



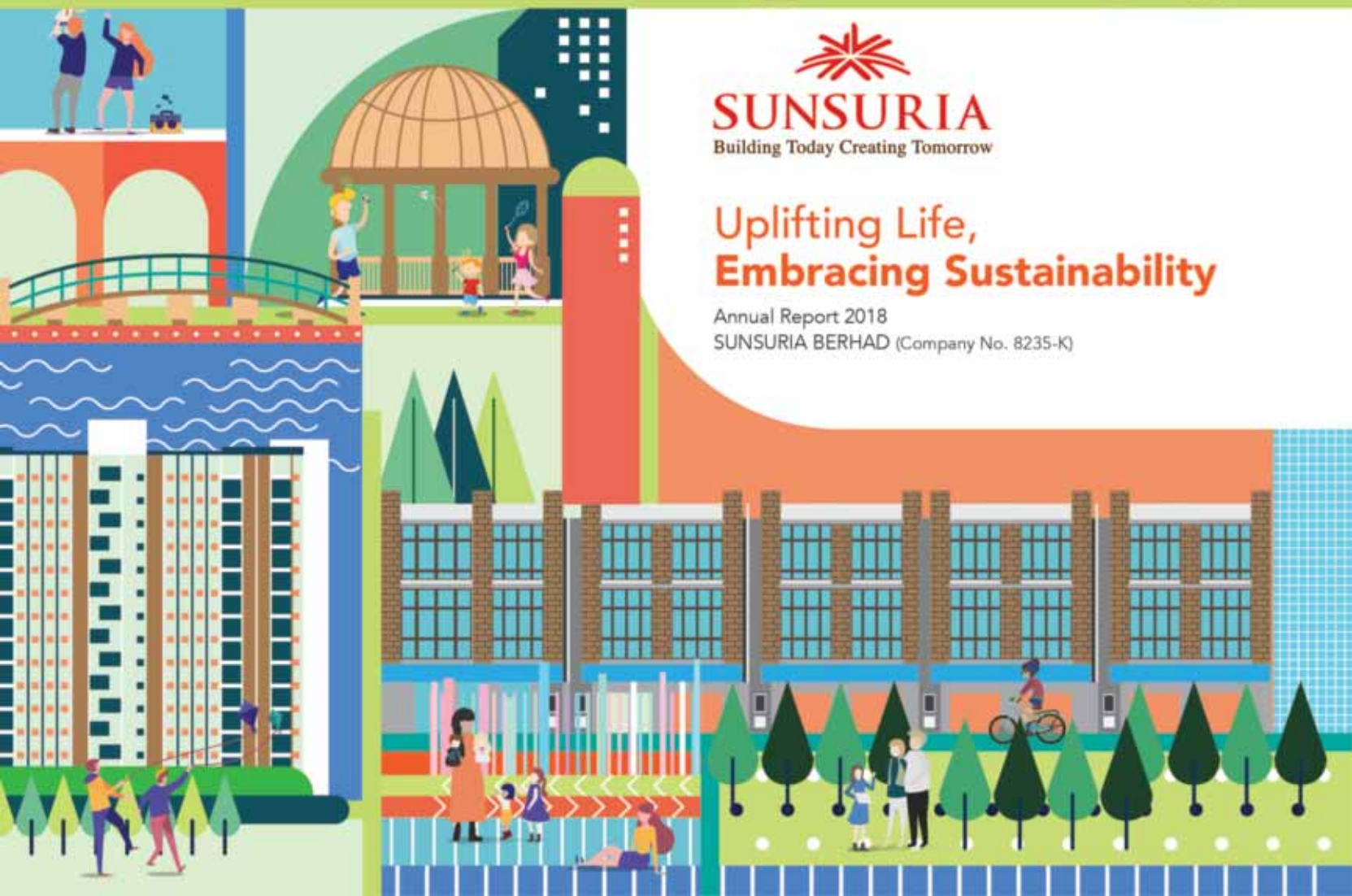
**SUNSURIA**

Building Today Creating Tomorrow

## Uplifting Life, Embracing Sustainability

Annual Report 2018

SUNSURIA BERHAD (Company No. 8235-K)





## UPLIFTING LIFE, EMBRACING SUSTAINABILITY

At Sunsuria Berhad, we are guided by three principles - Smart, Livable and Sustainable. We enrich lives by anticipating every need and endowing our communities with extensive amenities to exceed all expectations.

Our careful planning prioritises the creation of sustainable value for our customers and communities.

On the cover, the illustration highlights the multitude of facilities that are embedded within our developments while expressing our passion for sustainability.

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## Proxy Form



To be a progressive corporation which we can take pride in. One that is valued and respected by all our stakeholders.

# OUR VISION MISSION

To engage and delight our customers by delivering a distinctly Sunsuria experience of service excellence and warmth, through a culture of integrity, quality and reliability.

## OUR VALUES



RELIABILITY



INTEGRITY



RESPECTFUL



COMMITTED



PROGRESSIVE

### RESPECTFUL

We respect and value the community in which we operate and strive to enrich it. We take pride in working as a team and believe in earning respect through our actions.

### COMMITTED

We are committed to achieve excellence in all that we do and delivering the best experience for our customers.

### PROGRESSIVE

We constantly embrace change to remain relevant in the marketplace. We strive for continuous improvement and innovation as a trendsetter in the industry.

# OUR CORPORATE PROFILE



**Sunsuria is an award-winning public-listed property developer that has also diversified into construction, landscaping, and other complementary businesses or joint ventures. Since 1989, Sunsuria has delivered projects from light industrial factories to commercial units and residences. Sunsuria will continue to raise the bar of quality, value and lifestyle developments in the future.**

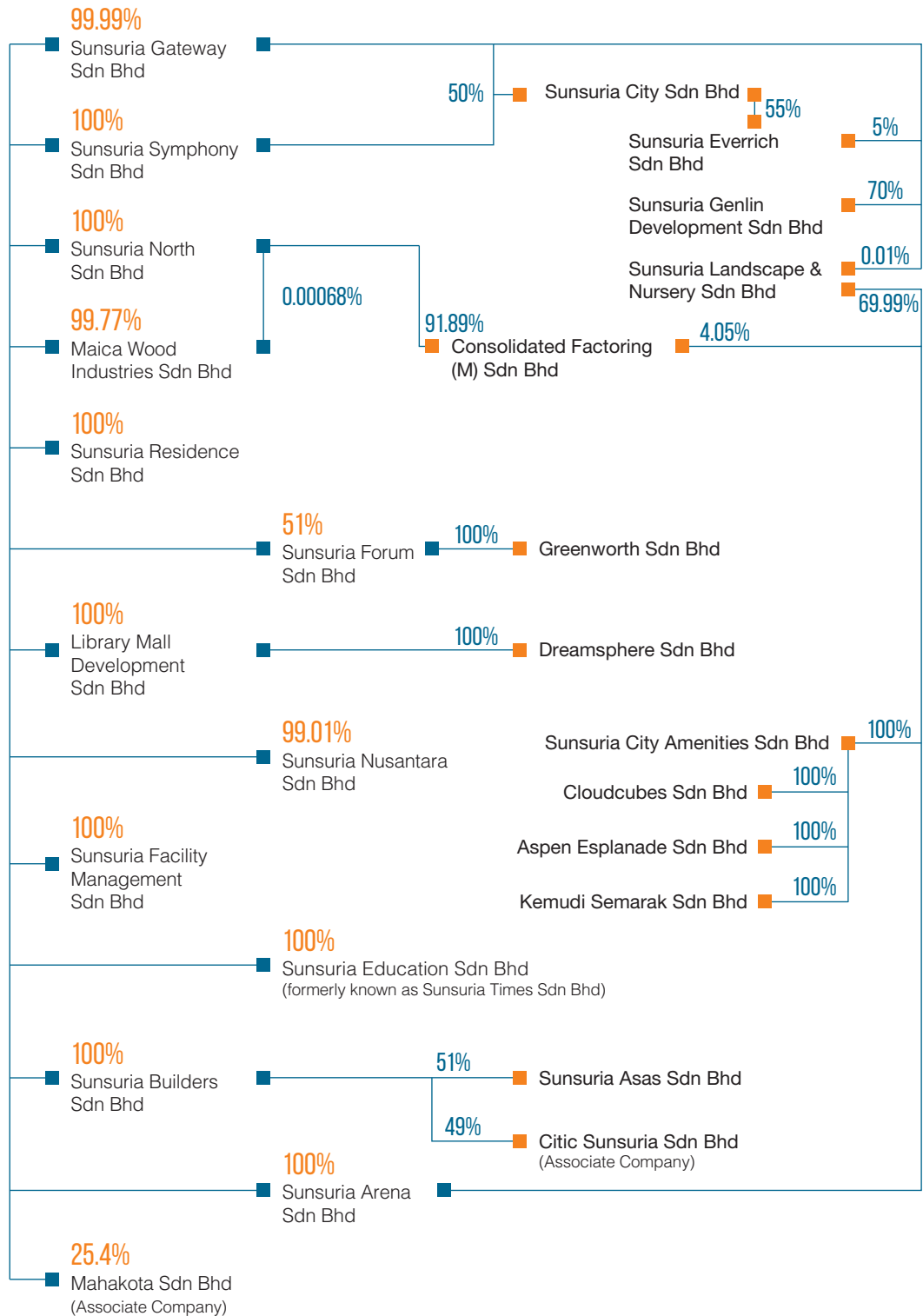
The roots of Sunsuria Group dates back to 1989, when its founder and owner, Tan Sri Datuk Ter Leong Yap, started to develop various residential, commercial and industrial property projects within Klang Valley. Today, Sunsuria has grown into a multi-faceted and well-established property developer, delivering innovative, high quality properties in Malaysia.

Sunsuria has embarked on a 525-acre flagship development located at Salak Tinggi, Putrajaya South with the name of "Sunsuria City". The development is designed with the guiding principles of Smart, Livable and Sustainable. It is a freehold integrated township that will become the new international landmark with Xiamen University Malaysia, the first overseas campus of Chinese university, and international premium shopping outlet (Horizon Village Outlets) within its vicinity.

Sunsuria has been growing from strength to strength, embracing new challenges as we expand our expertise. Being a community-focused, growth and value-oriented developer, Sunsuria places reliability at the core of its operations and will continue to ensure better value creation for its stakeholders, focusing especially on our customers.

Over the years, Sunsuria has gained recognition as among the leading property developers in Malaysia, winning notable accolades such as Property Insight Prestigious Developers Award (PIPDA) 2018 for Best Office Development, Highest Returns to Shareholders Over Three Years (Property) at The Edge Billion Ringgit Club Corporate Awards 2017, The Edge Top 30 Property Developers Award 2016, Best Township Development by iProperty.com Malaysia People's Choice Awards 2016 and Best Sustainable Township Development by Property Insights.

# CORPORATE STRUCTURE



## CORPORATE INFORMATION

## Board Of Directors

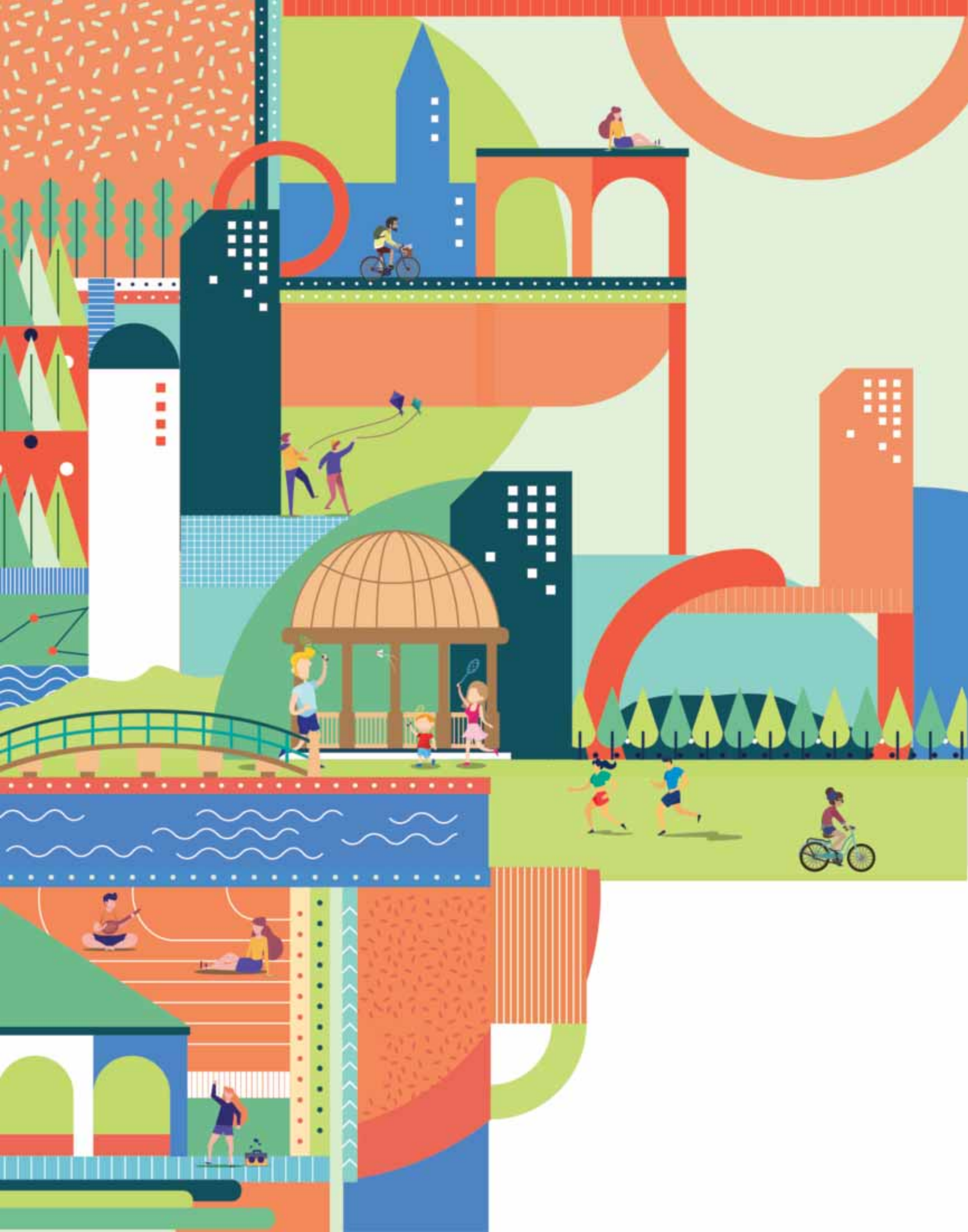
**Tan Sri Datuk Ter Leong Yap**

Executive Chairman

**Koong Wai Seng**Executive Director/  
Chief Executive Officer**Tan Pei Geok**Senior Independent  
Non-Executive Director**Dato' Quek Ngee Meng**

Independent Non-Executive Director

**Datin Loa Bee Ha**Non-Independent  
Non-Executive Director**Audit Committee**Tan Pei Geok (Chairman)  
Datin Loa Bee Ha  
Dato' Quek Ngee Meng**Nomination and  
Remuneration Committee**Tan Pei Geok (Chairman)  
Datin Loa Bee Ha  
Dato' Quek Ngee Meng**Risk Management Committee**Dato' Quek Ngee Meng (Chairman)  
Tan Pei Geok  
Koong Wai Seng**Company Secretaries**Lee Swee Kheng (MIA 12754)  
Lim Siew Ting (MAICSA 7029466)**Auditors**Messrs Deloitte PLT (LLP0010145-LCA)  
Chartered Accountants (AF0080)  
Level 16, Menara LGB  
1 Jalan Wan Kadir  
Taman Tun Dr Ismail  
60000 Kuala Lumpur**Stock Exchange Listing**Main Market of Bursa Malaysia  
Securities Berhad  
Stock Name: SUNSURIA  
Stock Code: 3743  
Sector: Properties**Registered Office And Head Office**Suite 8, Main Tower,  
Sunsuria Avenue,  
Persiaran Mahogani,  
Kota Damansara, PJU 5,  
47810 Petaling Jaya,  
Selangor, Malaysia  
Tel : (03) 6145 7777  
Fax : (03) 6145 7778  
Website : www.sunsuria.com**Principal Bankers**Public Bank Berhad  
CIMB Bank Berhad  
AmBank (M) Berhad  
OCBC Bank (Malaysia) Berhad  
RHB Bank Berhad  
Malayan Banking Berhad**Share Registrar**Tricor Investor & Issuing House  
Services Sdn Bhd**Office:**Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : (603) 2783 9299  
Fax : (603) 2783 9222**Customer Service Centre:**Unit G-3, Ground Floor, Vertical Podium  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur







# NURTURING LIVABLE COMMUNITIES

We invest great effort in planning communities that are designed to thrive naturally. By creating livable environments, we are enhancing the quality of life for our customers.

# EXECUTIVE CHAIRMAN'S STATEMENT

**TAN SRI DATUK TER LEONG YAP**  
Executive Chairman



## DEAR VALUED SHAREHOLDERS,

2018 has been an eventful year and Sunsuria Berhad and its subsidiaries ("the Group") have again recorded yet another commendable year, achieving year-on-year Revenue and Profit After Tax of RM491.5million and RM101.6million respectively, recording a Revenue and Net Profit growth of 23.3% and 12.0% respectively.

On behalf of the Board of Directors of Sunsuria Berhad ("the Company") it is my pleasure to present to you the Company's Annual Report and Financial Statements for the Financial Year ended 30 September 2018.

### A CHALLENGING ECONOMIC LANDSCAPE

In contrast to 2017 when growth rose across most advanced and emerging economies, 2018 was more challenging in many respects including the US-China trade war, rising interest rates in the US, tighter fiscal policies, pressure on the exchange rates especially in emerging markets, rising oil prices, and even increased geo-political tensions.

On the domestic front, the Malaysian economy experienced moderate growth of 4.4% in the third quarter 2018 as compared to 6.2% in 2017 due to lower public investments and net export growth. Private sector spending however remained resilient and grew further by 6.9% with private consumption also increasing strongly by 9.0%.

While growth in the construction sector continues to moderate, the residential and non-residential property development sub-sectors continue to decline, partially due to the significant number of unsold residential properties and oversupply of office spaces and shopping complexes.



REVENUE  
**+23.3%**

## EXECUTIVE CHAIRMAN'S STATEMENT

**A HEALTHY FINANCIAL PERFORMANCE**

For the financial year ended 30 September 2018 ("FY2018"), the Group's revenue totalled RM491.5million, which is 23.3% higher than the RM398.5million recorded in the financial year ended 30 September 2017 ("FY2017"). Profit before taxation also increased by 20.1% to RM165.7million in the year under review compared to RM138.0million in the previous financial year.

This increase was primarily due to the completion of three development projects, namely Suria Residence at Bukit Jelutong, The Forum 1 at Setia Alam and Bell Avenue at Sunsuria City. Other on-going projects that also contributed to the increase in revenue and profit before taxation were Jasper Square, The Olive, Bell Suites SOHO, Monet Lily, Monet Springtime and Monet Garden.

A more in-depth review of our financial and operational performance will be reported under the Management Discussion and Analysis section of this Annual Report.

**STRATEGIC CORPORATE INITIATIVES**

As part of the Group's strategic initiatives to maintain growth momentum and ensure long term sustainability, we have continued to pursue several corporate exercises in 2018.

Among the notable corporate collaboration was the Joint Development Agreement between Library Mall Development Sdn Bhd and CI Medini Sdn Bhd to undertake the development of a 6-storey stratified multi-storey shops known as Pusat Perdagangan ION Akses in Pulai, Johor, and the disposal of individual parcels of the stratified multi-storey shops within the said development. This joint development is expected to enhance the Company's profitability and returns to shareholders, and improve shareholders' value over the medium term.

In addition, a Collaboration Agreement between Sunsuria Education Sdn Bhd (formerly known as Sunsuria Times Sdn Bhd) and Concord College International Limited was reached to establish and operate a private educational institution called Concord College Malaysia. Located in Sunsuria City, Concord College Malaysia is expected to benefit the local community

within and beyond Sunsuria City, providing access to quality international education and enhancing the key principles of developing a Smart, Livable and Sustainable township.

At the Company's Annual General Meeting held on 8 March 2018, the Company has obtained its shareholders' approval to diversify the Group's existing principal activities of property development to include construction and other related businesses. The said construction and other related businesses would be undertaken through the Company's indirect 51%-owned subsidiary, Sunsuria Asas Sdn Bhd, and an indirect 49%-owned joint venture company, Citic Sunsuria Sdn Bhd, providing opportunities for the Group to venture into the construction segment.



NET PROFIT

**+12.0%**

## EXECUTIVE CHAIRMAN'S STATEMENT



### VALUE CREATION FOR SHAREHOLDERS

As part of our strategy to creating good long-term shareholder value, the Board of Directors (“the Board”) has not recommended the payment of dividend in FY2018 as the Group continues to consolidate its future growth via the reinvestment of profits. Rest assured that the Board will review, from time to time, the means by which shareholders can more actively participate in the profits of the Group.

I am also pleased to report that the Group has once again garnered several awards in 2018, which bolsters our reputation and credentials, thus enhancing shareholders’ value. These include the Property Insight Prestigious Developers Awards (PIPDA) 2018 for Best Office Development, the Best Small Homes Development for Bell Suites in Sunsuria City by Starproperty.my Awards 2018 and the CHT Pursuit of Excellence (Developer Property) Award 2018. Sunsuria is currently ranked among the top 20 developers by The Edge Property Excellence Awards 2018.

### UPHOLDING STRICT CORPORATE GOVERNANCE

The Board remains committed to upholding and implementing strong standards of corporate governance as well as robust risk management and internal control measures throughout the organisation. As integral components of the business, these elements help ensure sustainable, long-term growth, bolster investor confidence, preserve the Company’s reputation and continued shareholders’ value creation.

### 2019 AND BEYOND

According to the World Bank, Malaysia’s gross domestic product (“GDP”) is expected to grow by 4.7% in 2019. Amid the backdrop of a challenging external environment, the private sector is expected to be the key driver for domestic growth. It is also worth highlighting that the stamp duty exemption for the first RM300,000 on property transfer and loan agreement for a first-time house buyer purchasing a house priced at a maximum of RM500,000 for two years bodes well for the property industry. In light of this, the Group will focus on rolling out more projects in the RM300,000 to RM500,000 range in the forthcoming financial year in order to maintain and ensure long-term sustainable performance. We will also continue to explore new opportunities to expand our landbank and look forward to the completion of a number of projects in FY2019.

### APPRECIATION

On behalf of the Board of the Company, I would like to extend my sincere gratitude to our shareholders for their trust and confidence in Sunsuria. I would also like to convey my deep appreciation to all Sunsurians for your dedication and commitment as we continue to grow this company together.

Last but not least, we would like to extend our heartfelt appreciation to our valued customers, bankers, government departments and agencies, vendors, suppliers, partners and stakeholders for your unwavering support – together, we can achieve a great many things.

**Tan Sri Datuk Ter Leong Yap**  
Executive Chairman



# MANAGEMENT DISCUSSION AND ANALYSIS



The Company is involved in a range of property related businesses which includes property development and construction. We have over the years built a reputation as a solid developer with existing land banks totalling 387.3 acres, located at Sunsuria City in Salak Tinggi, Bukit Jelutong, Shah Alam, and Sentul in the northern part of Kuala Lumpur.

## SUNSURIA CITY... DELIVERING OUTSTANDING SUSTAINABLE VALUE

Keeping to our belief in delivering outstanding sustainable value to our customers, our flagship development at Sunsuria City with an estimated Gross Development Value ("GDV") of RM10.0billion epitomises our Smart, Livable and Sustainable development principle. As a cornerstone of a futuristic township, it is set to appeal to the modern lifestyles of the next generation of property owners in Malaysia with various exciting development concepts and plans to be rolled out over the next 8 to 10 years.

### Embracing Smart Technology and Digitization

In line with rapidly evolving new age technology, a number of innovative features have been introduced. We are one of the first few property developers in Malaysia to develop mobile Virtual Reality showroom offering potential customers a chance to view a show house with "real-feel" experience. We have also introduced Augmented Reality experience on 2D marketing brochures which allows a most realistic and immersive way to experience a 3D view of a property layout on a 2D brochure. This has also enhanced the mobility of our sales and marketing events and activities without constraining to only physical booth and 3D model.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Bell Suites SOHO in Sunsuria City have incorporated the Smart Home System which features smart door locks, switches, Amazon Echo (voice control system) with home system applications while our Suria Residence, The Forum 1 and Bell Avenue retail shops house buyers had during the financial year taken vacant possession of their properties through a digital platform that includes e-Vacant Possession appointment, e-Inventory Checklist, e-Surveys and e-Defects, an application that allows buyers to submit, monitor and manage their house defects more effectively with real time updates.

Another critical business tool being used by the management is the Business Intelligence platform which monitors and manages sales performance, project quality checking in real time as well as facilitating making on-time decisions on critical issues.

### Generating New and Alternate Revenue Streams

While property development remains the core business of the Group in the near future, the Group has also during the previous year's Annual General Meeting obtained the shareholders' approval to diversify into construction and construction related businesses through Sunsuria Asas Sdn Bhd, a 51%-owned subsidiary and Citic Sunsuria Sdn Bhd, a 49%-owned associated company. The diversification allows for greater business expansion and financial growth while adding new revenue and income streams to enhance profitability and prospects for the Group. To ensure sustainable long-term growth, the Group will continue to expand its land bank as well as business activities in the areas of property development, real estate investments, construction and infrastructure and other complementary businesses. Sunsuria will leverage on the proven track record, engineering expertise, technical sophistication and resources of its strategic partner to not only undertake construction projects but to also identify new business opportunities with the aim of securing large-scale infrastructure and property projects.

In addition, the Group will also venture into the food and beverage businesses with the objective of complementing the Group's property development activities. The entry into this field will be carried out through joint venture with partners who possess the experience in operating the food and beverages business.



**MONET LILY COMPRISES  
211 UNITS OF DOUBLE STOREY  
TERRACE HOUSES WITH A GDV OF  
RM 155.8MILLION**



## MANAGEMENT DISCUSSION AND ANALYSIS

**Commendable Financial Performance**

The Group registered a revenue of RM491.5million and a net profit of RM101.6million, an increase of 23.3% and 12.0% respectively against the preceding year's revenue of RM398.5million and net profit of RM90.7million in the previous financial year.

Property development activities contributed mainly to the Group's FY2018 revenue, with various property development projects within the Sunsuria City contributing RM371.1million or 75.5% of the Group's revenue.

Suria Residence in Bukit Jelutong and The Forum 1 at Setia Alam contributed RM49.6million and RM68.6million respectively to the Group's revenue. The Olive and Bell Suites SOHO projects which were launched in 2017 contributed RM187.5million to the total Group's revenue.

**A Healthy Balance Sheet**

The Group's total assets increased from RM1.3billion in 2017 to RM1.4billion during the financial year under review, while shareholders' funds also increased by RM103.4million from RM769million in FY2017 to RM872.4million in FY2018. The Group's net gearing stood at 0.1 times in FY2018 with cash and bank balances of RM150.2million. Against the backdrops of a lacklustre property market sentiment, the Group managed to put in a commendable performance in FY2018.

Being a cash flows focused Group, we continue to ensure that our projects achieved breakeven sales or achieved the targeted profitability level before we embark on launching new development projects to ensure that the Group did not hold high inventories of unsold stocks.

**KEY PROJECT HIGHLIGHTS**

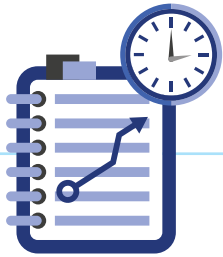
During FY2018, the Group completed the Suria Residence, a residential development and The Forum 1 and Bell Avenue which are retail shops development. The vacant possession for The Forum 1 which was delivered to the purchasers in June 2018 and Bell Avenue which was delivered in September 2018 achieved QLASSIC score of 72% and 71% respectively.

Meanwhile, the construction works for our Jasper Square shops at Sunsuria City has been completed and pending handing over vacant possession upon obtaining the necessary authorities clearance. The Group's other on-going development projects during FY2018 are The Olive, Bell Suites SOHO, Bell Suites Retails, Monet Lily, Monet Springtime and Monet Garden at Sunsuria City.

In Setia Alam, the Group has launched its first integrated mixed development project known as Forum 2 comprising SOHO, office tower and service apartments which will sit on a 164,000 sq.ft retail podium. The SOHO @ Forum 2 was launched in July 2018 and while the office tower was launched at the end of FY2018's financial quarter.



## MANAGEMENT DISCUSSION AND ANALYSIS



**100%**  
OF BELL AVENUE  
HAS BEEN SOLD



**SUNSURIA JV WITH  
CONSTRUCTION  
COMPANIES**

### COMPLETED PROJECTS IN FY2018

#### Suria Residence

The recently completed 545 units of freehold luxurious serviced apartment development with full amenities has a GDV of RM288.9million. The vacant possession of the project was in May 2018. It won the Best Residential Landscape Architecture Malaysia award at The Asia Pacific Property Awards ("APPA") 2015-2016 event.

#### The Forum 1

Launched in March 2015 and handed over vacant possession in June 2018, the completed The Forum 1 comprises 264 units of retail lots and offices in Setia Alam and is the first phase of an innovative integrated mixed development spreading over 13.6 acres of freehold land.

#### Bell Avenue

The icon of Sunsuria City and the hallmark of the township's smart retail space and urban living concept, sets the standard for a smarter, more livable and more sustainable environment. Strategically located at the main gate of Xiamen University Malaysia, the 78-unit retail shops development with a GDV of RM170.8million offers endless innovative and creative possibilities. Bell Avenue was handed over to the purchasers in September 2018, months ahead of the scheduled completion date.

### ON-GOING PROJECTS

#### Jasper Square

With a total GDV of RM158.9million, the 86-unit commercial shop office development is surrounded by lush greenery and is located near the main entrance of the township and adjacent to the upcoming Horizon Village Outlets. It will add a vibrant and colourful atmosphere to the commercial components of Sunsuria City offering exciting business opportunities and sustainable growth for investors, entrepreneurs and business owners.





## MANAGEMENT DISCUSSION AND ANALYSIS

**The Olive**

The Olive with a GDV of RM285.6million is the first residential development of Sunsuria City. Launched in November 2016, it was designed for a new generation of buyers, first-time homeowners, parents of students, business owners and investors. Comprising 663 units housed in 3 blocks, the freehold condominium development is orientated in a north-south direction minimising exposure to solar heat and offering stunning views of the pool deck and recreation areas. Leisure activities can be enjoyed in a safe and secure environment with 1,000 metres of jogging and cycling tracks set amidst lush greenery surrounding the entire project. The Olive was 94.5% sold as at the end of FY2018 with 59.2% works completed.

**Bell Suites**

Bell Suites SOHO is a 478 units SOHO development located next to Bell Avenue. Launched in March 2017, it has a GDV of RM177.8million. As at the year end of FY2018, Bell Suites SOHO is 93.1% sold and 45.9% works completed.

**Monet Residences**

Monet Lily was the first landed residential development in Sunsuria City with 211 units of double storey terrace houses and a GDV of RM155.8million. Monet Lily was 83.2% sold with 45.8% works completed. Following the successful launched of Monet Lily in October 2017, Monet Garden which comprises 132 units of townhouses recorded a sale of 30.2% and was 28.6% completed.

In the last quarter of FY2018, the Group launched the Monet Springtime which consists of 308 units of double storey terrace houses with a GDV of RM247.8million. In FY2018, Monet Springtime was 2.4% sold and works completion was 18.4%.

**Forum 2**

Lying adjacent to The Forum 1, is Forum 2, a mixed commercial development sited on 6.6 acres of freehold land. It comprises retail units, a 21-storey office tower, 33-storey SOHO serviced suites and a 41-storey serviced apartment block. The office tower and SOHO serviced suites have a combined GDV of RM506.2million.

Forum 2 advocates the concept of combining business and leisure, giving businesses and residents a complete lifestyle experience in Setia Alam. It has excellent connectivity via Persiaran Setia Alam to other major road linkages and is well-connected and well-served by the North Klang Valley Expressway, Federal Highway and Klang Bypass/Shapadu Expressway (West).

The Forum 2 SOHO was 12.1% sold in FY2018 while the office tower was launched later and registered a take up rate of 10.5% pending further sales and marketing activities to be rolled out in FY2019. The Group has started the piling works on the Forum 2 at the end of FY2018.



**ENSURING  
SUSTAINABLE  
VALUE TO OUR  
CUSTOMER**

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS RISKS

As the Group moves forward, we recognise our vulnerability to two key anticipated or known risks that may have a material effect on our operations i.e. operational and financial performance risks and liquidity risks.

#### Succession risk

This can impact our daily businesses in terms of loss in morale or direction as a result of an unplanned void created by the departure of senior key personnel due to reasons such as resignation and retirement. Measures are in place to mitigate such eventualities with the implementation of an effective succession plan.

#### Investment Risk

This may arise with newly acquired or joint venture companies due to differences in work culture or management styles that can lead to excessive staff turnover, wastage of resources and even loss in morale.

This situation can be mitigated through clearly defined business objectives and conducting sufficient due diligence of new entities by senior management.



### MOVING FORWARD IN 2019

The World Bank has projected Malaysia's GDP growth at 4.7% in 2019 amidst a challenging global economic environment. The Malaysian economy which grew by 4.4% in the third quarter of 2018 is expected to see private sector activity remain as the key driver of growth amid the reprioritisation of public sector expenditure. A gradual recovery in commodity production will also provide support to growth going into 2019.

We acknowledge a relatively soft property market moving into 2019, though indications point to a gradual improvement in the coming year and we are cautious to continue building our future achievements through a combination of our strong market positioning of Sunsuria City township, innovative

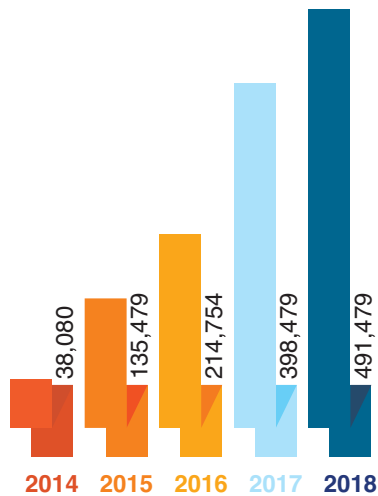
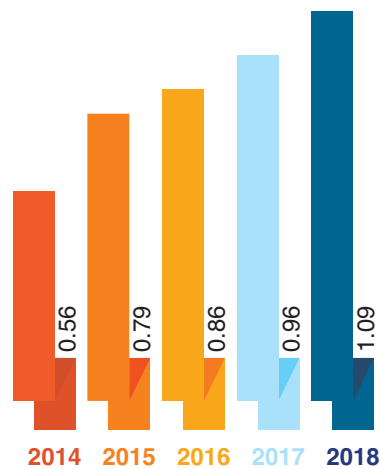
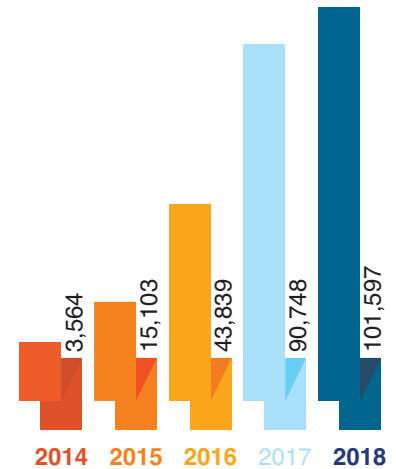
marketing strategies and prudent financial policies while focussing on rolling out more affordable properties and tapping on unbilled sales in excess of RM472.0million.

