	0.51
13.	UOBM NOMINEES (TEMPATAN) SDN BHD UNITED OVERSEAS BANK (MALAYSIA) BHD (PCP)	1,146,606	0.45
14.	TAN ENG HAI	1,100,000	0.43
15.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR TAY CHOON HIONG (KKU/UOB)	874,900	0.34
16.	CHIN WAH YIN	860,000	0.33
17.	KOH SOOI KWANG	850,000	0.33
18.	CHONG SIOW FAH	821,400	0.32
19.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TEH SWEE HENG (MM1118)	798,000	0.31
20.	HLB NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR TAN SENG KOW	781,700	0.30
21.	ADAM LEE BIN ABDULLAH	767,600	0.30
22.	ZAINORAZUA BINTI ZAINUN	749,800	0.29
23.	SIKAP UTAMA SDN BHD	644,850	0.25
24.	YAP KOK WAI	623,010	0.24
25.	AFFIN HWANG NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS VICKERS SECURITIES (SINGAPORE) PTE LTD (CLIENTS)	610,000	0.24
26.	CHUA SIOW YEE	601,500	0.23
27.	CHUAH HUN LEONG	589,100	0.23
28.	CHIN KIAN FONG	557,820	0.22
29.	TAN CHING CHING	544,872	0.21
30.	SERAYA SDN BHD	529,929	0.21



# DIRECTORS' STATEMENT OF RESPONSIBILITY

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company as at the financial year end and of the results and the cash flows of the Group and of the Company for that financial year.

In preparing these financial statements, the Directors have:-

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable Financial Reporting Standards in Malaysia have been followed; and
- prepared the financial statements on the going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep proper accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company at any time and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 2016.

The Directors are also responsible for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.





**MAJUPERAK  
HOLDINGS  
BERHAD**

(585389-X)

INCORPORATED IN MALAYSIA)

**REPORT AND  
FINANCIAL STATEMENTS**

**31 DECEMBER 2017**

## **TABLE OF CONTENTS**

	<b>Page No.</b>
Report of the Directors	1 - 7
Statement by the Directors	8
Statutory Declaration	9
Independent Auditors' Report	10 - 14
Financial Statements	
Consolidated Statements of Financial Position	15 - 16
Statements of Comprehensive Income	17
Statements of Changes in Equity	18 - 20
Statements of Cash Flows	21 - 22
Notes to the Financial Statements	23 - 81



## REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2017.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are described in Note 6 to the financial statements. There have been no significant changes in the nature of the activities during the financial year.

### RESULTS

	GROUP RM	COMPANY RM
Loss for the financial year	(10,908,185)	(4,389,418)
Attributable to non-controlling interests	(101,419)	-
Loss for the financial year attributable to owners of the parent	<u>(11,009,604)</u>	<u>(4,389,418)</u>

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

### DIVIDEND

No dividends have been paid or declared since the end of the previous financial year. The directors do not recommend that a dividend to be paid in respect of the current financial year.

### RESERVES AND PROVISIONS

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



## **REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

### **ISSUANCE OF SHARES**

The Company did not issue any new shares or debentures during the financial year.

### **SHARE OPTIONS**

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. At the end of the financial year, there were no unissued shares of the Company under options.

### **DIRECTORS**

The directors who held office since the date of the last report are as follows:

Y. Bhg. Tan Sri Dato' Seri Megat Najmuddin bin Datuk Seri Dr. Haji Megat Khas  
Tuan Haji Mustapha bin Mohamed\*  
Y.B. Dato' Mohd Khusairi bin Abdul Talib  
Y. Bhg. Dato' Aminuddin bin Md Desa  
Y. Bhg. Dato' Mohd Azmi bin Haji Othman\*  
Y.B. Dato' Mohd Azhar bin Jamaluddin  
Rustam Apandi bin Jamaludin\*  
Y. Bhg. Datuk Mahdi bin Tan Sri Morad  
Y.M. Dato' Seri Dr. Raja Ahmad Zainuddin bin Raja Haji Omar (Demised on 09.06.2017)

\* Directors of the Company and certain subsidiaries

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

Y. Bhg. Dato' Sham bin Mat Sahat  
Dato' Haji Abd Manaf bin Hashim  
Dato' Haji Mohd Zolkafly bin Haji Harun  
Haji Abdullah bin Haji Tawaf  
Abd Karim Nast bin Mohd Alias  
Abd Raheem bin Mohamad  
Abdul Rahman bin A. Nasir  
Ahmad Al-Hadi bin Abdul Khalid  
Ahmad Zamri bin Abdul Samad  
Ahmad Hasbullah bin Alias  
Chai Keat Chee  
Derwina binti Mariman  
Mazlan bin Dato' Shamsuddin  
Mohamed Khairi bin Shafiei



**REPORT OF THE DIRECTORS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**DIRECTORS...CONT'D.**

Nik Azman bin Nik Abdul Aziz	
Noor Hayati binti Ismail	
Ridzuan bin Ibrahim	
Rozahan bin Osman	
Salween Azila binti Ahmad Tauffik	
Zulkarnain bin Ismail	
Maslin Sham bin Haji Razman	(Appointed on 01.10.2017)
Sayed Shariffudin bin Sayed Shamshuddin	(Resigned on 15.01.2018)
Dato' Jamal bin Mohd Aris	(Resigned from subsidiaries on 03.03.2017 except for Majuperak Utilities Management Sdn. Bhd. effecting on 17.05.2017)
Rosni binti Mohd. Din	(Resigned on 17.05.2017)
Shazil Hifni bin Dahalan	(Resigned on 02.05.2017)
Mohd Arzahari bin Said	(Resigned on 21.03.2017)
MH. Noor bin Ahmad	(Resigned on 21.03.2017)

**DIRECTORS' BENEFITS**

During and at the end of the financial year, no arrangements subsisted to which the Company or its subsidiaries is a party, with the object or objects of enabling directors of the Company to 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 a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company as disclosed in Note 31 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.



## REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial year in the ordinary shares of the Company and its related corporations during the financial year are as follows:

	Number of ordinary shares			At 31.12.2017
	At 01.01.2017	Bought	Sold	
Y. Bhg. Tan Sri Dato' Seri Megat Najmuddin bin Datuk Seri Dr. Haji Megat Khas	27,000	-	-	27,000
Tuan Haji Mustapha bin Mohamed	1,181	-	-	1,181

None of the other directors holding office at the end of the financial year have any interest in the Company or in any related corporations during the financial year ended 31 December 2017.

### DIRECTORS' REMUNERATION

The aggregate amounts of remunerations received/receivable by directors of the Group and of the Company for the financial year are disclosed in Note 31 to the financial statements.

### INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains directors' and officers liability insurance for purposes of Section 289 of the Companies Act, 2016 throughout the year, which provides appropriate insurance cover for the directors and officers of the Company. The amount of insurance premium paid during the year amounted to RM22,325.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.



## REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### OTHER STATUTORY INFORMATION

Before the financial statements of the Group and the Company were prepared, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

As of the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in the financial statements of the Group and the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and the Company misleading.

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

- (a) any charge on the assets of the Group or the Company which has arisen since the end of the financial year and secures the liability of any other person; or
- (b) any contingent liability of the Group or the Company which has arisen since the end of the financial year other than those disclosed in Note 37 to the financial statements.

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, in the opinion of the directors, will or may substantially affect the ability of the Group and the Company to meet its obligations as and when they fall due.



**REPORT OF THE DIRECTORS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**OTHER STATUTORY INFORMATION...CONTD.**

In the opinion of the directors:

- a) The results of the operations of the Group and of the Company during the year were not substantially affected by any item, transaction or event of a material and unusual nature.
- b) no item, transaction or event of a material or unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

**ULTIMATE HOLDING CORPORATION**

The directors regards Perbadanan Kemajuan Negeri Perak, a statutory body established under the Perak State Economic Development Corporation Enactment No. 3, 1967, as the ultimate holding corporation.

**AUDITORS' REMUNERATION**

During the financial year, the total amount paid to or receivable by the auditors as remuneration for their services rendered to the Group and the Company amounted RM117,400 and RM24,700 respectively.





**REPORT OF THE DIRECTORS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**AUDITORS**

The retiring auditors, Messrs. AljeffriDean, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors,

.....  
**Y. Bhg. Tan Sri Dato' Seri Megat Najmuddin  
bin Datuk Seri Dr. Haji Megat Khas**

.....  
**Rustam Apandi bin Jamaludin**

Ipoh, Perak Darul Ridzuan

Date: 27 April 2018



**STATEMENT BY THE DIRECTORS**  
**Pursuant to Section 251 (2) of the Companies Act, 2016**

We, **Y. Bhg. Tan Sri Dato' Seri Megat Najmuddin bin Datuk Seri Dr. Haji Megat Khas** and **Rustam Apandi bin Jamaludin**, being two of the directors of **Majuperak Holdings Berhad**, state that in the opinion of the directors, the accompanying financial statements set out on pages 15 to 81 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and financial performance and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors,

.....  
**Y. Bhg. Tan Sri Dato' Seri Megat Najmuddin  
bin Datuk Seri Dr. Haji Megat Khas**

.....  
**Rustam Apandi bin Jamaludin**

Ipoh, Perak Darul Ridzuan

Date: 27 April 2018



**STATUTORY DECLARATION**

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

I, **Rozahan bin Osman**, being the officer primarily responsible for the financial management of **Majuperak Holdings Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out in page 15 to 81 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 **Rozahan bin Osman** )  
I/C No: 641202-07-5001

at Ipoh, Perak Darul Ridzuan )

on this day of 27 April 2018 )

.....

Before me,

.....  
**Mohd Firdaus Bin Abdullah**  
**No. A223**

Commissioner for oaths



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
MAJUPERAK HOLDINGS BERHAD (Company No.: 585389-X)  
(Incorporated in Malaysia)**

**Report on the Financial Statements**

**Opinion**

We have audited the financial statements of **Majuperak Holdings Berhad**, which comprise the statements of financial position of the Group and the Company as at **31 December 2017**, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 15 to 81.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

**Basis for Opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We 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 Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**Key Audit Matters**

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



## INDEPENDENT AUDITORS' REPORT

### Impairment of non-current and current assets

Refer to Note 13, Goodwill on consolidation (RM9,636,260), Note 14, Trade receivables (RM17,112,747) and Note 4 Critical accounting judgements and key sources of estimation uncertainty.

The impairment of goodwill on consolidation and trade receivables are key audit matter as:

- the Group is required to annually test goodwill for impairment.
- the Group has recorded approximately RM14,823,289 trade receivables that are due but not impaired.
- we applied a significant level of judgement when considering management's assessment of impairment.

Our audit procedures included, among others:

- assessing the management's determination of the Group's CGUs based on our understanding of the nature of the Group's business. We also analysed the internal reporting of the Group to assess how results were monitored and reported.
- evaluating the forecasting process undertaken by the Group. It was done by comparing the precision of prior year's forecast cash flow and the actual outcome. Our approach was based on the findings of evaluation.
- reviewing the ageing analysis of receivables and testing the reliability thereof and subsequent cash collections for major receivables and overdue amounts.
- developing our understanding of significant overdue, deemed to be in default, or were on watch from the credit reports produced by the finance department.
- evaluating the reasonableness and adequacy of the allowance for impairment recognised for identified exposures.
- inquiring the management on the action plans to recover overdue amounts.
- questioning management's knowledge of future conditions that may impact expected customer receipts.

Based on our procedures, we find that the management's key assumptions are within a reasonable range of our expectations.



## **INDEPENDENT AUDITORS' REPORT**

### **Information Other than the Financial Statements and Auditors' Report Thereon**

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors for the Financial Statements**

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

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





## INDEPENDENT AUDITORS' REPORT

### Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.



## INDEPENDENT AUDITORS' REPORT

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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.

### Other Matters

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

**AljeffriDean**  
AF 1366  
Chartered Accountants (M)

Ipoh, Perak Darul Ridzuan

Date: 27 April 2018

**Mohd Neezal Noordin**  
No. 02162/06/2019 (J)  
Chartered Accountant (M)



**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AT 31 DECEMBER 2017**

	NOTE	GROUP		COMPANY	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	21,649,556	22,717,073	148,897	207,202
Investment in subsidiary companies	6	-	-	148,497,343	148,497,343
Investment in associates	7	-	-	-	-
Investment in jointly controlled entity	8	-	-	-	-
Other investments	9	12,292,491	12,446,680	200,000	200,000
Investment properties	10	5,542,731	5,629,153	149,173	152,825
Land held for property development	11	168,349,693	166,796,170	140,855	140,855
Development expenditure	12	3,573,404	3,734,587	1,527,895	1,527,895
Goodwill on consolidation	13	9,636,260	9,636,260	-	-
		<u>221,044,135</u>	<u>220,959,923</u>	<u>150,664,163</u>	<u>150,726,120</u>
<b>Current assets</b>					
Trade receivables	14	17,112,747	18,701,097	-	-
Other receivables, deposits and prepayments	15	8,064,809	12,867,561	1,595,107	4,389,727
Inventories	16	7,420,564	2,391,991	-	-
Property development cost	17	26,939,527	23,234,608	-	-
Amount due from holding corporation	18	766,550	5,562,188	8,736,559	15,876,799
Amount due from subsidiary companies	19	-	-	27,181,243	22,731,035
Amount due from related companies	20	11,217,317	11,015,571	9,759,459	7,867,279
Deposits, cash and bank balances	21	2,581,976	4,418,821	192,243	451,059
		<u>74,103,490</u>	<u>78,191,837</u>	<u>47,464,611</u>	<u>51,315,899</u>
<b>TOTAL ASSETS</b>		<u>295,147,625</u>	<u>299,151,760</u>	<u>198,128,774</u>	<u>202,042,019</u>



**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION...CONT'D.  
AT 31 DECEMBER 2017**

	NOTE	GROUP		COMPANY	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the parent</b>					
Share capital	22	179,592,841	128,526,212	179,592,841	128,526,212
Irredeemable convertible preference share	23	-	-	-	-
Share premium	24	-	51,066,629	-	51,066,629
Investment revaluation reserve	25	664,974	819,163	-	-
Accumulated profits/(losses)		26,299,846	37,309,450	(126,342)	4,263,076
Shareholders' equity		206,557,661	217,721,454	179,466,499	183,855,917
Non-controlling interest	26	1,099,498	998,079	-	-
<b>Total equity</b>		<b>207,657,159</b>	<b>218,719,533</b>	<b>179,466,499</b>	<b>183,855,917</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade payables		7,658,763	16,240,920	-	-
Other payables and accruals	27	21,241,822	11,783,314	3,377,168	6,218,748
Amount due to related companies	20	16,411,698	13,584,609	5,725,895	4,801,189
Bank borrowings	28	3,202,856	2,531,589	685,832	909,091
Hire purchase payables	29	8,668	8,668	-	-
Provision for taxation		531,784	260,854	-	-
		49,055,591	44,409,954	9,788,895	11,929,028
<b>Non-current liabilities</b>					
Bank borrowings	28	10,923,380	8,457,074	8,873,380	6,257,074
Hire purchase payables	29	15,191	23,859	-	-
Deferred taxation	30	27,496,304	27,541,340	-	-
		38,434,875	36,022,273	8,873,380	6,257,074
<b>TOTAL LIABILITIES</b>		<b>87,490,466</b>	<b>80,432,227</b>	<b>18,662,275</b>	<b>18,186,102</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>295,147,625</b>	<b>299,151,760</b>	<b>198,128,774</b>	<b>202,042,019</b>

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

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	NOTE	GROUP		COMPANY	
		2017 RM	2016 RM	2017 RM	2016 RM
Revenue	3(s)	11,290,958	21,099,578	-	-
Cost of sales		(4,208,776)	(8,478,435)	-	-
Gross profit		7,082,182	12,621,143	-	-
Other income		1,800,925	5,903,986	907,203	5,666,031
Administrative expenses		(17,276,939)	(14,099,724)	(4,516,720)	(5,282,114)
(Loss)/Profit from operation	31	(8,393,832)	4,425,405	(3,609,517)	383,917
Finance costs	32	(2,078,526)	(613,410)	(725,332)	(504,553)
Share of results of jointly controlled entity		-	(500,000)	-	-
Share of results of associates		-	(85,715)	-	-
(Loss)/Profit before taxation		(10,472,358)	3,226,280	(4,334,849)	(120,636)
Taxation	33	(435,827)	(352,285)	(54,569)	-
Net (loss)/profit for the year		(10,908,185)	2,873,995	(4,389,418)	(120,636)
Other comprehensive income					
Item that may be subsequently reclassified to profit or loss:					
- Fair value of available-for-sale financial assets		(154,189)	15,484	-	-
Net other comprehensive (loss)/income for the financial year		(154,189)	15,484	-	-
Total comprehensive (loss)/income for the year		<u>(11,062,374)</u>	<u>2,889,479</u>	<u>(4,389,418)</u>	<u>(120,636)</u>
(Loss)/Profit attributable to:					
Equity holders of the Company		(11,009,604)	2,684,973	(4,389,418)	(120,636)
Non-controlling interests		101,419	189,022	-	-
		<u>(10,908,185)</u>	<u>2,873,995</u>	<u>(4,389,418)</u>	<u>(120,636)</u>
Total comprehensive (loss)/income attributable to:					
Equity holders of the Company		(11,163,793)	2,700,457	(4,389,418)	(120,636)
Non-controlling interests		101,419	189,022	-	-
		<u>(11,062,374)</u>	<u>2,889,479</u>	<u>(4,389,418)</u>	<u>(120,636)</u>
(Loss)/Earnings per share					
Basic	34	<u>(4.28) sen</u>	<u>1.04 sen</u>		

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



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

**GROUP**

	NOTE	Share Capital RM	ICPS RM	Investment Revaluation Reserve RM	Share Premium RM	Accumulated Profits RM	Total RM	Non- controlling Interest RM	Total Equity RM
As at 31.12.2015		99,214,833	41,873,829	803,679	38,504,179	41,905,205	222,301,725	809,057	223,110,782
Conversion of ICPS to share capital and share premium	22 - 24	29,311,379	(41,873,829)	-	12,562,450	-	-	-	-
Dividend on ICPS	35	-	-	-	-	(1,777,734)	(1,777,734)	-	(1,777,734)
Dividend to the owners of the Company	35	-	-	-	-	(5,502,994)	(5,502,994)	-	(5,502,994)
Total comprehensive income for the year		-	-	15,484	-	2,684,973	2,700,457	189,022	2,889,479
As at 31.12.2016		128,526,212	-	819,163	51,066,629	37,309,450	217,721,454	998,079	218,719,533



**STATEMENTS OF CHANGES IN EQUITY...CONT'D.  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

GROUP	NOTE	Share Capital RM	ICPS RM	Investment Revaluation Reserve RM	Share Premium RM	Accumulated Profits RM	Total RM	Non- controlling Interest RM	Total Equity RM
As at 31.12.2016		128,526,212	-	819,163	51,066,629	37,309,450	217,721,454	998,079	218,719,533
Transfer to share capital	22/24	51,066,629	-	-	(51,066,629)	-	-	-	-
Total comprehensive loss for the year		-	-	(154,189)	-	(11,009,604)	(11,163,793)	101,419	(11,062,374)
As at 31.12.2017		179,592,841	-	664,974	-	26,299,846	206,557,661	1,099,498	207,657,159

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



**STATEMENTS OF CHANGES IN EQUITY...CONT'D.  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**COMPANY**

	NOTE	Share Capital RM	ICPS RM	Share Premium RM	Accumulated Profits/ (Losses) RM	Total RM
As at 01.01.2016		99,214,833	41,873,829	38,504,179	11,664,440	191,257,281
Conversion of ICPS to share capital and share premium	22 - 24	29,311,379	(41,873,829)	12,562,450	-	-
Dividend on ICPS	35	-	-	-	(1,777,734)	(1,777,734)
Dividend to the owners of the Company	35	-	-	-	(5,502,994)	(5,502,994)
Total comprehensive loss for the year		-	-	-	(120,636)	(120,636)
As at 31.12.2016		128,526,212	-	51,066,629	4,263,076	183,855,917
Transfer to share capital	22/24	51,066,629	-	(51,066,629)	-	-
Total comprehensive loss for the year		-	-	-	(4,389,418)	(4,389,418)
As at 31.12.2017		179,592,841	-	-	(126,342)	179,466,499

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

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

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Cash collection from customer/receivables	19,806,687	12,063,589	-	-
Cash received from other income	20,028	56,919	-	-
Cash paid to employees	(816,325)	(4,059,569)	-	(2,408,573)
Cash paid for other expenses	(1,665,787)	(3,851,680)	(504,607)	(2,726,564)
Cash paid to trade payables	(4,035,537)	(2,929,347)	-	-
Cash paid to other payables	(3,112,829)	(5,099,444)	(778,398)	(2,728,948)
Cash paid to holding corporation	(12,166,974)	(6,195,983)	-	-
Cash paid to related companies	(258,608)	(4,463,237)	-	(3,843,052)
Cash paid to subsidiary companies	-	-	(4,539,486)	(1,921,526)
Cash received from holding corporation	3,741,540	3,580,546	3,388,560	1,600,546
Cash received from related companies	99,525	-	-	2,739,900
Cash received from subsidiary companies	-	-	590,840	-
Advanced received from director	80,000	-	-	-
Deposit paid	(100,639)	-	-	-
Deposit received from customer	102,480	-	-	-
Cash refund from tax	236,705	-	-	-
Cash paid for tax	(859,041)	(1,394,402)	(60,690)	(337,104)
Net cash generated from/(used in) operating activities	<u>1,071,225</u>	<u>(12,292,608)</u>	<u>(1,903,781)</u>	<u>(9,625,321)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Interest income received	165,489	217,336	6,400	137,483
Dividend received	24,808	24,808	-	-
Purchase of property, plant and equipment	(252,850)	(116,345)	(10,615)	(21,675)
Loss on disposal of investment securities	(28,696)	-	-	-
Proceed from disposal of property, plant and equipment	18,528	-	-	-
Development cost	(5,003,274)	(1,893,494)	-	-
Net cash (used in)/generated from investing activities	<u>(5,075,995)</u>	<u>(1,767,695)</u>	<u>(4,215)</u>	<u>115,808</u>



**STATEMENTS OF CASH FLOWS...CONT'D.  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Dividend paid on ICPS	-	(1,777,734)	-	(1,777,734)
Dividend paid on ordinary shares	-	(5,502,994)	-	(5,502,994)
Proceeds from borrowing	2,670,625	-	2,670,625	-
Repayment of borrowings	(427,578)	(313,210)	(277,578)	(163,210)
Repayment of hire purchase	(8,668)	(33,372)	-	(24,704)
Interest paid	(960,980)	(277,464)	(743,867)	(171,121)
Net cash generated from/(used in) financing activities	<u>1,273,399</u>	<u>(7,904,774)</u>	<u>1,649,180</u>	<u>(7,639,763)</u>
Net decrease in cash and cash equivalents	(2,731,371)	(21,965,077)	(258,816)	(17,149,276)
Cash and cash equivalents at beginning of the year	<u>2,946,323</u>	<u>24,911,400</u>	<u>451,059</u>	<u>17,600,335</u>
Cash and cash equivalents at end of the year	<u>214,952</u>	<u>2,946,323</u>	<u>192,243</u>	<u>451,059</u>
<b>Represented by:</b>				
Cash and bank balances	2,332,180	3,889,442	192,243	451,059
Fixed deposit with licensed bank	249,796	529,379	-	-
Bank overdraft	<u>(2,367,024)</u>	<u>(1,472,498)</u>	<u>-</u>	<u>-</u>
	<u>214,952</u>	<u>2,946,323</u>	<u>192,243</u>	<u>451,059</u>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 1. GENERAL INFORMATION

The Company is a public limited liability company, domiciled and incorporated in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office and principal place of business is located at 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan.