Having established the Sunsuria Dream team which has been a key part of our management team and with successful flagship projects at Sunsuria City, we will enhance the team's capabilities and with a more structured approach to learning and development, with particular emphasis on succession planning and coaching/mentoring while reinforcing the Group's clearly defined vision, mission and core values as part of efforts to elevate the overall company standards and customer experience.

## PERFORMANCE REVIEW

## GROUP FINANCIAL HIGHLIGHTS

For The Five Years Ended 30 September 2018

REVENUE  
(RM'000)NET ASSETS PER SHARE  
(RM)PROFIT AFTER TAXATION ATTRIBUTABLE  
TO OWNERS OF THE COMPANY  
(RM'000)

## YEAR

YEAR	2014	2015 (18 months ended Sep 2015)	2016	2017	2018
Revenue (RM'000)					
- continuing operations	35,462	110,163	202,401	398,479	491,479
- discontinued operations	2,618	25,316	12,353	-	-
Profit after taxation attributable to owners of the Company (RM'000)	3,564	15,103	43,839	90,748	101,597
Total Borrowings (RM'000)	-	31,489	221,363	181,348	239,974
Equity attributable to owners of the Company (RM'000)	88,254	581,693	680,751	769,004	872,400
Gearing Ratio (times)	-	0.05	0.32	0.24	0.28
Basic Earning Per Share (sen) *					
- continuing operations	1.29	11.74	4.80	11.36	12.72
- discontinued operations	1.30	(5.24)	0.93	-	-
Net Asset Per Share (RM) **	0.56	0.79	0.86	0.96	1.09
No. of shares ('000)	158,361	735,487	798,831	798,834	798,834

\* Based on weighted average number of shares issued during the period/year.

\*\* Based on number of shares issued as at end of financial year.

## Segmental : Revenue

YEAR	2014	2015 (18 months ended Sep 2015)	2016	2017	2018
Manufacturing (RM'000)	16,880	25,316	9,301	-	-
Leasing (RM'000)	2,618	-	-	-	-
Property Development (RM'000)	18,394	95,158	198,933	397,837	490,563
Others (RM'000)	188	15,005	6,520	642	916
	<b>38,080</b>	<b>135,479</b>	<b>214,754</b>	<b>398,479</b>	<b>491,479</b>



# BOARD OF DIRECTORS

---







From left to right :

**DATO' QUEK NGEE MENG**

Independent  
Non-Executive Director

**DATIN LOA BEE HA**

Non-Independent  
Non-Executive Director

**TAN SRI DATUK TER LEONG YAP**

Executive Chairman

**TAN PEI GEOK**

Senior Independent  
Non-Executive Director

**KOONG WAI SENG**

Executive Director/  
Chief Executive Officer

# DIRECTORS' PROFILE

## TAN SRI DATUK TER LEONG YAP

Executive Chairman



**Gender**  
Male

**Nationality**  
Malaysian

**Age**  
55

**Date of Appointment**  
22 January 2014

**Academic / Professional Qualifications:**

- Bachelor of Engineering (Honours), University of Malaya

**Attendance At Board Meeting In 2018:**  
Attended 5 of 5 meetings

Tan Sri Datuk Ter's foray into the industry began with a construction and material handling equipment business back in 1989. Since then, Tan Sri Datuk Ter has diversified his business interests to include property development and education.

Armed with a wealth of experience, determination, and an impeccable track record in the property development sector, he has successfully incorporated his personal vision and mission into Sunsuria, making it the very essence of the Company. Tan Sri Datuk Ter strongly believes in running Sunsuria with utmost integrity and reliability.

### Positions and Affiliations

- President of the National Chamber of Commerce and Industry of Malaysia (NCCIM) (2016 till present);
- President of The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) (2015 till present);
- President of the Chinese Chamber of Commerce & Industry of Kuala Lumpur & Selangor (KLSCCCI) (2012 till present);
- Director of Xiamen University Malaysia (2012 till present);
- Member of the World Chinese Entrepreneurs Convention (WCEC) Advisory Committee;
- Advisor of the Malaysia Retail Chain Association (MRCA);
- Vice-Chairman of Hin Hua High School;
- Vice-Chairman of Pin Hwa High School;
- Director of Kuen Cheng High School; and
- Honorary Director of Buddhist Compassion Relief Tzu Chi Foundation.

### Awards and Recognitions

- 2017 - The Edge Malaysia Outstanding Property Entrepreneur Award;
- 2016 - National Unity Ambassador by the Department of National Unity and Integration (JPNIN);
- 2014 - Business Excellence Person of the Year by Sin Chew Business Excellence Award; and
- 2017 and 2008 - Outstanding Malaysian Hokkien Award from the Federation of Hokkien Associations Malaysia.

## DIRECTORS' PROFILE

**KOONG WAI SENG**

Executive Director/ Chief Executive Officer  
Risk Management Committee

**Gender**

Male

**Nationality**

Malaysian

**Age**

51

**Date of Appointment**

6 November 2013

**Academic / Professional Qualifications:**

- Bachelor of Accountancy (Honours) degree, University of Malaya
- Member of the Malaysia Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants (MIA)

**Attendance At Board Meeting In 2018:**

Attended 5 of 5 meetings

Mr Koong Wai Seng has more than 20 years of financial and general management experience in a variety of industries including audit, financial advisory, leisure, hospitality, healthcare, property development and property investment.

He began his career with a chartered accounting firm before joining a property listed company for 13 years where he was appointed as Chief Financial Officer and later as the Group Finance Director of the listed group. Subsequently, he joined another property listed company as Executive Director before assuming his current position at the Company.



## DIRECTORS' PROFILE

### DATO' QUEK NGENG MENG

Independent Non-Executive Director

Audit Committee

Nomination and Remuneration Committee

Risk Management Committee (Chairman)

#### Gender

Male

#### Nationality

Malaysian

#### Age

50



#### Date of Appointment

24 November 2017

#### Academic / Professional Qualifications:

- Bachelor Degree in Economics and Law, University of Adelaide, Australia
- Master Degree of Laws, National University of Singapore

#### Attendance At Board Meeting In 2018:

Attended 4 of 4 meetings

After commencing private practice with a legal firm in Johor Bahru for 2 years, Dato' Quek served as in-house legal counsel of the SMI Group, a company dealing with plywood with its operational headquarters in Singapore from 1997 to 2000. He then set up his own practice in 2000 as Halim Hong & Quek.

Having been in practice for more than 20 years, Dato' Quek has extensive legal experience in various areas notably cross border investment, real property and land, corporate and commercial. He is regularly sought by multi-national companies, major developer and financial institutions for advice and representation. He is sought by major corporations for strategic advice on investment plans including cross-border transactions as well as review of commercial

contracts and agreements. Business councils regularly seek him for advice and representation. His vast experience in strategic advice has earned him a spot in these organizations where he currently served as the director of Malaysia-China Business Council and as the Chairman of Silk Road Business Council Malaysia Committee. Dato' Quek is also the co-chairman of Malaysia-China Commercial Law Cooperation Committee.

Dato' Quek is active in advocating social causes, in particular against Batang Kali massacre where he was appointed as the coordinator of the Action Committee Condemning the Batang Kali Massacre in December 1948 to seek justice against the killings perpetrated by the British armies.

In the legal fraternity, Dato' Quek is an arbitrator of the Asian International Arbitration Centre (AIAC) and serves as a panel member of the Disciplinary Committee of the Advocate & Solicitor's Disciplinary Board. He frequently speaks at international and local conferences on law-related subjects including the Belt & Road issues. He is empanelled as an arbitrator of Shanghai International Arbitration Centre (SIAC), and appointed as director and Vice Chairman of Asian Institute for Alternative Dispute Resolution (AiADR).

## DIRECTORS' PROFILE

## TAN PEI GEOK

Senior Independent Non-Executive Director  
 Audit Committee (Chairman)  
 Nomination and  
 Remuneration Committee (Chairman)  
 Risk Management Committee



**Gender**  
 Female

**Nationality**  
 Malaysian

**Age**  
 57

**Date of Appointment**

1 October 2015

**Academic / Professional Qualifications:**

- Bachelor of Economics degree, Monash University
- Member of the Certified Practising Accountants (CPA Australia) and the Malaysian Institute of Accountants (MIA)

**Attendance At Board Meeting In 2018:**

Attended 5 of 5 meetings

Ms Tan Pei Geok began her career as an audit assistant with Binder Hamlyn before joining Public Bank Berhad, where she served for over 20 years in various credit-related departments. She was the Deputy Director of Corporate Banking in the bank before she left to join Health Scan Malaysia Sdn Bhd,

a leading medical and diagnostic centre, as its Chief Executive Officer in 2004. Her position has since been re-designated as the Director of Health Scan Malaysia in 2016 when the operations of the Company were injected into Cardiac Vascular Sentral (Kuala Lumpur) Sdn Bhd, an integrated cardiac vascular hospital.

## DIRECTORS' PROFILE

### DATIN LOA BEE HA

Non-Independent Non-Executive Director  
Audit Committee  
Nomination and Remuneration Committee



**Gender**  
Female

**Nationality**  
Malaysian

**Age**  
55

#### Date of Appointment

21 August 2014

#### Academic / Professional Qualifications:

- Bachelor of Accounting (Honours) degree, University of Malaya
- Member of the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA)

#### Attendance At Board Meeting In 2018:

Attended 5 of 5 meetings

Datin Loa Bee Ha began her career with Price Waterhouse in 1989 and later joined Team Accountants Sdn Bhd, an investment holding company in 1994 as the Finance Manager for 12 years.

She was previously on the Board of Director of Taylor's College Sdn Bhd, Garden International School Sdn Bhd and Taylor's International School (KL) Sdn Bhd. Currently, she is also a Director of Rentak Flora Sdn Bhd.

#### Other Information

- Tan Sri Datuk Ter Leong Yap is a major shareholder of the Company.
- Except as disclosed above, none of the other Directors has any family relationship with any Directors and/or major shareholders of the Company.

#### Conflict of Interest

None of the other Directors has any conflict of interest with the Company except as disclosed in this Annual Report.

#### Conviction for Offences

None of the Directors have been convicted of any offences within the past 5 years other than traffic offences.

None of the Directors have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.



## SENIOR MANAGEMENT



Standing from left to right :

**CHUAH CHEW HAI**

Chief Executive Officer, Sunsuria Asas Sdn Bhd

**DATO' TAN TIAN MENG**

Chief Executive Officer, Citic Sunsuria Sdn Bhd

Seating from left to right :

**SIMON KWAN HOONG WAI**

Chief Operating Officer

**LEE SWEE KHENG**

Chief Financial Officer

**KOONG WAI SENG**

(His profile is on the page 21 of the Annual Report)  
Chief Executive Officer

## SENIOR MANAGEMENT'S PROFILES

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**SIMON KWAN HOONG WAI**

Chief Operating Officer

Mr Simon Kwan, male, age 46, a Malaysian, joined the Group in 2009. He is responsible for the local and regional business development, property and asset management and oversees the Sales and Marketing Department, Customer Experience, Corporate Communication, Branding and Security services of the Group. He started his career as technical and sales executive in the engineering industry and made his strides into property development focused on areas of sales and marketing since 1993.

Simon Kwan has over 20 years of working experiences spanning across the fields of sales, marketing, branding, customer experience & service and corporate social responsibility. A hands-on person overseeing both townships and integrated developments, he has also led product development, project management, sales staff's management and motivation, sales administrative functions, as well as public relations and social/ digital marketing. He was also given responsibility to take on business innovation role by leading a team of creative and innovative minds in creating sustainable, new and inspiring processes and ideas for the growth of the Company.

He holds a Master in Business Administration (Marketing) from the University of Southern Queensland, Australia.

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**LEE SWEE KHENG**

Chief Financial Officer

Madam Lee Swee Kheng, female, age 54, a Malaysian, joined the Group on 15 August 2016.

Madam Lee has more than 30 years of work experience and has held various finance positions in the property development, hotel and leisure sectors. She began her career in public accounting firms before joining various public listed company as an Accountant and later on as General Manager, Finance.

She holds a Diploma in Financial Accounting from Kolej Tunku Abdul Rahman. She is a member of the Malaysian Institute of Accountants (MIA) and Fellow of the Association of Chartered Certified Accountants (FCCA).

## SENIOR MANAGEMENT'S PROFILES



## CHUAH CHEW HAI

Director/ Chief Executive Officer,  
Sunsuria Asas Sdn Bhd

Mr Chuah Chew Hai, male, age 55, a Malaysian, was appointed on 19 October 2016 as a Director of Sunsuria Asas Sdn Bhd, an indirect 51%-owned subsidiary of the Company. He was subsequently appointed as the Chief Executive Officer of Sunsuria Asas Sdn Bhd on 20 July 2018. He is also an Executive Director of Grand-Flo Berhad.

Mr Chuah has more than 20 years of experience in the construction and property development industry. Together with his spouse, Ms. Chong Poh Yoong, they founded Metrio group of companies ("Metrio Group") in October 2002, which are principally involved in property development.

Prior to Metrio Group, he was with ABT Construction Sdn Bhd from 1986 to 1988 as a quantity surveyor. He joined Wah Bee Construction Engineering Sdn Bhd in 1989 as a quantity surveyor.

From 1991 to 1992, he was a Construction Manager in Oriental Max Sdn Bhd. He then formed Panther Construction from 1993 to 2002 as a partner where he was responsible for managing its operations and oversaw the tendering of projects, resource planning and costing.

His extensive experience and knowledge in construction and development industry has driven Metrio Group to become a leading property developer in the northern region of Peninsular Malaysia.



## DATO' TAN TIAN MENG

Director/ Chief Executive Officer,  
Citic Sunsuria Sdn Bhd

Dato' Tan Tian Meng, male, age 55, a Malaysian, was appointed on 1 January 2018 as a Director and Chief Executive Officer of Citic Sunsuria Sdn Bhd, a joint-venture company between Sunsuria Builders Sdn Bhd, a wholly-owned subsidiary of the Company, and Citic International Investment Ltd. He graduated with a Bachelor of Civil Engineering (Honours) degree from the University of Malaya in 1988.

Since his graduation, he has had 30 years' experience and professional practice careers in industries related to construction and property development. He is currently a director of several private limited companies including Lintasan Remaja Sdn. Bhd., Delta Elegance Sdn. Bhd. and Grand Maluri Sdn. Bhd.

**Other Information**

- Mr Simon Kwan Hoong Wai is the brother-in-law to Tan Sri Datuk Ter Leong Yap, a Director and major shareholder of the Company.
- Dato' Tan Tian Meng is the spouse of Datin Loa Bee Ha, a Non-Independent Non-Executive Director of the Company.
- Except as disclosed, none of the other Senior Management Team members have any family relationship with any Directors/or major shareholders of the Company.

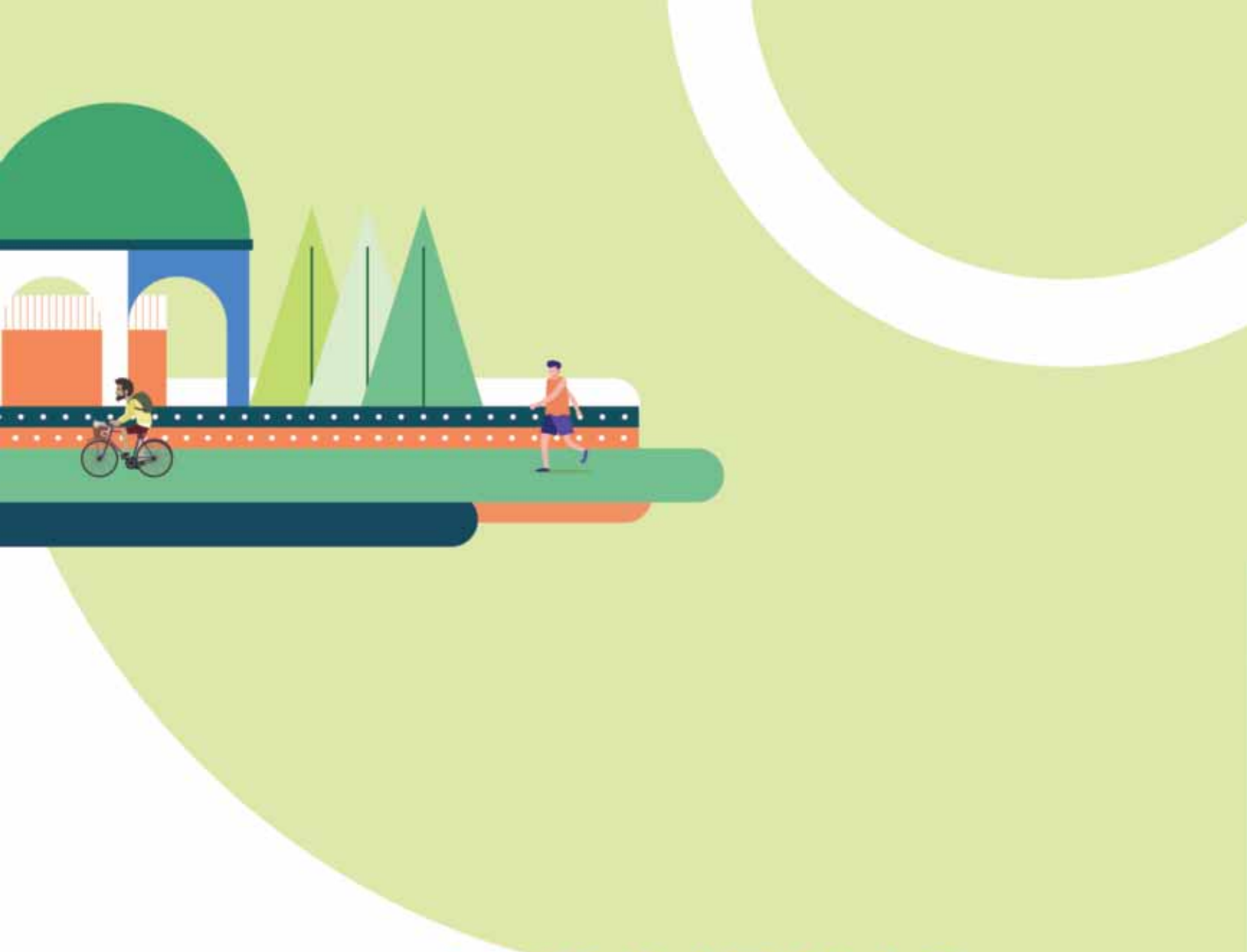
**Conflict of Interest**

None of the Senior Management Team members have any conflict of interest with the Company except as disclosed in this Annual Report.

**Conviction for Offences**

None of the Senior Management Team members have been convicted any offences within the past 5 years other than traffic offences.

None of the Senior Management Team members have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.



# INSPIRING RETAIL EXCITEMENT

We ensure that our developments are impressive hotspots that are conducive to contemporary living.

Life is always fun with a multitude of attractions for everyone in the family to enjoy.





JASPER SQUARE  
SUNSURIA CITY

# ACCOLADES

01. CERTIFICATE FROM SIRIM QAS INTERNATIONAL ON ISO 9001:2015

for Development of Properties and Provision of Project Management Services - Sunsuria Berhad

02. CERTIFICATE FROM SIRIM INDUSTRI 2018

for participating in Quality Management System Certification Scheme 2018 - Sunsuria Berhad

03. CERTIFICATE FROM IQNET AND SIRIM QAS INTERNATIONAL ON ISO 9001:2015

for Development of Properties and Provision of Project Management Services - Sunsuria Berhad

04. (DEVELOPER PROPERTY) AWARD 2018

CHT Pursuit of Excellence - Sunsuria Berhad

05. PROPERTY INSIGHT PRESTIGIOUS DEVELOPERS AWARDS (PIPDA) 2018

for Best Office Development - Sunsuria Berhad

06. THE STARPROPERTY. MY AWARDS 2018

Best Small Home Development for Bell Suites - Sunsuria Berhad



01



02



03



04



05

06

ACCOLADES

ACCOLADES

07.  
**FOCUS**  
**MALAYSIA BEST**  
**UNDER BILLION**  
**AWARDS 2015**

Best Enterprise Value Growth (Runner-up) - Sunsuria Berhad

08.  
**NOBLE**  
**EXCELLENCE**  
**AWARDS 2016**

Catalytic Developer Award - Sunsuria Berhad

09.  
**PROPERTY**  
**INSIGHT**  
**PRESTIGIOUS**  
**DEVELOPER**  
**AWARDS 2016**

Top 10 Developers - Sunsuria Berhad

10.  
**PROPERTY**  
**INSIGHT**  
**PRESTIGIOUS**  
**DEVELOPER**  
**AWARDS 2016**

Best Sustainable Township Development - Sunsuria City

11.  
**THE**  
**STARPROPERTY.**  
**MY AWARDS**  
**2017**

The Neighbourhood Award (Honours) - Best Boutique Township (below 500 acres) - Sunsuria City

12.  
**THE EDGE**  
**BILLION RINGGIT**  
**CLUB 2017**

Highest Returns To Shareholders over Three Years (Gold) - Property Below RM3B Market Capitalisation - Sunsuria Berhad





# SUNSURIA IN THE NEWS



## Sunsuria to set up Concord College at Sunsuria City for RM70m

**PETALING JAYA** Sunsuria Bhd proposes to set up a private educational institution to be known as "Concord College (Malaysia)" at Sunsuria City, Sepang with an estimated cost of RM70 million.

Sunsuria told Bursa Malaysia that its wholly-owned subsidiary Sunsuria Education Sdn Bhd (SESB) had entered into an agreement with Concord College International Ltd for the establishment and operation of the college.

The RM70 million project cost (excluding land cost) will be fully borne by SESB.

Concord is a wholly owned subsidiary of The Bell Concord Educational Trust Ltd, a UK-based educational charity, which owns and runs Concord College, an independent international day/boarding school.

SESB would collaborate with Concord in relation to the development of the school wherein Concord will provide support and certain intellectual property rights in relation to the school. The collaboration agreement is conditional upon SESB having secured the approval from the Ministry of Education of Malaysia for the establishment and operation of the school.

The collaboration agreement will apply from the date of the agreement and continue until Aug 31, 2035 unless terminated early or extended/renewed in accordance with the terms of the collaboration agreement.

"The school with both day and boarding school options is expected to attract and target students from all over Malaysia, Asean countries or Asian countries at large which will help drive enrolment for the school. The presence of Concord College Malaysia would set to elevate the Sunsuria City development by providing a more holistic and liveable environment that meets the growing communities," Sunsuria said.

01

02

### Sunsuria Forum Phase 2 to be launched next month

### 征阳集团获教部批文·新华小落户征阳城

**征阳集团获教部批文，获准在拟规划发展项目征阳城(Sunsuria City) 兴建全新的征阳新华小，成为全马10所新建新华小之一。**

【吉隆坡24日讯】征阳集团获教育部批文，获准在拟规划发展项目征阳城(Sunsuria City) 兴建全新的征阳新华小，成为全马10所新建新华小之一。

征阳集团董事局主席表示，由教育界及地产界共同推动的征阳新华小，是征阳集团在征阳城发展的一个重要里程碑，也是征阳集团对教育事业的承诺。征阳集团将全力支持新华小的建设，并确保其成为一所高品质的教育殿堂。

征阳集团主席表示，征阳新华小将是一所全人教育学校，除提供优质的中文教育外，还注重学生的品德、体育、艺术及科技能力的培养。学校将采用先进的教学理念，结合征阳城的整体规划，为学生提供全面发展的教育环境。

征阳新华小位于征阳城一期，交通便利，周边配套设施完善。学校将采用先进的教学理念，结合征阳城的整体规划，为学生提供全面发展的教育环境。

征阳集团主席表示，征阳新华小将是一所全人教育学校，除提供优质的中文教育外，还注重学生的品德、体育、艺术及科技能力的培养。学校将采用先进的教学理念，结合征阳城的整体规划，为学生提供全面发展的教育环境。

04

05

### 政府批准10新华小 6微小包培才先建校

06

07

- 01. THE EDGE MALAYSIA TEPEA 2017 - 30 October 2017
- 02. TheSunDaily - 07 September 2018
- 03. City & Country - 09 July 2018
- 04. The Star Online - 29 October 2017

- 05. Sin-Chew.com - 29 October 2017
- 06. The Kwong-Wah.com - 26 October 2017
- 07. Sin Chew Daily - 25 August 2017



ACCOLADES

SUNSURIA IN THE NEWS



### Homebuyers win travel vouchers and gadgets in lucky draw

**METRO NEWS**  
Thursday, 25 Jan 2018



Kwan Jett presenting the grand prize to Law at the Celebration of Winners lucky draw.

SUNSURIA Bhd rewarded homebuyers at a "Celebration of Winners" lucky draw in conjunction with the Lunar New Year.

The event, held at the Celebration Centre in Sunsuria City, was the culmination of the "Spin & Win with Sunsuria" online campaign that ran from Sept 1, 2017 to Jan 20, 2018, which offered prizes worth RM25,000.

New homebuyers who had signed up and paid the 10% down payment were entitled to participate in the lucky draw.

Throughout the campaign period, existing buyers of The Olive, Bell Suites, Monet Lily and Monet Garden were rewarded RM5,000 in referral fees and a chance to enter the lucky draw.

Clinching the grand prize of a travel voucher worth RM8,000 was Law Seong Hui, while Lim Kuan Heng won a 13-inch MacBook Air worth RM4,999.

Third prize winner Fong Jian Key received a Samsung Galaxy S8 worth RM3,299.

Around 350 people turned up for the lucky draw event, which also featured a cooking demonstration by chef James Ho.

Guests also joined the Sunsuria management team in a yee sang-tossing ceremony and enjoyed a buffet spread.

"What better way to usher in the Year of the Dog than to celebrate loyalty, a key trait of man's best friend."

"The campaign is to reward loyal Sunsuria customers and appreciate our new buyers too. Without their support, we would not be where we are today."

"We look forward to a year of abundance, filled with exciting new project launches, strategic collaborations and fun-filled events," said Sunsuria chief operating officer Simon Kwan.

**TAGS / KEYWORDS:**  
Central Region, Sunsuria Berhad, Chinese New Year, Celebration Of Winners

**08**



Home > News & Articles > Sunsuria Doubles Q1 2018 Pre-Tax Profit

### Sunsuria doubles Q1 2018 pre-tax profit

Posted on March 5, 2018 | 444 views | Topic: News & Articles, Property News.



Sunsuria City, Monet Lily First landed residential launched in Q1 FY2018 with take-up rate more than 70%



**PETALING JAYA:** Sunsuria Bhd achieved revenues of RM110.82mil and a pre-tax profit of RM38.37mil, as announced in its Q1 financial results, recently.

Revenue for Q1 saw a rise of 74% while pre-tax profit more than doubled by 111% compared to the same quarter last year.

Meanwhile, quarter-on-quarter, revenue grew to RM110.82mil in Q1 2018 from RM108.25mil in the preceding quarter.

"Focusing on our customers and consistently delivering products that are relevant to the market have stood us in good stead financially. Our positive Q1 results is the perfect start to 2018, as it has given us the impetus to strive for excellence in the months ahead," said Sunsuria chief executive officer Koong Wai Seng in a statement.

The Group's positive Q1 performance is attributed to Sunsuria City's Bell Suites SOHO and Monet Lily projects, along with additional sales and work done recorded from Forum 1, Suria Residence, Bell Avenue, Jasper Square and The Olive developments.

A house is a pillar of strength that unites the family, and this collective unit forms the backbone that defines the nation. Since the end of WWII and the beginning of our nation's independence, the concept of housing has evolved over the years. From the emphasis on practicality and functionality, today's developments amalgamate the concept of living, accessibility, space and functionality into a harmonious union.

The StarProperty.my Awards 2019 is here for the fourth time to celebrate the developers and projects the foundations of our nation. If you are interested in participating in the award, register at [bit.ly/sgpawards2019](http://bit.ly/sgpawards2019)

**09**



Home > News & Articles > Sunsuria Holds CNY Lucky Draw For Customers

### Sunsuria holds CNY lucky draw for customers

Posted on January 24, 2018 | 724 views | Topic: News & Articles, Property News.



Sunsuria management and guests ready to bring in good luck to the year of the dog

**PETALING JAYA:** In celebration of the upcoming Lunar New Year, Sunsuria Bhd recently rewarded its customers at the "Celebration of Winners" event at the Celebration Centre in Sunsuria City.

The "Celebration of Winners" event was the culmination of Sunsuria's "Spin & Win with Sunsuria" online campaign that ran from Sept 1 to Jan 20, offering RM25,000 worth of prizes to lucky homebuyers.

New customers who signed the Sales & Purchase Agreement and paid the 10% down payment were entitled to participate in the Spin and Win Lucky Draw.

**10**

### Sunsuria's 2Q profit jumps on continued contribution from ongoing projects

Tan Xue Ying | [theedgemarkets.com](http://theedgemarkets.com)  
May 24, 2018 20:46 pm +08



**KUALA LUMPUR (May 24):** Sunsuria Bhd announced a 69% surge in net profit to RM30.39 million in its second quarter ended March 31, 2018 (2QFY18) from RM18.01 million a year ago, as revenue grew.

Earnings per share (EPS) improved to 3.8 sen, from 2.25 sen previously, its Bursa Malaysia filing today showed.

The property developer's revenue rose 34% y-o-y to RM139.07 million from RM103.68 million, on continued contribution from ongoing projects like Forum 1 at Setia Alam, Suria Residence at Bukit Jelutong, Bell Avenue, Jasper Square, The Olive, Bell Suites SOHO and Monet Lily at Sunsuria City, which supported profit growth.

**11**



**Sunsuria records Q4 profit of RM24.8m**  
Earnings fell mainly due to one-off RM20.5m provision for impairment


**NCCM: Malaysia remains ideal trade and investment destination for China**

**11**



**征陽城 MONET GARDEN 法式風情別墅4日推介**

**12**



The better quarterly earnings pushed Sunsuria's net profit in the first six months of the year (1HFY18) to RM51.23 million, up 79% y-o-y from RM28.64 million; cumulative revenue was up 49% to RM249.9 million from RM167.48 million.

Cumulative EPS came in at 6.41 sen versus 3.59 sen in the year-ago cumulative period.

Moving forward, Sunsuria said based on the current take-up rates at its ongoing projects at Sunsuria City and new launches in the pipeline, the group will continue to deliver good results.

The group expects continued contribution from its ongoing projects, which are Forum 1 at Setia Alam, Suria Residence at Bukit Jelutong, Bell Avenue, Jasper Square, The Olive, Bell Suites SOHO and Monet Lily at Sunsuria City.

On the change of government, Sunsuria believes measures taken by the new government could spur domestic consumption, increase investor confidence and economic growth.

"In the mid and longer term, these positive measures are expected to translate into continuous demand for housing and commercial properties," it said in the filing.

Sunsuria shares slid two sen or about 2% to RM1.10 at market close today, valuing the group at RM878.71 million.

**13**

- 08. The Star Online - 25 January 2018
- 09. The Edge Markets - 24 May 2018
- 10. Star Property.my - 24 January 2018

- 11. The Star - 28 November 2018
- 12. Sin Chew - 03 November 2017
- 13. The Edge Markets - 24 May 2018





# LAUNCHING PRESTIGIOUS CAREERS

We provide educational opportunities to those who wish to pursue tertiary education of the highest quality. Our world-class facilities are shaping the leaders of the future.



“

## OUR SUSTAINABILITY STATEMENT

We are pleased to present our inaugural sustainability statement which captures our ongoing efforts to be sustainable and the beginnings of our journey to achieve greater sustainability. This statement complies with the listing requirements of Bursa Malaysia. The sustainability disclosures and reporting structure are in line with the Global Reporting Initiative (GRI) Standards, which is an internationally recognised standard for sustainability reporting.

”



# SUSTAINABILITY STATEMENT

## Scope of Reporting

We have included aspects of our flagship projects, which are at different stages of completion, in the scope of this statement. Also, included in the scope are the operations of Sunsuria Asas Sdn. Bhd. ("Sunsuria Asas"), our construction subsidiary company in which we have 51 per cent equity ownership. Our performance in the context of sustainability and other relevant disclosures in this statement represent activities, processes and operations undertaken from 1 October 2017 to 30 September 2018 (FY2018).

Project	Location	Stage of Completion	Project Profile
THE FORUM 1	SETIA ALAM	100%	RETAIL SHOPS
SURIA RESIDENCE	BUKIT JELUTONG	100%	SERVICE APARTMENTS
BELL AVENUE (SUNSURIA CITY)	SEPANG	100%	RETAIL SHOPS
JASPER SQUARE (SUNSURIA CITY)	SEPANG	100%	2 STOREY SHOPS
BELL SUITES SOHO (SUNSURIA CITY)	SEPANG	45.9%	SOHO
BELL SUITES RETAIL (SUNSURIA CITY)	SEPANG	38.5%	RETAIL SHOPS
THE OLIVE (SUNSURIA CITY)	SEPANG	59.2%	CONDOMINIUM
MONET LILY (SUNSURIA CITY)	SEPANG	45.8%	2 STOREY LINKED TERRACE
MONET GARDEN (SUNSURIA CITY)	SEPANG	28.6%	TOWN HOUSES
MONET SPRINGTIME (SUNSURIA CITY)	SEPANG	18.4%	2 STOREY LINKED TERRACE

## DEFINING OUR COMMITMENT TO SUSTAINABILITY

We recognise that building for a sustainable future requires a resolute commitment to economic efficiency, environmental performance and social responsibility. While we have yet to develop a strategy exclusively for sustainability, we continuously lay emphasis on practices such as corporate social responsibility, good governance practices, health and safety practices, training and education, and product quality, all of which are built on values that promote sustainability.