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are described in Note 6. There have been no significant changes in the nature of the activities during the financial year.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is the functional and presentation currency of the Group and of the Company.

### 2. ADOPTION OF NEW AND REVISED MALAYSIAN FINANCIAL REPORTING STANDARDS

The accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous year except as discussed below:

#### **MFRSs that are relevant and do not have significant impacts at these financial statements**

The new amendments and improvements to published standards that are effective for the Group's and the Company's financial year beginning on or after 01 January 2017 are as follows:

Amendments to MFRS 12 Disclosure of Interests in Other Entities  
Amendments to MFRS 107 Disclosure Initiative  
Amendments to MFRS112 Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the above pronouncements did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies.

#### **MFRSs that are relevant which have been issued but are not yet effective**

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

#### **Effective for financial periods beginning on or after 01 January 2018**

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)  
MFRS 15 Revenue from Contracts with Customers  
Amendments to MFRS 128 Investments in Associates and Joint Ventures  
Amendments to MFRS 140 Investment Property: Transfer of Investment Property



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**2. ADOPTION OF NEW AND REVISED MALAYSIAN FINANCIAL REPORTING STANDARDS...CONT'D.**

**Effective for financial periods beginning on or after 01 January 2019**

MFRS 16 Leases

Amendments to MFRS 3 Business Combinations

Amendments to MFRS 11 Joint Arrangements

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 128 Investments in Associates and Joint Ventures

IC Interpretation 23 Uncertainty over Income Tax Treatments

These pronouncements are not expected to have any effect to the financial statements of the Group and the Company upon their initial application, except as described below:

**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 01 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

**MFRS 15 Revenue from Contracts with Customers**

The core principle of MFRS 15 is that an entity should recognise revenue which depicts 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. Either a full or modified retrospective application is required for annual periods beginning on or after 01 January 2018 with early adoption permitted. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the stipulated effective date. 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.

**MFRS 16 Leases**

MFRS 16 replaces MFRS 117 Leases. MFRS 16 eliminated the distinction between finance and operating leases or lessees. As off-balance sheet will no longer be allowed except for some limited practical exemptions, all leases will be brought onto the statement of financial position by recognising a "right-of use" asset and a lease liability. In other words, for a lessee that has material operating leases, the assets and liabilities reported in the statement of financial position are expected to increase substantially.

The Group and the Company are currently assessing the impact of adopting the abovementioned MFRSs and plan to adopt the said standards on the required date.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**3. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with the MFRSs and International Financial Reporting Standards and the provisions of the Companies Act, 2016 in Malaysia.

**a) Basis of preparation**

The financial statement have been prepared on the historical cost basis unless otherwise indicated in the other section of accounting policies.

The principal accounting policies adopted are set out below.

**b) Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and all subsidiaries. Subsidiaries are entities controlled by the Company. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiaries are accounted for in the Company's separate financial statements at cost. If an investment in a subsidiary is classified as held for sale, that investment is accounted for in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

The results of a subsidiary are included in the consolidated financial statements from the acquisition date until the date on which the Company ceases to control the subsidiary. Any difference between the fair value of the consideration received from the loss of control of a subsidiary and the carrying amount as at the date when control is lost, including the cumulative amount of any translation difference that relate to the subsidiary formerly recognised in other comprehensive income, is reclassified to consolidated profit or loss as a gain or loss. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.





**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**b) Basis of consolidation...Cont'd.**

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to owners of the parent. Non-controlling interests in the profit or loss of the Group are also separately disclosed.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are recognised directly in equity and attributable to the owners of the parent.

All intragroup balances, transactions, income and expenses are eliminated in full.

**c) Business combinations**

Business combinations are accounted for by applying the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the Group allocates the cost of a business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria in MFRS 3 Business Combinations at their fair values, except for non-current assets and disposal groups that are classified as held for sale in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

**d) Jointly controlled entity**

The Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investment in jointly controlled entity is accounted for in the consolidated financial statements using the equity method of accounting.

In the Company's separate financial statements, investment in jointly controlled entity is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(q).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**e) Property, plant and equipment**

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. After recognition as an asset, items of property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on a straight-line basis so as to write off the depreciable amount of the following assets over their estimated useful lives, as follows:

Long term leasehold land and buildings	Over lease term
Shophouses	50 years
Renovation	5 to 10 years
Plant and machinery, furniture, fittings and office equipment	5 to 10 years
Motor vehicles	5 years
Solar panel	20 years

Depreciation of an asset begins when it is ready for its intended use.

The carrying amounts of items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from the derecognition of items of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the item, is included in profit or loss. Neither the sale proceeds nor any gain on derecognition is classified as revenue.

**f) Goodwill**

Goodwill arising on the acquisition of a subsidiary or a proportionately consolidated jointly-controlled entity, being the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**f) Goodwill...Cont'd.**

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated at the acquisition date to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. An impairment loss is recognised for a cash-generating unit when the recoverable amount of the unit is less than the carrying amount of the unit. Any impairment loss recognised is first allocated to reduce the carrying amount of any goodwill allocated to the unit and then, to the other assets of the unit within the scope of MFRS 136 Impairment of Assets pro rata on the basis of the carrying amount of each applicable asset in the unit. Any impairment loss recognised for goodwill is not reversed.

Goodwill arising on the acquisition of investments in associates or equity accounted jointly-controlled entities is included within the carrying amount of the investments and is assessed for impairment as part of the investment.

If, after reassessment, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

On disposal of a subsidiary or a proportionately consolidated jointly-controlled entity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

**g) Investment properties**

Investment properties of the Group and of the Company principally comprising office and industrial buildings are held for long-term rental yields and are not substantially occupied by the Company. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment loss.

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 in which they arise.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**h) Investment in associates**

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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.

Investment in associates are accounted for in the Company's separate financial statements at cost. If an associate is classified as held for sale, the investment is accounted for in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Investment in associates are accounted for in the Group's consolidated financial statements using the equity method until the date the Group ceases to have significant influence over the associates or the investment is classified as held for sale in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Under the equity method, investment in associates are initially recognised at cost and thereafter, the carrying amount is increased or decreased to recognise the Group's share of the profit or loss of the investees after the date of acquisition. Losses of associates in excess of the Group's interest in the associates, include any long-term interests that form part of the Group's net investment in the associates, are not recognised.

Profits or losses on transactions entered into between the Group and associates are eliminated to the extent of the Group's interest in the associates.

On acquisition of an investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is included in the carrying amount of the investment. If, after reassessment, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the excess is included as income in the determination of the Group's share of the associates' profit or loss in the period in which the investment is acquired.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**i) Inventories**

**i) Developed properties held for sale**

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost consists of costs associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable to developing properties to completion.

**ii) Other inventories**

Consumables and spare parts are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

**j) Leases**

Lease of property, plant and equipment is recognised as finance lease if it transfers substantially to the Group and the Company all the risk and rewards incidental to the ownership.

Leases, where the Group or the Company does not assume substantially all the risk and rewards of ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**k) Development expenditure**

**Development properties**

Direct and indirect payments for projects under development are stated at cost in the financial statements. Such expenditures are capitalised until the project is able to generate income. The policy of the recognition and measurement of impairment losses are in accordance with Note 3(q) to the financial statements.

**Renewable energy development**

Direct and indirect expenditure payments for solar energy projects under development are stated at cost in the financial statements. Such expenditures is capitalised until the project is able to generate income. The policy of the recognition and measurement of impairment losses are in accordance with Note 3(q) to the financial statements.

The amount of development costs recognised as asset are amortised and recognised as an expense on a systematic basis so as to reflect the pattern in which the related economic benefits are recognised.

**l) Amount due from contract customer**

Amount due from contract customers on construction contracts is stated at cost plus attributable profits less foreseeable losses and less progress billings. Cost includes all direct construction costs and other related costs. Where progress billings exceed the aggregate amount due from contract customers plus attributable profits less foreseeable losses, the net credit balance on all such contracts is shown in payables as amount due to contract customers. Where progress billings less than the aggregate amount due from contract customers plus attributable profits less foreseeable losses, the net debit balance on all such contracts is shown as accrued billings under current assets.

**m) Land held for property development**

Land held for property development representing lands held for future development are stated at cost of acquisition including all related costs incurred subsequent to the acquisition on activities necessary to prepare the land for its intended use. Such assets are transferred to development properties when significant development work is to be undertaken and is expected to complete within the normal operating cycle.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's normal operating cycle of 2 to 3 years. Cost associated with the acquisition of land includes price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**n) Property development cost**

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the statement of comprehensive income over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the statement of comprehensive income is shown under trade payables.

**o) Accounting for hire purchase arrangements**

Assets acquired under hire purchase arrangements are being capitalised and the corresponding obligations treated as liabilities in the financial statements.

Finance costs are allocated to profit or loss to give a constant periodic rate of interest on the remaining hire purchase payables.

Assets acquired under hire purchase arrangements are depreciated over their expected useful lives on the same basis as owned assets.

**p) Financial assets**

Financial assets are recognised in the statements of financial position when the Group and the Company become a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised and derecognised using trade date accounting.

On initial recognition, financial assets are measured at fair value, plus transaction costs for financial assets not at 'fair value through profit or loss'.

Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or a shorter period to the net carrying amount of the financial assets.

After initial recognition, financial assets are classified into one of four categories: financial assets at 'fair value through profit or loss', 'held-to-maturity' investments, loans and receivables and 'available-for-sale' financial assets. The Group and the Company did not have any financial assets other than loans and receivables and 'available-for-sale' financial assets.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**p) Financial assets...(Cont'd.)**

**i) Loans and receivables**

Loans and receivables are non-derivative financial assets (such as trade receivables, loans assets, unquoted debt instruments and deposits held in banks) with fixed or determinable payments that are not quoted in an active market.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method less any accumulated impairment losses. Gains or losses are recognised in profit or loss when loans and receivables are derecognised or impaired.

**ii) 'Available-for-sale' financial assets**

Investment in quoted equity and debt instruments that are traded in active market and certain unquoted equity instruments (when the fair value can be determined using a valuation technique) are classified as 'available-for-sale' financial assets. 'Available-for-sale' financial assets are measured at fair value.

Gains or losses on 'available-for-sale' financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains or losses, until the 'available-for-sale' financial assets are derecognised. At that time, the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

Interest calculated using the effective interest method is recognised in profit or loss. Dividends on 'available-for-sale' equity instruments are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

**iii) Reclassifications of financial assets**

The Group and the Company do not reclassify derivative out of the 'fair value through profit or loss' category while they are held or in issue. Equally, the Group and the Company do not reclassify other financial assets out of the 'fair value through profit or loss' category if upon initial recognition, those financial assets were designated as at 'fair value through profit or loss'. Other financial assets are not reclassified into the 'fair value through profit or loss' category after initial recognition under another category.

When it is no longer appropriate to classify an investment as 'held-to-maturity' as a result of a change in intention and ability, the investment is reclassified as held for sale and re-measured at fair value. Any difference between the carrying amount and fair value of the investment is recognised in other comprehensive income.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**p) Financial assets...(Cont'd.)**

**iv) Impairment of financial assets**

At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that financial assets held, other than financial assets at 'fair value through profit or loss', are impaired. Financial assets are impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the financial assets which have an impact on the estimated future cash flows of the financial assets that can be reliably measured.

For investments in equity instruments classified as 'available-for-sale', objective evidence that the financial assets are impaired include the disappearance of an active market for the financial assets because of financial difficulties, or the decline of the market price below the cost.

For other financial assets, objective evidence could include:

- significant financial difficulty of the issuer; or
- a breach of contract; or
- the lender granting to the borrower a concession that the lender would not otherwise consider; or
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

Impairment losses, in respect of 'held-to-maturity' investments carried at amortised cost are measured as the differences between the assets' carrying amounts and the present values of their estimated future cash flows discounted at the 'held-to-maturity' investments' original effective interest rate.

For certain categories of financial assets, such as trade receivables, if it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment.