Our corporate vision and mission embody principles of sustainability and steer the Group towards strengthening its strategy to integrate sustainability into our value chain, in the short, medium and long-term.



To be a progressive corporation which we can take pride in. One that is valued and respected by all our stakeholders.



To engage and delight our customers by delivering a distinctly Sunsuria experience of service excellence and warmth, through a culture of integrity, quality and reliability.

# SUSTAINABILITY STATEMENT



## SUNSURIA'S SDG FOCUS AREAS

**3 GOOD HEALTH AND WELL-BEING**

ENSURE **HEALTHY** LIVES AND PROMOTE WELL-BEING

**4 QUALITY EDUCATION**

ENSURE EQUITABLE QUALITY **EDUCATION** AND PROMOTE LIFELONG LEARNING OPPORTUNITIES

**8 DECENT WORK AND ECONOMIC GROWTH**

PROMOTE SUSTAINABLE **ECONOMIC GROWTH**, PRODUCTIVE EMPLOYMENT AND DECENT WORK

**11 SUSTAINABLE CITIES AND COMMUNITIES**

MAKE **CITIES** INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE

**16 PEACE AND JUSTICE STRONG INSTITUTIONS**

PROMOTE **PEACEFUL** AND INCLUSIVE SOCIETIES FOR SUSTAINABLE DEVELOPMENT

### Sustainable Development Goals

World-over, the adoption of the United Nation's 2030 Agenda for Sustainable Development marks a significant navigation change within the political system, private sector and civil society. The 17 Sustainable Development Goals (SDGs), otherwise known as the Global Goals, are a universal call to action to create a world that is comprehensively sustainable: socially fair; environmentally secure; economically prosperous; inclusive; and more predictable.

We especially welcome the agenda's emphasis on multi-stakeholder partnerships to ensure sufficient sustainability focus across all areas. Our current initiatives and aspirations to integrate sustainability throughout our value chain identify primarily with five SDGs, which are: Good Health and Well-Being (SDG 3); Quality Education (SDG 4); Decent Work and Economic Growth (SDG 8); Sustainable Cities and Communities (SDG 11); and Peace, Justice and Strong Institutions (SDG 16).

# SUSTAINABILITY STATEMENT

## LEADERSHIP FOR SUSTAINABILITY

The success of implementing any strategy to further our sustainability performance rests on practices of good governance and accountability. While we encourage a bottom-up approach to promote ideas from various departments and employees that strengthen our sustainability efforts, setting the tone from the top is equally important.

### Governance and Accountability

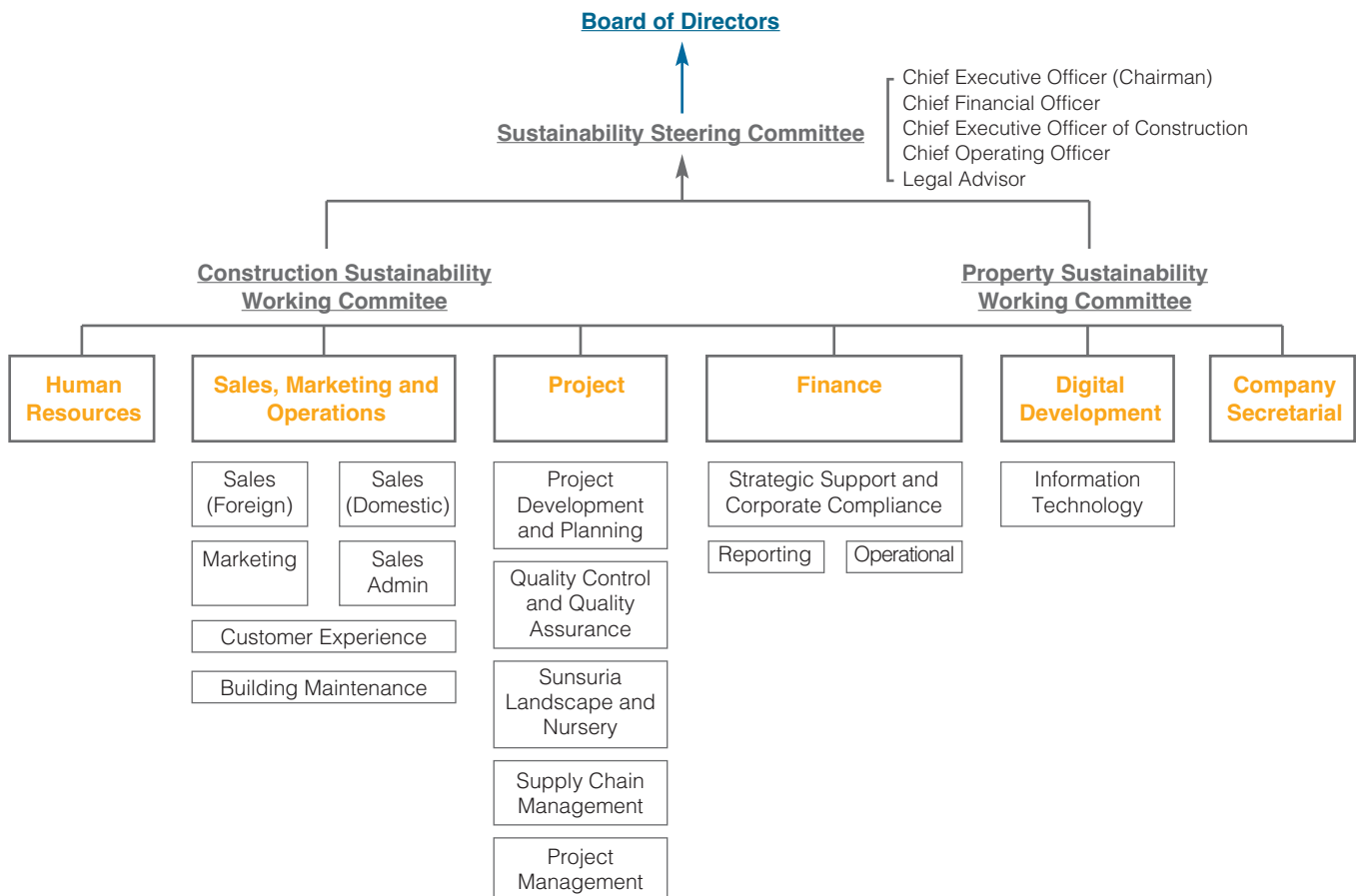
Our sustainability success is defined by the degree in which the organisation's people, from the board down, are active participants in understanding and addressing the opportunities and risks associated with the achievement of the organisation's objective.

Within our three-tiered structure, the Board of Directors ("the Board") and the Sustainability Steering Committee (SSC) form the top two tiers. The Chief Executive Officer is the Chairman of the SSC, which comprises the Chief Financial Officer, Chief Executive Officer of Construction, Chief Operating Officer and Legal Advisor. The Chairman will present to the Board, ideas and projects that have been proposed to improve the Group's economic, environmental and social impact.

The third tier is made up of the Sustainability Working Committees (SWC) which encompasses the departments that represent our core businesses, i.e. Property and Construction. The constituents of the SWCs collect and monitor the economic,

environmental and social data of the Group and identify the material sustainability matters that are relevant to the business operations and have an impact on the stakeholders.

The figure below describes the governance structure we have formalised for sustainability.



## SUSTAINABILITY STATEMENT



### MEETING STAKEHOLDER EXPECTATIONS

The purpose of stakeholder engagement is to increase relationships with stakeholder groups, and drive investment performance as a result of these strengthened relationships. Furthermore, in planning for a robust strategy that would advance the Group's vision for sustainability, the salient value of stakeholder feedback and building these relationships is certain.

### Stakeholder Engagement

Stakeholder engagement is about partnerships, and creating open communications and aligned interests where possible. Throughout this statement, we describe our ongoing stakeholder engagement methods as well as initiatives that were introduced in the reporting period to strengthen stakeholder relations.

Our main stakeholder groups are shareholders and investors, customers, employees, service providers, regulatory bodies, local communities, fund providers and media. Through feedback session and surveys, we are able to understand their concerns and expectations of the Group in the way it impacts them. This is especially true of our customers and we have set up different channels by which our customers can register their complaints, concerns and

interests. In FY2018, we launched 'Concierge by Sunsuria' which is a one-stop platform that offers professional and efficient after-sales service for residential and commercial owners and tenants. Such efforts on our part strengthen the customer-centric culture within the organisation and allows us to provide timely feedback to our customers.

Similarly, with the other stakeholder groups, both internal and external, we have a responsibility towards them and we require their feedback, cooperation and support in order to be progressive and to grow sustainably.

The table in the next page lists our key stakeholder groups and their respective areas of interest as well as methods by which we engage them.



## SUSTAINABILITY STATEMENT

Stakeholder Group	Areas of Interest and Expectations	Methods of Engagement
Shareholders and Investors	Financial performance Business strategy Sustainable and stable income distribution	Quarterly investor relations Quarterly press releases Annual general meetings Corporate website
Customers	Efficient complaint resolution Customer-company relations Safety and security PDPA compliance	Regular client meetings Feedback and surveys Community and networking events Workplace safety and awareness training Website enquiry form (24 hour reply standard) Facebook enquiries (24 hours reply standard) PDPA consent
Employees	Performance management Learning and development Ethics and integrity Transparency and communication	Annual staff appraisal Circulation of internal policies Team building activities Monthly training programmes Quarterly town hall meetings Sunsuria Live portal Annual employee survey
Fund Providers	Company results and cash flow Project launches Project sales	Annual reports Annual financial reporting Dialogue and discussions with fund providers
Services Providers	Transparent procurement practices Payment schedule Pricing of services Sustainable building methods Health, Safety and Environment (HSE) compliance Project completion and timely delivery Product quality Agents performance and compliance management Non-disclosure agreement	Half-yearly evaluation and performance reviews Standard tender procedures Contract negotiation Contract agreement Site quality assessments Site inspections and certifications Letter of appointment Non-disclosure agreement Vendor registration and prequalification
Regulatory Bodies	Regulatory compliance Labour practices Environmental management and compliance Occupational health and safety	Inspection by local authority Annual reports Dialogue with regulators at seminars and conferences General meetings between managers and local regulators
Local Communities	Impact of business operations Transparency and accountability Environmental impacts Place making activities	Community engagement Annual and quarterly financial reporting Annual sustainability reporting Surveys and monitoring
Media	Financial performance New product launch Major events pre and post launch Crisis management	Official press release Exclusive media interview Annual media appreciation event

# SUSTAINABILITY STATEMENT

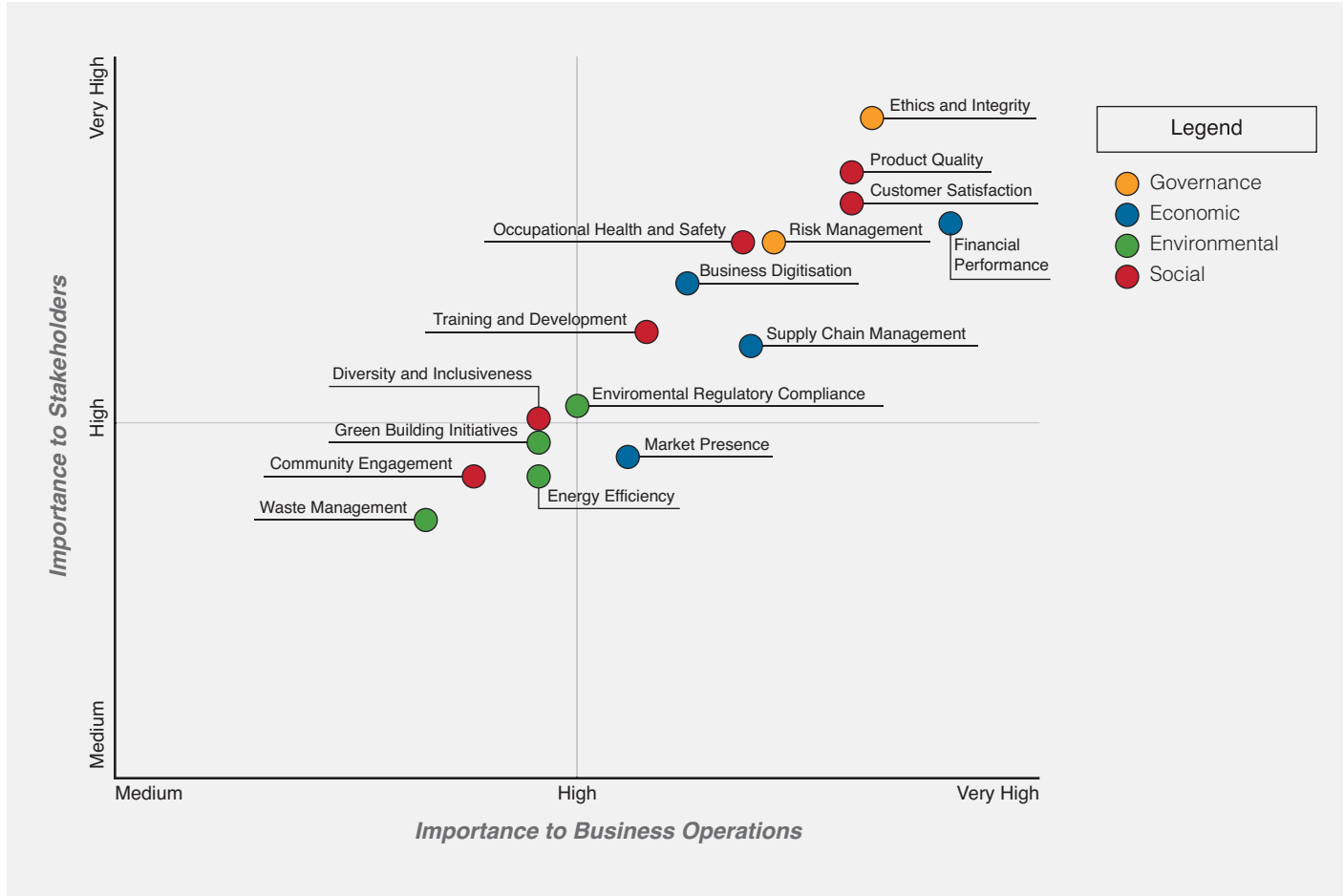
## SUSTAINABILITY RISKS AND OPPORTUNITIES

In FY2018, we sought to recognise the sustainability related risks and opportunities that are embedded in our value chain and deepen our understanding of how these risks or material sustainability matters can lead to substantial efficiency gains and enhancing the Group's reputation for sustainability.

### Materiality Matrix

The SWCs identified 16 material sustainability matters that were pertinent to the business and assessed them. The purpose of the materiality assessment was to rank or prioritise key governance, economic, environmental and social sustainability matters, taking into consideration their relative importance to Sunsuria's business success, sustainable development and stakeholder expectations.

















Through this process, we are able to better align our strategy to those matters that are of most importance to the stakeholders. The matrix below illustrates the results of the prioritisation.



## SUSTAINABILITY STATEMENT

## Mapping Material Sustainability Matters

Each of the 16 material sustainability matters have been mapped to its corresponding GRI indicator, stakeholder group(s) and SDG. This table is a summary of the elements of the GRI framework that have been used to structure this statement, the stakeholder(s) whose concerns need to be addressed in order to strengthen the Group's performance in relation to sustainability-related risk and the SDGs or Global Goals that the material sustainability matter can be benchmarked to.

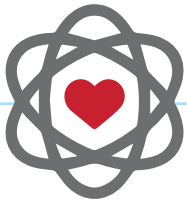
Material Sustainability Matters	GRI Indicator	Stakeholder Group(s)	SDG
Ethics and Integrity	General Standard Disclosure	All stakeholder groups	
Product Quality	Product Responsibility	Customers, Shareholders and Investors, Fund providers	
Customer Satisfaction	Product Responsibility	Customers	
Financial Performance	Economic Performance	Shareholders and Investors, Fund Providers, Media	
Risk Management	General Standard Disclosure	Employees, Shareholders and Investors, Fund Providers	
Occupational Health and Safety	Occupational Health and Safety	Employees, Regulatory Bodies, Service Providers	
Market Presence	Market Presence	Employees, Service Providers	
Supply Chain Management	Procurement Practices	Service Providers	
Training and Development	Training and Education	Employees	 
Environmental Regulatory Compliance	Environmental Compliance	Regulatory Bodies	
Diversity and Inclusiveness	Diversity and Equal Opportunity	Employees	
Business Digitisation	Indirect Economic Impact	Employees	 
Green Building Initiatives	Energy, Water, Effluents and Waste	Regulatory Bodies, Customers	 
Energy Efficiency	Energy	Regulatory Bodies, Customers	 
Community Engagement	Local Communities	Local Communities, Media	 
Waste Management	Effluents and Waste	Regulatory Bodies	 



# SUSTAINABILITY STATEMENT

## GOVERNANCE, RISK AND ETHICS

Governance encompasses the system by which an organisation operates, and the mechanisms by which it, and its people, are accountable. Risk management and ethics are important elements of governance, and together are rudimentary to strengthen the culture of sustainability within the Group.



### CORE VALUES

Integrity  
Reliability



### PEOPLE VALUES

Respectful  
Committed  
Progressive



### PRODUCT VALUES

Lifestyle  
Value  
Quality

### Ethics And Integrity

Our core values are integrity and reliability, and we continuously strive to develop and maintain a corporate culture that is committed to ethical behaviour. We believe that our commitment to ethics and integrity extend beyond the Group to interactions with external stakeholders and exponentially increase positive benefits to the Company.

During induction, we organise an 'Introduction to Sunsuria' session to create awareness on Sunsuria's values and Company culture. Furthermore, employee can access our Employee Handbook which details Company practices and guidelines, and also lays down the Group's expectation on matters regarding employee conduct. Ethical conduct is built on principles and values, exemplary conduct, communications and observation. The correlation between integrity and sustainability is inextricable and

a corporate culture that is emphatic on values such as integrity has spillover effects which include corporate accountability, transparency and stewardship.

In order to avoid any conflict of interest or the appearance of conflict of interest, we adopted a 'No Gift and Entertainment Policy' in FY2018, and this policy extends to our subsidiary companies as well as affiliated companies. Part of this policy's directive is for the Directors and employees of the Company to inform all third parties that the Company practices a 'No Gift and Entertainment Policy' and to request them to respect and adhere to the policy. In adopting this policy, we are able to protect the reputation of the Company and the interests of our shareholders and other stakeholders, thereby setting a strong foundation to build Sunsuria's long-term performance and culture of sustainability.

### Managing Risk

Risk management is about both protecting value and creating value. Sunsuria's Risk Management Committee meets on a half-yearly basis and its primary role is to identify the Group's current and potential risks and to review and update the business units' risk management processes. The latest internal risk management report prepared in August 2018, identified the Group's high priority risks to be in the area of customer experience, sales and marketing, project management, and product development and planning. Customer satisfaction and product quality, are examples of risks that were identified to be of moderate and high risk in terms of its likelihood and consequence in the risk management report, which were also identified as material sustainability matters that have a current or potential impact on the sustainability performance of the Group's operations (as shown in the matrix).

## SUSTAINABILITY STATEMENT

**BUILDING ECONOMIC RESILIENCE**

Real estate makes up a large component of a nation's tangible assets, and hence has a significant bearing on a country's economy and its development. As a main player in the property market, we have a part to play towards nation building. In this respect, our goal is to respectfully engage with local stakeholders across our business, reduce the impact of our operations, and contribute to economic opportunities.

**Strengthening The Local Economy**

We contribute to the local economy by providing local employment and creating economic growth through the utilisation of local talent/skills and material resources to plan and construct our projects. We encourage the hiring of local talent, especially at management level as we believe they have the qualifications and experience to make effective and efficient decisions with a full understanding of the vagaries and nuances that influence/impact the local property market. At Sunsuria, Deputy General Managers and upwards, i.e. up to the Executive Chairman, is considered senior management. 100 per cent of our senior management team is Malaysian, of which 75 per cent are men and the remaining 25 per cent women.

The interdependency of our business and upstream supply chain organisations involved in the construction, maintenance and operation of buildings, creates further employment and business opportunity. Although we do not have a policy for the preferential selection of local suppliers, 100 per cent of the suppliers our subsidiary Sunsuria Asas Sdn. Bhd. engages in running its operations is local.

**Going Digital**

Digital innovation is reinventing the way business is done. Recognising the potential and effectiveness the digital platform can bring to our operations, we have introduced a number of initiatives in FY2018 further streamlining some of our processes and strengthening employee/customer engagement. Not only will these initiatives improve process work flow, but it will also encourage us to go paperless.

The table below captures these initiatives, its main users and its objective.

<b>Initiative</b>	<b>Users</b>	<b>Objective</b>
<b>OCTOBER 2017</b> Virtual Reality (VR) showroom - Monet Springtime and Monet Garden	Sales and marketing team Visitors or customers	To allow visitors to virtually view the project using the HTC Vive system and running the digital programme at roadshows and events.
<b>NOVEMBER 2017</b> Augmented Reality (AR) Brochure	Sales and marketing team Visitors or customers	To showcase 3D scale model layout using a mobile application on a physical brochure, thereby allowing a salesperson to bring the 3D scale model anywhere to showcase to its prospects.
<b>JANUARY 2018</b> e-Pre-Delivery Inspection (e-PDI)	Project team Customer experience team Customers	To perform quality check on completed product units through a mobile application for reporting defects, rectification progress monitoring and analysis.
e-Meeting Minutes	Internal employees	To record meeting minutes, initiate action task and monitor action task progress electronically.

# SUSTAINABILITY STATEMENT

Initiative	Users	Objective
<b>JANUARY 2018 (CONT'D)</b> Employee Portal	All employees	To communicate and disseminate company related information.
e-Memo	Internal employees	To issue memo and obtain memo electronically.
<b>FEBRUARY 2018</b> Salesmoji	Sales and marketing team	A Customer Relationship Management (CRM) mobile application to manage marketing campaign, capture lead contacts, manage opportunity and analyse sales performance.
<b>MARCH 2018</b> Business Intelligence	Key working teams	To effectively monitor sales performance, work progress, and defect status and analysis.
<b>APRIL 2018</b> e-Vacant Possession (e-VP)	Customers Customer experience team	To do pre-VP checklist, set VP appointment, inventory check, key handover and customer satisfaction survey using the mobile application.
e-Defect Notification (e-DNF)	Customers Customer experience team Project team	To report defects, rectification progress monitoring and analysis using the mobile application.
<b>JULY 2018</b> Sunsuria Moments App	Customers Residents	To enable community services functions used by customer/resident in managing their property, accessing facilities and communicating with community through the mobile application.

Risks pertaining to data security are associated with digitalising business processes and we have taken the necessary measures to mitigate risks of this nature. Such measures include :-

- o Periodically assessing system access control to ensure appropriate access;
- o Upgrading antivirus protection for Company servers, systems and PCs to prevent cyber-attacks;
- o Conducting regular penetration test to assess Company's current Digital/IT security risk; and
- o Conducting regular cybersecurity awareness programmes to new staff, which is followed by an assessment to test their knowledge on the topic.

## SUSTAINABILITY STATEMENT

**BUILDING SOCIAL HARMONY**

We have a responsibility to our employees, customers and to the local community, in which we operate. Meeting customer expectations, empowering our employees, ensuring a safe workplace, and supporting the vulnerable sections of our community, define our approach to strengthen social sustainability throughout our value chain.

**Delivering Quality And Customer Satisfaction**

QLASSIC, is an external third-party quality assessment that sets out the standard on quality of workmanship for various elements of building construction work such as architectural, mechanical and electrical and external works. The Construction Industry Development Board (CIDB) aims to have more than 50 per cent of private residential projects with contract sum exceeding RM10 million achieve a QLASSIC score of at least 70 per cent by the fourth quarter of 2020. Our efforts towards meeting this goal includes setting a project benchmark score of 70 per cent for those projects completing in FY2018. However, for our projects completing in FY2019, we are targeting a QLASSIC score of 75 percent and above. The most recent assessments conducted in May and June 2018, were for The Forum 1, Suria Residence, Bell Avenue and Jasper Square.

THE FORUM 1  
**72%**

SURIA RESIDENCE  
**71%**

BELL AVENUE  
**71%**

JASPER SQUARE  
**76%**

Our Quality Management System (QMS) complies with ISO 9001:2015, which encourages more internal and external stakeholder focus as part of the adoption of a risk-based approach to quality management and emphasises the importance of adopting a QMS.

QMS Certification	Scope	Validity
ISO 9001:2015	Development of properties and provision of project management services	9 April 2021

Since January 2018, our Quality Assurance/Quality Control division has begun to carry out monthly Site Quality Assessment as a third party, to assess site quality in term of documentation and physical product quality, including but not limited to project quality plan compliances and monitoring contractor's workmanship.

Another initiative that was introduced recently is the Construction Trade Training (CTT) and Technical Conference, which is a session where Sunsuria, consultants and contractors share their professional expertise on certain work trades for purposes of knowledge sharing and continuous learning.



## SUSTAINABILITY STATEMENT

Our standard operating procedures (SOPs) relating to quality systems are available for all staff at our LIVE.SUNSURIA.COM portal. To sharpen our skills and know-how with regard to best quality practices in construction, we organised and arranged for staff to attend the following training programmes in FY2018.

Date	Training Programmes
14 October 2017	ISO 9001:2015 conducted for senior management team
10 March 2018	ePDI Analysis Sharing (Suria Residence case study)
25 April 2018	CTT Brickworks / CTT Plastering Works
31 May 2018	Conference Tiling Works
12 June 2018	CTT Skim Coat / CTT Door and Window Frame / CTT Floor Rendering
13 June 2018	Conference Landscape
29 June 2018	QLASSIC Internal Training
27 July 2018	CTT Roofing – Truss / CTT Painting Sanitary Plumbing / Cold Water Plumbing
29 August 2018	Conference Waterproofing
28 September 2018	Laminated and Timber Flooring
3 October 2018	Light Weight Concrete Block Installation

While the site quality training such as CTT Brickworks, CTT Plastering Works and QLASSIC internal training targeted the construction workers, main contractors and sub-contractors, the quarterly technical training such as ePDI analysis sharing was provided to Sunsurians, consultants and the main contractors.

Pre-Delivery Inspection (PDI) is an important step in assuring the customers of the quality of the unit before hand over and in order to minimise product quality issues we have introduced PDI at two stages instead of one, as described below.

### PDI STAGE

A representative from the Project Department will conduct the first layer of inspection called PDI to review the workmanship quality for all completed houses/units. The units' condition will be assessed and any defects will be recorded. After rectification is completed, then only proceed for PDI Stage 2 by Customer Experience Department.

### PDI STAGE

As an independent checker, Customer Experience Department representative will conduct another layer of PDI inspection to verify that defective works have been done satisfactorily and the units are ready to hand over.

## SUSTAINABILITY STATEMENT

Customer satisfaction is critical for our business to be a success and for improvement. We engage our customers for their feedback at different stages, i.e. pre-sale, post-sale and during the defects liability period. For each project, we have a customer satisfaction objective and the parameters that impact the score are handover experience, product and design, and facilities.

The table below covers the response rate and survey results in FY2018 for the different projects.

## FY2018 Customer Satisfaction Scores

Type of Survey	Projects Covered	Response Rate	Areas of Assessment	Customer Satisfaction Index
Pre-Sales Survey	Monet Lily Monet Garden Monet Springtime Bell Suites	98%	Sales Experience Marketing Support Business Partner Customer Experience	86%
Project Handover Survey	Suria Residence The Forum 1 Bell Avenue	92%	Handover Experience Personnel Facilities Recommendation Product Design	80%

Our target score for customer satisfaction is 80 per cent. In 2018, for the pre-sale survey we attained a customer satisfaction index score of 86 per cent, thereby exceeding the target by 6 per cent. Whereas, for the project handover survey conducted we managed to meet our target of 80 per cent.

## Ensuring A Safe Workplace

There is an Occupational Health, Safety and Environment (OHSE) Committee established at every construction site. Each of the OSHE Committees has equal employer and the employee representation. However, the number of members varies depending on whether the number of total workers at site is more than or less than 100 people.

Our employees involved in the site regularly attend 'In-house Safety Induction' training and we organise 'Tool Box' talks on a monthly basis. The Safety and Health Officer for each site records monthly Safety and Health Reports entailing the man-hours, lost-time injury as well as programmes and training activities organised to promote and monitor the health and safety aspects of site operations. In FY2018, across the projects, we are pleased to note that there were no cases of injury that resulted in loss of man-hours.

The health and well-being of our employees is important to us, both at the corporate office and especially at the project site. Sunsuria's Sports and Recreation Club organises weekly badminton sessions, football friendly matches with XMU Malaysia (28 April 2018), yoga sessions (30 March 2018), as well as sports and family day (30 June 2018). These activities encourage employees to exercise and stay healthy as well as fosters camaraderie and boosts employees' engagement.



## SUSTAINABILITY STATEMENT

### Talent And Skill Development

Training presents a prime opportunity to expand the knowledge base of employees and equip them with necessary skills to meet their potential. Throughout the year, we provide opportunities for staff to attend training programmes, summits and conferences, such as those that have been listed below.

#### Training Programmes

Recruitment Asia 2017

Hiring Solutions Workshop

PIKOM Leadership Summit 2017

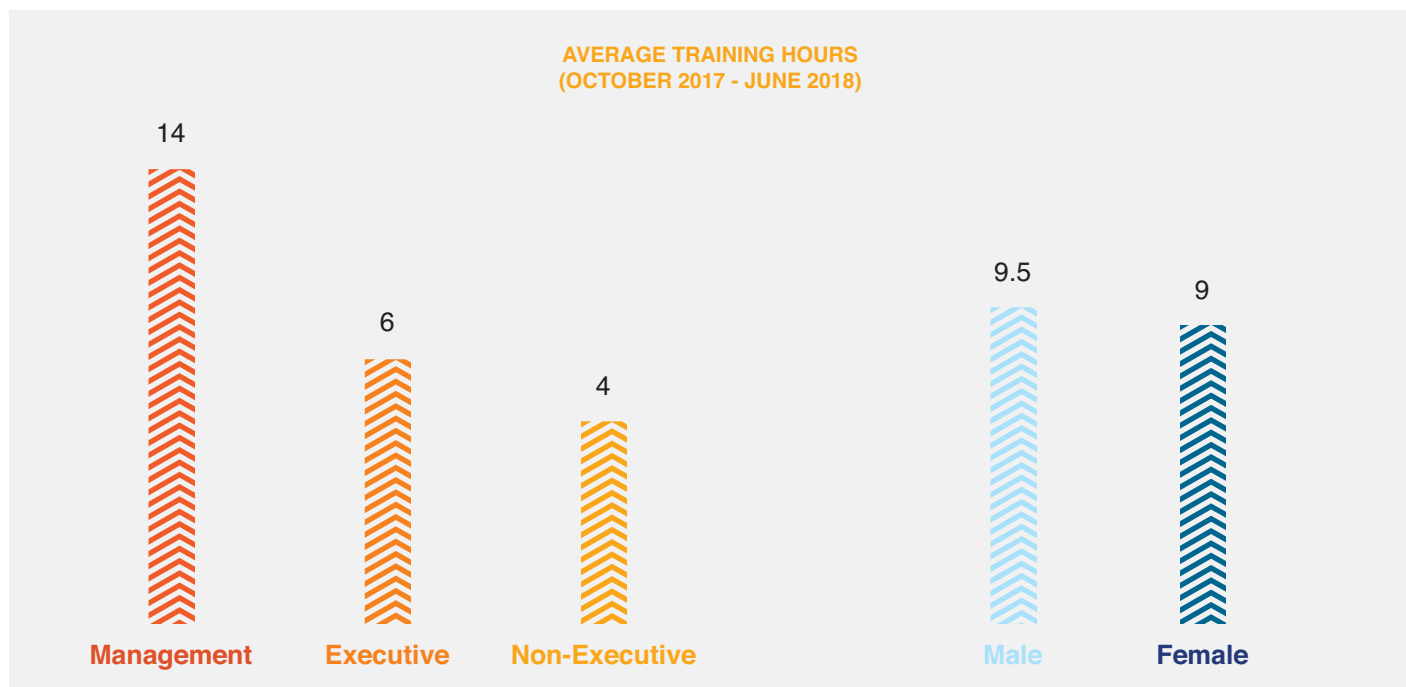
Coaching and Career Development (Part 1)

Coaching and Career Development (Part 2)

EPF Briefing and ePDI Briefing

Fire Safety - Gaining the Edge

QLASSIC Awareness Course

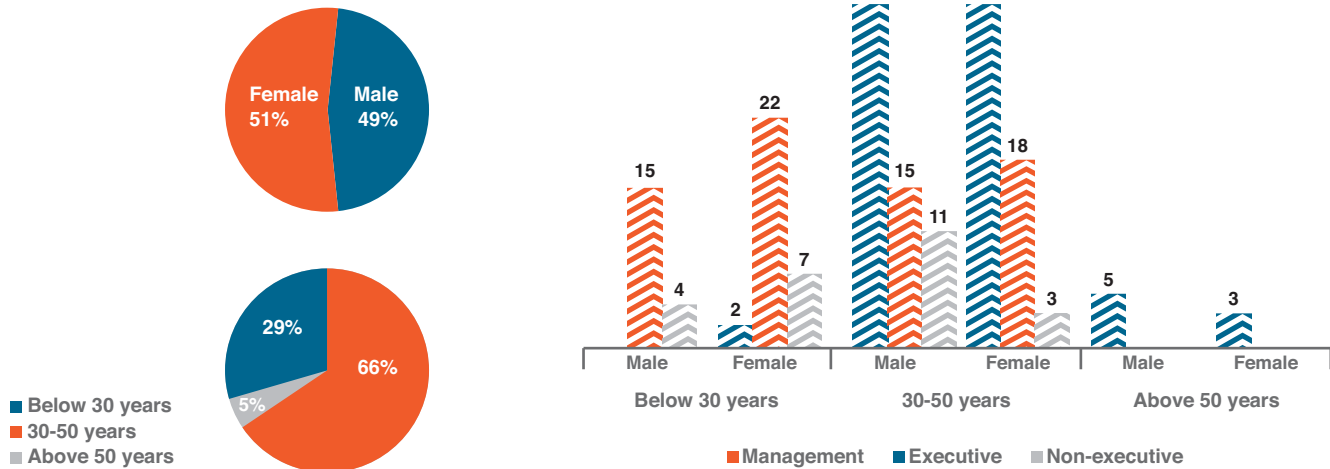


This process of continuous learning benefits our individual team members and our entire team as a whole, contributing to the success of our projects. We invested a total of 1,622 hours in training in FY2018. The distribution of average training hours by gender and employment category are represented in the bar graphs above.