The carrying amounts of the financial assets are reduced directly, except for the carrying amounts of trade receivables which are reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately. If, in later periods, the amount of any impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**p) Financial assets...(Cont'd.)**

**iv) Impairment of financial assets...(Cont'd.)**

If there is objective evidence that impairment losses have been incurred on financial assets carried at cost, the amount of any impairment loss is measured as the differences between the carrying amounts of the financial assets and the present value of their estimated future cash flows discounted at the current market rate of return for a similar financial assets. Such impairment losses are not reversed.

For 'available-for-sale' financial assets, if a decline in fair value has been recognised in other comprehensive income and there is objective evidence that the assets are impaired, the cumulative losses that have been recognised are reclassified to profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as 'available-for-sale' financial assets are not reversed through profit or loss.

If the fair value of a debt instrument classified as an 'available-for-sale' financial asset subsequently increases, and the increase can be objectively related to an event occurring after the impairment losses were recognised in profit or loss, the impairment losses are reversed and recognised in profit or loss.

**v) Derecognition of financial assets**

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the Group and the Company transfer the financial assets and the transfers qualify for derecognition.

On derecognition of financial assets in their entirety, the differences between the carrying amounts and the sum of the consideration received and any cumulative gains or losses that have been recognised in other comprehensive income are recognised in profit or loss.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**q) Impairment of non-financial assets**

At each statements of financial position date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying amounts of the assets with their recoverable amount. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

Impairment losses are recognised as an expense in the statement of comprehensive income immediately, unless the assets are carried at a revalued amount. Any impairment losses of revalued assets are treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same assets. Reversal of impairment losses recognised in prior years are recorded when the impairment losses recognised for the assets no longer exist or have decreased.

**r) Financial liabilities and equity instruments**

**i) Classification of liabilities and equity**

On initial recognition, financial liabilities and equity instruments are classified in accordance with the substance of the contractual arrangement.

Interests, dividends, losses and gains relating to a financial instrument that is classified as a financial liability is recognised as income or expense in profit or loss. Distributions to holders of an equity instrument are debited directly to equity, net of any related income tax benefit. Transaction costs of an equity instrument are accounted for as a deduction from equity, net of any related income tax benefit.

**ii) Equity instruments**

Equity instruments are any contracts that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**r) Financial liabilities and equity instruments...(Cont'd.)**

**iii) Financial liabilities**

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

On initial recognition, financial liabilities are measured at fair value, plus transaction costs for financial liabilities not at 'fair value through profit or loss'.

After initial recognition, financial liabilities are either classified as at 'fair value through profit or loss' or amortised cost using the effective interest method.

**iv) Other financial liabilities**

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

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an 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.

**v) Derecognition of financial liabilities**

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amounts of financial liabilities derecognised and the consideration paid is recognised in profit or loss.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**s) Revenue recognition**

**i) Revenue from construction contracts**

Revenue from construction contracts in short term is recognised in the statement of comprehensive income when the job is done. Revenue from construction contracts in long term is recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

**ii) Management service**

Revenue from management service is recognised on an accrual basis.

**iii) Sale of completed properties**

Revenue relating to sale of completed properties is recognised, net of discounts, upon the transfer of significant risk and reward of ownership to the buyer.

**iv) Solar energy**

Revenue from solar energy is recognised on an accrual basis.

**v) Interest income**

Interest income is recognised on an accrual basis that reflects the effective yield on the asset.

**vi) Merchandise**

Sale of merchandise product is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the customers.

**vii) Rental income**

Rental income is recognised on an accrual basis.

**viii) Dividend income**

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**t) Employee benefits**

**i) Short-term employment benefits**

Short-term employment benefits, such as wages, salaries and social security contributions, are recognised as expense when the employees have rendered services to the Group and the Company.

The expected cost of accumulating compensated absences are recognised when the employees render services that increase their entitlement to future compensated absences. The expected cost of non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences are measured as the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

The expected cost of bonus payments are recognised when the Group and the Company have a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Group and the Company have no realistic alternative but to make the payments.

**ii) Defined contribution plan**

Contributions payable to the defined contribution plan are recognised as expense when the employees have rendered services to the Group and the Company.

**iii) Termination benefits**

Termination benefits are recognised as a liability and an expense when the Group and the Company are demonstrably committed to either terminate the employment of the employees before the normal retirement date, or provide termination benefits as a result of an offer made for voluntary redundancy. The Group and the Company are demonstrably committed to a termination when the Group and the Company have a detailed formal plan for the termination and are without realistic possibility of withdrawal.

Termination benefits in relation to the offer made to encourage voluntary redundancy are measured based on the number of employees expected to accept the offer.





**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**u) Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of the assets when the Group and the Company incur the expenditure for the assets, incur borrowing costs and undertake activities that are necessary to prepare the assets for the intended use or sale.

Capitalisation of borrowing costs is suspended during extended periods in which active development is suspended and ceased when substantially all the activities necessary to prepare the qualifying assets for the intended use or sale are complete.

Other borrowing costs are recognised as expense in profit or loss when they are incurred.

**v) Cash and cash equivalents**

The Group and the Company adopts the direct method in the preparation of statements of cash flows.

Cash and cash equivalents in statements of cash flows comprise cash and bank balances, short-term deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

**w) Earnings per share**

The Group presents basic earning per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company (net dividend of ICPS) by the weightage average number of ordinary shares outstanding during the period, adjusted for own share held.

**x) Income tax**

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax. Current tax and deferred tax are charged or credited directly to other comprehensive income or equity if the tax relates to items that are credited or charged directly to other comprehensive income or equity. Current tax for current and prior periods is recognised as a liability to the extent unpaid. If the amount already paid in respect of the current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**x) Income tax...(Cont'd.)**

Current tax assets and liabilities for the current and prior periods are measured at the amounts expected to be paid or recovered, using the tax rates that have been enacted or substantially enacted by the end of the reporting period. Current tax assets and liabilities are offset only when the Group and the Company have a legally enforceable right to set off the recognised amounts and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is provided in full on temporary differences which are the differences between the carrying amounts in the financial statements and the corresponding tax base of an asset or liability at the end of the reporting period. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax liabilities and assets are not recognised if the temporary differences arise from initial recognition of goodwill and the initial recognition of assets or liabilities that is not a business combination and at the time of the transaction, affected neither accounting profit nor taxable profit.

Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Group and the Company expect to recover or settle the carrying amounts of their assets and liabilities and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the end of the reporting period.

The carrying amounts of the deferred tax assets are reviewed at the end of each reporting period, and they are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit or part of the deferred tax assets to be utilised. The reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are offset when the Group and the Company have a legally enforceable right to set off current tax assets and liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### y) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the board of directors that makes strategic decisions.

Segment reporting is presented for enhanced assessment of the Group's and the Company's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, results, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, results, assets and liabilities are determined after elimination of intragroup balances and intragroup transactions as part of the consolidation process.

### z) Contingent liabilities

The Group does not recognise contingent liabilities, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arise from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

### aa) 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 receivables fails to make payment when due.

Financial guarantee contracts are recognised initially as liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in the statements of comprehensive income over the period of guarantee. If the receivable fails to make 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 recognised.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

**Critical Judgements in Applying the Accounting Policies**

The judgements, apart from those involving estimations described below, that the management has made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

**Deferred Tax Assets**

Deferred tax assets are recognised for all unabsorbed capital allowances, unutilised business losses and unutilised investment tax allowance to the extent that it is probable that future taxable profits will be available against which the capital allowances, business losses and investment tax allowance can be recognised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

**Key Sources of Estimation Uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

**Allowance for Doubtful Debts**

The Group assesses 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 considers 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 flows are estimated based on historical loss experience for assets with similar credit risk characteristics.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY...CONT'D.**

**Useful Lives of Property, Plant and Equipment and Investment Properties**

Property, plant and equipment and investment properties are depreciated on a straight-line basis over their estimated useful lives. The management exercises their judgement in estimating the useful lives of the depreciable assets. The Group and Company assess annually the useful lives of the property, plant and equipment and investment properties and if the expectation differs from the original estimate, such difference will impact the depreciation in the period in which such estimate has been charged.

**Impairment of goodwill**

The Group determines whether goodwill is 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 a value-in-use amount requires management to make an estimate of the expected future revenue from the CGU.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

5. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Long term leasehold land and buildings RM	Plant machinery, fixture and office equipment RM	Motor vehicles RM	Shop houses RM	Renovation RM	Solar Panel RM	Total RM
Net carrying amount as at 01.01.2017	4,186,938	576,019	439,485	38,039	143,851	17,332,741	22,717,073
Additions	-	60,811	-	-	-	312,361	373,172
Disposal	-	-	(2)	-	-	-	(2)
Depreciation	(76,541)	(245,754)	(192,583)	(1,268)	(10,990)	(913,551)	(1,440,687)
<b>Net carrying amount as at 31.12.2017</b>	<b>4,110,397</b>	<b>391,076</b>	<b>246,900</b>	<b>36,771</b>	<b>132,861</b>	<b>16,731,551</b>	<b>21,649,556</b>
<b>As at 31.12.2017</b>							
At cost	5,607,689	2,494,503	1,479,070	63,399	179,609	18,557,351	28,381,621
Accumulated depreciation	(1,497,292)	(2,103,427)	(1,232,170)	(26,628)	(46,748)	(1,825,800)	(6,732,065)
<b>Net carrying amount</b>	<b>4,110,397</b>	<b>391,076</b>	<b>246,900</b>	<b>36,771</b>	<b>132,861</b>	<b>16,731,551</b>	<b>21,649,556</b>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

5. PROPERTY, PLANT AND EQUIPMENT...(Cont'd.)

GROUP

	Long term leasehold land and buildings RM	Plant machinery, fixture and office equipment RM	Motor vehicles RM	Shop houses RM	Renovation RM	Solar Panel RM	Total RM
Net carrying amount as at							
01.01.2016	4,290,061	805,940	453,033	39,307	96,335	-	5,684,676
Additions	-	63,098	178,500	-	57,007	18,244,990	18,543,595
Written off	-	(11,792)	-	-	-	-	(11,792)
Disposal	(25,812)	-	-	-	-	-	(25,812)
Depreciation	(77,311)	(281,227)	(192,048)	(1,268)	(9,491)	(912,249)	(1,473,594)
<b>Net carrying amount as at 31.12.2016</b>	<b>4,186,938</b>	<b>576,019</b>	<b>439,485</b>	<b>38,039</b>	<b>143,851</b>	<b>17,332,741</b>	<b>22,717,073</b>
<b>As at 31.12.2016</b>							
At cost	5,607,689	2,433,692	1,557,621	63,399	179,609	18,244,990	28,087,000
Accumulated depreciation	(1,420,751)	(1,857,673)	(1,118,136)	(25,360)	(35,758)	(912,249)	(5,369,927)
<b>Net carrying amount</b>	<b>4,186,938</b>	<b>576,019</b>	<b>439,485</b>	<b>38,039</b>	<b>143,851</b>	<b>17,332,741</b>	<b>22,717,073</b>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**5. PROPERTY, PLANT AND EQUIPMENT...(Cont'd.)**

**COMPANY**

	<b>Office equipment RM</b>	<b>Motor vehicles RM</b>	<b>Total RM</b>
Net carrying amount as at 01.01.2017	207,201	1	207,202
Addition	10,615	-	10,615
Depreciation	(68,920)	-	(68,920)
<b>Net carrying amount</b>	<b>148,896</b>	<b>1</b>	<b>148,897</b>
<b>As at 31.12.2017</b>			
At cost	383,670	177,200	560,870
Accumulated depreciation	(234,774)	(177,199)	(411,973)
<b>Net carrying amount</b>	<b>148,896</b>	<b>1</b>	<b>148,897</b>
Net carrying amount as at 01.01.2016	269,164	1	269,165
Addition	21,675	-	21,675
Written off	(11,792)	-	(11,792)
Depreciation	(71,846)	-	(71,846)
<b>Net carrying amount</b>	<b>207,201</b>	<b>1</b>	<b>207,202</b>
<b>As at 31.12.2016</b>			
At cost	373,055	177,200	550,255
Accumulated depreciation	(165,854)	(177,199)	(343,053)
<b>Net carrying amount</b>	<b>207,201</b>	<b>1</b>	<b>207,202</b>