# SUSTAINABILITY STATEMENT

## DIVERSITY AND INCLUSIVENESS

We draw strength from the diversity and inclusiveness that is prevalent in our workplace. At the corporate office, we are a total of 171 employees, of which 51 per cent is female and the remaining 49 per cent male. Having a diverse team of employees, across age and gender as well as industry experience, encourages open-minded dialogues, broadens our positive influence and reach, helps bridge gaps, and brings in new perspectives and strategies. The graphs below illustrate the distribution of our team by gender, age and employment category.



Openness in culture speaks to the capacity within the organisation to air divergent views and the willingness of staff to report issues. Here at Sunsuria, we have an open-door policy which helps the employer understand the concerns and aspirations of the employee. A platform for employees to raise concerns and discuss matters with management is the 'Coffee Chat with CEO and Executive Chairman' that is organised regularly. The Company has adopted a whistleblowing policy to provide a formal channel by which employees and other stakeholders can report any misconduct or fraudulent behaviour without fear of reprisal.

## COMMUNITY ENGAGEMENT AND SUPPORT

At Sunsuria, we are committed to philanthropy. Education is an area that we continuously contribute towards, as we believe it is the foundation for building a healthy and sustainable community. In line with our commitment to encourage education and support educational institutions, we donated a total amount of RM 54,496 towards scholarships, tuition fees and internship allowances, and RM 5,000 to Kuen Cheng High School. Our commitment to support education extends to providing financial assistance for research. Towards this, we contributed RM 40,200 to Bendahari Universiti Malaya on 21 November 2017.

Furthermore, during the reporting period, we donated to various funds, associations and societies (as listed below).

Date	Organisation	Amount (RM)
8 November 2017	Dana Amanah Biasiswa dan Kebajikan	25,000
24 November 2017	Lion Parkson Foundation	80,000
4 December 2017	Malaysian Chinese Cultural Society	5,000
22 January 2018	Terengganu Chinese Chamber of Commerce and Industry	10,000
20 March 2018	Lion Parkson Foundation Run	1,800
20 March 2018	Johor Associated Chinese Chambers of Commerce and Industry	10,000
20 June 2018	Yayasan Pencegahan Jenayah Malaysia - Conference	10,000
27 June 2018	Associated Chinese Chamber of Commerce and Industry Malaysia - Sponsorship for Youth Entrepreneurs Conference	50,000



# SUSTAINABILITY STATEMENT

## BUILDING SUSTAINABLE URBAN ECOSYSTEMS

This section describes our efforts to create urban ecosystems that are smart, livable and sustainable. With rapid urbanisation, it is increasingly important that we build conscientiously and consider the impact of our projects on the surrounding community and environment, throughout the lifespan of the project, starting from construction.

### Environmental Compliance

We comply with the Environmental Quality Act 1974 / (Amendment) Act 2007 and its regulations that are pertinent to our operations. For instance, Sunsuria Asas carries out water quality testing on a monthly basis at all our project sites to ensure our compliance to Section 25 of the Act, which concerns polluting inland waters. Section 29A on the other hand refers to the prohibition on open burning. In order to comply with this regulation as well as fully understanding the environmental and social implications of open burning, we have established a policy to prohibit open burning at the site.

We recognise that our efforts to reduce any negative impact our operations may have on the environment, begins with compliance. In the reporting period, we did not receive any significant fines or sanctions for non-compliance to the country's environmental laws and regulations.

### Creating Green Living Spaces

We have integrated energy saving features and facilities to encourage sustainable living into Sunsuria City, such as the creation of retention ponds, integrated connections to public transport, bicycle lanes, LED street

lights, tree planting activities and the installation of electric vehicle charging stations. Another one of our projects, Suria Residence is a high-rise and uses rainwater harvesting systems to be able to store reuse rainwater.

The concept of Smart Homes is where the home owner can remotely control and monitor lighting, door access, air-conditioning, and sensors. This encourages the efficient use of energy as well as safety and security. We plan to implement this concept in Bell Suites SOHO once the development is issued for Vacant Possession (VP).

### Sustainable Building Material And Practices

In order to reduce the use of timber, considering it is a finite natural resource, we use aluminum formwork for building material. The added environmental benefit of using aluminum alloy formwork is that all its parts are reusable, thereby reducing waste that is generated at the site and ensuring the construction environment is safe and clean.

In the construction sector, we rely on technology and innovation to improve operational efficiencies, reduce costs, deliver safety and produce quality outcomes. Building Information Modelling (BIM)<sup>1</sup> is an excellent example of how we are using technological advancement in construction to be more sustainable. Sunsuria Asas is using BIM in the construction of Forum 2 and its advantage can be seen by way of its positive impact on the environment, i.e. fewer deliveries to and less waste removal from site, reducing transportation and associated fuel consumption, carbon emissions, road congestion and noise pollution.



## CONCLUSION

The business case for sustainable development is strong and as a forward-looking business leader, we recognise the prospects of integrating sustainability into our businesses, for its short-term as well as long-term impact. While we have the fundamentals of what it takes to be a resilient and sustainable business, we intend to strengthen our commitment to sustainability.

Our aspirations in this regard, include working with sector peers and stakeholders to map a collective route to a sustainable competitive playing field, prioritising key technology and policy levers as well as developing new skill profiles and jobs.

<sup>1</sup> BIM (Building Information Modeling) is an intelligent 3D model-based process that gives architecture, engineering, and construction professionals the insight and tools to more efficiently plan, design, construct, and manage buildings and infrastructure.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Sunsuria Berhad (“**Sunsuria**” or “**Company**”) recognises the importance of maintaining good corporate governance practices within Sunsuria and its subsidiary companies (“**Sunsuria Group**” or the “**Group**”) as it is the Board’s fundamental responsibility to protect and enhance long-term shareholder value and the financial performance of Sunsuria Group, whilst taking into account the interest of all stakeholders.

The Board is guided by the principles and recommendations of the Malaysian Code on Corporate Governance (“MCCG”), which was released on 26 April 2017, in implementing its governance system and ensuring compliance with the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Board is pleased to present an overview of the Corporate Governance Statement, which provides key highlights on how Sunsuria complies with the three (3) principals of the MCCG during the financial year ended 30 September 2018, which are as follows:

- (a) Principle A : Board Leadership and Effectiveness;
- (b) Principle B : Effective Audit and Risk Management; and
- (c) Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

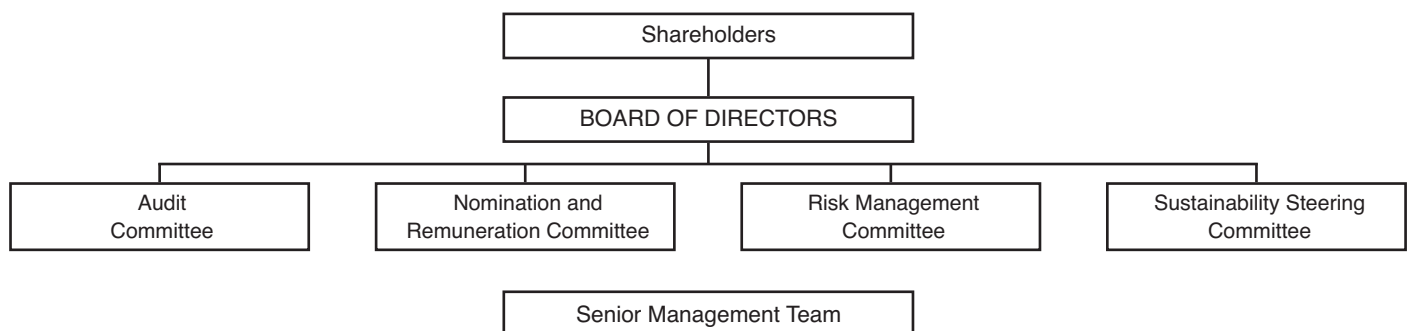
This statement has been approved by the Board of Directors (“the Board”) on 28 November 2018 and is complemented with a Corporate Governance Report (“CG Report”) based on a prescribed format pursuant to paragraph 15.25 of the Listing Requirements of Bursa Securities. The CG Report is available on the Company’s website [www.sunsuria.com](http://www.sunsuria.com) as well as via announcement on the website of Bursa Securities.

The CG Report provides the details on how the Company has applied each practices under the MCCG, any departures thereof and the alternative measures put in place within the Company during the financial year ended 30 September 2018 (“FY2018”). The Board considers that the Company has substantially complied with the MCCG throughout the FY2018 until the date of this report save for the exceptions which are fully described in the CG Report.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### Board Leadership, Roles and Responsibilities

The Board is responsible for the effective leadership and long-term success of the Group. The Board has formally adopted a Board Charter, which outlines the roles and responsibilities of the Board and those which it delegates to the various Board Committees. The Board Charter is available online in the Investor Relations section at [www.sunsuria.com](http://www.sunsuria.com).



The Board leads the Group and plays a strategic role for the oversight and overall management of the Company. The Board’s key responsibilities includes reviewing and approving strategic and annual business plan and budget, overseeing the conduct of the Company’s business, investment proposals, compliance and accountability systems, core values and corporate governance practices of the Group to ensure that the Group operates with integrity and in compliance with the rules and regulations.

The effectiveness of the Board relies on clarity of the various roles and responsibilities of the individual Board members. The positions of the Executive Chairman and CEO are held by different individuals to ensure a balance of power and authority between the Executive Chairman and CEO. There is clear segregation of roles and responsibilities between the Executive Chairman and the CEO as set out in the Board Charter.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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The Chairman is responsible for the leadership, governance and management of the Board, ensuring its effectiveness and assumes the formal role as the leader in chairing the Board meetings and shareholders' meetings. He oversees and evaluates the conduct and performance of the Group and undertakes to ensure that the Board fulfils its obligations under the Board Charter and as required under the relevant legislations.

The CEO is responsible to lead the management team in the day-to-day operations of the Company, ensuring organisational effectiveness and implementation of Board strategies, policies and decisions. He relinquishes the Chairman that plays an executive role from such responsibilities. By virtue of his position as a Board member, he also acts as the intermediary between the Board and the Senior Management Team.

As at the date of this report, the Board comprises five (5) Board members with two (2) Executive Directors (the Executive Chairman and CEO), one (1) Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors. This Board composition complies with Paragraph 15.02 of the Listing Requirements of Bursa Securities, which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be independent.

Although all Directors have equal responsibility for the Group's business directions and operations, the role of these Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the Management are fully discussed and evaluated, having considered the long-term interests of all interested parties, including shareholders, employees, customers, suppliers and the community as a whole.

The Non-Executive Directors of the Company are not involved in the day-to-day management of the Group and have the range of skills and experience which enables them to oversee business performance and provide constructive opinion, advise and judgement to ensure the interests of the Group, shareholders, employees, customers and other stakeholders in which the Group conducts its businesses are well represented and taken into account.

The Board through the Nomination and Remuneration Committee ("NRC") undertakes the independent assessment of all its Independent Directors of the Company which was carried out as part of the board assessment annually. The NRC and the Board reviewed the independence assessment results and are satisfied that all the Independent Directors fulfilled the criteria of "Independence" as prescribed under the Listing Requirements. They opined that the Independent Directors continue to remain objective and independent in expressing their respective views and in participating in deliberations and decision-making of the Board and Board Committees.

The Board is aware that the tenure of an independent director should not exceed a cumulative term of nine years as recommended by the MCCG. Upon completion of the nine years, an independent director may continue to serve on the board subject to the director's re-designation as a non-independent director. The NRC and the Board also noted that pursuant to the MCCG, the Board may provide justifications and seek shareholders' approval in the event there is intention to retain a Director who has served a cumulative term of nine (9) years as an Independent Director.

Presently, none of the Independent Non-Executive Directors hold office for more than (9) years as at the date of this Statement.

The profile of each Director is disclosed in the Profile of Directors of this Annual Report.

With the core values of the Company rooted in integrity and reliability, it continues to promote and inculcate a healthy working culture and environment through the common code of conduct. The Code of Conduct is comprehensively listed within the Employee handbook, which is accessible through the corporate intranet.

The Code of Conduct lists down the basic policies of Compliance and Ethical Considerations, Health and Safety Consideration, the use of Confidentiality and Intellectual Property and Employee Conduct Expectation.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board and Board Committee meetings are scheduled at the onset of the calendar year and an annual corporate calendar with an indication of the key business items for each meeting is circulated to all Directors, to facilitate the Directors' time planning.

For the financial year ended 30 September 2018, the Board met five (5) times to discuss the issues on the Group's financial performance, significant investments, corporate development, strategy and business plan and other matters reserved for the decision by the Board. All proceedings of the Board meetings were minuted.

All the Board and committee members have timely access to the relevant information pertaining to the Group as well as the advice and services of the Company Secretaries, management representatives and independent professional advisers whenever necessary at the Company's expense, to enable the Board and committee members to discharge their duties with adequate knowledge on the matters being deliberated.

The Company has appointed qualified named secretaries for the Company and its subsidiaries under the Companies Act, 2016. The Company Secretaries play an important role to the Board in relation to the Company's constitution and advise the Board on any updates relating to new statutory and relevant regulatory requirements pertaining to the duties and responsibilities of Directors as and when necessary.

**Board Committees**

The Board has set up the following committees and will periodically review their terms of reference and operating procedures. The Committees are required to report to the Board on all their deliberations and recommendations, if any.

**(A) AUDIT COMMITTEE**

The details are disclosed under Principle B: Effective Audit and Risk Management.

**(B) NOMINATION AND REMUNERATION COMMITTEE**

The Company had two separate committees i.e. Nomination Committee and Remuneration Committee. The Nomination Committee was responsible to oversee the selection and assessment of Board candidates for the appointment / re-appointment to the board and Board committees whilst the Remuneration Committee was responsible for matters concerning the Directors' remuneration.

The Board has on 2 October 2018 merged the Nomination Committee and the Remuneration Committee into a new committee known as Nomination and Remuneration Committee ("NRC") to enhance the efficiency and effectiveness of the Board Committees in discharging its duties and responsibilities. The NRC comprises exclusively of Non-Executive Directors and chaired by Tan Pei Geok, the Senior Independent Non-Executive Director. The other members of the NRC are Dato' Quek Ngee Meng and Datin Loa Bee Ha.

The primary functions of the NRC are as follows:

Nomination

- (i) to oversee the selection and assessment of directors and to ensure that Board composition meets the needs of Sunsuria Berhad;
- (ii) to propose new nominees to the Board of Directors of Sunsuria and any Committee of the Board; and
- (iii) to assess Directors on an ongoing basis.

Remuneration

- (i) to recommend to the Board the remuneration of the Executive Directors and Senior Management in all its forms, drawing from outside advice as necessary; and
- (ii) to assist the Board in determining the policy and structure for the remuneration of Directors and senior management of Sunsuria Group



### Nomination Committee

Prior to its merger with the Remuneration Committee, the Nomination Committee had three members including a Chairman and two directors, who are Non-Executive Directors. During the financial year ended 30 September 2018, the Nomination Committee has met once with a 100% attendance rate. At the meeting, the Nomination Committee reviewed the following matters:

- The effectiveness of the size mix and the composition of the Board and Board Committees
- The contribution of individual Directors in relation to the effective decision-making of the Board.
- The independence of Independent Director
- The re-nomination of the Directors who were due for retirement at the Company's Annual General Meeting (AGM)
- The board candidate and assessed his/her suitability for appointment as Independent Non-Executive Director.

### Remuneration Committee

Prior to its merger with the Nomination Committee, the Remuneration Committee had three members who are all Non-Executive Directors. During the financial year ended 30 September 2018, the Remuneration Committee has met twice with a 100% attendance rate. At the meeting, the Remuneration Committee deliberated the following matters:

- Salary increment, performance bonus KPIs for Executive Directors
- Review the monthly director's fee for Non-Executive Director and the Directors' fees payable from 1 October 2017 to the next Annual General Meeting in March 2019, subject to the shareholders' approval.

In the case of Executive Directors, the remuneration are structured to link rewards to the Group and individual performance. As for Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities and participation by the particular Non-Executive Director concerned.

The Non-Executive Directors are remunerated with Directors' fees which are subject to shareholders' approval at the Annual General Meeting ("AGM") annually in accordance with the Company's Constitution and Section 230(1) of the Companies Act, 2016. In recommending the proposed Directors' fees, the Remuneration Committee takes into consideration the qualification, duty and responsibility, and contribution required from a Director in view of the Group's complexity, and also the market rate among the industry.

The Company will be seeking the shareholders' approval for the Directors' fees payable to Non-Executive Directors for the period from the forthcoming 50th AGM until the next AGM in 2020, for the purposes of facilitating payment of the Directors' fees on a monthly basis and/or as and when incurred. The Board opined that it is just and equitable for the Non-Executive Directors to be paid such payment on such basis upon them discharging their responsibilities and rendering their services to the Company. Individual Directors do not participate in the discussions and determination of their own remuneration.

The number of Directors as at the end of the financial year and their total remuneration from the Group categorized in the various bands were as follows:

Band (RM)	No. of Non-Executive Directors	No. of Executive Directors	Total
1 – 50,000	2*	-	2*
50,001 – 100,000	3*	-	3*
100,001 - 500,000	-	-	-
500,001 – 1,000,000	-	-	-
1,000,001 – 1,500,000	-	1	1
4,000,001 - 4,500,000	-	1	1
Total	5*	2	7*

\* Includes Dato' Tan Tian Meng who has resigned as Independent Non-Executive Director on 24 November 2017 whilst Liew Jee Min @ Chong Jee Min who has resigned as Non-Independent Non-Executive Director on 30 November 2017.

## GOVERNANCE

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The details of the Remuneration of the Directors of the Company comprising remuneration received from the Company and subsidiary companies during the FY2018 are as follows:

Directors	← Fees		Salaries		Company Other Emoluments		Benefits-in-kind		Bonuses		← Group Other Emoluments		Benefits-in-kind		Bonuses			
<b>Executive Directors</b>																		
Tan Sri Datuk Ter Leong Yap			2,249,520		465,654		70,752		1,456,000			2,249,520		465,654		70,752		1,456,000
Koong Wai Seng			741,600		115,020		56,903		210,000			741,600		115,020		56,903		210,000
<b>Total</b>			2,991,120		580,674		127,655		1,666,000			2,991,120		580,674		127,655		1,666,000
<b>Non-Executive Directors</b>																		
Tan Pei Geok		70,200	-	-	-	-	-	-	-	-	-	70,200	-	-	-	-	-	-
Dato' Quek Ngee Meng		51,000	-	-	-	-	-	-	-	-	-	51,000	-	-	-	-	-	-
Datin Loa Bee Ha		61,800	-	-	-	-	-	-	-	-	-	61,800	-	-	-	-	-	-
Dato' Tan Tian Meng#		7,200	-	-	-	-	-	-	-	-	-	7,200	-	-	-	-	-	-
Liew Jee Min @ Chong Jee Min#		9,800	-	-	-	-	-	-	-	-	-	9,800	-	-	-	-	-	-
<b>Total</b>		<b>200,000</b>	-	-	-	-	-	-	-	-	-	<b>200,000</b>	-	-	-	-	-	-

# Dato' Tan Tian Meng resigned as Independent Non-Executive Director on 24 November 2017 whilst Liew Jee Min @ Chong Jee Min has resigned as Non-Independent Non-Executive Director on 30 November 2017.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### (C) RISK MANAGEMENT COMMITTEE

The Risk Management Committee (“RMC”) is primarily to oversee the Company’s risk management framework and policies and to review and discuss the top key risks identified for the Group. The RMC is headed by Dato’ Quek Ngee Meng as Chairman and the other members of the Committee are Tan Pei Geok and Koong Wai Seng.

During the financial year ended 30 September 2018, the RMC has met twice to review and discuss the top key risks identified for the Group, risk management and their effectiveness. More information about the activities of the RMC is set out in the Statement on Internal Control and Risk Management.

### Appointment to the Board, Succession Planning and Diversity

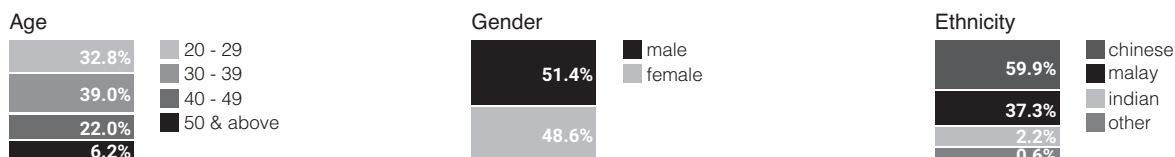
The Nomination and Remuneration Committee (“NRC”) and where appropriate, the full board, review the composition of the Board taking into consideration the benefits of all aspects of diversity.

The Board value diversity in terms of perspective, knowledge, skill, industry experience, background, age, ethnicity, and gender amongst Directors. The Board also believes that a wide array of perspectives that results from diversity promotes innovation and business success.

The appointment of Datin Loa Bee Ha and Tan Pei Geok in the Board is evidenced that the Board has implemented diversity principle to fulfil the requirement of 30% gender diversity.

At Sunsuria Group as a whole, we are committed to diversity and have an equal employment opportunity policy in promoting diversity in the Group. There are no barriers in employment or development in the Group because of an individual’s gender, race, religion and age. Sunsuria believes that employees with diverse cultural backgrounds bring unique experiences and perceptions to the work team that benefit the Group by strengthening productivity and responsiveness to changing conditions.

The Group’s workforce statistics in terms of age, ethnic, gender and nationality as at 30 September 2018 are as follows:



### Board Evaluation

The Board through the NRC conducts an annual review of the structure and composition of the Board, competency and time commitment of the Board as well as the independence of the Independent Directors. The Board also undertakes an annual assessment of the Board effectiveness, the Board Committees and the individual Directors by way of self and peer assessment. Based on the results of the assessment made, the Board was generally satisfied with the Board effectiveness, the performance of the board committees and individual directors.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities. All Directors have given their full commitment to the Board meeting by attending all of the Board meetings held during the financial year ended 30 September 2018, which are evident based on the attendance record set out in the table below:

Name of Board members	Attendance (1 October 2017 to 30 September 2018)
Tan Sri Datuk Ter Leong Yap (Chairman)	5/5
Koong Wai Seng	5/5
Dato’ Quek Ngee Meng (Appointed 24 November 2017)	4/4
Datin Loa Bee Ha	5/5
Tan Pei Geok	5/5

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**Board Development**

The Board recognises the importance of continual education for its members to gain an insight into statutory and regulatory updates, as well as developments in the industry and business environment within which the Group operates, and is committed to ensure that its Directors are equipped with the appropriate knowledge and skills through the formal and informal training/briefings to keep abreast with recent developments in laws, regulations and industry.

The Company carries out Induction Programme for newly appointed Director to enable him/her to have a full understanding of the nature of the businesses, past and current on-going development projects of the Group as well as the structure and management of the Group. As part of the induction programme, project site visits are arranged to provide a greater understanding about our development projects.

During the financial year, the Directors had attended various training programmes and seminars organised internally and by relevant regulatory authorities and professional bodies to enhance their knowledge and to keep abreast with the relevant changes in law, regulations and the business environment. The training programmes, seminars and workshops attended by the Directors during the financial year were, inter alia, on areas relating to corporate leadership and governance, Companies Act 2016, finance, risk management, sustainability and implementation of new regulations by the Government.

**Training /Courses Attended during the financial year ended 30 September 2018****TAN SRI DATUK TER LEONG YAP**

<b>Date of Training</b>	<b>Title of courses</b>	<b>Organised by</b>
10.10.2017	Companies Act, 2016 – Heavier Load on Directors	In house training
27.10.2017	2018 ACCCIM National Budget Forum	The Associated Chinese Chambers of Commerce and Industry of Malaysia (“ACCCIM”) & The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor
5.2.2018	Malaysia-China SMEs Business Matching Conference 2018	ACCCIM and The Embassy of the People’s Republic of China in Malaysia and Bank of China (Malaysia)
22.5.2018	Malaysia-Singapore Chinese Chambers of Commerce Business Forum 2018	ACCCIM and Singapore Chinese Chamber of Commerce & Industry (SCCCI)
18.7.2018	ACCCIM 7th Young Entrepreneurs Conference 2018	ACCCIM
23.8.2018	“CGCC World Chinese Entrepreneurs Summit” – Belt & Road and Guangdong-Hong Kong-Macao Bay Area Opportunities	The Chinese General Chamber of Commerce, Hong Kong



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**KOONG WAI SENG**

<b>Date of Training</b>	<b>Title of courses</b>	<b>Organised by</b>
2-3.10.2017	Khazanah Megatrends Forum 2017	Khazanah National Berhad
10.10.2017	Companies Act, 2016 – Heavier Load on Directors	In house training
27.10.2017	Economic Outlook for 2018 – Opportunities in Selangor	MBI Selangor
9.11.2017	Rehda CEO Series 2017 (Annual Regional Real Estate & Property Development Conference)	Rehda Institute
10.11.2017	JLL Breakfast Talk (The Malaysian Real Estate Market – A bright future ahead?)	JLL Property Services (M) Sdn Bhd
27.11.2017	Budget 2018 Proposal and Tax Updates Training	In house training
14.12.2017	Sustainability Awareness Briefing	In house training
25.01.2018	Medini CEO Forum 2018	Medini Iskandar Malaysia
15.03.2018	Corporate Governance Briefing Sessions: MCGG Reporting & CG Guide	Bursa Malaysia
10.08.2018	Advocacy Programme on CG Assessment Using The Revised Asean CG Scorecard Methodology (Malaysian PLCs)	Bursa Malaysia
24.09.2018	REHDA CEO Series 2018 (Annual Property Developers Conference)	REHDA Institute
27.09.2018	MFRS 15 Workshop	Deloitte

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**Training /Courses Attended during the financial year ended 30 September 2018****TAN PEI GEOK**

<b>Date of Training</b>	<b>Title of courses</b>	<b>Organised by</b>
16.07.2018	Financial reporting by listed issuers "interpreting financial numbers and overcoming challenges in facing timely and accurate reporting".	Malaysian Institute of Corporate Governance

**DATIN LOA BEE HA**

<b>Date of Training</b>	<b>Title of courses</b>	<b>Organised by</b>
10.10.2017	Companies Act, 2016 – Heavier Load on Directors	In house training
4.12.2017	MFRSs and budget briefing by Deloitte	In house training
16.3.2018	Corporate Governance Briefing Sessions: MCCG Reporting & CG Guide	Bursa Malaysia Berhad
27.06.2018	Preparation for Corporate Liability on Corruption: "How ready is your company to safeguard your directors, top management and personnel against a corruption prosecution?"	Malaysian Institute of Corporate Governance
06.09.2018	Sustainability Engagement Series for Directors / CEOs	Bursa Malaysia Berhad

**DATO' QUEK NGEE MENG**

<b>Date of Training</b>	<b>Title of courses</b>	<b>Organised by</b>
29-30.1.2018	Mandatory Accreditation Programme	The ICLIF Leadership and Governance Centre
2.3.2018	Corporate Governance Briefing Sessions: MCCG Reporting & CG Guide.	Bursa Malaysia Berhad
21-22.7.2018	AALCO Annual Arbitration Forum	AIAC
14-17.8.2018	International Malaysia Law Conference	Malaysian Bar Council

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### **Re-election of Directors**

The NRC also conducted an assessment of the Directors who are subject to retirement at the forthcoming annual general meeting ("AGM") in accordance with the provisions of the Constitution of the Company and the relevant provisions under the Companies Act, 2016.

In accordance with the Article 85 of the Company's Constitution, one-third of the Directors for the time being or, if their number is not a multiple of three (3), the number nearest to one-third shall retire from office and be eligible for re-election at each AGM. Newly appointed Directors shall hold office until the conclusion of the next AGM and shall be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meetings pursuant to Article 92 of the Company's Constitution.

The Article 85 of the Company's Constitution also requires that all Directors be subjected to retirement by rotation at least once every three (3) years.

The NRC is also responsible for recommending to the Board those Directors who are eligible to stand for re-election/re-appointment.

Based on the office period of the Directors since their last election and upon recommendation of the NRC, the Board is proposing the re-election of Koong Wai Seng and Datin Loa Bee Ha, who are due for retirement by rotation pursuant to Article 85 of the Company's Constitution. All being eligible, they have offered themselves for re-election.

To assist the shareholders in their decision, sufficient information such as personal profiles of the Directors standing for re-election are disclosed in the Profile of Directors of this Annual Report. The details of their interest in the securities of the Company are set out in the Analysis of Shareholdings of this Annual Report.

### **PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT**

#### **Audit Committee**

The Audit Committee comprises three (3) members, two (2) of whom are Independent Non-Executive Director and one (1) Non-Independent Non-Executive Director. The members of the Audit Committee are Tan Pei Geok as Chairman, Dato' Quek Ngee Meng and Datin Loa Bee Ha. The Chairman of the Audit Committee is not the Chairman of the Board. This meets the requirements of paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements and Practice 8.1 of the MCCG.

The composition of the AC is reviewed by the NRC annually and recommended to the Board for approval. In safeguarding an independent and effective AC whilst taking guidance from the MCCG, the membership for AC consists at least one (1) member who is financially literate and possesses appropriate level of expertise, experience and strong understanding of the Company's business.

The disclosures on Practices 8.1 to 8.5 of the MCCG are disclosed in the CG Report.

#### **Risk Management and Internal Control Framework**

The Board is fully aware of its overall responsibility of continuously maintaining a sound system of internal control which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investment and the Company's assets.

To assist the Board in maintaining a sound system of internal control, the Group has engaged internal audit and risk management consultants, who report regularly to the Risk Management Committee and the Audit Committee, which in turn report to the Board regarding the adequacy and integrity of the system of internal control. The implementation and maintenance of the risk management process to help the Board in identifying, evaluating and managing the risk is carried out by the Risk Management Committee of the Group.

The Statement on Risk Management & Internal Control which provides an overview of the Group's state of internal control is set out in pages 68 and 69 of this Annual Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

#### Communication with Stakeholders

The Board acknowledges the importance of being accountable to the shareholders and the investors via a direct and effective line of communication. As such, the Group always ensures the timely release of quarterly financial results, audited financial statements, corporate developments and announcements of the Group via the BURSA LINK, the Company's annual reports and other circulars to shareholders and where appropriate, ad hoc press statements which serve as the principal channel in keeping the shareholders and the investing public informed of the Group's major developments and overviews of financial performance and progress throughout the year.

The Company also organises quarterly briefings and conference calls to fund managers, institutional investors, investment analysts and the media upon the announcement of the Company's quarterly financial results to keep the interested public updated on the progress and development of the business and prospects of the Company.

The communication channels used in the Company's engagement with stakeholders includes:

- (a) Various disclosures and announcements to Bursa Securities including quarterly financial results;
- (b) Press releases and announcements to Bursa Securities and to the media;
- (c) The Company's Annual Report;
- (d) Dialogues and presentations at general meetings to provide overview and clear rationale with regards to the proposals tabled for approval by shareholders; and
- (e) Investor relations section on the Company's website at [www.sunsuria.com](http://www.sunsuria.com).

#### Conduct of general meetings

The Annual General Meeting ("AGM") and General meetings serve as principal forums for shareholders to engage directly with the directors and senior management. It also provides the opportunity for shareholders to raise questions pertaining to issues related to the Annual Report, Audited Financial Statements, corporate developments, resolutions being proposed and the business of the Group. Shareholders are encouraged to attend AGM and to participate in the question-and-answer sessions on the resolutions being proposed or on the Group's operations in general. Shareholders who are unable to attend the meetings are allowed to appoint proxies to attend and vote on their behalf in accordance with the Company's Constitution.

In 2018, the Company served notice of its Forty-Ninth Annual General Meeting at least 28 days before the meeting, well in advance of the 21-day requirements under the Companies Act 2016 and the Main Market Listing Requirements of Bursa Securities. The additional time given to the shareholders provides them to have sufficient time to scrutinise the Annual Report 2017 and to make necessary arrangements to attend the meeting. The Company also distributed together with the Notice of Annual General Meeting, information on administrative details such as details of the meeting, shareholders' entitlement to attend the meeting, their right to appoint proxy and information as who may act as a proxy, etc.

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees and even the External Auditors, if so required, provide meaningful response to questions addressed by the shareholders to them during the meeting.

Pursuant to the Paragraph 8.29A(1) of the Listing Requirements, the Company is required to ensure that any resolutions set out in the notice of general meetings are voted by poll.

At the AGM of the Company held on 8 March 2018, all resolutions were decided by a poll and the votes received in respect of each resolution were notified to the Bursa Securities on the same date as the meeting was held. The poll voting was conducted via electronic means and the results of the voting were instantly displayed on the screen. The Company has appointed an independent external scrutineer to validate all the votes at the said general meeting.



# AUDIT COMMITTEE REPORT

The Board of Directors of Sunsuria Berhad (“Sunsuria”) is pleased to present the Audit Committee (“the AC”) Report for financial year ended 30 September 2018.

## COMPOSITION AND ATTENDANCE

Members	Membership / Designation	Meeting Attendance (1 October 2017 to 30 September 2018)	
Tan Pei Geok	Chairman / Independent Non-Executive Director	5/5	100%
Datin Loa Bee Ha	Member / Non-Independent Non-Executive Director	5/5	100%
Dato’ Quek Ngee Meng <sup>#</sup>	Member / Independent Non-Executive Director	4/4	100%

Note:

<sup>#</sup> Dato’ Quek Ngee Meng has been appointed as an Independent Non-Executive Director on 24 November 2017.

As a whole, the AC are qualified individuals having required skills and expertise to discharge the AC’s functions and duties. The AC’s literacy and understanding of financial reporting standards and information have contributed to meaningful discussions in overseeing the integrity of the financial reporting processes and financial statements. The AC Chairman is a member of the Certified Practising Accountants (CPA, Australia) and the Malaysian Institute of Accountants (MIA). Accordingly, the Company complies with paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements of Bursa Malaysia.

The Chief Executive Office, Chief Financial Officer and Internal Auditors are permanent invitees to brief and provide clarification to the AC on their areas of responsibility. Other members of Senior Management are also invited for specific agenda items to support detailed discussions during the AC’s meetings.

The External Auditors were also invited to brief the AC on matters relating to the external audit during the financial year and provide a high-level review of the financial position of the Group during the said meetings. Time were also allocated for the External Auditors to have private discussions with the AC in the absence of the Management.

During the financial year ended 30 September 2018, the internal auditors have attended four (4) out of five (5) meetings held to table the respective internal audit reports and presented their recommendations as the actions and steps taken by management in response to any audit findings.

Minutes of each AC meeting were recorded and tabled for confirmation at the next following AC meeting and subsequently presented to the Board for notation. The AC Chairman, with the assistance of the Chief Financial Officer and the Senior Manager of Group Finance, presented to the Board the AC’s recommendation to approve the annual and quarterly financial statements. The AC Chairman also conveyed and made recommendations to the Board on matters of significant concern as and when raised by the external auditors or internal auditors in the respective presentations or reports.

Annually, the term of office and performance of the AC and each of its members are being assessed by the Nomination and Remuneration Committee prior to recommending to the Board for notation. During the financial year ended 30 September 2018, the Board is satisfied that the AC has discharged its function, duties and responsibilities in accordance to the Terms of Reference of the AC, supporting the Board in ensuring the Group upholds appropriate Corporate Governance standards, practices and guidance.

## FUNCTIONS AND ROLES OF THE COMMITTEE

The AC is responsible for assisting the Board in discharging its statutory and fiduciary responsibilities including the responsibility for overseeing the financial reporting process and ensuring that the results of the Company’s operations are fairly presented in its financial statements.

The terms of reference of the AC was reviewed and updated on 24 May 2018 to reflect the requirements of the applicable practices and guidance of the Malaysian Code on Corporate Governance (MCCG). The Terms of Reference of the AC is made available on the Company’s corporate website at [www.sunsuria.com](http://www.sunsuria.com).

# AUDIT COMMITTEE REPORT

## SUMMARY OF WORK OF THE AC DURING THE FINANCIAL YEAR

### 1. Overseeing Financial Reporting

- (a) Reviewed the following unaudited quarterly reports and the consolidated results and its related press statement, amongst others, any change in accounting policies, significant matters highlighted, the going concern assumption, and compliance with accounting standards and regulatory requirements prior to their recommendation to the Board of Directors for approval:
  - (i) Quarterly financial results for the fourth quarter of the financial year ended 30 September 2017 at the Audit Committee meeting held on 22 November 2017; and
  - (ii) First, second and third quarters of the quarterly results for the financial year ended 30 September 2018 at the Audit Committee meetings held on 26 February 2018, 24 May 2018 and 27 August 2018, respectively.
- (b) Reviewed the consolidated audited financial statements of the Company and the Group for the financial year ended 30 September 2017 at the Audit Committee meeting held on 23 January 2018 and ensuring that the statements comply with the Financial Reporting Standards ("FRS"), for recommendation to the Board for approval.
- (c) Reviewed the significant matters highlighted by the auditors in the financial statements and significant judgements made by the Management.
- (d) Reviewed the adequacy of the processes and controls in place for effective and efficient financial reporting and disclosures under the FRS and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR").

### 2. External Audit

- (a) Reviewed with the External Auditors, Messrs Crowe Horwath, the Audit Review Memorandum on the audit of the financial statements for the financial year ended 30 September 2017 setting out their comments and conclusions on the significant auditing and accounting issues highlighted;
- (b) Reviewed with the External Auditors, the audit report, issues, reservations and management responses arising from their audit, as well as the audit and non-audit fees;
- (c) Reviewed with the External Auditors, Messrs Deloitte PLT ("Deloitte") the audit plan for the financial year ended 30 September 2018 outlining, amongst others, their scope of work, areas of audit emphasis, and development in laws and regulations affecting financial reporting and the responsibilities of directors and managements, and auditors;
- (d) Had discussions with the External Auditors during the financial year, without the presence of management, to apprise on matters in regard to the audit and financial statements.
- (e) Evaluated the performance of the External Auditors for the financial year ended 30 September 2017 covering areas such as calibre, quality processes, audit team, audit communication, audit governance and independence of the External Auditors. Feedback on the conduct of the external audit was obtained from the Management for assessing the quality of services rendered to the Group.
- (f) Reviewed and approved an External Auditors' Policy, which outline the guidelines and procedures for the AC to assess and monitor the external auditors. In the assessment, the AC considers several factors including the adequacy of experience and resources of the firm and the professional staff assigned to the audit, and the level of non-audit services to be rendered by the External Auditors to the Group.

### 3. Internal Audit

- (a) Reviewed with the Internal Auditors the internal audit reports (including follow-up review reports) on the audit findings and recommendations, management's responses and/or actions taken thereto, and ensured that material findings were satisfactorily addressed by management.
- (b) Reviewed and adopted the risk-based internal audit plan for the financial year end 30 September 2018 ensure sufficient scope and coverage of activities of the Company and Group.

## AUDIT COMMITTEE REPORT

### 4. Related Party Transactions

- (a) Review significant related party transactions entered into/to be entered into by the Company and the Group to ensure that the transactions were in the best interest of Sunsuria Group; were fair, reasonable and on normal commercial terms; and not detrimental to the interest of the minority shareholders of Sunsuria Berhad.
- (b) Reviewed on a quarterly basis, the Recurrent Related Party Transactions (“RRPT”) entered into by the Company and/or its subsidiaries with related parties to ensure that the Group’s internal policies and procedures governing RRPT are adhered to, the terms of the shareholder mandate are not contravened, and disclose requirements of the MMLR are observed.
- (c) Reviewed the Circular to Shareholders in relation to the renewal of shareholder mandate for RRPT and new shareholder mandate for additional RRPT, prior to its recommendation to the Board of Directors for approval.

### 5. Annual Report

- (a) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control before recommending these for the Board’s approval for inclusion in the Annual Report.

### INTERNAL AUDIT FUNCTION

The role of the Internal Audit (“IA”) is to assist the AC in evaluating the adequacy and effectiveness of the governance, risk management and internal control systems and recommending improvements to the systems.

The Group has outsourced its internal audit function to external consultants, which reports directly to the AC. The Internal Audit is able to undertake independent and systematic reviews of the systems of internal controls and procedures of operating units within the group so as to provide reasonable assurance that such systems continue to operate satisfactorily, effectively and in compliance to the Group’s established policies and procedures.

The work of the internal audit function during the year under review include:

- (i) Developed the annual internal audit plan and proposed the plan to the AC.
- (ii) Conducted follow-up reviews to assess if appropriate action has been taken to address issues highlighted in previous audit reports.
- (iii) Presented significant audit findings and areas for improvements raised by the IA to the AC for consideration on the recommended corrective measures together with the management’s responses.
- (iv) Conducted RRPT reviews to assess accuracy and completeness of reporting and ensure compliance with the MMLR.
- (v) Conducted discussions with management in identifying significant concerns and risk areas perceived by management for inclusion in the internal audit plan.
- (vi) Reviewed the adequacy of internal controls in the various auditable areas such as top 3 high risk areas comprising regulatory risk, stock inventory risk and customer satisfaction risk, Quality Assurance/Quality Control, Contract Management for Project Tendering under construction division and Purchasing Function (Sourcing and Selection) of the Group.
- (vii) Incorporated suggestions made by the AC and management on concerns over operations or controls and significant issues pertinent to the Company and the Group into the pre-audit planning.

The cost incurred for the Internal Audit function of the Group in respect of the financial year ended 30 September 2018 was approximately RM107,500.

### TERMS OF REFERENCE

The Terms of Reference of the AC can be found under the “Investor Relations” section on the Company’s website at [www.sunsuria.com](http://www.sunsuria.com).

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Sunsuria Berhad is committed to continuously improving the Group's risk management and internal control system and is pleased to present the following Statement on Risk Management & Internal Control for the financial year ended 30 September 2018. This statement is made pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (the "Listing Requirement") and in accordance with the Principles as stipulated in the Malaysian Code on Corporate Governance 2017 ("the Code") and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"). This Statement outlines the nature and scope of risk management and internal control of the Group and covers all of the Group's operations except for associate companies.

## 1. BOARD'S RESPONSIBILITY

The Board of Directors (the "Board") recognises the importance of sound controls and risk management practices to good corporate governance. The Board acknowledges its overall responsibility in establishing a sound risk management framework and internal control system to safeguard shareholders' investment and the Group's assets.

The Board continually reviews the adequacy and integrity of the Group's risk management and internal control system, which has been embedded in all aspects of the Group's activities, and its alignment with business objectives. The Board is equally aware that the risk management framework and internal control system are designed to manage the Group's risks within an acceptable risk appetite, rather than eliminate the risk of failure to achieve the policies, goals and objectives of the Group. In this regard, the risk management framework and internal control system can only provide reasonable assurance, and not absolute assurance, against material misstatement of financial information and records or against financial losses or fraud.

## 2. RISK MANAGEMENT

The Risk Management Committee ("RMC") was established to uphold risk oversight within the Group. The RMC is chaired by an Independent Non-Executive Director, who is neither the Chairman of the Board nor the Audit Committee.

The roles and responsibilities of the RMC include the following:

- a. Develop and recommend the Group risk policies and objectives aligned with its strategic business objectives;
- b. Communicate Board's risk policies, objectives, responsibilities, and reporting lines to all employees across the Group;
- c. Identify and communicate to the Board on the critical risks (present and potential) the Group faces, their changes and the management action plans to manage the risks;
- d. Perform risk oversight and review risk profiles (the Company and the Group) and regularly review and update the business units risk management processes;
- e. Provide guidance to the business units on the Group's and business unit's risk appetite and capacity, and other criteria which, when exceeded, trigger an obligation to report upward to the Board;
- f. To keep under review the effectiveness of the Group's internal control and risk management systems and review the statements to be included in the Annual Report concerning internal controls and risk management; and
- g. All other risk management matters delegated by the Board.

The Group has adopted a Risk Management Framework ("Framework") that outlines policy and on-going process for identifying, evaluating, managing, monitoring and communicating the risks faced by the Group throughout the period under review. It places importance of balancing between risk and reward in making strategic business decisions, a tool in managing both existing and potential risks with the objective of protecting key stakeholders' interest, and compliance with statutory and legal requirements. The Framework sets the risk context and categories such as industry/market, financial, operations, compliance and people in relation to the Group's business activities.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### ***Risk identification and evaluation process***

The risks are identified through a series of discussions with the key personnel and management of the Group, which is then incorporated into a Key Risk Profile that includes details on the nature of the risk as well as the severity and probability of an occurrence.

The risk identification process includes consideration of both internal and external environmental factors. External environmental factors include political, economic, social technological, legal and environment changes. Internal factors include changes in key personnel, introduction of new or revision of existing policies and procedures.

Next, the risks identified are evaluated by examining the potential impact on the Group if a risk were to crystallise, as well as the likelihood of occurrence. The impact is rated on a scale of A to E, A to indicate the lowest impact and E to indicate the highest impact. The likelihood of a risk crystallising is rated on a scale of 1 to 5, 1 to indicate lowest probability and 5 indicate the highest probability. The risk level shall be rated insignificant, minor, moderate, major or catastrophic and be determined according to the Risk Analysis Matrix.

Risk information and treatment plans are captured and updated into a risk register which is maintained by the Business Unit Risk Committee Officer. The information is consolidated to provide an enterprise overview of material risks faced by the Group and the associated risk mitigation plans, which are tracked and reviewed.

### ***Risk adoption and monitoring process***

All risks identified are documented into a Key Risk Profile, which is updated by the respective Heads of Departments and tabled to the RMC on 26 February 2018 and 27 August 2018. The Key Risk Profile will be reviewed and tabled to the RMC every half yearly. The Key Risk Profile serves as a tool for heads of departments or business units to manage key risks applicable to their areas of business activities on a continual basis.

Through these mechanisms, key risks identified in the Key Risk Profile are assessed in a timely manner and control procedures or mitigating factors are re-evaluated accordingly in order to ensure that the key risks are mitigated to an acceptable level.

The Internal Auditors, on a regular basis, reviews the effectiveness and adequacy of control procedures adopted by the Group in mitigating the key risks identified in the Key Risk Profile. Together with the Management Team, the Internal Auditors shall ascertain if controls are sufficient and reliable in mitigating the identified risks.

After due analysis and discussions with the Management Team, the Internal Auditors will revise the risk ratings where applicable, taking into account the overall evaluation of internal controls. Any weaknesses noted during the review are reported to the Audit Committee. Through these mechanisms, the Audit Committee can be assured that the key risks of the Group are regularly reviewed and appropriately managed to an acceptable level.

### **3. INTERNAL CONTROLS**

The Group's internal audit function, which has been outsourced to an independent professional services firm since 24 July 2015, assists the Board and Audit Committee in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

During the financial year ended 30 September 2018, outsourced internal audit reviews were carried out in accordance with the risk-based internal audit plan approved by the Audit Committee. Risk-based Internal Audit methodology was adopted, which entails focusing on the inherent risk involved in the activities or system and providing assurance that the risk is being managed by the management within the defined risk appetite level. Based on the internal audit reviews, the findings of the internal audit, including the recommended corrective actions, potential risks, implications and Management responses, were presented directly to the Audit Committee on a quarterly basis.

The results of the internal audit reviews, recommendations for improvements, and corrective measures implemented or planned were deliberated during the Audit Committee meetings. Minutes of the Audit Committee meetings that recorded the deliberations were then presented to the Board.

Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this annual report.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Established by the Board, key elements in the Group's review of the adequacy and effectiveness of the risk management framework and system of internal controls include:-

- Developing an appropriate organisation structure for planning, executing, controlling and monitoring business operations with clear lines of responsibility and delegations of authority.
- Ensuring uniformity and consistency of practices and controls within the Group, whereby key processes in the Group's management and operations have been formalised and documented in the form of Standard Operating Policies and Procedures ("SOPP").  
These SOPPs are subject to review and improvements, particularly through periodic internal audit reviews of selected areas of operations.
- Preparing annual budgets for business units and presenting them to the Board for approval. Any variances of actual performance against the budget are monitored and reported regularly. The results are consolidated and presented to the Board on a regular basis.
- Defining clear authorisation levels for all aspects of the business, which are formalised in the Group's Discretionary Authority Limit ("DAL").
- Putting in place the necessary occupational safety and health ("OSH") guidelines, which include setting up a safety committee to enhance OSH procedures and address OSH issues that may arise from time to time.
- Convening Audit Committee Meetings at least four (4) times a year to review the effectiveness of the Group's system of internal controls. The Audit Committee meets with the Internal Auditors and External Auditors to review their reports.
- Conducting regular internal audit visits to provide independent assurances on the effectiveness of the Group's system of internal controls and recommend to the Management on the areas for improvement.
- Performing periodic reviews of Recurrent Related Party Transactions by the Audit Committee and Board to ensure compliance with the Listing Requirements.

#### 4. ASSURANCE FROM MANAGEMENT

In accordance with the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed issuers, the Board has received assurances from the Chief Executive Officer-cum-Executive Director and the Chief Financial Officer, that, to the best of their knowledge, the risk management and internal control of the Group are operating effectively and adequately in all material respects, based on the risk management and internal control frameworks adopted by the Group.

#### 5. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement on Risk Management & Internal Control for inclusion in the 2018 Annual Report. Their review was performed in accordance with Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required to be set out by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

#### 6. CONCLUSION

The Board is of the view that the system of internal control and risk management is in place for the period under review and, up to the date of approval of this statement for inclusion in the annual report, is sound and sufficient to safeguard the Group's assets, as well as the shareholders' investments, the interests of customers, regulators, employees and other stakeholders. There were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group.

This statement was approved by the Board on 22 January 2019.

## ADDITIONAL COMPLIANCE INFORMATION

### Directors' Responsibility Statement

The Directors are required by the Companies Act, 2016 ("Act") to cause Management to prepare the financial statements for each financial year in accordance with the provisions of the Act and the Financial Reporting Standards to give a true and fair view of the financial position of the Group and the Company at the end of the financial year and of the financial performance and cash flows of the Group and the Company for the financial year. Where there are new accounting standards or policies that become effective during the year, the impact of these new requirements would be stated in the notes to the financial statements, accordingly.

In the preparation of the financial statements, the Directors ensure that Management have:

- applied appropriate and consistent accounting policies;
- made judgements and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- prepared financial statements on a 'going concern' basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue operations for the foreseeable future.

The Directors have responsibility to ensure that the Company keeps accounting records, which disclose with reasonable accuracy the financial position of the Company and the group, which enable them to ensure that financial statements comply with the provisions of the Act. The Directors have overall responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

### Material Contract Involving Directors' and Major Shareholders' Interest

There were no material contracts entered into by the Company and its subsidiaries involving Directors and Major Shareholders' Interest which were still subsisting as at the end of the financial year under review or which were entered into since the end of previous financial period except as disclosed in the financial statements.

### Utilisation of Proceeds

There were no corporate proposals carried out during the financial year under review.

### Employee Share Scheme ("ESS")

The Company has not implemented ESS during the financial year ended 30 September 2018.

### Audit Fees and Non-Audit Fees

During the financial year, the amount of audit-related and non-audit fees paid to the External Auditors and/or affiliates by the Company and the Group respectively for the financial year ended 30 September 2018 are set out below:-

	Group		Company	
	2018 (RM'000)	2017 (RM'000)	2018 (RM'000)	2017 (RM'000)
Statutory audit fees:-				
- Statutory Audit	293	268	65	70
- Other Audit related services	-	-	-	-
Total (a)	293	268	65	70
Non-audit fees:-				
- Tax Services	-	17	-	2
- Other Services	27	26	6	11
Total (b)	27	43	6	13
% of non-audit fees (b/a)	9.2%	16.0%	9.2%	18.6%

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# DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 September 2018.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

## RESULTS

	<b>The Group RM'000</b>	<b>The Company RM'000</b>
Profit/(Loss) after taxation	129,296	(22,360)
Attributable to:-		
Owners of the Company	101,597	(22,360)
Non-controlling interests	27,699	-
	129,296	(22,360)

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

## DIVIDENDS

No dividend was recommended by the directors for the financial year.

## RESERVES AND PROVISIONS

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

## ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

## DIRECTORS' REPORT

**TREASURY SHARES**

The shareholders of the Company had on 8 March 2018 approved the Company to purchase up to 10% of its prevailing issued and paid-up share capital. At the end of the reporting period, no shares was repurchased and held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

**OPTIONS GRANTED OVER UNISSUED SHARES**

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

**WARRANTS**

At the end of the reporting period, the Company had 158,358,462 warrants in issue. The details of the warrants are disclosed in Note 26.2 to the financial statements.

**OTHER STATUTORY INFORMATION**

Before the financial statements of the Group and of 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 provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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 of the Company to meet their obligations when they fall due.

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

# DIRECTORS' REPORT

## DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Tan Sri Datuk Ter Leong Yap  
 Koong Wai Seng  
 Datin Loa Bee Ha  
 Tan Pei Geok  
 Dato' Quek Ngee Meng (Appointed on 24 November 2017)  
 Dato' Tan Tian Meng (Resigned on 24 November 2017)  
 Liew Jee Min @ Chong Jee Min (Resigned on 30 November 2017)

The names of directors of subsidiaries, are set out in the respective subsidiary's statutory accounts and the said information is deemed incorporated herein by such reference and made a part hereof.

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares and options over unissued shares of the Company during the financial year are as follows:-

	← Number of Ordinary Shares →			
	At 1.10.2017	Bought	Sold	At 30.09.2018
<i>Direct Interests</i>				
Tan Sri Datuk Ter Leong Yap	165,921,872	2,718,000	-	168,639,872
Tan Pei Geok	1,830,000	-	-	1,830,000
Koong Wai Seng	210,000	-	-	210,000
<i>Indirect Interests</i>				
Tan Sri Datuk Ter Leong Yap #	299,583,208	5,000,000	-	304,583,208
Datin Loa Bee Ha ^	-	14,828,800	-	14,828,800

	← Number of Ordinary Warrants →			
	At 1.10.2017	Bought	Sold	At 30.09.2018
<i>Direct Interests</i>				
Tan Sri Datuk Ter Leong Yap	37,300,106	-	-	37,300,106
Tan Pei Geok	210,000	-	-	210,000
<i>Indirect Interests</i>				
Tan Sri Datuk Ter Leong Yap #	51,271,810	-	-	51,271,810
Datin Loa Bee Ha ^	-	5,547,900	-	5,547,900

Note:-

# - Deemed interested by virtue of his substantial shareholdings in Ter Equity Sdn. Bhd., Ter Capital Sdn. Bhd. and THK Capital Sdn. Bhd..

^ - Deemed interested by virtue of the shareholdings held by her spouse, Dato' Tan Tian Meng pursuant to Section 59(11)(c) of the Companies Act, 2016, which arose following to the resignation of Dato' Tan Tian Meng as Director of the Company on 24 November 2017.

## DIRECTORS' REPORT

**DIRECTORS' INTERESTS (CONTINUED)**

By virtue of his shareholdings in the Company, Tan Sri Datuk Ter Leong Yap is deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act, 2016.

Saved as disclosed, the other directors holding office at the end of the financial year had no interest in shares and options over unissued shares of the Company or its related corporations during the financial year.

**DIRECTORS' BENEFITS**

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 remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 41 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**DIRECTORS' REMUNERATION**

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 40 to the financial statements.

**INDEMNITY AND INSURANCE COST**

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Company and of the Group were RM10,000,000 and RM18,000 respectively. No indemnity was given to or insurance effected for auditors of the Company.

## DIRECTORS' REPORT

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### **SUBSIDIARIES**

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

### **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

The significant events during the financial year are disclosed in Note 46 to the financial statements.

### **AUDITORS**

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

### **AUDITORS' REMUNERATION**

The auditors' remuneration are disclosed in Note 34 to the financial statements.

Signed on behalf of the Board, as approved by the Board in accordance with a resolution of the Directors,

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**TAN SRI DATUK TER LEONG YAP**

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**KOONG WAI SENG**

Petaling Jaya  
22 January 2019



## STATEMENT BY DIRECTORS

The directors of **SUNSURIA BERHAD**, state that, in their opinion, the accompanying financial statements are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2018 and of their financial performance and cash flows for the financial year ended on that

Signed in accordance with a resolution of the directors,

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**TAN SRI DATUK TER LEONG YAP**

Petaling Jaya  
22 January 2019

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**KOONG WAI SENG**

## DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **KOONG WAI SENG**, the director primarily responsible for the financial management of **SUNSURIA BERHAD**, do solemnly and sincerely declare that the accompanying financial statements 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.

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**KOONG WAI SENG**  
**MIA No. 9671**

Subscribed and solemnly declared by the abovenamed **KOONG WAI SENG** at **PETALING JAYA** on 22 January 2019

Before me,

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**NG SAY HUNG**  
**No. B185**  
**COMMISSIONER FOR OATHS**

# INDEPENDENT AUDITORS' REPORT

To The Members of Sunsuria Berhad  
(Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of **SUNSURIA BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 30 September 2018, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 82 to 171.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with 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 Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

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

We have determined the matters described below to be the key audit matter to be communicated in our report.

Revenue Recognition for Property Development Activities	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The Group recognises property development revenue using the stage of completion method. The stage of completion is determined by the proportion of property development costs incurred for work performed to date over the estimated total property development costs.</p> <p>Accounting for property development activities is inherently complex and there is judgement involved in the following areas:-</p> <ul style="list-style-type: none"> <li>determination of stage of completion; and</li> <li>estimated total property development costs and costs to be incurred to complete a project</li> </ul> <p>We determined this to be a key audit matter given the complexity and judgmental nature of these activities.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> <li>Understood the revenue recognition, property development, process and tested the associated business process controls.</li> <li>Challenged the stage of completion taking into account the development costs recognised during the financial year and the budgeted cost by testing a sample of costs incurred to date to the relevant supporting documentation such as contractor's claim certificates, surveyor certificates, architect certificates and etc. We have also performed site-visits for individually significant on-going projects to arrive at an overall assessment as to whether information provided by management is reasonable. Performed retrospective review to establish the reliability of management-prepared budgets.</li> </ul>

## INDEPENDENT AUDITORS' REPORT

To The Members of Sunsuria Berhad  
(Incorporated in Malaysia)

<b>Revenue Recognition for Property Development Activities (Continued)</b>	
<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
	<ul style="list-style-type: none"> <li>• Evaluated the appropriateness of the estimates made and assessed whether or not these estimates showed any evidence of management bias, based on historical accuracy of management's estimates in prior years. Discussed the changes in total estimated costs of individually significant property development projects from prior years with management and assessed the consistency of assumptions applied across projects.</li> <li>• Interviewed management's project team on the achievability of the forecasted costs to the completion of individually significant projects.</li> <li>• Reviewed Sale and Purchase Agreements (SPA) entered into between the purchasers and the developers and checked for subsequent cancellation of SPA.</li> <li>• Circularised payable balances and reviewed details of progress claims for development costs incurred.</li> <li>• Reviewed subsequent progress claims received after year-end to ensure that liabilities have been properly taken up as of year-end.</li> <li>• Performed search for unrecorded liabilities and cut-off tests. Reviewed provision made in respect of work performed by contractors of which invoice/progress claim has yet to be received to ensure compliance with FRS 137 Provisions, Contingent Liabilities and Contingent Assets.</li> </ul>

We have not identified any key audit matter pertaining to the financial statements of the Company for the financial year ended 30 September 2018.

# INDEPENDENT AUDITORS' REPORT

To The Members of Sunsuria Berhad  
(Incorporated in Malaysia)

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

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

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

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

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

As a 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 skepticism 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 of 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

To The Members of Sunsuria Berhad  
(Incorporated in Malaysia)

- 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**

- (a) This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.
- (b) The financial statements of the Group and of the Company for the preceding financial year ended 30 September 2017 were audited by another firm of auditors whose report dated 26 January 2018 expressed an unmodified opinion on those financial statements.

**DELOITTE PLT (LLP0010145-LCA)**  
**Chartered Accountants (AF 0080)**

**CHAN CHONG WEY**  
**Partner - 02884/07/2019 J**  
**Chartered Accountant**

Kuala Lumpur  
22 January 2019



# STATEMENTS OF FINANCIAL POSITION

At 30 September 2018

	Note	The Group		The Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investment in subsidiaries	5	-	-	351,218	356,487
Investment in associates	6	1,083	686	594	594
Other investment	7	184	184	159	159
Property, plant and equipment	8	29,578	23,414	6,567	3,725
Investment properties	9	153,098	122,810	6,962	7,107
Goodwill	10	11,453	12,381	-	-
Land held for property development	11	482,627	496,704	-	-
Deferred tax assets	12	8,370	6,107	-	-
		686,393	662,286	365,500	368,072
<b>CURRENT ASSETS</b>					
Inventories	13	59,397	-	-	-
Biological asset	14	192	-	-	-
Property development costs	15	319,359	335,877	-	-
Accrued billings	15	143,986	58,664	-	-
Trade receivables	16	63,556	53,797	-	-
Other receivables, deposits and prepayments	17	12,929	15,415	1,385	1,306
Amount owing by subsidiaries	18	-	-	327,799	293,015
Amount owing by related parties	19	1,125	3,074	-	2,664
Amount owing by a former subsidiary	20	1,912	-	-	-
Current tax assets		3,909	5,134	1,072	810
Short-term investment	21	2,960	31,977	2,960	31,977
Fixed deposits with licensed banks	22	44,023	46,740	25,370	31,908
Cash and bank balances	23	103,236	88,769	2,141	1,324
		756,584	639,447	360,727	363,004
<b>TOTAL ASSETS</b>		<b>1,442,977</b>	<b>1,301,733</b>	<b>726,227</b>	<b>731,076</b>

The accompanying Notes form an integral part of the Financial Statements.

## STATEMENTS OF FINANCIAL POSITION

At 30 September 2018 (continued)

	Note	The Group		The Company	
		2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Ordinary share capital	24	399,421	399,421	399,421	399,421
Reserves	26	472,979	369,583	201,311	223,671
Equity attributable to owners of the Company		872,400	769,004	600,732	623,092
Non-controlling interests	5	54,869	27,072	-	-
<b>TOTAL EQUITY</b>		<b>927,269</b>	<b>796,076</b>	<b>600,732</b>	<b>623,092</b>
<b>NON-CURRENT LIABILITIES</b>					
Deferred tax liabilities	12	89,107	98,873	-	-
Long-term borrowings	27	234,650	166,722	572	130
		323,757	265,595	572	130
<b>CURRENT LIABILITIES</b>					
Trade payables	30	82,455	54,967	-	-
Other payables, deposits received and accruals	31	92,003	62,670	3,504	3,313
Progress billings	15	2,824	28,653	-	-
Amount owing to subsidiaries	18	-	-	120,969	104,414
Amount owing to related parties	19	1,518	77,588	126	1
Dividend payable		22	22	-	-
Short-term borrowings	32	5,324	14,626	324	126
Current tax liabilities		7,805	1,536	-	-
		191,951	240,062	124,923	107,854
<b>TOTAL LIABILITIES</b>		<b>515,708</b>	<b>505,657</b>	<b>125,495</b>	<b>107,984</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,442,977</b>	<b>1,301,733</b>	<b>726,227</b>	<b>731,076</b>

The accompanying Notes form an integral part of the Financial Statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 30 September 2018

	Note	The Group		The Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
REVENUE	33	491,479	398,479	1,107	10,514
COST OF SALES		(206,630)	(180,744)	-	-
GROSS PROFIT		284,849	217,735	1,107	10,514
OTHER INCOME		6,009	7,210	2,410	4,276
ADMINISTRATIVE AND OTHER EXPENSES		(122,289)	(83,822)	(25,630)	(20,287)
FINANCE COSTS		(2,763)	(3,120)	(247)	(104)
SHARE OF RESULTS IN ASSOCIATES, NET OF TAX		(93)	6	-	-
PROFIT/(LOSS) BEFORE TAXATION	34	165,713	138,009	(22,360)	(5,601)
INCOME TAX (EXPENSE)/ CREDIT	35	(36,417)	(30,128)	-	421
PROFIT/(LOSS) AFTER TAXATION		129,296	107,881	(22,360)	(5,180)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		129,296	107,881	(22,360)	(5,180)
<b>PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-</b>					
Owners of the Company		101,597	90,748	(22,360)	(5,180)
Non-controlling interests		27,699	17,133	-	-
		129,296	107,881	(22,360)	(5,180)
<b>EARNING PER SHARE (SEN)</b>	36				
- Basic		12.72	11.36	-	-
- Diluted		12.72	11.36	-	-

The accompanying Notes form an integral part of the Financial Statements.

## FINANCIAL STATEMENTS AND OTHER INFORMATION

## STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 30 September 2018

	Note(s)	Redeemable		Non-distributable			Distributable			Total Equity RM'000	
		Ordinary Share Capital RM'000	Non-Cumulative Preference Shares RM'000	Share Premium RM'000	Warrant Reserve RM'000	Capital Reserve RM'000	Capital Redemption Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000		Non-Controlling Interests RM'000
<b>The Group</b>											
Balance 1 October 2016		399,416	25	178,312	48,300	815	168	53,715	680,751	7,016	687,767
Profit after taxation/Total comprehensive income for the financial year		-	-	-	-	-	-	90,748	90,748	17,133	107,881
Contributions by and distributions to owners of the Company:											
- Issuance of shares:											
- upon warrants exercised	24,26.2	5	-	-	(1)	-	-	-	4	-	4
- by subsidiaries to non-controlling interest		-	-	-	-	-	-	-	-	33	33
- Acquisition of subsidiaries	37	-	-	-	-	-	-	-	-	391	391
Transfer of redeemable non-convertible non-cumulative preference shares to non-controlling interest	25,26.1	-	(25)	(2,474)	-	-	-	-	(2,499)	2,499	-
Total transactions with owners		5	(25)	(2,474)	(1)	-	-	-	(2,495)	2,923	428
Balance 30 September 2017		399,421	-	175,838	48,299	815	168	144,463	769,004	27,072	796,076

The accompanying Notes form an integral part of the Financial Statements.

## STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 30 September 2018 (continued)

The Group	Note(s)	Redeemable		Non-distributable			Distributable			Total Equity RM'000	
		Ordinary Share Capital RM'000	Non-Convertible Non-Cumulative Preference Shares RM'000	Share Premium RM'000	Warrant Reserve RM'000	Capital Reserve RM'000	Capital Redemption Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000		Non-Controlling Interests RM'000
Balance 1 October 2017		399,421	-	175,838	48,299	815	168	144,463	769,004	27,072	796,076
Profit after taxation/Total comprehensive income for the financial year		-	-	-	-	-	-	101,597	101,597	27,699	129,296
Contributions by and distributions to owners of the Company:											
- Issuance of shares by a subsidiary to non-controlling interests		-	-	-	-	-	-	-	-	98	98
- Dividend by a subsidiary to non-controlling interest		-	-	-	-	-	-	(30)	(30)	-	(30)
Effect on deemed disposal of a subsidiary	38	-	-	-	-	-	-	1,829	1,829	-	1,829
Total transactions with owners		-	-	-	-	-	-	1,799	1,799	98	1,897
Balance 30 September 2018		399,421	-	175,838	48,299	815	168	247,859	872,400	54,869	927,269

The accompanying Notes form an integral part of the Financial Statements.



## STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 30 September 2018 (continued)

The Company	Note(s)	← Non-distributable →				Distributable	Total Equity RM'000
		Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Capital Reserve RM'000	(Accumulated Losses)/ Retained Profits RM'000	
Balance 1 October 2016		399,416	175,838	48,300	1,800	2,914	628,268
Loss after taxation/ Total comprehensive expenses for the financial year		-	-	-	-	(5,180)	(5,180)
Contributions by owners of the Company: - issuance of shares upon warrants exercised	24,26.2	5	-	(1)	-	-	4
Total transactions with owners		5	-	(1)	-	-	4
Balance 30 September 2017/ 1 October 2017		399,421	175,838	48,299	1,800	(2,266)	623,092
Loss after taxation/ Total comprehensive expenses for the financial year		-	-	-	-	(22,360)	(22,360)
Balance 30 September 2018		399,421	175,838	48,299	1,800	(24,626)	600,732

The accompanying Notes form an integral part of the Financial Statements.