Certain motor vehicles of the Group with the net carrying amount of RM12,279 (2016: RM24,559) were acquired under hire purchase arrangements.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**6. INVESTMENT IN SUBSIDIARY COMPANIES**

	<b>COMPANY</b>	
	<b>2017 RM</b>	<b>2016 RM</b>
Investment in subsidiaries	149,218,603	149,218,603
Less: Accumulated impairment losses	(721,260)	(721,260)
Carrying amounts	<u>148,497,343</u>	<u>148,497,343</u>

Details of the Company's subsidiaries as at 31 December 2017 are as follows:

<b>Name of Subsidiaries</b>	<b>Shareholding (%)</b>		<b>Principal Activities</b>
	<b>2017</b>	<b>2016</b>	
Syarikat Majuperak Berhad	100	100	Property development
Majuperak Energy Resources Sdn. Bhd.	100	100	Property development
Majuperak Development Berhad	100	100	Management services
Majuperak Property Management Sdn. Bhd.	100	100	Property management
Majuperak Land Sdn. Bhd.	100	100	Property management
Majuperak Bio Resources Sdn. Bhd.	100	100	Contract management
<b>Held through Syarikat Majuperak Berhad:</b>			
Majuperak Properties Sdn. Bhd.	100	100	Property development
Majuperak Bina Sdn. Bhd.	100	100	Property development
Bihun Jaya (Perak) Sdn. Bhd.	62	62	Dormant
<b>Held through Majuperak Development Berhad:</b>			
Majuperak Utilities Management Sdn. Bhd.	100	100	Dormant
Tenaga Danawa Sdn. Bhd.	100	100	Property development
Jua Juara Sdn. Bhd.	100	100	Property development

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**6. INVESTMENT IN SUBSIDIARY COMPANIES...(Cont'd.)**

Name of Subsidiaries	Shareholding (%)		Principal Activities
	2017	2016	
<b>Held through Majuperak Energy Resources Sdn. Bhd.:</b>			
Majuperak Kinta Hydro Sdn. Bhd.	100	100	Dormant
<b>Held through Majuperak Land Sdn. Bhd.:</b>			
Majuperak Realty Sdn. Bhd.	51	51	Dormant
<b>Held through Majuperak Properties Sdn. Bhd.:</b>			
Nexus Jade Sdn. Bhd.	51	51	Merchandise sourcing and supply business

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	Bihun Jaya (Perak) Sdn. Bhd. RM	Majuperak Realty Sdn. Bhd. RM	Nexus Jade Sdn. Bhd. RM	Total RM
<u>31 December 2017</u>				
NCI percentage of ownership interest and voting interest	38%	49%	49%	
Carrying amount of NCI	<u>493,689</u>	<u>136,392</u>	<u>469,417</u>	<u>1,099,498</u>
<u>31 December 2016</u>				
NCI percentage of ownership interest and voting interest	38%	49%	49%	
Carrying amount of NCI	<u>518,194</u>	<u>139,285</u>	<u>340,600</u>	<u>998,079</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**6. INVESTMENT IN SUBSIDIARY COMPANIES...(Cont'd.)**

Summarised financial information on subsidiaries with material NCI:

i. Summarised statement of comprehensive income

	Bihun Jaya (Perak) Sdn. Bhd.		Majuperak Realty Sdn. Bhd.		Nexus Jade Sdn. Bhd.	
	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM
Revenue	-	-	-	-	5,198,110	6,167,594
Cost of sales	-	-	-	-	(2,715,899)	(4,936,755)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,482,211</u>	<u>1,230,839</u>
(Loss)/Profit before taxation	(64,486)	(33,279)	(5,905)	(3,289)	328,162	485,319
Taxation	-	-	-	-	(65,270)	(70,462)
	<u>(64,486)</u>	<u>(33,279)</u>	<u>(5,905)</u>	<u>(3,289)</u>	<u>262,892</u>	<u>414,857</u>
Total comprehensive (loss)/income for the year	<u>(64,486)</u>	<u>(33,279)</u>	<u>(5,905)</u>	<u>(3,289)</u>	<u>262,892</u>	<u>414,857</u>
Total comprehensive (loss)/income allocated to NCI	<u>(24,505)</u>	<u>(12,646)</u>	<u>(2,893)</u>	<u>(1,612)</u>	<u>128,817</u>	<u>203,280</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

6. INVESTMENT IN SUBSIDIARY COMPANIES...(Cont'd.)

ii. Summarised statement of financial position

	Bihun Jaya (Perak) Sdn. Bhd.		Majuperak Realty Sdn. Bhd.		Nexus Jade Sdn. Bhd.	
	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM
Current						
Assets	8,503	8,551	447,828	447,944	6,333,479	6,073,095
Liabilities	(172,099)	(127,969)	(171,477)	(165,688)	(5,602,021)	(5,610,715)
Total current net (liabilities)/assets	(163,596)	(119,418)	276,351	282,256	731,458	462,380
Non-current						
Assets	602,644	622,952	-	-	226,536	232,722
Total non-current assets	602,644	622,952	-	-	226,536	232,722
Net assets	439,048	503,534	276,351	282,256	957,993	695,102



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**6. INVESTMENT IN SUBSIDIARY COMPANIES...(Cont'd.)**

iii. Summarised statement of cash flows

	Bihun Jaya (Perak) Sdn. Bhd.		Majuperak Realty Sdn. Bhd.		Nexus Jade Sdn. Bhd.	
	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM
Net cash (used in)/generated from operating activities	(48)	-	(116)	-	(1,007,735)	944,821
Net cash used in investing activities	-	-	-	-	(28,696)	(94,670)
Net (decrease)/ increase in cash and cash equivalents	-	-	(116)	-	(1,036,431)	850,151
Cash and cash equivalents at beginning of the year	8,551	8,551	295,946	295,946	1,079,083	228,932
Cash and cash equivalents at end of the year	8,503	8,551	295,830	295,946	42,652	1,079,083

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**7. INVESTMENT IN ASSOCIATES**

	<b>GROUP</b>	
	<b>2017 RM</b>	<b>2016 RM</b>
Unquoted shares at cost	97,965	97,965
Allowance for diminution in value	(97,965)	(97,965)
	<u>-</u>	<u>-</u>

Details of the associates companies, which is incorporated in Malaysia as follows:

Name of company	Shareholding (%)		Principal activities
	2017	2016	
<b>Held through Syarikat Majuperak Berhad:</b>			
Konsodium Bihun Jaya Sdn. Bhd.*^	30	30	Dormant
<b>Held through Majuperak Properties Sdn. Bhd.:</b>			
Brewster Village Sdn. Bhd.*^	30	30	Event management

\* These financial statements are not audited by AljeffriDean.

^ The Group has discontinued recognition of its share of losses as the share of accumulated losses of the associate has exceeded the Group's investment in that associate

The Group's share of revenue and net loss of associates are as follows:

	<b>2017 RM</b>	<b>2016 RM</b>
Revenue	646,560	88,332
Net loss for the year	<u>(223,320)</u>	<u>(132,795)</u>

The Group's share of assets and liabilities of associates are as follows:

	<b>2017 RM</b>	<b>2016 RM</b>
Non-current assets	3,184,445	862,914
Current assets	277,511	51,237
Current liabilities	<u>(247,944)</u>	<u>(58,242)</u>





**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**8. INVESTMENT IN JOINTLY CONTROLLED ENTITY**

	<b>GROUP</b>	
	<b>2017 RM</b>	<b>2016 RM</b>
Unquoted shares - at cost:	1,000,000	1,000,000
Share of post - acquisition loss	<u>(1,000,000)</u>	<u>(1,000,000)</u>
	<u>-</u>	<u>-</u>

The Company's aggregate share of the current assets, non-current assets, current liabilities, income and expenses of the jointly controlled entity are as follows:

	<b>2017 RM</b>	<b>2016 RM</b>
<b>Assets and liabilities</b>		
Current assets	688,505	688,505
Non-current assets	<u>2,429,327</u>	<u>2,429,327</u>
Total assets	<u>3,117,832</u>	<u>3,117,832</u>
Current liabilities	<u>(2,283,905)</u>	<u>(2,283,905)</u>
<b>Results</b>		
Revenue	-	-
Expenses	<u>-</u>	<u>(758,561)</u>

Details of the jointly controlled entity, which is incorporated in Malaysia as follows:

Name of company	Shareholding (%)		Principal activities
	2017	2016	
<b>Held through Majuperak Bio Resources Sdn. Bhd.:</b>			
Majuperak Go Green Sdn. Bhd.	50	50	Bamboo based products

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**9. OTHER INVESTMENTS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Available-for-sale financial assets				
Quoted shares	1,373,573	1,527,762	-	-
Unquoted shares	10,918,918	10,918,918	200,000	200,000
	<u>12,292,491</u>	<u>12,446,680</u>	<u>200,000</u>	<u>200,000</u>

**10. INVESTMENT PROPERTIES**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Balance as at beginning of the year	5,629,153	5,715,576	152,825	156,478
Depreciation	(86,422)	(86,423)	(3,652)	(3,653)
Balance as at end of the year	<u>5,542,731</u>	<u>5,629,153</u>	<u>149,173</u>	<u>152,825</u>
At cost/Valuation	7,283,025	7,283,025	182,620	182,620
Accumulated depreciation	(1,740,294)	(1,653,872)	(33,447)	(29,795)
Net carrying amount	<u>5,542,731</u>	<u>5,629,153</u>	<u>149,173</u>	<u>152,825</u>
Fair value	<u>7,900,000</u>	<u>7,900,000</u>	<u>300,000</u>	<u>300,000</u>
<b>Representing item at:</b>				
Cost	3,638,025	3,638,025	182,620	182,620
Valuation - 1991	3,645,000	3,645,000	-	-
	<u>7,283,025</u>	<u>7,283,025</u>	<u>182,620</u>	<u>182,620</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**11. LAND HELD FOR PROPERTY DEVELOPMENT**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2017 RM</b>	<b>2016 RM</b>	<b>2017 RM</b>	<b>2016 RM</b>
<b>At cost:</b>				
Balance as at beginning of the year	166,796,170	167,937,946	140,855	140,855
Addition	1,553,253	634,808	-	-
	168,349,423	168,572,754	140,855	140,855
Cost charged to statements of comprehensive income	-	(1,399,814)	-	-
Transfer to development expenditure	-	(26,770)	-	-
Transfer to related company	-	(350,000)	-	-
Balance as at end of the year	<u>168,349,693</u>	<u>166,796,170</u>	<u>140,855</u>	<u>140,855</u>
<b>Representing item at:</b>				
Cost	35,234,322	33,680,799	140,855	140,855
Revaluation – 2002	133,115,371	133,115,371	-	-
	<u>168,349,693</u>	<u>166,796,170</u>	<u>140,855</u>	<u>140,855</u>

Certain land held for property development of the Group amounting to RM4,950,860 (2016: RM4,656,737) are held in trust and have been registered under the name of the holding corporation. The Group however, has been granted beneficial interest to the land pursuant to a transfer of assets and liabilities agreement and its supplementary agreement which had been mutually agreed between the Group and the holding corporation dated 28 December 2001 and 15 April 2002, respectively.