# STATEMENTS OF CASH FLOWS

For The Financial Year Ended 30 September 2018

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>				
Profit/(Loss) before taxation	165,713	138,009	(22,360)	(5,601)
Adjustments for:-				
Accretion of interest on:				
- trade receivables	-	(230)	-	-
- trade payables	860	(120)	-	-
Depreciation of:				
- property, plant and equipment	4,217	1,264	989	534
- investment properties	222	184	145	146
Impairment loss on:				
- goodwill	928	5,842	-	-
- investment in subsidiaries	-	-	5,571	2,654
- investment properties	29,508	-	-	-
- trade receivables	6	-	-	-
- other receivables	75	-	-	-
Interest expenses	1,722	2,755	247	104
Dividend income:				
- subsidiaries	-	-	-	(6,900)
Loss/(Gain) on disposal of:				
- property, plant and equipment	75	(1,241)	75	(1,241)
- investment properties	-	(107)	-	(107)
Property, plant and equipment written off	260	-	-	-
Interest income	(4,710)	(3,224)	(2,410)	(2,926)
Reversal of allowance for impairment loss on trade receivables	-	(876)	-	-
Share of results in associates	93	(6)	-	-
Operating profit/(loss) before working capital changes carried forward	198,969	142,250	(17,743)	(13,337)
Changes in working capital:-				
Increase in inventories	(59,397)	-	-	-
(Increase)/Decrease in trade and other receivables	(8,135)	3,604	(79)	15,859
(Increase)/Decrease in property development costs	(2,943)	4,701	-	-
Increase in trade and other payables	56,046	41,335	191	1,297
(Increase)/Decrease in amount owing by subsidiaries	-	-	(221)	1,604
Decrease in amount owing by related parties	-	939	2,664	1,349
Decrease in amount owing to related parties	(71,026)	(13,309)	-	-
(Increase)/Decrease in accrued billings	(85,322)	23,339	-	-
(Decrease)/Increase in progress billings	(25,829)	832	-	-
<b>CASH FROM/(FOR) OPERATIONS</b>	2,363	203,691	(15,188)	6,772
Interest paid	(12,994)	(12,779)	(247)	(104)
Real property gains tax paid	-	(19)	-	(92)
Income tax refunded	801	-	-	-
Income tax paid	(41,753)	(47,242)	(262)	(568)
<b>NET CASH (FOR)/FROM OPERATING ACTIVITIES</b>	(51,583)	143,651	(15,697)	6,008

The accompanying Notes form an integral part of the Financial Statements.

## STATEMENTS OF CASH FLOWS

For The Financial Year Ended 30 September 2018 (continued)

	Note	The Group		The Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>CASH FLOWS (FOR)/ FROM INVESTING ACTIVITIES</b>					
Advances to subsidiaries		-	-	(34,553)	-
Acquisition of subsidiaries, net of cash and cash equivalents acquired	37	-	(396)	-	*
Deemed disposal of subsidiary, net of cash and cash equivalents disposed	38	(52)	-	-	-
Dividend received		-	3,204	-	3,052
Expenditure incurred on property development costs		(11,611)	(7,178)	-	-
Decrease/(Increase) in fixed deposits pledged with licensed banks		13,437	(8,861)	13,539	(8,765)
Interest income received		4,710	3,224	2,410	1,563
Investment in subsidiaries		-	-	(302)	-
Purchase of:					
- property, plant and equipment	i	(6,590)	(20,157)	(3,065)	(1,684)
- investment properties		(7,161)	(6,409)	-	-
- biological asset		(192)	-	-	-
- other investment		-	(156)	-	(156)
Proceeds from disposal of:					
- property, plant and equipment		109	1,705	104	1,400
- investment properties		-	200	-	200
Advances to a former subsidiary		(62)	-	-	-
Repayment from subsidiaries		-	-	-	9,119
<b>NET CASH (FOR)/FROM INVESTING ACTIVITIES</b>		<b>(7,412)</b>	<b>(34,824)</b>	<b>(21,867)</b>	<b>4,729</b>

The accompanying Notes form an integral part of the Financial Statements.

## STATEMENTS OF CASH FLOWS

For The Financial Year Ended 30 September 2018 (continued)

	Note	The Group		The Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES</b>					
Advance from subsidiaries		-	-	16,544	-
Advance from related parties		-	-	125	-
Dividends to non-controlling interest		(30)	-	-	-
Drawdown of term loan		130,995	13,383	-	-
Proceeds from issuance of:					
- ordinary shares		510	4	-	4
- ordinary shares to non-controlling interest in subsidiaries		98	33	-	-
Repayment of hire purchase obligations		(304)	(119)	(304)	(119)
Repayment of term loans		(73,009)	(53,279)	-	-
Repayment to subsidiaries		-	-	-	(7,345)
(Repayment to)/Advance from related parties		(3,095)	-	-	1
<b>NET CASH FROM/(FOR) FINANCING ACTIVITIES</b>		55,165	(39,978)	16,365	(7,459)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(3,830)	68,849	(21,199)	3,278
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		132,250	63,401	33,301	30,023
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	39	128,420	132,250	12,102	33,301

Note:-

\* - Represents RM1

Note i

During the current financial year, the Group and the Company acquired property, plant and equipment through the following arrangements:-

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Total costs of property, plant and equipment acquired (Note 8)	7,534	20,197	4,009	1,684
Less: Hire purchase	(944)	-	(944)	-
Cash payments	6,590	20,197	3,065	1,684

The accompanying Notes form an integral part of the Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are located at Suite 8, Main Tower, Sunsuria Avenue, Persiaran Mahogani, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 22 January 2019.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 5.

## 3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 2016 in Malaysia.

3.1 During the current financial year, the Group and the Company adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

### FRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to FRS 107: Disclosure Initiative  
 Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses  
 Annual Improvements to FRSs 2014 - 2016 Cycle

Other than the disclosure required by Amendments to FRS107 on reconciliation of liabilities arising from financing activities is disclosed on Note 44, the adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's and the Company's financial statements.

3.2 New and Revised Standards, Amendments and Issues Committee Interpretations ("IC Interpretations") in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and revised Standards, Amendments and IC Interpretations which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:-

FRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014) <sup>1</sup>
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to FRS 4	Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts <sup>1</sup>
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to FRS 140	Transfers of Investment Property <sup>1</sup>
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
IC Interpretation 23	Uncertainty over Income Tax Payments <sup>2</sup>
Amendments to FRSs	Annual Improvements to FRSs 2014 - 2016 Cycle <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018, with early application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019, with early application permitted.

<sup>3</sup> Effective date deferred to a date to be determined and announced, with earlier application permitted.

The abovementioned Standards, Amendments and IC Interpretations will not be adopted in the annual financial statements of the Group and of the Company when they become effective. As the Group falls within the scope definition of Transitioning Entities, the Group is required to adopt new MFRS Framework for financial year ending 30 September 2019 as mentioned in Note 3.3 below.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

### 3.3 Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework (“MFRS Framework”), a fully-IFRS compliant framework. Entities other than private entities shall apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception of Transitioning Entities.

Transitioning Entities, being entities within the scope of MFRS 141 Agriculture and/or IC Interpretation 15: *Agreements for the Construction of Real Estate*, including its parents, significant investors and venturers were allowed to defer the adoption of the MFRS Framework until such time as mandated by the MASB. On 2 September 2014, with the issuance of MFRS 15 *Revenue from Contracts with Customers* and Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*, the MASB announced that Transitioning Entities which have chosen to continue with the FRS Framework are now required to adopt the MFRS Framework latest by 1 January 2017.

On 8 September 2015, the MASB confirmed that the effective date of MFRS will be deferred to annual periods beginning on or after 1 January 2018 and the effective date for Transitioning Entities to apply the MFRS Framework will be deferred to the same date.

The Group and the Company fall within the scope definition of Transitioning Entities and have availed themselves of this transitional arrangement and will continue to apply FRSs in the preparation of their financial statements. Accordingly, the Group and the Company will be required to apply MFRS 1 First-time adoption of Malaysian Financial Reporting Standards in their financial statements for the financial year ending 30 September 2019, being the first set of financial statements prepared in accordance with the new MFRS Framework.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. At the date of authorisation for issue of these financial statements, accounting policy decisions or elections have not been finalised. The directors anticipate that the following accounting standards may have a material impact upon the adoptions of the new MFRS Framework as disclosed below in 3.4 and 3.5.

### 3.4 Effective for annual periods beginning on or after 1 January 2018

#### **MFRS 9 Financial Instruments**

MFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. MFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of MFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a ‘fair value through other comprehensive income’ (“FVTOCI”) measure category for certain simple debt instruments.

Key requirements of MFRS 9:-

- (a) All recognised financial assets that are within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

**3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)**

3.4 Effective for annual periods beginning on or after 1 January 2018 (continued)

**MFRS 9 Financial Instruments (continued)**

- (b) With regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- (c) In relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- (d) The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 139. Under MFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors are currently assessing the impact on adoption of MFRS 9 on the amounts reported and disclosures in the financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 9 until a detailed review is completed.

**MFRS 15 Revenue from Contracts with Customers**

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:-

- (a) Step 1 : Identify the contract(s) with a customer.
- (b) Step 2 : Identify the performance obligations in the contract.
- (c) Step 3 : Determine the transaction price.
- (d) Step 4 : Allocate the transaction price to the performance obligations in the contract.
- (e) Step 5 : Recognise revenue when (or as) the entity satisfies a performance obligation.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

The directors are currently assessing the impact on adoption of MFRS 15 on the amounts reported and disclosures in the financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 15 until a detailed review is completed.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

### 3.4 Effective for annual periods beginning on or after 1 January 2018 (continued)

#### **MFRS 141 Agriculture**

MFRS 141 prescribes the accounting treatment, financial statements presentation and disclosures related to agricultural activity. It requires biological assets (except for bearer plants) to be measured at fair value less costs to sell from initial recognition of biological assets up to the point of harvest, other than when fair value cannot be measured reliably on initial recognition. Gains and losses arising on the initial recognition of biological assets at fair value less costs to sell and changes in fair value less costs to sell are recognised on the statements of profit or loss in the period in which they arise.

The amendments to MFRS 116 *Property, Plant and Equipment* and MFRS 141 *Agriculture: Bearer Plants* change the accounting requirements for biological assets that meet the definition of bearer plants. Under amendments, biological assets that meet the definition of bearer plants will be within the scope of MFRS 116. After initial recognition, bearer plants will be measured under MFRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity).

The directors are currently assessing the impact on adoption of MFRS 141 on the amounts reported and disclosures in the financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 141 until a detailed review is completed.

### 3.5 Effective for annual periods beginning on or after 1 January 2019

#### **MFRS 16 Leases**

MFRS 16 Leases supersedes MFRS 117 Leases and the related interpretations. Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying assets and lease liability reflecting future lease payments for most leases.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 *Property, Plant and Equipment* and the lease liability is accreted over time with interest expense recognised in profit or loss.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases, and account for them differently.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective transition approach. MFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early application permitted, but not before an entity applies MFRS 15.

The directors are currently assessing the impact on adoption of MFRS 16 on the amounts reported and disclosures in the financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 16 until a detailed review is completed.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

**4. SIGNIFICANT ACCOUNTING POLICIES****4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS****(a) Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

**(b) Deferred Tax Assets**

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 12.

**(c) Impairment of Goodwill**

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 10.

**(d) Property Development**

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

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

**(e) Impairment of Investment Properties**

The Group determines whether its investment properties are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of investment properties as at the reporting date is disclosed in Note 9.

**(f) Impairment of Trade Receivables**

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. 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. If the expectation is different from the estimation, such difference will impact the carrying value of receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 16.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

#### (g) Construction Contracts

Construction contracts accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

##### (i) Contract Revenue

Construction contracts accounting requires that variation claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

##### (ii) Contract Costs

Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the profitability of the contract on an individual basis at any particular time.

#### (h) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

#### (i) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.



## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****4.2 BASIS OF CONSOLIDATION**

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also 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.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests are presented within equity in the consolidated statements of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All changes in the parent'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 is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

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

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

### 4.4 FUNCTIONAL AND FOREIGN CURRENCIES

#### (a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

#### (b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

### 4.5 FINANCIAL INSTRUMENTS

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

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in FRS132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

## 4.5 FINANCIAL INSTRUMENTS (CONTINUED)

**(a) Financial Assets**

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

**(i) Financial Assets at Fair Value through Profit or Loss**

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

**(ii) Held-to-maturity Investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

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

**(iii) Loans and Receivables Financial Assets**

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.5 FINANCIAL INSTRUMENTS (CONTINUED)

#### (a) Financial Assets (continued)

##### (iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

#### (b) Financial Liabilities

##### (i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

##### (ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities 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.

#### (c) Equity Instruments

Equity instruments classified as equity are measured at cost and are not remeasured subsequently.

##### (i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

## 4.5 FINANCIAL INSTRUMENTS (CONTINUED)

**(c) Equity Instruments (continued)**

## (ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

## (iii) Preference Shares

Preference shares are classified as equity if they are non-redeemable, or are redeemable but only at the Company's option, and any dividends are discretionary. Dividends on preference shares are recognised as distributions within equity.

Preference shares are classified as financial liabilities if they are redeemable on a specific date or at the option of the preference shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

**(d) Derecognition**

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

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

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, 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 end of the reporting period and the amount initially recognised less cumulative amortisation.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

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## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.6 WARRANTS

Amount allocated in relation to the issuance of warrants are credited to the warrant reserve which is non-distributable. The warrant reserve is transferred to the share premium account upon exercise of the warrants and the warrant reserve in relation to the unexercised at the expiry of the warrants period will be transferred to retained earnings.

### 4.7 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statements of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

### 4.8 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statements of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 30 September 2018. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statements of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statements of financial position at cost plus the Group's share of the post acquisition retained profits and reserves.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with FRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate into profit or loss when the equity method is discontinued.



## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****4.9 PROPERTY, PLANT AND EQUIPMENT**

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and construction work-in-progress are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land and construction work-in-progress are not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are as follows:-

Buildings	10%
Plant and machinery	20%
Furniture, fittings and equipment	10% - 20%
Motor vehicles	20%
Renovation	20%
Signboard	20%
Virtual show unit	20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.10 INVESTMENT PROPERTIES

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. Leasehold land is depreciated on a straight-line basis over the lease terms of 55 to 90 years. Buildings are depreciated on a straight-line over their estimated useful lives of 50 years.

Freehold land and investment properties under construction are not depreciated.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

### 4.11 BIOLOGICAL ASSETS

Biological assets comprise of grass. This represents grass development expenditure consisting of cost incurred on preparation, planting and upkeep of grass to maturity which are initially recognised at cost. New planting expenditure incurred on land clearing and upkeep of grass to maturity is capitalised at cost and is not amortised. Replanting expenditure is charged to profit or loss in the financial year in which the expenditure is incurred.

### 4.12 PROPERTY DEVELOPMENT COSTS

#### (a) Non-Current Property Development

Non-current property development costs consist of land and development costs where no development activities are carried out or where development activities are not expected to be completed within the normal operating cycle. Such land and development costs are carried at cost less any accumulated impairment losses, if any.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Pre-acquisition costs are charged to profit or loss as incurred unless such costs are directly identifiable to the consequent property development activity.

Non-current property development costs are transferred to current asset when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

## 4.12 PROPERTY DEVELOPMENT COSTS (CONTINUED)

**(b) Current Property Development**

Current 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 that are not recognised as an expense are recognised as an asset and carried at the lower of cost and net realisable value.

When the financial outcome of a development activity can be reliably estimated, the amount of property revenues and expenses recognised in profit or loss are determined by reference to the stage of completion method. The stage of completion is determined based on the proportion that the property development costs incurred for work performed to date bear to the estimated total property development costs at the end of the reporting period.

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

Where it is probable that property development costs will exceed property development revenue, any expected loss is recognised as an expense in profit or loss immediately, including costs to be incurred over the defects liability period.

## 4.13 PROGRESS BILLINGS/ACCRUED BILLINGS

In respect of progress billings:-

- (i) where revenue recognised in profit or loss exceeds the billings to purchasers, the balance is shown as accrued billings under current assets; and
- (ii) where billings to purchasers exceed the revenue recognised to profit or loss, the balance is shown as progress billings under current liabilities.

## 4.14 IMPAIRMENT

**(a) Impairment of Financial Assets**

All financial assets (other than those categorised at fair value through profit or loss, investment in subsidiaries and investment in associates), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity into profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.14 IMPAIRMENT (CONTINUED)

#### (a) Impairment of Financial Assets (continued)

With the exception of available-for-sale debt instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

#### (b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS136 - *Impairment of Assets* does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

## 4.15 LEASED ASSETS

**(a) Finance Assets**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statements of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

**(b) Operating Lease**

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases.

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

## 4.16 INVENTORIES

Inventories comprise completed property units and vacant land for sale and are valued at the lower of cost (determined on the specific identification basis) and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing and selling.

The cost of construction materials represents cost of purchase plus incidental costs.

## 4.17 INCOME TAXES

**(a) Current Tax**

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.17 INCOME TAXES (CONTINUED)

#### (b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

#### (c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

### 4.18 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.



## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****4.19 CONTINGENT LIABILITIES**

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

**4.20 FAIR VALUE MEASUREMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

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

**4.21 EMPLOYEE BENEFITS****(a) Short-term Benefits**

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss and included in the construction costs, where appropriate, in the period in which the associated services are rendered by employees of the Group.

**(b) Defined Contribution Plans**

The Group's contributions to defined contribution plans are recognised in profit or loss and included in the construction costs, where appropriate, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.22 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

### 4.23 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 those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

### 4.24 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, which comprise warrants.

### 4.25 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

### 4.26 REVENUE AND OTHER INCOME

Revenue is measured at the fair value of the consideration received or receivable, net of returns, applicable taxes, cash and trade discounts.

#### (a) Sale of Goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer and where the Group does not have continuing managerial involvement and effective control over the goods sold.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

## 4.26 REVENUE AND OTHER INCOME (CONTINUED)

**(b) Property Development**

Revenue from property development is recognised from the sale of completed and uncompleted development properties.

Revenue from the sale of completed properties is recognised upon the finalisation of sale and purchase agreements by the end of the financial year end when the risks and rewards of the ownership have passed to the customers.

Revenue on uncompleted properties contracted for sale is recognised based on the stage of completion method unless the outcome of the development cannot be reliably determined in which case the revenue on the development is only recognised to the extent of development costs incurred that are recoverable.

The stage of completion is determined based on the proportion that the development costs incurred for work performed to date bear to the estimated total development costs.

Foreseeable losses, if any, are provided in full as and when it can be reasonably ascertained that the development will result in a loss.

**(c) Construction Contracts**

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on the proportion that contract costs incurred for work performed to date bears to the estimated total contract costs. The change is based on a review and re-assessment performed by the directors and management over the nature of the transactions involved. The directors and management are of the view that the change is more relevant and reliable to reflect the economic substance of the transactions involved.

**(d) Interest Income**

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

**(e) Dividend Income**

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

**(f) Maintenance Income**

Maintenance income is recognised on a straight-line basis over the contract term.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 5. INVESTMENT IN SUBSIDIARIES

	<b>The Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted ordinary shares, at cost:-		
At 1 October 2017/2016	52,432	52,432
Addition during the financial year	302	*
At 30 September	52,734	52,432
Accumulated impairment losses:-		
At 1 October 2017/2016	(19,464)	(18,081)
Addition during the financial year #	-	(1,383)
At 30 September	(19,464)	(19,464)
	33,270	32,968
Unquoted preference shares, at cost:-		
At 1 October 2017/2016 and 30 September 2018/2017	328,090	328,090
Accumulated impairment losses:-		
At 1 October 2017/2016	(4,571)	(3,300)
Addition during the financial year #	(5,571)	(1,271)
At 30 September	(10,142)	(4,571)
	317,948	323,519
<b>Total</b>	<b>351,218</b>	<b>356,487</b>

Notes:-

\* - Represents RM1.

# - A total impairment loss of RM5,571,000 (2017 - RM2,654,000) representing the write-down of the investments to their recoverable amounts, was recognised in "Administrative and Other Expenses" line item of the statements of profit or loss and other comprehensive income. The recoverable amounts were determined based on their fair value less costs to sell approach using the net asset position attributable to ordinary shareholders at the end of the financial year.

These investments in subsidiaries belonged to the Group's "Property Development" and "Investment Holding and Others" reportable segment.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 5. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries, which the principal place of business and country of incorporation are all in Malaysia, are as follows:-

Name of Subsidiaries	Percentage of Issued Share Capital Held by Parent		Principal Activities
	2018 %	2017 %	
Maica Wood Industries Sdn. Bhd. ("MWISB")	99.78	99.78	Investment holding.
Sunsuria North Sdn. Bhd. ("SNSB")	100	100	Investment holding and property investment.
Sunsuria Residence Sdn. Bhd.	100	100	Property development.
Sunsuria Arena Sdn. Bhd. ("Arena")	100	100	Property development.
Sunsuria Symphony Sdn. Bhd. ("SSSB")	100	100	Investment holding.
Sunsuria Facility Management Sdn. Bhd.	100	100	Service management and investment holding.
Sunsuria Nusantara Sdn. Bhd. ("SNTSB")	99.01	99.01	Property development.
Sunsuria Gateway Sdn. Bhd. ("SGSB")	99.99	99.99	Investment holding.
Sunsuria Forum Sdn. Bhd. ("SFSB")	51	51	Property development.
Sunsuria Builders Sdn. Bhd. ("SBSB")	100	100	Investment holding.
Sunsuria Education Sdn. Bhd. (Formerly known as Sunsuria Times Sdn. Bhd.) ("SEDSB") #	100	-	Dormant.
Library Mall Development Sdn. Bhd. ("LMDSB") ^	100	-	Investment holding.
<b>Subsidiary of SSSB</b>			
Sunsuria City Sdn. Bhd. ("SCSB")	99.99	99.99	Property development.
<b>Subsidiary of SGSB</b>			
Sunsuria Genlin Development Sdn. Bhd. ("SGDSB")	69.99	69.99	Property development.
<b>Subsidiaries of SNSB</b>			
Consolidated Factoring (M) Sdn. Bhd.	95.94	95.94	Dormant.
SEDSB #	-	100	Dormant.
<b>Subsidiaries of SCSB</b>			
LMDSB ^	-	100	Investment holding.
Sunsuria Everrich Sdn. Bhd. ("SESB")	60	60	Property development.
Sunsuria City Amenities Sdn. Bhd. ("SCASB") @	-	100	Investment holding.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 5. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of Subsidiaries	Percentage of Issued Share Capital Held by Parent		Principal Activities
	2018 %	2017 %	
<b>Subsidiary of Arena</b>			
SLNSB	70	70	Landscape and nursery.
SCASB @	100	-	Investment holding.
<b>Subsidiary of LMDSB</b>			
Dreamsphere Sdn. Bhd. ("DSB")	100	-	Investment holding.
<b>Subsidiary of SFSB</b>			
Greenworth Sdn. Bhd. ("GSB")	100	-	Investment in carpark.
<b>Subsidiaries of SBSB</b>			
Sunsuria Asas Sdn. Bhd.	51	51	Construction.
Citic Sunsuria Sdn. Bhd. ("Citic") *	-	49	Construction. Citic has not commenced its operations.

Note:-

^ - On 14 February 2018, the Company entered into a Share Sale Agreement with SCSB to acquire the entire issued shares of LMDSB from SCSB for a total cash consideration of RM2. In consequent thereof, LMDSB became a direct wholly-owned subsidiary of the Company.

# - On 26 March 2018, the Company acquired the entire issued shares of SEDSB from SNSB for a total cash consideration of RM200,000. In consequent thereof, SEDSB became a direct wholly-owned subsidiary of the Company.

\* - In the previous financial year, although the Group owned less than half of the voting power in Citic, the Group controlled this subsidiary by virtue of a Shareholders' Agreement which allowed SBSB, a wholly-owned subsidiary of the Company, to have 60% Board representatives in Citic.

On 6 April 2018, SBSB entered into a Supplemental Agreement with Citic to amend and vary certain terms of the Shareholders' Agreement dated 28 June 2017 and agreed that SBSB shall have 40% Board representatives in Citic. In consequent thereof, SBSB ceased to have control over Citic and Citic became an associate of the Group.

@ - On 20 August 2018, Arena acquired the entire issued shares of SCASB comprising one (1) ordinary share each from SCSB and SGSB, for a total cash consideration of RM2. In consequent thereof, SCASB became a wholly-owned subsidiary of Arena.



## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 5. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) The non-controlling interests at the end of the reporting period comprise the following:-

	Percentage of Issued Share Capital Held by Parent		The Group	
	2018 %	2017 %	2018 RM'000	2017 RM'000
SFSB	49	49	36,648	23,193
SESB	40	40	10,877	62
Other individually immaterial subsidiaries			7,344	3,817
			54,869	27,072

(b) The summarised financial information (before intra-group elimination) for the subsidiaries that have non-controlling interests that are material to the Group are as follows:-

2018	SFSB RM'000	SESB RM'000
<u>At 30 September</u>		
Non-current assets	47,354	114,261
Current assets	165,155	1,466
Non-current liabilities	(75,851)	-
Current liabilities	(40,640)	(92,316)
Net assets	96,018	23,411
<u>Financial Year Ended 30 September</u>		
Revenue	82,960	-
Profit after taxation for the financial year	33,670	9,769
Total comprehensive income	33,670	9,769
Total comprehensive income attributable to non-controlling interests	16,498	3,908
Net cash flows for operating activities	(39,132)	(427)
Net cash flows for investing activities	(24,221)	(1,400)
Net cash flows (for)/from financing activities	(63,792)	1,790

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

### 5. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) The summarised financial information (before intra-group elimination) for the subsidiaries that have non-controlling interests that are material to the Group are as follows (continued):-

<b>2017</b>	<b>SFSB RM'000</b>	<b>SESB RM'000</b>
<u>At 30 September</u>		
Non-current assets	25,581	114,174
Current assets	165,852	135
Current liabilities	(129,285)	(100,667)
Net assets	62,148	13,642
<u>Financial Year Ended 30 September</u>		
Revenue	85,549	-
Profit after taxation for the financial year	46,550	10,926
Total comprehensive income	46,550	10,926
Total comprehensive income attributable to non-controlling interests	22,810	4,370
Net cash flows from/(for) operating activities	35,868	(51)
Net cash flows (for)/from investing activities	(3,530)	1
Net cash flows (for)/from financing activities	(18,325)	10

### 6. INVESTMENT IN ASSOCIATES

	<b>The Group</b>		<b>The Company</b>	
	<b>2018 RM'000</b>	<b>2017 RM'000</b>	<b>2018 RM'000</b>	<b>2017 RM'000</b>
Unquoted shares in Malaysia, at cost:-				
At 1 October, 2017/2016	672	672	672	672
Transfer from investment in subsidiaries (Note 38)	490	-	-	-
At 30 September	1,162	672	672	672
Share of post-acquisition profits				
At 1 October 2017/2016	590	584	-	-
For the financial year	(93)	6	-	-
At 30 September	497	590	-	-
Accumulated impairment losses	(576)	(576)	(78)	(78)
	1,083	686	594	594

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

**6. INVESTMENT IN ASSOCIATES (CONTINUED)**

The details of the associates are as follows:-

Name of Associates	Principal Place of Business	Effective Equity Interest		Principal Activities
		2018 %	2017 %	
Mahakota Sdn. Bhd. *	Malaysia	25.4	25.4	Woodworks manufacturer and dealer in timber and wood.
Citic **	Malaysia	49	-	Construction. Citic has not commenced its operations.

\* The Group recognised its share of results in Mahakota Sdn. Bhd. based on the unaudited financial statements of the associate as the share of results is not material to the Group.

\*\* In the previous financial year, although the Group owned less than half of the voting power in Citic, the Group controlled this subsidiary by virtue of a Shareholders' Agreement which allowed SBSB, a wholly-owned subsidiary of the Company, to have 60% Board representatives in Citic.

On 6 April 2018, SBSB entered into a Supplemental Agreement with Citic to amend and vary certain terms of the Shareholders' Agreement dated 28 June 2017 and agreed that SBSB shall have 40% Board representatives in Citic. In consequent thereof, SBSB ceased to have control over Citic and Citic became an associate of the Group.

Summarised financial information of Citic is as follows:-

	<b>2018 RM'000</b>
<u>At 30 September</u>	
Non-current assets	268
Current assets	798
Current liabilities	(2,089)
Net liabilities	(1,023)
<u>Financial Year Ended 30 September</u>	
Revenue	-
Loss after taxation for the financial year	(194)
Total comprehensive loss	(194)
Total comprehensive loss attributable to owners of associate	(95)

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

### 7. OTHER INVESTMENT

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Investment in golf club memberships	184	184	159	159

Investment in golf club memberships of the Group and of the Company are designated as available-for-sale financial assets but are stated at cost as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the investment.

### 8. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.10.2017 RM'000	Additions RM'000	Transfer from Investment Properties (Note 9) RM'000	Deemed Disposal of Subsidiary (Note 38) RM'000	Disposals/ Written-Offs RM'000	Depreciation Charges RM'000	At 30.9.2018 RM'000
2018							
<i>Carrying Amount</i>							
Freehold land	1,061	-	270	-	-	-	1,331
Buildings	13,890	228	3,294	-	-	(1,890)	15,522
Plant and machinery	25	136	-	-	-	(18)	143
Furniture, fittings and equipment	5,862	3,512	-	(10)	(128)	(1,314)	7,922
Motor vehicles	928	2,205	-	(263)	(179)	(583)	2,108
Renovation	421	1,111	-	-	(122)	(116)	1,294
Signboard	1,227	170	-	-	(15)	(265)	1,117
Virtual show unit	-	172	-	-	-	(31)	141
	23,414	7,534	3,564	(273)	(444)	(4,217)	29,578

## FINANCIAL STATEMENTS AND OTHER INFORMATION

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group	At	Additions	Transfer from/(to) Investment Properties (Note 9)	Acquisition of Subsidiaries (Note 37)	Disposals	Reclassification	Depreciation Charges	At
	1.10.2016							RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2017								
<i>Carrying Amount</i>								
Freehold land	-	-	1,061	-	-	-	-	1,061
Buildings	1,788	-	(1,626)	-	(159)	14,007	(120)	13,890
Plant and machinery	-	315	-	-	(260)	-	(30)	25
Furniture, fittings and equipment	2,734	3,860	-	9	(45)	-	(696)	5,862
Motor vehicles	417	712	-	4	-	-	(205)	928
Renovation	456	67	-	-	-	-	(102)	421
Signboard	26	1,312	-	-	-	-	(111)	1,227
Construction work-in-progress	-	13,931	76	-	-	(14,007)	-	-
	5,421	20,197	(489)	13	(464)	-	(1,264)	23,414

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
<b>2018</b>			
Freehold land	1,331	-	1,331
Buildings	17,531	(2,009)	15,522
Plant and machinery	162	(19)	143
Furniture, fittings and equipment	10,935	(3,013)	7,922
Motor vehicles	3,106	(998)	2,108
Renovation	1,482	(188)	1,294
Signboard	1,484	(367)	1,117
Virtual show unit	172	(31)	141
	36,203	(6,625)	29,578

**2017**

Freehold land	1,061	-	1,061
Buildings	14,007	(117)	13,890
Plant and machinery	26	(1)	25
Furniture, fittings and equipment	8,015	(2,153)	5,862
Motor vehicles	1,433	(505)	928
Renovation	723	(302)	421
Signboard	1,353	(126)	1,227
	26,618	(3,204)	23,414

The Company	At 1.10.2017 RM'000	Additions RM'000	Disposal RM'000	Transferred from Subsidiary RM'000	Depreciation Charges RM'000	At 30.9.2018 RM'000
<b>2018</b>						
<i>Carrying Amount</i>						
Furniture, fittings and equipment	2,811	1,200	-	1	(443)	3,569
Motor vehicles	632	1,666	(179)	-	(446)	1,673
Renovation	282	1,143	-	-	(100)	1,325
	3,725	4,009	(179)	1	(989)	6,567



## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Company	At 1.10.2016 RM'000	Additions RM'000	Disposal RM'000	Depreciation Charges RM'000	At 30.9.2017 RM'000
<b>2017</b>					
<i>Carrying Amount</i>					
Buildings	162	-	(159)	(3)	-
Furniture, fittings and equipment	1,914	1,197	-	(300)	2,811
Motor vehicles	411	420	-	(199)	632
Renovation	247	67	-	(32)	282
	2,734	1,684	(159)	(534)	3,725

The Company	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
<b>2018</b>			
Furniture, fittings and equipment	5,433	(1,864)	3,569
Motor vehicles	2,579	(906)	1,673
Renovation	1,515	(190)	1,325
	9,527	(2,960)	6,567

<b>2017</b>			
Furniture, fittings and equipment	4,232	(1,421)	2,811
Motor vehicles	1,130	(498)	632
Renovation	372	(90)	282
	5,734	(2,009)	3,725

- (a) Included in the property, plant and equipment of the Group and of the Company at the end of the reporting period were motor vehicles with a total carrying amount of RM898,000 (2017 - RM260,000), which were acquired under hire purchase terms. The leased assets have been pledged as security for the related finance lease liabilities of the Group and of the Company as disclosed in Note 28.
- (b) In the previous financial year, included in property, plant and equipment of the Group was interest expense capitalised during the financial year amounting to RM40,000.
- (c) Included in property, plant and equipment of the Group were freehold land with a total carrying amount of RM1,331,000 (2017 - RM1,061,000), which were pledged to financial institutions as security granted to the Group as disclosed in Note 29.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 9. INVESTMENT PROPERTIES

	Freehold Land RM'000	Long-term Leasehold Land RM'000	Buildings RM'000	Buildings Under Construction RM'000	Total RM'000
<b>The Group</b>					
At cost:-					
At 1 October 2016	93,601	2,775	5,402	3,781	105,559
Additions during the financial year	528	-	-	7,082	7,610
Disposals during the financial year	(67)	-	(93)	-	(160)
Adjustment on the change of the basis of allocation for land costs	10,781	-	-	-	10,781
Transfer (to)/from property, plant and equipment (Note 8)	(1,061)	-	1,665	(76)	528
Reclassification	-	-	3,179	(3,179)	-
At 30 September 2017/1 October 2017	103,782	2,775	10,153	7,608	124,318

	Freehold Land RM'000	Long-term Leasehold Land RM'000	Buildings RM'000	Buildings Under Construction RM'000	Carpark RM'000	Total RM'000
<b>The Group</b>						
At cost:-						
At 1 October 2017	103,782	2,775	10,153	7,608	-	124,318
Additions during the financial year	-	-	156	9,220	-	9,376
Adjustment on land costs (Note 11 and 15) #	13,991	-	(1,177)	-	-	12,814
Transfer to property, plant and equipment (Note 8)	(270)	-	(3,294)	-	-	(3,564)
Transfer from/(to) property development costs (Note 15)	17,620	-	(5)	21	23,756	41,392
Reclassification	-	-	6,897	(6,897)	-	-
At 30 September 2018	135,123	2,775	12,730	9,952	23,756	184,336

# - Arose from the adjustments in land area due to the change in the business plan which resulted in the reclassification of land size in the respective phases.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 9. INVESTMENT PROPERTIES (CONTINUED)

	Freehold Land RM'000	Long-term Leasehold Land RM'000	Buildings RM'000	Buildings Under Construction RM'000	Carpark RM'000	Total RM'000
<b>The Group</b>						
Accumulated depreciation:-						
At 1 October 2016	-	346	1,006	-	-	1,352
Depreciation during the financial year	-	44	140	-	-	184
Disposal during the financial year	-	-	(67)	-	-	(67)
Transfer from property, plant and equipment (Note 8)	-	-	39	-	-	39
At 30 September 2017/1 October 2017	-	390	1,118	-	-	1,508
Depreciation during the financial year	-	44	178	-	-	222
At 30 September 2018	-	434	1,296	-	-	1,730
Accumulated impairment losses:-						
At 1 October 2016/30 September 2017/ 1 October 2017	-	-	-	-	-	-
Impairment during the financial year *	17,152	-	-	-	12,356	29,508
At 30 September 2018	17,152	-	-	-	12,356	29,508
Carrying amount:-						
2017	103,782	2,385	9,035	7,608	-	122,810
2018	117,971	2,341	11,434	9,952	11,400	153,098

\* - A total impairment loss of RM29,508,000 representing the write-down of the investment properties to their recoverable amount, was recognised in "Administrative and Other Expenses" line item of the statements of profit or loss and other comprehensive income. The recoverable amounts were determined based on its fair value less costs to sell approach.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 9. INVESTMENT PROPERTIES (CONTINUED)

	Freehold Land RM'000	Long-term Leasehold Land RM'000	Buildings RM'000	Total RM'000
<b>The Company</b>				
At cost:-				
At 1 October 2016	594	2,773	5,152	8,519
Disposals during the financial year	(67)	-	(93)	(160)
At 30 September 2017/1 October 2017	527	2,773	5,059	8,359
At 30 September 2018	527	2,773	5,059	8,359
Accumulated depreciation:-				
At 1 October 2016	-	345	828	1,173
Depreciation during the financial year	-	44	102	146
Disposals during the financial year	-	-	(67)	(67)
At 30 September 2017/1 October 2017	-	389	863	1,252
Depreciation during the financial year	-	44	101	145
At 30 September 2018	-	433	964	1,397
Carrying amount:-				
2017	527	2,384	4,196	7,107
2018	527	2,340	4,095	6,962

(a) The carrying amount of certain properties have been pledged to a licensed bank as security for banking facilities granted to the Group and to the Company as disclosed in Note 29. Details are as follows:-

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Freehold land	116,287	90,080	527	527
Buildings	778	632	538	565
	117,065	90,712	1,065	1,092

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 9. INVESTMENT PROPERTIES (CONTINUED)

(b) The fair value of investment properties are analysed as follows:-

	<b>Level 2</b> <b>RM'000</b>	<b>2018</b> <b>Level 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>	<b>Level 2</b> <b>RM'000</b>	<b>2017</b> <b>Level 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>The Group</b>						
Freehold land	8,500	117,744	126,244	7,530	112,706	120,236
Long-term leasehold land	5,865	-	5,865	5,495	-	5,495
Buildings	22,245	-	22,245	8,165	-	8,165
Car park	11,400	-	11,400	-	-	-
	48,010	117,744	165,754	21,190	112,706	133,896
<b>The Company</b>						
Freehold land	5,600	-	5,600	5,030	-	5,030
Long-term leasehold land	5,865	-	5,865	5,495	-	5,495
Buildings	6,285	-	6,285	6,205	-	6,205
	17,750	-	17,750	16,730	-	16,730

The fair value of the buildings under construction are unable to be determined reliably as there are uncertainties in estimating its fair value at this juncture.

Level 2 fair value

Level 2 fair value of the investment properties are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experience in the locations and category of properties being valued. The most significant input into this valuation approach is the price per square foot of comparable properties.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

### 9. INVESTMENT PROPERTIES (CONTINUED)

(b) The fair value of investment properties are analysed as follows (continued):-

#### Level 3 fair value

<u>Description of valuation technique and inputs used</u>	<u>Significant Unobservable inputs</u>	<u>Relationship of Unobservable Inputs to Fair Value</u>
(i) Discounted cash flows ("DCF"). The DCF method is applied by discounting the expected future cash flows back to present value and applying the rate of return expected from an investment after considering the risks involved in Sunsuria City project as the discount rate.	• Discount rate of 18% (2017 - 18%)	The estimated fair value would increase/ (decrease) if discount rate were lower/(higher).
	• Estimated gross development value ("GDV")	The estimated fair value would increase/ (decrease) if the GDV was higher/(lower).
	• Estimated construction cost ("GDC")	The estimated fair value would increase/ (decrease) if the GDC was lower/(higher).
(ii) Residual method, determined by external, independent property valuers, having appropriate professional qualifications and recent experience in the location and category of property being valued. In the residual method, consideration is given to the gross development value of the project and deducting there from the estimated costs of development including preliminaries, development and statutory charges, construction costs and professional fees, financing charges and developer's profit and resultant amount deferred over a period of time for the completion of the Forum 1 & Forum II projects.	• Discount rate of 8.5% (2017 - 8.5%)	The estimated fair value would increase/ (decrease) if discount rate were lower/(higher).
	• Estimated GDV	The estimated fair value would increase/ (decrease) if the GDV was higher/(lower).
	• Estimated GDC	The estimated fair value would increase/ (decrease) if the GDC was lower/(higher).

(c) Included in investment properties is interest expenses capitalised during the financial year amounting to RM2,215,000 (2017 - RM1,201,000).



## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 10. GOODWILL

	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
At cost:-		
At 1 October 2017/2016	18,230	18,229
Acquisition of subsidiaries (Note 37)	-	1
At 30 September	18,230	18,230
Accumulated impairment losses:-		
At 1 October 2017/2016	(5,849)	(7)
Impairment during the financial year	(928)	(5,842)
At 30 September	(6,777)	(5,849)
Carrying amount	11,453	12,381

(a) The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Property development	11,453	12,381

(b) Total impairment losses amounting to RM928,000 (2017 - RM5,842,000) were recognised in "Administrative and Other Expenses" line item of the statements of profit or loss and other comprehensive income. The impairment losses are attributable to the following reportable segment:-

	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Property development	928	5,841
Construction	-	1
	928	5,842

Impairment loss of RM928,000 (2017 - RM5,841,000) was recognised on SNTSB as the management assessed the recoverable amount to be lower than the carrying amount.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

### 10. GOODWILL (CONTINUED)

(c) The key assumptions used in the determination of the recoverable amounts are as follows:-

	Average Gross Margin		Growth Rate		Discount Rate	
	2018 %	2017 %	2018 %	2017 %	2018 %	2017 %
SNTSB	-	16	-	Refer (ii)(aa)	-	7.76
SFSB	49	42	Refer (ii)	Refer (ii)(bb)	9.34	7.76

- (i) Budgeted gross margin : The basis used to determine the value assigned to the budgeted gross margins is the average gross margin achievable adjusted with expected efficiency improvement or deficiency.
- (ii) Growth rate : (aa) Based on the expected projection of the sales generated from Sunsuria Hills project.  
(bb) Based on the expected projection of the sales generated from Forum I and II projects.
- (iii) Discount rate (pre-tax) : The discount rate used is 9.34% per annum, computed based on the unlevered weighted average cost of capital of the Company.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

(d) Sensitivity analysis

#### SFSB

The directors believe that there is no reasonable possible change in the above key assumptions applied that is likely to materially cause the respective cash-generating unit carrying amount to be exceeded its recoverable amount.

### 11. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group	
	2018 RM'000	2017 RM'000
At cost:-		
At 1 October 2017/2016	496,704	387,120
Additions during the financial year	17,003	13,010
Adjustments on land cost (Note 9 and 15) #	4,730	-
Adjustments on the change of basis on the allocation of land costs	-	64,997
Transfer (to)/from property development costs (Note 15)	(35,810)	31,577
At 30 September	482,627	496,704

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

**11. LAND HELD FOR PROPERTY DEVELOPMENT (CONTINUED)**

	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Represented by:-		
Freehold land	448,152	476,823
Property development costs	34,475	19,881
	482,627	496,704

Note:

# - Arose from the adjustments on land area due to the change in the business plan which resulted in the reclassification of land size in the respective phases.

(a) Included in land held for property development costs of the Group is interest expense capitalised during the financial year amounting to RM5,392,000 (2017 - RM5,832,000).

(b) The land held for property development of the Group with total carrying amount RM448,152,000 (2017 - RM476,823,000) have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 29.

**12. DEFERRED TAX ASSETS/(LIABILITIES)**

	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Deferred tax assets	8,370	6,107
Deferred tax liabilities	(89,107)	(98,873)
	(80,737)	(92,766)

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 12. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The components of deferred tax assets and deferred tax liabilities prior to offsetting are as follows:-

<b>The Group</b>	<b>At 1.10.2017 RM'000</b>	<b>Recognised in Profit or Loss (Note 35) RM'000</b>	<b>At 30.9.2018 RM'000</b>
<b>2018</b>			
<i>Deferred Tax Assets</i>			
Provision for costs	3,568	5,127	8,695
Temporary difference on property development costs	5,204	156	5,360
	8,772	5,283	14,055
<i>Deferred Tax Liabilities</i>			
Accelerated of capital allowance over depreciation of:			
- property, plant and equipment	(198)	(25)	(223)
- investment properties	(2)	(4)	(6)
Temporary difference on property development costs	(101,338)	6,775	(94,563)
	(101,538)	6,746	(94,792)
	(92,766)	12,029	(80,737)
<b>2017</b>			
<i>Deferred Tax Assets</i>			
Provision for costs	1,131	2,437	3,568
Temporary difference on property development costs	1,432	3,772	5,204
	2,563	6,209	8,772
<i>Deferred Tax Liabilities</i>			
Accelerated of capital allowance over depreciation of:			
- property, plant and equipment	(19)	(179)	(198)
- investment properties	(2)	-	(2)
Temporary difference on property development costs	(101,763)	425	(101,338)
	(101,784)	246	(101,538)
	(99,221)	6,455	(92,766)

The deferred tax assets have been recognised on the basis of a subsidiary's previous history of recording profits and to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

**12. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)**

No deferred tax assets are recognised in the statements of financial position on the following items:-

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Deductible temporary differences of:				
- impairment loss on trade receivables	701	701	-	-
- provision for costs	36	34	-	-
Unabsorbed capital allowances	6,562	6,562	502	502
Unutilised tax losses	26,482	25,674	991	991
Accelerated capital allowance over depreciation	(227)	(227)	(227)	(227)
	33,554	32,744	1,266	1,266

The comparative figures of the Group have been revised to reflect the previous year's final tax submission.

No deferred tax assets are recognised in respect of the above items as they are not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised. The unused tax losses and unabsorbed capital allowances could be carried forward for a maximum of 7 consecutive years of assessment. However, the availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act 1967 and guidelines issued by the tax authority.

**13. INVENTORIES**

	The Group	
	2018 RM'000	2017 RM'000
At cost:-		
Completed development units	57,628	-
Construction materials	1,769	-
	59,397	-

The inventories of the Group with a carrying amount of RM38,079,000 (2017: RMNil) has been pledged to licensed banks for banking facilities granted to the Group as disclosed in Note 29.

**14. BIOLOGICAL ASSET**

	The Group Grass RM'000
At 30 September 2017/1 October 2017	-
Additions	198
Disposals	(6)
At 30 September 2018	192

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 15. PROPERTY DEVELOPMENT COSTS

	The Group	
	2018 RM'000	2017 RM'000
At October 2017/2016		
- land	344,335	444,067
- development costs	320,482	145,930
	664,817	589,997
Cost incurred during the financial year:-		
- land	30,316	4,650
- development costs	240,096	176,204
	270,412	180,854
Adjustments on the change of basis on the allocation of land costs	-	(74,457)
Transfer from/(to) land held for property development (Note 11):-		
- land	34,235	(29,925)
- development costs	1,575	(1,652)
	35,810	(31,577)
Adjustment on land costs (Note 9 & 11): #		
- land	(19,057)	-
- development costs	1,513	-
	(17,544)	-
Reversal of completed projects:-		
- land	(80,951)	-
- development costs	(299,041)	-
	(379,992)	-
At 30 September		
- land	308,878	344,335
- development costs	264,625	320,482
	573,503	664,817



## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 15. PROPERTY DEVELOPMENT COSTS

	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Costs recognised in profit or loss:-		
Cumulative costs recognised at 1 October 2017/ 2016	(328,940)	(148,055)
Transfer to inventories	(57,699)	-
Transfer to investment properties (Note 9)	(41,392)	-
Reversal of completed properties	379,992	-
Cost recognised during the financial year	(206,105)	(180,885)
Cumulative costs recognised at 30 September	(254,144)	(328,940)
Property development costs at 30 September	319,359	335,877
Cumulative revenue recognised in profit or loss	1,235,321	744,758
Less: Cumulative billings to purchasers	(1,094,139)	(714,747)
Accrued billings	141,162	30,011
The net accrued billings are represented by:-		
Accrued billings	143,986	58,664
Progress billings	(2,824)	(28,653)
	141,162	30,011

# - Arose from the adjustments on land area due to the change in the business plan which resulted in the reclassification of land size in the respective phases

(a) The land under development of the Group with a carrying amount of RM306,275,000 (2017 - RM217,600,000) has been pledged to licensed banks for banking facilities granted to the Group as disclosed in Note 29.

(b) Included in property development costs of the Group is interest expense capitalised during the financial year amounting to RM3,665,000 (2017 - RM2,951,000).

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

### 16. TRADE RECEIVABLES

	The Group	
	2018 RM'000	2017 RM'000
Stakeholders' sum	7,937	-
Trade receivables	56,320	54,492
Allowance for impairment losses	(701)	(695)
	55,619	53,797
	63,556	53,797
Allowance for impairment losses:-		
At 1 October 2017/2016	(695)	(1,571)
Addition during the financial year	(6)	-
Reversal during the financial year	-	876
At 30 September	(701)	(695)

- (a) Stakeholders' sum represents retention sum held by solicitors upon handling over of vacant possession to individual purchasers of development properties. These amounts will be paid 24 months after the delivery of vacant possession together with interest earned.
- (b) The Group's normal trade credit terms for current trade receivables range from 14 to 30 (2017 - 14 to 30) days. Other credit terms are assessed and approved on a case-by-case basis.
- (c) In the previous financial year, included in trade receivables of the Group was an amount of RM5,944,000 arose from sale of properties, owing by a company which was substantially owned by a close family member of a director of the Company.

### 17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other receivables:-				
- non-interest bearing	2,406	1,005	572	247
Goods and services tax recoverable	1,928	1,126	170	24
Advances to payables	1,871	3,750	-	-
Deposits	6,552	7,844	530	687
Prepayments	172	1,690	113	348
	12,929	15,415	1,385	1,306

In the previous financial year, included in deposits of the Group was deposit amounting to RM2,800,000 paid for the purchase of development land.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 18. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company					
	Interest Bearing RM'000	2018 Non-Interest Bearing RM'000	Total RM'000	Interest Bearing RM'000	2017 Non-Interest Bearing RM'000	Total RM'000
Amount owing by:						
- Trade balances	-	813	813	-	578	578
- Non-trade balances						
Principal	27,401	298,656	326,057	8,323	282,751	291,074
Interest	929	-	929	1,363	-	1,363
	28,330	298,656	326,986	9,686	282,751	292,437
	28,330	299,469	327,799	9,686	283,329	293,015
Amount owing to:						
- Non-trade balances	-	(120,969)	(120,969)	-	(104,414)	(104,414)

(a) The trade and non-trade balances are unsecured, interest-free and repayable on demand, except certain non-trade balances are interest bearing. The amounts owing are to be settled by cash.

(b) The non-trade interest bearing amounts at the end of the reporting period bore the following interest rate:-

	2018 %	2017 %
Interest rate per annum	4.61 to 5.50	5.50

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

### 19. AMOUNT OWING BY/(TO) RELATED PARTIES

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Amount owing by:				
- Trade balances	1,125	3,074	-	2,664
Amount owing to:				
- Trade balances	(1,392)	(75,493)	-	-
- Non-trade balances	(126)	(2,095)	(126)	(1)
	(1,518)	(77,588)	(126)	(1)

(a) The trade balances are unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

(b) Included in amount owing to related parties (trade balance) are as follows:-

- (i) retention sum amounting to RM436,000 (2017 - RM436,000) was unsecured and interest-free. The retention sum has been due upon expiry of the defect liability period in September 2017. The Group is expected to settle the retention sum due in the financial year ending 30 September 2019. The amount owing is to be settled in cash.
- (ii) remaining purchase consideration amounted to RM75,056,000 in 2017 for the purchase of a piece of freehold development land held under H.S.(D) 268650 PT27890, Daerah Petaling, Mukim Bukit Raja, Negeri Selangor included in the previous year was settled in July 2018.

(c) Related parties refer to companies substantially owned by a director or a close family member of a director of the Company.

### 20. AMOUNT OWING BY A FORMER SUBSIDIARY

The non-trade balances are unsecured and repayable on demand. The amounts owing are to be settled in cash.

The non-trade balances bore the following interest rate:-

	2018 %	2017 %
Interest rate per annum	4.8	-

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

**21. SHORT-TERM INVESTMENT**

	<b>The Group and The Company</b>	
	<b>2018 RM'000</b>	<b>2017 RM'000</b>
Financial assets at fair value through profit or loss:		
- Money market fund	2,960	31,977

Investment in money market fund represent investment in highly liquid money market instruments, which are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value.

**22. FIXED DEPOSITS WITH LICENSED BANKS**

- (a) The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 2.65% to 4.08% (2017 - 2.65% to 3.16%) per annum and 2.95% to 4.08% (2017 - 2.95% to 3.16%) per annum respectively. The fixed deposits have maturity periods ranging from 1 day to 12 months (2017 - 1 day to 12 months) and 1 to 12 months (2017 - 1 to 12 months) for the Group and for the Company respectively.
- (b) The amount of fixed deposits pledged with licensed banks as security for banking facilities granted to the Group as disclosed on Note 29:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2018 RM'000</b>	<b>2017 RM'000</b>	<b>2018 RM'000</b>	<b>2017 RM'000</b>
Fixed deposits pledged for:				
- revolving credit	11,006	27,636	11,006	27,636
- bank guarantee	7,363	4,272	7,363	4,272
- term loan	3,430	3,328	-	-
	21,799	35,236	18,369	31,908

**23. CASH AND BANK BALANCES**

Included in the cash and bank balances of the Group is an amount of RM82,798,000 (2017 - RM67,716,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966. The amount is held at call with banks and is available only to the subsidiaries involved in the property development activities.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

### 24. ORDINARY SHARE CAPITAL

	The Group and The Company			
	2018 Number of Shares '000	2017 Number of Shares '000	2018 RM'000	2017 RM'000
Ordinary Shares:-				
At 1 October	798,834	798,831	399,421	399,416
Issuance of shares pursuant to:-				
- exercise of warrants	-	3	-	5
At 30 September	798,834	798,834	399,421	399,421

In the previous financial year, the Company increased its issued and paid-up share capital from 798,831,292 ordinary shares to 798,834,302 ordinary shares by the issuance of 3,010 new ordinary shares for cash arising from the exercise of warrants at the exercise price of RM1.50 per warrant. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per share at meetings of the Company.

### 25. REDEEMABLE NON-CONVERTIBLE NON-CUMULATIVE PREFERENCE SHARES ("RNCNCPS")

	The Group			
	2018 Number of Shares '000	2017 Number of Shares '000	2018 RM'000	2017 RM'000
RNCNCPS:-				
Issued and fully paid-up				
At 1 October 2016				
Issuance of new shares	-	2,499	-	25
Transfer to non-controlling interests	-	(2,499)	-	(25)
At 30 September	-	-	-	-



## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

**25. REDEEMABLE NON-CONVERTIBLE NON-CUMULATIVE PREFERENCE SHARES ("RNCNCPS") (CONTINUED)**

In the previous financial year, SESB, a 60% owned subsidiary of the Company issued 2,498,760 RNCNCPS of RM0.01 each at a premium of RM0.99 each to Welcome Global Co. Ltd, shareholder of SESB.

The salient terms of the RNCNCPS are as follows:-

Terms	Details
Non-cumulative dividend	The RNCNCPS carries the right to receive non-cumulative preferential dividend out of distributable profits of the Company at a rate to be determined by SESB on the capital paid up or credited as paid up thereon.
Redemption	The RNCNCPS is redeemable at its par value plus a redemption premium per share at any time by giving not less than one month's prior written notice ("redemption notice") to the holders of the preference shares of its intention to do so on the date specified in the redemption notice.
Voting rights	The RNCNCPS holders shall have the same rights as the holders of ordinary shares as regards receiving notices, reports and audited accounts as well as speaking at and attending general meetings of SESB, but shall only have the right to vote, in person or proxy, at any meeting convened or by way of written resolution on any question motion or resolution: <ul style="list-style-type: none"> <li>(i) for the winding up of the Company;</li> <li>(ii) for abrogating or varying or otherwise directly affecting the special rights and privileges attaching to the preference shares; or</li> <li>(iii) in the event that, at the date of the notice convening the meeting, any dividend on the preference shares is in arrears for more than six (6) months.</li> </ul>

**26. RESERVES**

	Note	The Group		The Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Share premium	26.1	175,838	175,838	175,838	175,838
Warrant reserve	26.2	48,299	48,299	48,299	48,299
Capital reserve	26.3	815	815	1,800	1,800
Capital redemption reserve	26.4	168	168	-	-
Retained profits/(Accumulated losses)		247,859	144,463	(24,626)	(2,266)
		472,979	369,583	201,311	223,671

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 26. RESERVES (CONTINUED)

### 26.1 SHARE PREMIUM

The movements in the share premium are as follows:

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 October 2017/ 2016	175,838	178,312	175,838	175,838
Transfer to non-controlling interests	-	(2,474)	-	-
At 30 September	175,838	175,838	175,838	175,838

The Company has adopted the transitional provisions set out in Section 618(3) of the Companies Act, 2016 ("Act") where the sum standing to the credit of the share premium may be utilised within twenty four (24) months from the commencement date of 31 January 2017 in the manner as allowed for under the Act. Therefore, the Company has not consolidated the share premium into share capital until the expiry of the transitional period.

### 26.2 WARRANT RESERVE

	The Group and The Company	
	2018 RM'000	2017 RM'000
At 1 October 2017/2016	48,299	48,300
Exercised during the financial year	-	(1)
At 30 September	48,299	48,299

- (a) The warrant reserve arose from the allocation of the proceeds received from the renounceable rights issue of 475,084,416 new ordinary shares of RM0.50 each together with 158,361,472 free detachable warrants issued on 23 July 2015.

The reserve is determined by reference to the fair value of the warrants of RM0.305 each amounting to RM48,300,249 immediately upon the listing and quotation of the rights issue on the Main Market of Bursa Malaysia Securities Berhad on 27 July 2015.

- (b) The warrant reserve relates to the portion of proceeds from the rights shares issue ascribed to the attached warrants. As and when the warrants are exercised, the related balance in the warrant reserve will be transferred to the share capital account. Each warrant carries the right to subscribe for 1 new ordinary share in the capital of the Company at an exercise price of RM1.50. The warrants will expire on 22 July 2020. At the expiry of the warrants, the balance in the warrant reserve will be transferred to retained profits.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

**26. RESERVES (CONTINUED)**

## 26.2 WARRANT RESERVE (CONTINUED)

(c) The warrants are constituted by the Deed Poll dated 11 June 2015. The salient features of the warrants are as follows:

- (i) Each warrant entitled the registered holder to subscribe for 1 new ordinary share of the Company at any time during the 5 years period commencing on and including 23 July 2015 to 22 July 2020 ("Exercise Period") at RM1.50 per new ordinary share of the Company;
- (ii) Any warrants not exercised during Exercise Period will thereafter lapse and cease to be valid; and
- (iii) The new ordinary shares allotted and issued pursuant exercise of the warrants shall rank *pari passu* in all aspects with the existing ordinary shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after the issue and allotment thereof.

## 26.3 CAPITAL RESERVE

Capital reserves arose from the profit on disposal of investment in a subsidiary.

## 26.4 CAPITAL REDEMPTION RESERVE

The Company has adopted the transitional provisions set out in Section 618(4) of the Companies Act, 2016 ("Act") where the sum standing to the credit of the capital redemption reserve may be utilised within twenty four (24) months from the commencement date of 31 January 2017 in the manner as allowed for under the Act. Therefore, the Company has not consolidated the capital redemption reserve into share capital until the expiry of the transitional period.

**27. LONG TERM BORROWINGS**

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Hire purchase payables (Note 28)	572	130	572	130
Term loans (Note 29)	234,078	166,592	-	-
	234,650	166,722	572	130

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 28. HIRE PURCHASE PAYABLES

	<b>The Group and The Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Minimum hire purchase payments:-		
- not later than 1 year	358	135
- later than 1 year and not later than 5 years	615	133
	973	268
Less: Future finance charges	(77)	(12)
Present value of hire purchase payables	896	256
<b>Analysed by:-</b>		
Current liabilities (Note 32)	324	126
Non-current liabilities (Note 27)	572	130
	896	256

- (a) The hire purchase payables of the Group and of the Company are secured by the Group's and the Company's motor vehicles under finance leases as disclosed in Note 8.
- (b) The hire purchase payables of the Group and of the Company bore effective interest rates ranging from 4.15% to 4.81% (2017 - 4.64% to 4.81%) per annum at the end of reporting period. The interest rates are fixed at the inception of the hire purchase agreement.

## 29. TERM LOANS

	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Current liabilities (Note 32)	5,000	14,500
Non-current liabilities (Note 27)	234,078	166,592
	239,078	181,092

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

**29. TERM LOANS (CONTINUED)**

(a) The interest rate profile of the term loans is summarised below:-

	Effective Interest rate		The Group	
	2018 %	2017 %	2018 RM'000	2017 RM'000
Floating rate term loans				
I	5.35	5.10	5,000	19,500
II	5.47	5.21	159,078	161,592
III	5.48	-	75,000	-
			239,078	181,092

(b) Term Loan I

(i) The term loan is repayable over a period of 5 years and the repayment term of the term loan is by redemption of individual units or through a reduction schedule, whichever is earlier. Below are the reduction schedule:-

Reduction date	Amount RM'000
30.06.2016	1,000
30.09.2016	1,500
31.12.2016	1,500
31.03.2017	2,000
30.06.2017	2,500
30.09.2017	3,000
31.12.2017	3,500
31.03.2018	3,500
30.06.2018	3,500
30.09.2018	4,000
31.12.2018	5,000
	31,000

(ii) Term loan I is secured by:-

- a facility agreement;
- a legal charge over 28 (2017 - 28) plots of bungalow land located at Jalan Setia Perdana U13/28C, Bandar Setia Alam, Seksyen U13, Shah Alam, Selangor under Mukim Bukit Raja, Daerah Petaling, Selangor of a subsidiary ("Property A") as disclosed in Note 13;
- a pledge of fixed deposits amounting to RM550,000 (2017 - RM535,000) as disclosed in Note 22;
- a corporate guarantee of the Company for RM32,519,000 (2017 - RM32,519,000) together with interest; and
- a specific debenture with a fixed charge over Property A.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

### 29. TERM LOANS (CONTINUED)

#### (b) Term Loan I (continued)

(iii) The significant covenants of the term loan are as follows:-

- the subsidiary shall maintain a minimum security cover as outlined in letter of offer; and
- the subsidiary shall maintain a Debt Service Reserve Account for the purpose of maintaining a debt service amount. The minimum balance to be maintained shall be RM500,000 for the entire tenure of the term loan.

The Group has complied with all the requirements of the covenants as at 30 September 2018.

#### (c) Term Loan II

(i) Term loan II including the following:-

##### Term Loan

The term Loan is repayable over 10 years by 47 monthly principal repayments of RM4,017,000 each with 1 final month principal repayment of RM4,001,000 commencing on the 73rd month from the date of the first drawdown, or by application of redemption sum pursuant to the redemption units to be developed on the Property.

##### Bridging Loan 1

The bridging Loan 1 is repayable over 8 years by 47 monthly principal repayments of RM458,333 each with 1 final month principal repayment of RM458,349 commencing on the 49th month from the date of the first drawdown, or by application of redemption sum pursuant to the redemption units to be developed on the Property.

##### Bridging Loan 2

The bridging Loan 2 is repayable over 8 years by 47 monthly principal repayments of RM583,333 each with 1 final month principal repayment of RM583,349 commencing on the 49th month from the date of the first drawdown, or by application of redemption sum pursuant to the redemption units to be developed on the Property.

(ii) Term loan II is secured by:-

- a facility agreement;
- a legal charge over 9 parcels of freehold development land held under title H.S.(D) 39882, 39890, 39888, 39880, 39891, 39881, 39886, 39887 and 39884 situated in Mukim Dengkil, District of Sepang, State of Selangor ("Property B") as disclosed in Note 8, 9, 11, 13 and 15 respectively;
- a general debenture creating a fixed and floating charge over the Company's undertaking, assets, rights and properties, both present and future whatsoever and wheresoever situated (including but not limited to the Property and all development projects to be undertaken by the Company on the Property B);
- placement of fixed deposits for the funds in the Debt Service Reserve Account ("DSRA") as disclosed in Note 22, which the DSRA shall cover minimum 3 months' interest payment; and
- a corporate guarantee of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

**29. TERM LOANS (CONTINUED)**(d) Term Loan III

- (i) The term loan III is repayable with an amount of RM35,000,000 prior to the presentation of discharge of charge over the parcel of land where Forum 1 project is located or within 15 months commencing from the date of first drawdown, whichever is earlier;
- (ii) The remaining amount of RM40,000,000 is either repayable over 29 monthly principal repayments of RM1,300,000 each with 1 final month principal repayment of RM2,300,000 commencing on the 19th month from the date of first drawdown and/or by redemption of each unit sold under Forum 2 Project of each unit.
- (iii) Term loan III is secured by:-
- a facility agreement;
  - a legal charge over freehold land partly located at Lot No. 86616 GRN 334463, Mukim Bukit Raja, District of Petaling, Negeri Selangor ("Project Land") as disclosed in Note 9, 13 and 15 respectively;
  - a general debenture creating a fixed and floating charge over the Company's undertaking, assets, rights and properties, both present and future whatsoever and wheresoever situated (including but not limited to the Property and all development projects to be undertaken by the Company on the Project Land);
  - assignment and legal charge over the Designated Accounts;
  - assignment of rights and benefits arising from the construction contracts insurance and contractor's performance bond in favour of Borrower in respect of the Project; and
  - a corporate guarantee of the Company.

**30. TRADE PAYABLES**

	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade payables	16,261	14,672
Retention sum payables	12,647	16,584
Accrued costs	53,547	23,711
	<b>82,455</b>	<b>54,967</b>

- (a) The normal trade credit term granted to the Group ranges from 30 to 75 days (2017 - 30 days).
- (b) The retention sums are unsecured, interest-free and are expected to be paid upon expiry of the defect liability period, ranging from the financial years ending 2019 to 2022 (2017 - 2018 to 2022).



## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

### 31. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other payables	16,108	5,974	100	225
Deposits received	3,289	1,342	74	91
Accruals	50,750	36,683	3,330	2,997
Advances received from the purchasers	21,772	18,160	-	-
Goods and services tax payables	84	511	-	-
	92,003	62,670	3,504	3,313

### 32. SHORT-TERM BORROWINGS

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Hire purchase payables (Note 28)	324	126	324	126
Term loans (Note 29)	5,000	14,500	-	-
	5,324	14,626	324	126

### 33. REVENUE

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Property development activities	490,563	397,837	-	-
Management fee	8	6	431	3,025
Dividend income	-	-	-	6,900
Rental income	624	636	676	589
Landscaping revenue	268	-	-	-
Maintenance income	16	-	-	-
	491,479	398,479	1,107	10,514

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 34. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit/(Loss) before taxation is arrived at after charging/(crediting):				
Accretion of interest on:				
- trade receivables	-	(230)	-	-
- trade payables	860	(120)	-	-
Auditors' remuneration:				
- auditors of the Company:				
- audit fee	293	268	65	70
- non-audit fee	27	43	6	13
- other auditors:				
- audit fee:				
- for the financial year	6	-	6	-
- underprovision in the previous financial year	10	8	-	-
Depreciation of:				
- property, plant and equipment (Note 8)	4,217	1,264	989	534
- investment properties (Note 9)	222	184	145	146
Direct operating expenses on investment properties	142	140	137	136
Directors' remuneration (Note 40(a))	5,707	5,667	5,502	5,189
Impairment loss on:				
- goodwill (Note 10)	928	5,842	-	-
- investment in subsidiaries (Note 5)	-	-	5,571	2,654
- investment properties (Note 9)	29,508	-	-	-
- trade receivables (Note 16)	6	-	-	-
- other receivables	75	-	-	-
Preliminary expenses	4	8	-	-
Property, plant and equipment written off	260	-	-	-
Rental expense:				
- motor vehicles	75	170	75	170
- premises	4,226	1,035	1,895	940
- office equipment	23	21	18	17
- show room	71	70	-	-
Loss/(Gain) on disposal of:				
- property, plant and equipment	75	(1,241)	75	(1,241)
- investment properties	-	(107)	-	(107)

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 34. PROFIT/(LOSS) BEFORE TAXATION (CONTINUED)

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bank guarantee	714	740	-	77
- commitment fee	153	802	50	-
- hire purchase	43	15	44	15
- revolving credit	153	12	153	12
- term loans	11,747	11,169	-	-
- property purchasers	-	41	-	-
- related party	184	-	-	-
	12,994	12,779	247	104
Less: Finance charges capitalised in:				
- Property, plant and equipment (Note 8)	-	(40)	-	-
- Investment property (Note 9)	(2,215)	(1,201)	-	-
- Land held for property development (Note 11)	(5,392)	(5,832)	-	-
- Property development costs (Note 15)	(3,665)	(2,951)	-	-
	1,722	2,755	247	104
Staff costs (including other key management personnel as disclosed in Note 40(b)):				
- salaries, overtime, bonus, allowances and other benefits	17,715	13,623	5,012	3,860
- defined contribution plan	2,365	1,570	621	255
Interest income on financial assets that are not at fair value through profit or loss:				
- cash and cash equivalents	(3,317)	(2,881)	(1,481)	(1,563)
- property purchasers	(1,386)	(343)	-	-
- amount owing by a former subsidiary	(7)	-	-	-
- amount owing by subsidiaries	-	-	(929)	(1,363)
Rental income from:				
- investment properties	(624)	(636)	(676)	(589)
- show room	-	(2)	-	-
- others	(52)	-	-	-
Reversal of allowance for impairment loss on trade receivables	-	(876)	-	-

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 35. INCOME TAX (EXPENSE)/CREDIT

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current tax:				
- for the financial year	(53,092)	(37,680)	-	-
- overprovision in the previous financial year	4,646	1,116	-	513
	(48,446)	(36,564)	-	513
Deferred tax (Note 12):				
- relating to originating and recognition of temporary differences	13,180	3,523	-	-
- (under)/overprovision in the previous financial year	(1,151)	2,932	-	-
	12,029	6,455	-	-
Real property gains tax	-	(19)	-	(92)
Total income tax (expense)/credit	(36,417)	(30,128)	-	421

A reconciliation of income tax (expense)/credit applicable to the profit/(loss) before taxation at the statutory tax rate to income tax (expense)/credit at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit/(Loss) before taxation:	165,713	138,009	(22,360)	(5,601)
Tax at the statutory tax rate of 24% (2017 – 24%)	(39,771)	(33,122)	5,366	1,344
Tax effects of:				
Non-taxable income	2,870	6,844	25	1,656
Non-deductible expenses	(6,594)	(5,987)	(5,391)	(1,311)
Share of results in associates	(22)	2	-	-
Deferred tax assets not recognised during the financial year	(194)	(1,894)	-	(1,689)
Real property gains tax	-	(19)	-	(92)
Over/(Under)provision in the previous financial year				
- current tax	4,646	1,116	-	513
- deferred tax	(1,151)	2,932	-	-
Effect on different tax rate used	3,799	-	-	-
Income tax (expense)/credit for the financial year	(36,417)	(30,128)	-	421

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017 - 24%) of the estimated assessable profit for the financial year.