**12. DEVELOPMENT EXPENDITURE**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2017 RM</b>	<b>2016 RM</b>	<b>2017 RM</b>	<b>2016 RM</b>
Land	315,812	315,812	-	-
Development expenditure	3,257,592	3,418,775	1,527,895	1,527,895
	<u>3,573,404</u>	<u>3,734,587</u>	<u>1,527,895</u>	<u>1,527,895</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**13. GOODWILL ON CONSOLIDATION**

**GROUP**

	<b>2017 RM</b>	<b>2016 RM</b>
Purchased goodwill, at cost	89,479,467	89,479,467
Less: Accumulated impairment losses	<u>(79,843,207)</u>	<u>(79,843,207)</u>
Net carrying amount	<u>9,636,260</u>	<u>9,636,260</u>

**14. TRADE RECEIVABLES**

**GROUP**

	<b>2017 RM</b>	<b>2016 RM</b>
Trade receivables	20,946,784	21,669,094
Less: Allowance for doubtful debts	<u>(3,834,037)</u>	<u>(2,967,997)</u>
	<u>17,112,747</u>	<u>18,701,097</u>

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables are as follows:

	<b>2017 RM</b>	<b>2016 RM</b>
Neither past due nor impaired	439,849	1,564,570
1 to 30 days past due not impaired	214,037	1,476,340
31 to 60 days past due not impaired	748,854	507,101
61 to 90 days past due not impaired	532,031	752,219
91 to 180 days past due not impaired	354,687	871,919
More than 180 days past due not impaired	<u>14,823,289</u>	<u>13,528,948</u>
	17,112,747	18,701,097
Impaired	<u>3,834,037</u>	<u>2,967,997</u>
	<u>20,946,784</u>	<u>21,669,094</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**14. TRADE RECEIVABLES...(Cont'd.)**

Trade receivables that are neither past due nor impaired

Trade receivables that were neither past due nor impaired relate to customers for whom there were no default.

Trade receivables that are past due but not impaired

Based on past experience and no adverse information to date, the directors of the Company are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

Movement in allowances accounts:

**GROUP**

	<b>2017 RM</b>	<b>2016 RM</b>
Beginning of the year	2,967,997	2,243,756
Addition	870,370	1,082,528
Bad debts written off	(4,330)	(358,287)
	<hr/>	<hr/>
End of the year	<u>3,834,037</u>	<u>2,967,997</u>

**15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2017 RM</b>	<b>2016 RM</b>	<b>2017 RM</b>	<b>2016 RM</b>
Other receivables, deposits and prepayment	12,651,030	13,411,324	1,595,107	4,389,727
Less: Allowances for doubtful debts	(4,586,221)	(543,763)	<hr/> -	<hr/> -
	<hr/> <u>8,064,809</u>	<hr/> <u>12,867,561</u>	<hr/> <u>1,595,107</u>	<hr/> <u>4,389,727</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**16. INVENTORIES**

**GROUP**

	<b>2017 RM</b>	<b>2016 RM</b>
At cost:		
Shop houses	1,959,037	2,040,696
Merchandise	-	51,295
Shop office	2,070,000	300,000
Bungalow	3,391,527	-
	<u>7,420,564</u>	<u>2,391,991</u>

5 unit of unsold shophouses (2016: 5 unit) at cost of RM481,210 (2016: RM481,210) is charged as security for credit facility granted to a subsidiary company.

**17. PROPERTY DEVELOPMENT COST**

**GROUP**

	<b>2017 RM</b>	<b>2016 RM</b>
Land	8,583,717	8,583,717
Development expenditure	206,648,925	192,302,713
Accumulated costs charged to statements of comprehensive income	<u>(191,998,034)</u>	<u>(191,134,637)</u>
	<u>23,234,608</u>	<u>9,751,793</u>
Development expenditure incurred during the year	7,096,446	13,984,520
Transfer from trade receivables	-	361,692
Transfer to inventories	(3,391,527)	-
Cost charged out to statements of comprehensive income	<u>-</u>	<u>(863,397)</u>
Balance as at end of the year	<u>26,939,527</u>	<u>23,234,608</u>

**Represented by:**

Land	8,583,717	8,583,717
Development expenditure	210,353,844	206,648,925
Accumulated costs charged to statements of comprehensive income	<u>(191,998,034)</u>	<u>(191,998,034)</u>
	<u>26,939,527</u>	<u>23,234,608</u>

Development costs that are expected to be completed within the normal operating cycle of 2 to 3 years are classified as current asset.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**18. AMOUNT DUE FROM HOLDING CORPORATION**

The holding corporation is Perbadanan Kemajuan Negeri Perak, a statutory body established under the Perak State Economic Development Corporation Enactment No. 3, 1967.

The amount due from holding corporation is unsecured, interest charged at rate of 6% (2016: Nil %), and repayable on demand.

**19. AMOUNT DUE FROM SUBSIDIARY COMPANIES**

Amount due from subsidiary companies are unsecured, interest free and repayable on demand.

**20. AMOUNT DUE FROM/(TO) RELATED COMPANIES**

The amount due from related companies are unsecured, interest free and has no fixed terms of repayment.

The amount due to related companies are unsecured and has no fixed terms of repayment. Interest rate is charged at 6% (2016: 7.5%) per annum is on amount owing of RM6,943,817 (2016: RM4,480,240) by certain related company. All other amounts are interest free.

**21. DEPOSITS, CASH AND BANK BALANCES**

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Fixed deposit with licensed bank	249,796	529,379	-	-
Cash and bank balances	2,332,180	3,889,442	192,243	451,059
	<u>2,581,976</u>	<u>4,418,821</u>	<u>192,243</u>	<u>451,059</u>

Included in the Group's cash and bank balances are amounts of RM406,994 (2016: RM444,927) subjected to the Housing Developers (Housing Development Account) (Amendment) Regulations 2002.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**22. SHARE CAPITAL**

**GROUP AND COMPANY**

	<b>2017 RM</b>	<b>2016 RM</b>
<b>Authorised:</b>		
850,000,000 ordinary shares with no par value (2016: par value of RM0.50 each)		
End of the year	-	<u>425,000,000</u>
<b>Issued and fully paid:</b>		
257,052,423 ordinary shares with no par value (2016: par value of RM0.50 each)		
As at beginning of year	128,526,212	99,214,833
Issue during the year arising from conversion of ICPS	-	29,311,379
Transition to no par value regime: - Share premium	<u>51,066,629</u>	<u>-</u>
As at end of year	<u>179,592,841</u>	<u>128,526,212</u>

The new Companies Act, 2016 ("New Act"), which came into operation on 31 January 2017, abolished the concept of nominal value in share. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the New Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The Company has a period of 24 months from the effective date of the Act to use the existing balances credited in the share premium account and in a manner as specified by the Act.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**23. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARE (“ICPS”)**

**GROUP AND COMPANY**

	<b>2017 RM</b>	<b>2016 RM</b>
<b>Authorised:</b>		
ICPS of RM0.50 each	-	75,000,000
<b>Issued and fully paid:</b>		
ICPS of RM0.50 each		
As at beginning of year	-	41,873,829
Conversion of ICPS to share capital	-	(29,311,379)
Conversion of ICPS to share premium	-	(12,562,450)
As at end of year	-	-

The principal terms of ICPS attached to them are as follows:

- i) Dividend                      The ICPS bear a fixed cumulative dividend of 1.0% per annum, payable after and including the third year. The ICPS holders will not be entitled to any rights, bonus issues, allotments and/or any other distributions that may be declared by the Company.
- ii) Maturity                      The maturity date of the ICPS is the ten anniversary date of the issue date of the ICPS.
- iii) Conversion right            The ICPS holders will have the right to convert the ICPS at conversion price into new Company’s ordinary shares and/or including the fifth anniversary of the date of issue the ICPS until maturity. Any nominal value not converted by maturity date will be mandatory converted into new ordinary shares on maturity date.
- iv) Conversion price            The conversion price of the ICPS into new ordinary shares shall be RM0.70 each. Fractions resulting from conversion, if any, shall be disregarded and the Company shall not be required to pay the ICPS holders the value of such fractions.
- v) Mode of conversion            Conversion shall be by tendering 10 ICPS for every 7 new ordinary shares of the Company.
- vi) Listing                         The ICPS and new ordinary shares to be issued pursuant to the conversion of the ICPS will be listed on the Bursa Malaysia Securities Berhad.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**23. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARE (“ICPS”)...(Cont’d.)**

- vii) Ranking                      The conversion shares shall rank parri passu in all respect with the then existing issued of ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distribution, the entitlement date of which is prior to the date of conversion of the ICPS.
- viii) Voting right                The ICPS holders shall not be entitled to voting rights except where the rights of ICPS holders are affected or on a resolution for the winding up of the Company.

**24. SHARE PREMIUM**

**GROUP AND COMPANY**

	<b>2017 RM</b>	<b>2016 RM</b>
As at beginning of the year	51,066,629	38,504,179
Addition during the year	-	12,562,450
Transition to no par value regime: Transfer to share capital	<u>(51,066,629)</u>	<u>-</u>
Balance as at end of the year	<u>-</u>	<u>51,066,629</u>

Share premium reserve arose from the issues of ordinary shares in excess of the par value. For the current financial year under review, this has been reclassified into share capital as required by the Companies Act, 2016.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**25. INVESTMENT REVALUATION RESERVE**

**GROUP**

	<b>2017 RM</b>	<b>2016 RM</b>
As at beginning of the year	819,163	803,679
Effect of adopting the fair value measurement on security available-for-sale	<u>(154,189)</u>	<u>15,484</u>
As at end of the year	<u>664,974</u>	<u>819,163</u>

Investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment are derecognised or impaired.

**26. NON-CONTROLLING INTEREST**

**GROUP**

This consists of the non-controlling shareholders' proportion of share capital and reserves of subsidiaries.

**27. OTHER PAYABLES AND ACCRUALS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2017 RM</b>	<b>2016 RM</b>	<b>2017 RM</b>	<b>2016 RM</b>
Other payables	18,495,417	8,788,118	2,561,150	5,204,282
Retention sum	45,526	45,526	-	-
Deposit and accruals	<u>2,700,879</u>	<u>2,949,670</u>	<u>816,018</u>	<u>1,014,466</u>
	<u>21,241,822</u>	<u>11,783,314</u>	<u>3,377,168</u>	<u>6,218,748</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

28. BANK BORROWINGS

	GROUP		COMPANY		Effective profit/ interest rate
	2017 RM	2016 RM	2017 RM	2016 RM	
<b><i>Not later than 1 year:</i></b>					
Secured loan	150,000	150,000	-	-	5.1%
Term loan	685,832	909,091	685,832	909,091	10.75%
Bank overdraft	2,367,024	1,472,498	-	-	4%
	<u>3,202,856</u>	<u>2,531,589</u>	<u>685,832</u>	<u>909,091</u>	
<b><i>Later than 1 year and not later than 5 years:</i></b>					
Secured loan	750,000	750,000	-	-	5.1%
Term loan	3,429,160	4,545,455	3,429,160	4,545,455	10.75%
	<u>4,179,160</u>	<u>5,295,455</u>	<u>3,429,160</u>	<u>4,545,455</u>	
<b><i>Later than 5 years:</i></b>					
Secured loan	1,300,000	1,450,000	-	-	5.1%
Term loan	5,444,220	1,711,619	5,444,220	1,711,619	10.75%
	<u>6,744,220</u>	<u>3,161,619</u>	<u>5,444,220</u>	<u>1,711,619</u>	
	<u>10,923,380</u>	<u>8,457,074</u>	<u>8,873,380</u>	<u>6,257,074</u>	
	<u>14,126,236</u>	<u>10,988,663</u>	<u>9,559,212</u>	<u>7,166,165</u>	



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**28. BANK BORROWINGS...(Cont'd.)**

- i) Secured loan (“Bai-Bithaman Ajil”) is secured by a property of the Group. The secured loan profit charged at a rate of 5.1%. The repayment is within 240 months and commenced on September 2012.
- ii) Term loan is relates to Business Financing-I (“Tawarruq”) up to RM10,000,000 to finance the refurbishment and renovation cost of Silveritage Galleria Complex. The term loan is secured by way of first legal charge over the leasehold land attached with building. The term loan profit charged at rate of 10.75% and the repayment is within 132 month and commenced on July 2016. This financing has been disbursed based on progressive claim.
- iii) The bank overdraft facility of the Group is secured by a first and second, third and fourth fixed charges amounting to RM1.5 million (2016: RM1.5 million) over certain properties of the Group. The bank overdraft bears interest at a rate of 4% (2016: 4%).

**29. HIRE PURCHASE PAYABLES**

**GROUP**

	<b>2017 RM</b>	<b>2016 RM</b>
<b>Minimum hire purchase payment:</b>		
Not later than 1 year	11,040	11,040
Later than 1 year and not later than 5 years	18,803	29,843
	<hr/>	<hr/>
	29,843	40,883
Future finance charges of hire purchase	(5,984)	(8,356)
	<hr/>	<hr/>
Present value of hire purchase liabilities	23,859	32,527
	<hr/>	<hr/>
<b>Present value of hire purchase liabilities:</b>		
Not later than 1 year	8,668	8,668
Later than 1 year and not later than 5 years	15,191	23,859
	<hr/>	<hr/>
	23,859	32,527
	<hr/>	<hr/>

The effective interest rate per annum of the hire purchase payables at the statement of financial position date is 2.58% (2016: 2.58%).



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**30. DEFERRED TAXATION**

**GROUP**

	<b>2017 RM</b>	<b>2016 RM</b>
As at beginning of the year	27,541,340	27,533,689
Charged from statement of comprehensive income (Note 33)	<u>(45,036)</u>	<u>7,651</u>
As at end of the year	<u><b>27,496,304</b></u>	<u><b>27,541,340</b></u>

The deferred tax, determined before appropriate offsetting as follows:

Deferred tax assets	(205,439)	(205,439)
Deferred tax liabilities	<u>27,701,743</u>	<u>27,746,779</u>
	<u><b>27,496,304</b></u>	<u><b>27,541,340</b></u>

Deferred taxation are in respect of the following items:

	<b>2017 RM</b>	<b>2016 RM</b>
Unutilised tax losses	(205,439)	(205,439)
Capital allowances excess depreciation	12,970	58,006
Revaluation	27,720,539	27,720,539
Provisions	<u>(31,766)</u>	<u>(31,766)</u>
	<u><b>27,496,304</b></u>	<u><b>27,541,340</b></u>

**31. (LOSS)/PROFIT FROM OPERATION**

(Loss)/Profit from operation is arrived at after charging/(crediting):

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2017 RM</b>	<b>2016 RM</b>	<b>2017 RM</b>	<b>2016 RM</b>
Audit fee	117,400	115,700	24,700	24,700
Allowances for doubtful debts	4,912,827	1,080,018	-	-
Bad debt written off	5,189	-	-	-
Property, plant and equipment written off	<u>-</u>	<u>11,792</u>	<u>-</u>	<u>11,792</u>





**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**31. (LOSS)/PROFIT FROM OPERATION...(Cont'd.)**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Remunerations of key personnel management				
- fee	642,250	443,000	380,250	375,000
- other than fee	425,659	758,160	425,659	652,160
Depreciation of property, plant and equipment	1,440,687	1,473,594	68,920	71,846
Depreciation of investment properties	86,422	86,423	3,652	3,653
Impairment on contract work-in-progress	-	386,756	-	-
Rental of premises	606,379	567,069	435,379	567,069
Staff cost:				
- Short term benefit	3,485,175	4,654,662	1,234,647	1,455,582
- EPF and pension contribution	629,756	742,231	266,752	306,479
Gain on disposal of property, plant and equipment	(18,528)	-	-	-
Interest income	(588,956)	(289,369)	(408,681)	(303,555)
Interest charged to holding corporation	(1,081,971)	-	(494,522)	-
Rental income	(151,178)	(149,940)	-	-
Waiver of payables	(6,580)	-	-	-

Remunerations of key personnel management comprise the following:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Directors:</b>				
Fee	642,250	443,000	380,250	375,000
Salaries and other emoluments	425,659	758,160	425,659	652,160
<b>Chairman:</b>				
Salaries and other emoluments	-	132,000	-	-

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**31. (LOSS)/PROFIT FROM OPERATION...(Cont'd.)**

Range of emoluments of the Company's directors are as follows:

	<b>Number of directors</b>	
	<b>2017</b>	<b>2016</b>
Above RM50,001	1	1
RM30,001 – RM50,000	7	7
Below RM30,000	2	-

**32. FINANCE COSTS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Secured loan profit	89,577	103,971	-	-
Term loan profit	402,285	166,140	402,285	166,140
Interest on related companies	416,629	336,018	323,047	333,432
Interest on holding corporation	1,042,498	-	-	-
Hire purchase interest	2,300	7,281	-	4,981
Bank overdraft interest	125,237	-	-	-
	<u>2,078,526</u>	<u>613,410</u>	<u>725,332</u>	<u>504,553</u>

**33. TAXATION**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Provision for the year	442,420	260,854	-	-
Under provision in prior year	38,443	83,780	54,569	-
Deferred tax expenses relating to the origination and reversal of temporary differences (Note 30)	(45,036)	7,651	-	-
	<u>435,827</u>	<u>352,285</u>	<u>54,569</u>	<u>-</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**33. TAXATION...(Cont'd.)**

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
(Loss)/Profit before taxation	(10,472,358)	3,226,280	(4,334,849)	(120,636)
Malaysia statutory tax rate :				
- at 24%	(2,513,366)	774,307	(1,040,364)	(28,953)
Income not subject to tax	(517,665)	(3,015,394)	-	(1,318,339)
Tax effect on expenses not deductible for tax purposes	2,192,324	2,158,427	373,011	1,347,292
Tax effect on utilisation of unabsorbed capital allowances and tax losses	(219,505)	(481,003)	-	-
Under provision in prior year	38,443	83,780	54,569	-
Deferred tax assets not recognised during the year	1,455,596	712,168	667,353	-
Share of results of a jointly controlled entity	-	120,000	-	-
Tax expenses for the year	435,827	352,285	54,569	-

Deferred tax assets have not been recognised in respect of the following items:

	GROUP		GROUP	
	2017 RM	2016 RM	2017 RM	2016 RM
Unabsorbed capital allowances	1,837,090	754,212	360,694	328,018
Unutilised tax losses	22,485,138	19,819,935	9,836,600	7,055,964
	24,322,228	20,574,147	10,197,294	7,383,982

The above unabsorbed capital allowances and unutilised tax losses are available indefinitely for offset against future taxable profit subject to the approval with the Inland Revenue Board. Deferred tax assets have not been recognised in respect of this item due to uncertainty of its recoverability.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**34. (LOSS)/EARNINGS PER SHARE**

**Basic (loss)/earning per share**

The basic (loss)/earnings per share is calculated by dividing the Group's net (loss)/profit attributable to shareholders (net dividend of ICPS) by the weighted average number of shares in issue during the year.

	<b>GROUP</b>	
	<b>2017 RM</b>	<b>2016 RM</b>
Net (loss)/income attributable to shareholders	(11,009,604)	2,684,973
Weighted average number of ordinary shares in issue	257,052,423	257,052,423
	<b>SEN</b>	<b>SEN</b>
Basic (loss)/earnings per share	(4.28)	1.04

**Diluted (loss)/earning per share**

No diluted (loss)/earnings per share is disclosed in these financial statements as there is no dilutive potential ordinary share.

**35. DIVIDENDS**

Since the end of the previous financial year, the Company paid:

- i) a first interim dividend of 1.06 sen per share amounting to RM2,725,803 in respect of the financial year ended 31 December 2015 on 21 June 2016;
- ii) a final dividend of 1.08 sen per share amounting RM2,777,191 in respect of the financial year ended 31 December 2015 on 25 August 2016;
- iii) Outstanding Irredeemable Cumulative Preference Shares ("ICPS") dividend a total of 2% per RM0.50 ICPS in respect of of the First Anniversary (Year 2007) and Second Anniversary (Year 2008) amounting RM1,359,306 on 23 December 2016.
- iv) Outstanding Irredeemable Cumulative Preference Shares ("ICPS") dividend of 1% per RM0.50 ICPS in respect of the Tenth-Year Anniversary (Year 2016) amounting RM418,428 on 23 December 2016.

The Board does not recommend the payment of a final dividend in respect of the financial year ended 31 December 2017.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**36. SEGMENTAL REPORTING**

**i) Business segment**

**31 December 2017**

	<b>Property development RM</b>	<b>Property management RM</b>	<b>Merchandise RM</b>	<b>Others RM</b>	<b>Total RM</b>
Revenue	2,200,297	808,035	5,172,670	3,109,956	11,290,958
<b>Results</b>					
Segment result	(1,756,969)	574,278	302,722	(9,592,389)	(10,472,358)
Taxation					<u>(435,827)</u>
Net loss for the year					(10,908,185)
Non-controlling interest					<u>(101,419)</u>
Net loss for the year attributable to equity holders of the Company					<u>(11,009,604)</u>

**31 December 2016**

	<b>Property development RM</b>	<b>Property management RM</b>	<b>Merchandise RM</b>	<b>Others RM</b>	<b>Total RM</b>
Revenue	10,335,800	1,790,133	6,167,594	2,806,051	21,099,578
<b>Results</b>					
Segment result	3,913,667	1,057,235	485,319	(2,229,941)	3,226,280
Taxation					<u>(352,285)</u>
Net profit for the year					2,873,995
Non-controlling interest					<u>(189,022)</u>
Net profit for the year attributable to equity holders of the Company					<u>2,684,973</u>

**ii) Geographical segment**

The segmental information is not presented by geographical segment as the Group's business activities are predominantly located in Malaysia.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**37. CONTINGENT LIABILITIES**

	<b>GROUP</b>	
	<b>2017 RM</b>	<b>2016 RM</b>
<b>Unsecured:</b>		
Bank guarantee given to related parties for the purpose of utilities.	55,000	55,000

**38. SIGNIFICANT RELATED PARTY TRANSACTION**

For the purpose of these financial statements, parties are considered to be related to the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence.

**a) Transaction within the Group**

	<b>2017 RM</b>	<b>2016 RM</b>
Repayment of debt to holding corporation	-	2,736,321
Advanced paid to holding corporation	-	1,600,000
Advanced received from holding corporation	3,388,560	-
Dividend paid by holding corporation	-	7,280,728

**b) Transaction with key personnel management**

Key personnel management are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company. The details analysis of transactions made during the financial year are disclosed in Note 31 to the financial statements.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**39. FINANCIAL INSTRUMENTS**

***Financial Risk Management***

a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 to the Financial Statements describe how the classes of financial instruments are measured, and how income and expense, including fair value gains or losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

<b>GROUP</b>	<b>Loans and Receivables RM</b>	<b>Available- For-Sale RM</b>	<b>Financial Liabilities at Amortised Cost RM</b>	<b>Total RM</b>
<b>At 31 December 2017</b>				
<b>Financial Assets</b>				
Trade receivables	17,112,747	-	-	17,112,747
Other receivables, deposit and prepayments	8,064,809	-	-	8,064,809
Amount due from holding corporation	766,550	-	-	766,550
Amount due from related companies	11,217,317	-	-	11,217,317
Other investments	-	1,373,573	-	1,373,573
Deposit, cash and cash equivalents	2,581,976	-	-	2,581,976
	<u>39,743,399</u>	<u>1,373,573</u>	<u>-</u>	<u>41,116,972</u>
<b>Financial Liabilities</b>				
Trade payables	-	-	7,658,763	7,658,763
Other payables and accrual	-	-	21,241,822	21,241,822
Amount due to related companies	-	-	16,411,698	16,411,698
Bank borrowings	-	-	14,126,236	14,126,236
Hire purchase payables	-	-	23,859	23,859
	<u>-</u>	<u>-</u>	<u>59,462,378</u>	<u>59,462,378</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**39. FINANCIAL INSTRUMENTS...(Cont'd.)**

*Financial Risk Management*

GROUP	Loans and Receivables RM	Available- For-Sale RM	Financial Liabilities at Amortised Cost RM	Total RM
<b>At 31 December 2016</b>				
<b>Financial Assets</b>				
Trade receivables	18,701,097	-	-	18,701,097
Other receivables, deposit and prepayments	12,867,561	-	-	12,867,561
Amount due from holding corporation	5,562,188	-	-	5,562,188
Amount due from related companies	11,015,571	-	-	11,015,571
Other investments	-	1,527,762	-	1,527,762
Deposit, cash and cash equivalents	4,418,821	-	-	4,418,821
	<u>52,565,238</u>	<u>1,527,762</u>	<u>-</u>	<u>54,093,000</u>
<b>Financial Liabilities</b>				
Trade payables	-	-	16,240,920	16,240,920
Other payables and accrual	-	-	11,783,314	11,783,314
Amount due to related companies	-	-	13,584,609	13,584,609
Bank borrowings	-	-	10,988,663	10,988,663
Hire purchase payables	-	-	32,527	32,527
	<u>-</u>	<u>-</u>	<u>52,630,033</u>	<u>52,630,033</u>





**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**39. FINANCIAL INSTRUMENTS...(Cont'd.)**

***Financial Risk Management***

b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operation whilst managing its financial risks, including credit risks, liquidity and cash flow risk and interest rate risk. The Group and the Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transaction.

i) Credit risk

i) Receivables

The Group's exposure to credit risk arises mainly from receivables. Receivables are monitored on an on-going basis via management reporting procedure and action is taken to recover debts when due.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk arising from receivables is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Impairment losses

The allowances account in respect of trade receivables is used to record impairment losses. Unless the Group and the Company is satisfied that recovery of the amount is possible, the amount considered is irrecoverable is written off against the receivables directly.

ii) Inter-company balances

The Company provides unsecured loans and advances to related companies. The Company monitors the results of the related companies regularly.

Exposure to credit risk

At the reporting date, the maximum exposure to credit risk from unsecured loans and advances to related companies is represented by their carrying amounts in the statements of financial position.

Loans and advances are only provided to related companies which are wholly owned by the holding corporation.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**39. FINANCIAL INSTRUMENTS...(Cont'd.)**

***Financial Risk Management***

ii) Liquidity and cash flow risk

The Group and the Company actively manage its debts maturity profile, operating cashflows and availability of funding so as to ensure that all repayment and funding needs are met.

The table below summarises the maturity profile of the Group and of the Company's liabilities at the financial year end based on contractual undiscounted repayment obligations.

**GROUP**

	On demand RM	Not later than 1 year RM	Later than 1 year RM	Total RM
At 31 December 2017				
Trade and other payables	-	28,900,585	-	28,900,585
Amount due to related companies	16,411,698	-	-	16,411,698
Bank borrowings	-	3,202,856	10,923,380	14,126,236
Hire purchase payables	-	8,668	15,191	23,859
	<u>16,411,698</u>	<u>32,112,109</u>	<u>10,938,571</u>	<u>59,462,378</u>
At 31 December 2016				
Trade and other payables	-	28,024,234	-	28,024,234
Amount due to related companies	13,584,609	-	-	13,584,609
Bank borrowings	-	2,531,589	8,457,074	10,988,663
Hire purchase payables	-	8,668	23,859	32,527
	<u>13,584,609</u>	<u>30,564,491</u>	<u>8,480,933</u>	<u>52,630,033</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**39. FINANCIAL INSTRUMENTS...(Cont'd.)**

***Financial Risk Management***

**COMPANY**

	On demand RM	Not later than 1 year RM	Later than 1 year RM	Total RM
At 31 December 2017				
Other payables	-	3,377,168	-	3,377,168
Amount due to related companies	5,725,895	-	-	5,725,895
Bank Borrowings	-	685,832	8,873,380	9,559,212
	<u>5,725,895</u>	<u>4,063,000</u>	<u>8,873,380</u>	<u>18,662,275</u>
At 31 December 2016				
Other payables	-	6,218,748	-	6,218,748
Amount due to related companies	4,801,189	-	-	4,801,189
Bank Borrowings	-	909,091	6,257,074	7,166,165
	<u>4,801,189</u>	<u>7,127,839</u>	<u>6,257,074</u>	<u>18,186,102</u>

iii) Interest rate risk

The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group is exposed to interest rate risk arising from its short and long term debts obligations, and its fixed deposits. Fixed deposits interest rate is insignificant and any fluctuations in the rate would have no material impact on the results of the Company.

Interest rate risk sensitivity

An increase in market interest rates by 1% on financial asset and financial liability of the Group which have variable interest rates at the end of the reporting period would increase loss before taxation by RM23,670 (2016: decrease profit before taxation by RM14,725). This analysis assumes that all other variables remain unchanged.

A decrease in market interest rates by 1% on financial asset and financial liability of the Group and the Company which have variable interest rates at the end of the reporting period would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**39. FINANCIAL INSTRUMENTS...(Cont'd.)**

***Financial Risk Management***

c) Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, receivables, payables, inter company balances and short term borrowings including hire purchase are approximate their fair values due to the relatively short term nature of these financial instruments.

The fair values of investment properties is disclosed in Note 10 to the financial statements.

The fair values of quoted shares is determined directly by reference to its published market bid price at the financial year end.

The fair values of all other financial assets and liabilities of the Group and of the Company as at 31 December 2017 are not materially different from their carrying amounts.

***Capital Risk Management***

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholder and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or sell assets to reduce debts. Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the statements of financial position) less cash and cash equivalent. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**39. FINANCIAL INSTRUMENTS...(Cont'd.)**

***Capital Risk Management***

The gearing ratios at 31 December 2017 and 2016 were as follow:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2017 RM</b>	<b>2016 RM</b>	<b>2017 RM</b>	<b>2016 RM</b>
Amount due to related companies	16,411,698	13,584,609	5,725,895	4,801,189
Bank borrowings	14,126,236	10,988,663	9,559,212	7,166,165
Hire purchase payables	23,859	32,527	-	-
	<u>30,561,793</u>	<u>24,605,799</u>	<u>15,285,107</u>	<u>11,967,354</u>
Less: cash and cash equivalent	<u>(214,952)</u>	<u>(2,946,323)</u>	<u>(192,243)</u>	<u>(451,059)</u>
Net debt	30,346,841	21,659,476	15,092,864	11,516,295
Total equity	<u>207,657,159</u>	<u>218,719,533</u>	<u>179,466,499</u>	<u>183,855,917</u>
Total capital	<u>238,004,000</u>	<u>240,379,009</u>	<u>194,559,363</u>	<u>195,372,212</u>
Gearing ratio	<u>12.75%</u>	<u>9.00%</u>	<u>7.76%</u>	<u>5.89%</u>

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

**40. FAIR VALUE HIERARCHIES OF FINANCIAL INSTRUMENTS**

The fair value measurement hierarchies used to measure assets and liabilities carried at fair value in the statements of financial position as at 31 December 2017 are as follows:

- a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly, (i.e. prices) or indirectly (i.e. derived from prices).
- c) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

**40. FAIR VALUE HIERARCHIES OF FINANCIAL INSTRUMENTS...(Cont'd.)**

<b>Group</b>	<b>Level 1 RM</b>	<b>Level 2 RM</b>	<b>Total RM</b>
<b>As at 31 December 2017</b>			
<b>Asset</b>			
AFS Financial assets	1,373,573	10,918,918	12,292,491
<b>As at 31 December 2016</b>			
<b>Asset</b>			
AFS Financial assets	1,527,762	10,918,918	12,446,680
<b>Company</b>			
<b>As at 31 December 2017</b>			
<b>Asset</b>			
AFS Financial assets	-	200,000	200,000
<b>As at 31 December 2016</b>			
<b>Asset</b>			
AFS Financial assets	-	200,000	200,000

There were no transfers between Level 1 and Level 2 during the current and previous financial years.

The Group and the Company do not have any financial liabilities carried at fair value nor any financial instruments classified as Level 3 as at 31 December 2017 and 31 December 2016.

**41. AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS**

The financial statements of the Company were authorised for issue by the Board of Directors on 27 April 2018.



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# ANNUAL REPORT 2017 REQUEST FORM

To  
THE COMPANY SECRETARY  
**MAJUPERAK HOLDINGS BERHAD** 585389-X  
55A Medan Ipoh 1A  
Medan Ipoh Bistari  
31400 IPOH  
Perak

Please send to me/us a printed full version of Majuperak Holdings Berhad Annual Report 2017.

Name of Shareholder (full name in block letters):

\_\_\_\_\_

NRIC No./Passport No./Company No.: \_\_\_\_\_

CDS Account No.: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Tel. No.: \_\_\_\_\_

Date: \_\_\_\_\_

Signature of Shareholder: \_\_\_\_\_

## Personal Data Privacy:

By submitting the request form, the shareholder consents to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010.



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THE COMPANY SECRETARY  
**MAJUPERAK HOLDINGS BERHAD** 585389-X  
55A Medan Ipoh 1A  
Medan Ipoh Bistari  
31400 IPOH  
Perak

80 sen stamp  
(within Malaysia)

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# FORM OF PROXY

MAJUPERAK HOLDINGS BERHAD (585389-X)  
(Incorporated In Malaysia)



No. of Shares Held	CDS Account No.	Telephone No.

I/We, \_\_\_\_\_

NRIC No./Company No. \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ being a member  
of Majuperak Holdings Berhad hereby appoint the following person(s):

Name of Proxy & NRIC No.	No. of Ordinary Shares	%
1.		
2.		
<b>or failing him/her</b>		
1.		
2.		

or failing him/her, the Chairman of the Meeting as my/our proxy, to vote for me/us and on my/our behalf at the Fifteenth Annual General Meeting ("AGM") of the Company to be held at Aman Jaya Convention Centre, Casuarina @ Meru Hotel, Bandar Meru Raya, 30020 Ipoh, Perak Darul Ridzuan on Monday, 25 June 2018 at 11.00 a.m. and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Ordinary Business	Ordinary Resolution No.	For	Against
To approve the payment of Directors' Fees	1		
To approve the payment of Directors' Benefits	2		
To re-elect the following Directors:			
(i) Y.Bhg. Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas	3		
(ii) Y.Bhg. Dato' Aminuddin Bin Md Desa	4		
(iii) Y.B. Dato' Mohd Azhar Bin Jamaluddin	5		
To re-appoint Messrs AljeffriDean as Auditors of the Company and to authorise the Directors to fix their remuneration	6		
<b>Special Business</b>			
Retention of Independent Non-Executive Directors			
(i) Y.Bhg. Tan Sri Dato' Seri Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas	7		
(ii) Tuan Haji Mustapha Bin Mohamed	8		
Authority to allot and issue shares in general pursuant to Section 75 of the Companies Act, 2016	9		
Proposed renewal of existing shareholders' mandate for the Recurrent Related Party Transactions of A Revenue or Trading Nature	10		

Please indicate with (✓) or (X) how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.

\_\_\_\_\_ Date

\_\_\_\_\_ Signature of Shareholder/Common Seal

## NOTES:

1. Only members whose names appear on the Record of Depositors as at 18 June 2018 shall be entitled to attend the Annual General Meeting or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.
2. A member entitled to attend and vote at the AGM is entitled to appoint a proxy/proxies who may but need not be member/members of the Company to attend and vote in his/her stead. The appointed proxy/proxies must be at least 18 years old and above.
3. A member shall not be entitled to appoint more than two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
4. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an 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.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. Any alteration to the instrument appointing proxy must be initialed.
6. The instrument appointing a proxy must be deposited with the Company Secretaries at 55A Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting. Faxed or emailed copies are not acceptable.
7. Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of Fifteenth Annual General Meeting will be put to vote on a poll.
8. The registration for the above Meeting will commence on Monday, 25 June 2018 at 9.30a.m.
9. For verification purposes, members and proxies are required to produce their original identity card at the registration counter. No person will be allowed to register on behalf of another person even with the original card of that other person.
10. Personal Data Privacy – By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company hereby agree and consent that any of your personal data in our possession shall be processed by us in accordance with the Personal Data Protection Act 2010. Further, you hereby warrant that relevant consent has been obtained by you for us to process any third party's personal data in accordance with the said Act.

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THE COMPANY SECRETARY  
**MAJUPERAK HOLDINGS BERHAD** 585389-X  
55A Medan Ipoh 1A  
Medan Ipoh Bistari  
31400 IPOH  
Perak

80 sen stamp  
(within Malaysia)

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