On 21 October 2016, the Government of Malaysia announced the reduction of income tax rate from 24% to a range of 20% to 24% based on the percentage of increase in chargeable income as compared to the immediate preceding year of assessment for years of assessment 2017 and 2018.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

### 35. INCOME TAX EXPENSE/CREDIT (CONTINUED)

Tax savings during the financial year arising from:-

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Utilisation of capital allowances - for the financial year	2,446	1,840	-	516
Utilisation of tax losses - for the financial year	4,491	3,388	-	3,378

### 36. EARNINGS PER SHARE

(a) Basic earnings per share

	The Group	
	2018	2017
Profit after taxation attributable to owners of the Company (RM'000):	101,597	90,748
Weighted average number of ordinary shares in issue at 30 September ('000)	798,834	798,834
Basic earnings per share (Sen):	12.72	11.36

(b) Diluted earnings per share

The exercise of warrants are anti-dilutive as the exercise price of the warrants are higher than the average market price of the Company's ordinary shares in the current and previous financial year. Accordingly, the exercise of warrants have been ignored in the calculation of dilutive earnings per share.

### 37. ACQUISITION OF SUBSIDIARIES

2018

The Company had on:-

(a) 14 February 2018, LMDSB, a wholly-owned subsidiary of the Company, acquired 100% equity interest of DSB comprising of one (1) ordinary share in DSB for a cash consideration of RM1.

In consequent thereof, DSB became 100% wholly-owned indirect subsidiary of the Company.

(b) 20 September 2018, SFSB, a 51%-owned subsidiary of the Company, acquired a 100% equity interest in GSB comprising of one (1) ordinary share in GSB for a cash consideration of RM1.

In consequent thereof, GSB became wholly-owned indirect subsidiary of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

**37. ACQUISITION OF SUBSIDIARIES (CONTINUED)**

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	<b>At Date Of Acquisition Carrying Amount RM'000</b>	<b>Fair Value Recognised RM'000</b>
Cash and bank balances	^	^
Net identifiable assets acquired	^	^
Less: Non-controlling interests, measured at the proportionate share of the fair value of the net identifiable asset		-
Add: Goodwill on consolidation		-
Total purchase consideration, to be settled by cash		^
Less: Cash and cash equivalents of subsidiary acquired		^
Net cash outflow for acquisition of subsidiaries		^

Notes:

^ - Represents RM1

2017

	<b>Acquisition of Ordinary Shares RM'000</b>	<b>Subscription of Ordinary Shares RM'000</b>	<b>Total Ordinary Shares Acquired RM'000</b>
Subsidiary directly held by the Company:			
- SBSB	^	-	^
Subsidiaries indirectly held by the Company:			
- SASB	408	-	408
- SGDSB	^	-	^
- Citic	-	#	#
	408	#	408

Notes:

^ - Represents RM1

# - Represents RM49

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

### 37. ACQUISITION OF SUBSIDIARIES (CONTINUED)

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	<b>At Date Of Acquisition</b>	
	<b>Carrying Amount RM'000</b>	<b>Fair Value Recognised RM'000</b>
Property, plant and equipment	13	13
Amount owing by contract customers	3,040	3,040
Other receivables and deposits	3,094	3,094
Cash and bank balances	12	12
Trade payables	(2,101)	(2,101)
Other payables and accruals	(3,260)	(3,260)
<b>Net identifiable assets acquired</b>	<b>798</b>	<b>798</b>
Less: Non-controlling interests, measured at the proportionate share of the fair value of the net identifiable asset		(391)
Add: Goodwill on consolidation		1
Total purchase consideration, to be settled by cash		408
Less: Cash and cash equivalents of subsidiary acquired		(12)
<b>Net cash outflow for acquisition of subsidiaries</b>		<b>396</b>

(a) The goodwill is attributable mainly to the control premium paid. In addition, the purchase consideration also included benefits derived from the expected revenue growth of the subsidiary. This benefit is not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The goodwill is not be deductible for tax purposes.

(b) The acquired subsidiary has contributed the following results to the Group:-

	<b>The Group 2017 RM'000</b>
Revenue	3,468
Profit after taxation	2,185

(c) If the acquisition had taken place at the beginning of the financial year, the Group's revenue and profit after taxation would have been as follows:-

	<b>The Group 2017 RM'000</b>
Revenue	3,468
Profit after taxation	1,880



## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

**38. DEEMED DISPOSAL OF SUBSIDIARY**

On 6 April 2018, SBSB entered into a Supplemental Agreement with Citic ("Supplemental Agreement") to amend and vary certain terms of the Shareholders' Agreement dated 28 June 2017 and agreed that SBSB shall have 40% Board representatives in Citic.

In consequent thereof, SBSB ceased to have control over Citic and Citic became an associate of the Group.

The financial effects of the deemed disposal at the date of disposal are summarised below:-

	<b>The Group 2018 RM'000</b>
Plant and equipment	273
Other receivables, deposits and prepayment	781
Cash and bank balances	52
Other payables and accruals	(85)
Amount owing to immediate holding company	(1,747)
Amount owing to ultimate holding company	(103)
Non-controlling interest	(510)
Net liabilities	(1,339)
Capitalised as investment in an associated company (Note 6)	(490)
Effect on deemed disposal of subsidiary	(1,829)
Cash and cash equivalents of subsidiary disposed of	52
Net cash inflow from the deemed disposal of subsidiary	52

There was no disposal of subsidiary in the previous financial year.

**39. CASH AND CASH EQUIVALENTS**

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Short-term investment	2,960	31,977	2,960	31,977
Fixed deposits with licensed banks	44,023	46,740	25,370	31,908
Cash and bank balances	103,236	88,769	2,141	1,324
Less: Fixed deposits pledged to licensed banks (Note 22)	150,219	167,486	30,471	65,209
	(21,799)	(35,236)	(18,369)	(31,908)
	128,420	132,250	12,102	33,301

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 40. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>(a) Directors</b>				
<u>Directors of the Company</u>				
Short-term employee benefits:				
- fees	200	192	200	192
- salaries, bonuses and other benefits	4,741	4,439	4,741	4,439
Defined contribution benefits	561	558	561	558
	5,502	5,189	5,502	5,189
<u>Directors of the Subsidiaries</u>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	193	427	-	-
Defined contribution benefits	12	51	-	-
	205	478	-	-
Total directors' remuneration (Notes 34)	5,707	5,667	5,502	5,189
Estimated monetary value of benefit-in-kind:				
- directors of the Company	128	79	128	79
<b>(b) Other Key Management Personnel</b>				
Short-term employee benefits	1,809	434	1,101	807
Defined contribution benefits	216	52	131	97
Total compensation for other key management personnel (Note 34)	2,025	486	1,232	904
Estimated monetary value of benefit-in-kind				
	36	8	36	8

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

**41. RELATED PARTY DISCLOSURES****(a) Identities of Related Parties**

Parties are considered to be related to the Group if 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.

In addition to the information detailed elsewhere in the financial statements, the Group and the Company have related party relationships with its directors, key management personnel and entities within the same group of companies.

**(b) Significant Related Party Transactions and Balances**

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Subsidiaries</b>				
Advances from	-	-	31,200	32,000
Advances to	-	-	41,179	25,435
Assignment of debts from	-	-	2,256	-
Acquisition of share	-	-	200	-
Collection received on behalf of	-	-	2,659	197
Dividend received/ receivable	-	-	-	6,900
Interest received/ receivable	-	-	929	1,363
Management fee received/receivables	-	-	431	3,025
Payment on behalf of	-	-	40,623	31,791
Payment on behalf by	-	-	193	335
<b>Associates</b>				
Rental of premises	116	-	116	-
Payment on behalf of	1,932	-	-	-
<b>Companies substantially owned by certain directors and their close family members</b>				
Car park rental paid/payable	100	82	100	82
Legal fees	-	816	-	-
Payment on behalf by	2,115	98	21	98
Payment on behalf of	52	113	52	113
Progress billings billed for the sale of property under construction	7,710	7,418	-	-
Rental of premises paid/payable	1,178	940	1,178	940
Rental of motor vehicles paid/payable	62	170	62	170

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 42. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Chairman as its chief operating decision maker in order to allocate resources to segments and to assess their performance on quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 3 main business segments as follows:-

- Property development
  - undertakes the development of commercial and residential properties.
- Construction
  - undertakes the construction activities.
- Investment holding and others
  - investment activities and provision of management services.

(a) The Executive Chairman assesses the performance of the reportable segments based on their profit before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

(b) Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than investments in associates and tax-related assets.

(c) Each reportable segment liabilities is measured based on all liabilities of the segment other than tax-related liabilities.

(d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

2018	Property development RM'000	Construction RM'000	Investment holding and others RM'000	Total RM'000
<b>Revenue</b>				
External revenue	513,935	285	631	514,851
Inter-segment revenue	11,470	143,312	531	155,313
	525,405	143,597	1,162	670,164
Consolidation adjustments				(178,685)
Consolidated revenue				491,479

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 42. OPERATING SEGMENTS (CONTINUED)

2018	Property development RM'000	Construction RM'000	Investment holding and others RM'000	Total RM'000
<b>Results</b>				
Segment profit/(loss)	224,561	14,539	(15,091)	224,009
Finance costs				(2,763)
Share of results in associates				(93)
Consolidation adjustments				(55,440)
Consolidated profit before taxation				<u>165,713</u>
Segment profit/(loss) includes the following:-				
Interest income	3,135	92	1,483	4,710
Interest expenses	(1,291)	(184)	(247)	(1,722)
Loss on disposal of:				
- property, plant and equipment	-	-	(75)	(75)
Property, plant and equipment written off	(260)	-	-	(260)
Depreciation of:				
- property, plant and equipment	(3,085)	(145)	(987)	(4,217)
- investment properties	(38)	-	(184)	(222)
Impairment loss on:				
- goodwill	(928)	-	-	(928)
- investment properties	(29,508)	-	-	(29,508)
- trade receivables	-	-	(6)	(6)
- other receivables	(75)	-	-	(75)
<b>Assets</b>				
Segment assets	1,252,258	53,919	997,011	2,303,188
Unallocated assets:				
- investment in associates				1,083
- deferred tax assets				8,370
- current tax assets				3,909
Consolidation adjustments				(873,573)
Consolidated total assets				<u>1,442,977</u>
Additions to non-current assets other than financial instruments and deferred tax assets are:				
- property, plant and equipment (Note 8)	2,055	1,502	3,977	7,534
- investment properties (Note 9)	9,376	-	-	9,376
- land held for property development (Note 11)	17,003	-	-	17,003

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 42. OPERATING SEGMENTS (CONTINUED)

2018	Property development RM'000	Construction RM'000	Investment holding and others RM'000	Total RM'000
<b>Liabilities</b>				
Segment liabilities	873,479	39,290	394,291	1,307,060
Unallocated liabilities:				
- deferred tax liabilities				89,107
- current tax liabilities				7,805
Consolidation adjustments				(888,264)
Consolidated total liabilities				<u>515,708</u>
2017	Property development RM'000	Construction RM'000	Investment holding and others RM'000	Total RM'000
<b>Revenue</b>				
External revenue	392,151	-	642	392,793
Inter-segment revenue	-	13,837	9,925	23,762
	392,151	13,837	10,567	416,555
Consolidation adjustments				(18,076)
Consolidated revenue				<u>398,479</u>
<b>Results</b>				
Segment profit/(loss)	180,427	2,124	(5,578)	176,973
Finance costs				(3,120)
Share of results in an associate				6
Consolidation adjustments				(35,850)
Consolidated profit before taxation				<u>138,009</u>
Segment profit/(loss) includes the following:-				
Interest income	1,659	1	1,564	3,224
Interest expenses	(2,651)	-	(104)	(2,755)
Gain on disposal of:				
- property, plant and equipment	-	-	1,241	1,241
- investment properties	-	-	107	107
Depreciation of:				
- property, plant and equipment	(696)	(2)	(566)	(1,264)
- investment properties	-	-	(184)	(184)
Impairment loss on goodwill	(5,842)	-	-	(5,842)
Reversal of allowance for impairment loss on trade receivables	876	-	-	876

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 42. OPERATING SEGMENTS (CONTINUED)

2017	Property development RM'000	Construction RM'000	Investment holding and others RM'000	Total RM'000
<b>Assets</b>				
Segment assets	1,034,536	18,694	988,058	2,041,288
Unallocated assets:				
- investment in associates				686
- deferred tax assets				6,107
- current tax assets				5,134
Consolidation adjustments				(751,482)
Consolidated total assets				<u>1,301,733</u>
Additions to non-current assets other than financial instruments and deferred tax assets are:				
- property, plant and equipment (Note 8)	18,133	44	2,020	20,197
- investment properties (Note 9)	7,610	-	-	7,610
- land held for property development (Note 11)	13,010	-	-	13,010
<b>Liabilities</b>				
Segment liabilities	744,944	16,365	370,662	1,131,971
Unallocated liabilities:				
- deferred tax liabilities				98,873
- current tax liabilities				1,536
Consolidation adjustments				(726,723)
Consolidated total liabilities				<u>505,657</u>

**Geographical Segments**

Information about geographical location of segment assets has not been reported separately as the Group operates principally within Malaysia. Segment revenue based on geographical location of customers is analysed as follows:-

	The Group	
	2018 RM'000	2017 RM'000
Malaysia	491,479	398,479

**Major Customers**

There is no single customer that contributed 10% or more to the Group's revenue.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 43. CAPITAL COMMITMENT

	The Group	
	2018 RM'000	2017 RM'000
<b>Contracted but not provided for</b>		
Construction of investment properties	156,214	1,735
Purchase of development land	-	25,200
	156,214	26,935

## 44. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flows from/(for) financing activities.

	Hire Purchase RM'000	Term Loan RM'000	Amount owing to subsidiaries RM'000	Amount owing to related parties RM'000
<b>The Group</b>				
At beginning of year	256	181,092	-	77,588
Proceeds	-	130,995	-	-
Repayment	(304)	(73,009)	-	(3,095)
Non-cash transactions	944	-	-	(72,975)
At end of year	896	239,078	-	1,518
<b>The Company</b>				
At beginning of year	256	-	104,414	1
Proceeds	-	-	16,544	125
Repayment	(304)	-	-	-
Non-cash transactions	944	-	11	-
	896	-	120,969	126

In accordance with the transitional provision of Disclosure Initiative (Amendment to FRS 107) for reconciliation of movement of liabilities to cash flows arising from financing activities, comparative information is not required for preceding period.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

**45. FINANCIAL INSTRUMENTS**

The Group's activities are exposed to a variety of market risk (including interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

**45.1 FINANCIAL RISK MANAGEMENT POLICIES**

The Group's policies in respect of the major areas of treasury activity are as follows:-

**(a) Market Risk****(i) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed deposits with licensed banks and fixed rate borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in FRS 7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 29.

*Interest Rate Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	<b>The Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Effects on Profit/(Loss) after taxation</b>		
Increase of 100 basis points	(1,817)	(1,376)
Decrease of 100 basis points	1,817	1,376

A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents managements' assessment of the reasonably possible change in interest rates.

**(ii) Equity Price Risk**

The Group and the Company do not have any quoted investments and hence, is not exposed to equity price risk.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 45. FINANCIAL INSTRUMENTS (CONTINUED)

### 45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

#### (b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including short-term investment and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 30 days, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified (where applicable).

Impairment is estimated by management based on prior experience and the current economic environment.

The Company provides corporate guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

#### (i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amount owing by a customer which constituted approximately 4% (2017 - 11%) of its trade receivables (including related parties) at the end of the reporting period.

#### (ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 45. FINANCIAL INSTRUMENTS (CONTINUED)

## 45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

## (b) Credit Risk (continued)

## (iii) Ageing Analysis

The ageing analysis of trade receivables (including trade amount owing by related parties) is as follows:-

The Group	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Value RM'000
2018				
Not past due	42,063	-	-	42,063
Past due:				
- less than 30 days ^	-	-	-	-
- 31 to 60 days	13,898	-	-	13,898
- 61 to 105 days	5,763	-	-	5,763
- more than 151 days	3,658	(701)	-	2,957
	65,382	(701)	-	64,681
2017				
Not past due	20,221	-	-	20,221
Past due:				
- less than 30 days ^	12,139	-	-	12,139
- 31 to 60 days	3,254	-	-	3,254
- 61 to 105 days	13,202	-	-	13,202
- more than 151 days	8,750	(695)	-	8,055
	57,566	(695)	-	56,871

Note:-

^ - Represents debts fall within the month of September.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 45. FINANCIAL INSTRUMENTS (CONTINUED)

### 45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

#### (b) Credit Risk (continued)

##### (iii) Ageing Analysis (continued)

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are substantially companies with good collection track record and no recent history of default.

##### Property development segment

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired, due to the following reasons:-

- (i) the transfer of the property to the purchaser is subject to the full payment of the outstanding amount;
- (ii) most of the purchasers have end financing arrangements, and payments are slow because of the credit processes of the end financiers; and
- (iii) in the event the sale is terminated for non-payment, the Group will be able to recover the property.

#### (c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

##### *Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
<b>2018</b>						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	82,455	82,951	82,951	-	-
Other payables, deposits received and accruals	-	70,147	70,147	70,147	-	-
Dividend payable	-	22	22	22	-	-
Amount owing to related parties	-	1,518	1,518	1,518	-	-
Hire purchase payables	4.15 to 4.81	896	973	358	615	-
Term loans	5.35 to 5.48	239,078	290,690	17,125	193,291	80,274
		394,116	446,301	172,121	193,906	80,274

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 45. FINANCIAL INSTRUMENTS (CONTINUED)

## 45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

## (c) Liquidity Risk (continued)

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
<b>2017</b>						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	54,967	56,423	56,423	-	-
Other payables, deposits received and accruals	-	43,999	43,999	43,999	-	-
Dividend payable	-	22	22	22	-	-
Amount owing to related parties	-	77,588	77,588	77,588	-	-
Hire purchase payables	4.64 to 4.81	256	268	135	133	-
Term loans	5.10 to 5.21	181,092	240,660	24,599	38,763	177,298
		357,924	418,960	202,766	38,896	177,298
<b>2018</b>						
<u>Non-derivative Financial Liabilities</u>						
Other payables, deposits received and accruals	-	3,504	3,504	3,504	-	-
Amount owing to subsidiaries	-	120,969	120,969	120,969	-	-
Amount owing to a related party	-	126	126	126	-	-
Hire purchase payables	4.15 to 4.81	896	973	358	615	-
Financial guarantee contracts in relation to corporate and bank guarantee given to certain subsidiaries	-	-	246,442	246,442	-	-
		125,495	372,014	371,399	615	-

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 45. FINANCIAL INSTRUMENTS (CONTINUED)

### 45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

#### (c) Liquidity Risk (continued)

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
<b>2017</b>						
<u>Non-derivative Financial Liabilities</u>						
Other payables, deposits received and accruals	-	3,313	3,313	3,313	-	-
Amount owing to subsidiaries	-	104,414	104,414	104,414	-	-
Amount owing to a related party	-	1	1	1	-	-
Hire purchase payables	4.64 to 4.81	256	268	135	133	-
Financial guarantee contracts in relation to corporate and bank guarantee given to certain subsidiaries	-	-	187,500	187,500	-	-
		107,984	295,496	295,363	133	-

### 45.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2018 RM'000	2017 RM'000
Hire purchase payables	896	256
Term loans	239,078	181,092
	239,974	181,348
Less: Short-term investment	(2,960)	(31,977)
Less: Fixed deposits with licensed banks	(44,023)	(46,740)
Less: Cash and bank balances	(103,236)	(88,769)
Net debt	89,755	13,862
Total equity	927,269	796,076
Debt-to-equity ratio	0.10	0.02



## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 45. FINANCIAL INSTRUMENTS (CONTINUED)

## 45.2 CAPITAL RISK MANAGEMENT (CONTINUED)

There was no change in the Group's approach to capital management during the financial year.

The Group is also required to comply with certain loan covenants as disclosed in Note 29, failing which, the banks may call an event of default. The Group has complied with this requirement.

## 45.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Financial Assets</b>				
<u>Available-for-sale</u>				
Other investment, at cost	184	184	159	159
<u>Loans and Receivables</u>				
Trade receivables	63,556	53,797	-	-
Other receivables and deposits	8,958	8,849	1,102	934
Amount owing by subsidiaries	-	-	327,799	293,015
Amount owing by related parties	1,125	3,074	-	2,664
Amount owing by a former subsidiary	1,912	-	-	-
Fixed deposits with licensed banks	44,023	46,740	25,370	31,908
Cash and bank balances	103,236	88,769	2,141	1,324
	222,810	201,229	356,412	329,845
<u>Fair Value Through Profit or Loss</u>				
Short-term investment	2,960	31,977	2,960	31,977
<b>Financial Liabilities</b>				
<u>Other Financial Liabilities</u>				
Trade payables	82,455	54,967	-	-
Other payables, deposits received and accruals	70,147	43,999	3,504	3,313
Amount owing to subsidiaries	-	-	120,969	104,414
Amount owing to related parties	1,518	77,588	126	1
Dividend payable	22	22	-	-
Hire purchase payables	896	256	896	256
Term loans	239,078	181,092	-	-
	394,116	357,924	125,495	107,984

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 45. FINANCIAL INSTRUMENTS (CONTINUED)

### 45.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

The Group	Fair Value Of Financial Instruments Carried At Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2018					
<u>Financial Assets</u>					
Other investment	-	#	-	#	184
Short-term investment	2,960	-	-	2,960	2,960
<u>Financial Liabilities</u>					
Hire purchase payables	-	896	-	896	896
Term loans	-	239,078	-	239,078	239,078
2017					
<u>Financial Assets</u>					
Other investment	-	#	-	#	184
Short-term investment	31,977	-	-	31,977	31,977
<u>Financial Liabilities</u>					
Hire purchase payables	-	256	-	256	256
Term loans	-	181,092	-	181,092	181,092

# - The fair value is not presented due to the lack of marketability of the shares and the fair value cannot be reliably measured.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

## 45. FINANCIAL INSTRUMENTS (CONTINUED)

## 45.4 FAIR VALUE INFORMATION (CONTINUED)

The Company	Fair Value Of Financial Instruments Carried At Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2018					
<u>Financial Assets</u>					
Other investment	-	#	-	#	184
<u>Financial Liabilities</u>					
Hire purchase payables	-	896	-	896	896
2017					
<u>Financial Assets</u>					
Other investment	-	#	-	#	159
<u>Financial Liabilities</u>					
Hire purchase payables	-	256	-	256	256

# - The fair value is not presented due to the lack of marketability of the shares and the fair value cannot be reliably measured.

**(a) Fair Value of Financial Instruments Carried at Fair Value**

- (i) The fair value of short-term investment is determined at their quoted closing prices at the end of the reporting period.
- (ii) There were no transfer between Level 1 and 2 during the financial year.

**(b) Fair Value of Financial Instruments not Carried At Fair Value**

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- (i) The fair values of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.
- (ii) The fair values of hire purchase payables that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group and The Company	
	2018 %	2017 %
Hire purchase payables	4.15 to 4.81	4.64 to 4.81

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

### 46. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 21 December 2017, SBSB received confirmation from Citic International Investment Ltd (“CITIC”) agreeing to SBSB’s request for a further extension of time for an additional four (4) months until 27 April 2018 for the Company to procure its shareholders’ approval for the diversification of the business of the Group to include construction and related businesses in compliance with Paragraph 10.13 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, pursuant to the Shareholders’ Agreement signed between CITIC and SBSB on 28 June 2017.

(b) On 14 February 2018, the Company entered into a Share Sale Agreement with SCSB, an indirect subsidiary of the Company with an effective interest of 99.99%, for the Company to acquire from SCSB the entire issued shares of LMDSB for a total cash consideration of RM2.

In consequent thereof, LMDB became a wholly-owned subsidiary of the Company.

(c) On 14 February 2018, LMDSB, a wholly-owned subsidiary of the Company, acquired the 100% equity interest of DSB comprising of one (1) ordinary share in DSB for a cash consideration of RM1.

In consequent thereof, DSB became a wholly-owned subsidiary of the Company.

(d) On 15 February 2018, LMDSB entered into a Joint Development Agreement (“JDA”) with CI Medini Sdn. Bhd. (“Leaseowner”) whereby LMDSB, via its wholly-owned subsidiary DSB, and the Leaseowner shall jointly carry out and undertake the development of 6-storey stratified multi-storey shops known as “Pusat Perdagangan ION Akses” (“Development”) on all that piece of freehold land known as Plot C17 held under PTD201442 (HSD559037) in the Mukim of Pulau in the District of Johor Bahru in the State of Johor Darul Ta’zim and the disposal of the individual parcels of stratified multi-storey shops within the Development.

Pursuant to the JDA, LMDSB shall be entitled to a 20% share of profit of the net sales revenue for all units sold less aggregate Development project expenditure on the project completion, i.e. 6 months after the date of issuance of the Certificate of Completion and Compliance for all units. The Leaseowner shall be entitled to the balance of the profit less LMDSB’s share of profits.

The Proposed JDA is subject to the condition precedent that DSB shall procure an end-financier to serve as a panel financier for the Development for the purpose of providing end-financing to the purchasers of the units within the Development within 6 months from the date of JDA.

On 27 April 2018, the JDA became unconditional in accordance with Clause 2.1 (d) of the JDA whereby both DSB and the Leaseowner have on even date confirmed in writing of their acceptability of the terms and conditions provided under the End-Financing.

(e) On 26 March 2018, the Company acquired the entire issued shares of SEDSB (formerly known as Sunsuria Times Sdn. Bhd.) from SNSB, a wholly-owned subsidiary of the Company for a total cash consideration of RM200,000.

In consequent thereof, SEDSB became a wholly-owned subsidiary of the Company.

(f) On 6 April 2018, SBSB had entered into a Supplemental Agreement with CITIC to amend and vary certain terms of the Shareholders’ Agreement between CITIC and SBSB dated 28 June 2017.

(g) On 20 August 2018, Arena, a wholly-owned subsidiary of the Company acquired the entire issued shares of SCASB comprising one (1) ordinary share each from SCSB, an indirect subsidiary of the Company with an effective interest of 99.99%, and SGSB, being subsidiary of the Company for a total cash consideration of RM2.

In consequent thereof, SCASB became a wholly-owned subsidiary of Arena, which in turn is a wholly-owned subsidiary of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 September 2018

**46. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)**

- (h) On 7 September 2018, SEDSB (formerly known as Sunsuria Times Sdn. Bhd.), a wholly owned subsidiary of the Company entered into an agreement with Concord College International Limited relating to the establishment and operation of a private educational institution to be known as "Concord College (Malaysia)" (the "School") to be located at Sunsuria City ("Collaboration Agreement").

The Collaboration Agreement is conditional upon SEDSB having secured the approval from the Ministry of Education of Malaysia for the establishment and operation of the School.

- (i) On 20 September 2018, SFSB, a 51%-owned subsidiary of the Company, acquired a 100% equity interest in Greenworth Sdn. Bhd. ("GSB") comprising of one (1) ordinary share in GSB for a cash consideration of RM1.

In consequent thereof, GSB became a wholly-owned indirect subsidiary of the Company.

- (j) On 2 November 2018, SCASB, a wholly-owned subsidiary of Arena, which in turn is a wholly-owned subsidiary of the Company, acquired a 100% equity interest in Cloudcubes Sdn. Bhd. ("CSB") comprising of one (1) ordinary share in CSB for a cash consideration of RM1.

In consequent thereof, CSB became an indirect wholly-owned subsidiary of the Company.

- (k) On 5 November 2018, SCASB, a wholly-owned subsidiary of Arena, which in turn is a wholly-owned subsidiary of the Company, acquired a 100% equity interest in Aspen Esplanade Sdn. Bhd. ("AESB") comprising of one (1) ordinary share in AESB for a cash consideration of RM1.

In consequent thereof, AESB became an indirect wholly-owned subsidiary of the Company.

- (l) On 10 December 2018, SCASB, a wholly-owned subsidiary of Arena, which in turn is a wholly-owned subsidiary of the Company, has acquired a 100% equity interest in Kemudi Semarak Sdn. Bhd. ("KSSB") comprising of one (1) ordinary share in KSSB for a cash consideration of RM1.

In consequent thereof, KSSB became an indirect wholly-owned subsidiary of the Company.

## RECURRENT RELATED PARTY TRANSACTIONS

**Recurrent Related Party Transactions of Revenue in Nature (“RRPT”)** [Disclosed in accordance with paragraph 10.09 (1)(b) and paragraph 3.1.5 of Practice Note 12, Main Market Listing Requirements]

At the last Annual of General Meeting (“AGM”) held on 8 March 2018, Sunsuria has obtained the Shareholders’ Mandate to enter into RRPT with related parties as set out in the Circular to Shareholders dated 8 February 2018 (“RRPT Mandate”). This RRPT Mandate is valid until the conclusion of Sunsuria’s forthcoming Fiftieth AGM to be held on 29 March 2019 (“50th AGM”).

Sunsuria proposes to seek a new RRPT Mandate at its forthcoming 50th AGM (“Proposed Shareholders’ Mandate”). The Proposed Shareholders’ Mandate, details as provided in the Circular to Shareholders dated 31 January 2019 sent together with the Annual Report, if approved by the shareholders, would be valid until the conclusion of Sunsuria’s next AGM.

Details of RRPT entered into during FY2018 (from the period of 8 March 2018 until 30 September 2018) under the RRPT Mandate are as follows:-

Transacting Companies	Transacting Related Parties	Interested Major Shareholders/Director	Nature of Transaction	Value of Transactions (RM'000)
Sunsuria Group	Sunsuria Development Sdn Bhd	<ul style="list-style-type: none"> <li>- Sunsuria Holdings Sdn Bhd</li> <li>- Tan Sri Datuk Ter Leong Yap (“Tan Sri Datuk Ter”)</li> <li>- Puan Sri Datin Kwan May Yuen</li> <li>- Ter Leong Ping</li> </ul>	Rental of office premises	369
			Rental of Motor Vehicles	6
	Genesis Pavilion Sdn Bhd	<ul style="list-style-type: none"> <li>- Sunsuria Holdings Sdn Bhd</li> <li>- Sunsuria Development Sdn Bhd</li> <li>- Tan Sri Datuk Ter</li> </ul>	Rental of office premises	274
	Planetis Resources Sdn Bhd	<ul style="list-style-type: none"> <li>- Sunsuria Holdings Sdn Bhd</li> <li>- Sunsuria Development Sdn Bhd</li> <li>- Tan Sri Datuk Ter</li> <li>- Puan Sri Datin Kwan May Yuen</li> </ul>	Rental of office premises	12
	Sunsuria Forum Sdn Bhd	<ul style="list-style-type: none"> <li>- Sunsuria Holdings Sdn Bhd</li> <li>- Sunsuria Development Sdn Bhd</li> <li>- Tan Sri Datuk Ter</li> </ul>	Management fees	-
	Easywell Sdn Bhd	<ul style="list-style-type: none"> <li>- Sunsuria Holdings Sdn Bhd</li> <li>- Sunsuria Development Sdn Bhd</li> <li>- Tan Sri Datuk Ter</li> </ul>	Rental of office premises	406
	Citic Sunsuria Sdn Bhd	<ul style="list-style-type: none"> <li>- Sunsuria Builders Sdn Bhd</li> <li>- Tan Sri Datuk Ter</li> <li>- Koong Wai Seng</li> </ul>	Rental of office premises	84
			Provision of construction and related services	-
	Alunan Asas Sdn Bhd	<ul style="list-style-type: none"> <li>- Spanway Construction Sdn Bhd</li> <li>- Evergreen Perspective Sdn Bhd</li> <li>- Chuah Chew Hai</li> </ul>	Management fees	3,471
			Purchase of building materials	237
	Top-Mech Provincial Sdn Bhd	<ul style="list-style-type: none"> <li>- Tan Sri Datuk Ter</li> <li>- Datuk Ter Leong Hing</li> </ul>	Provision of lifts, installation services for lift and other materials handling equipments	66
	Directors and/or Major Shareholders of Sunsuria Group and Persons Connected to them	Directors and/or Major Shareholders of Sunsuria Group and Persons Connected to them	Sales of land or land-based properties	3,253
			<b>TOTAL</b>	<b>8,178</b>

## FINANCIAL STATEMENTS AND OTHER INFORMATION

## LIST OF PROPERTIES OF SUNSURIA BERHAD GROUP

As At 30 September 2018

No.	Date of Acquisition	Property Address / Location	Description	Existing Use	Tenure / Approximate Age of Building	Land Area (sq meters)	Net Book Value (RM'000)
1	31.03.1985	Lot 1772 Section 2, Mak Mandin Industrial Estate, Seberang Perai, Pulau Pinang	Land & Industrial Building	Factory	Leasehold land with lease period expiring 19.5.2071 / 49 years	5,052	3,138
2	31.03.1983	Lot 1780 Section 3, Mak Mandin Industrial Estate, Seberang Perai, Pulau Pinang	Land & Industrial Building	Factory	Leasehold land with lease period expiring 15.8.2073 / 42 years	13,575	2,758
3	31.03.1987	No: 9, Jalan Zainal Abidin, Pulau Pinang	Land & Commercial Building	Office	Freehold / 30 years	360	1,065
4	15.12.1981	No: 15 Jalan Zainal Abidin, Pulau Pinang	Land & Commercial Building	Office	Freehold / 40 years	203	412
5	07.08.2015	No. 11-G, Garden Wing, Sunsuria Avenue, Persiaran Mahogani, Kota Damansara	Commercial Lot	Office	Leasehold with lease period expiring 21.02.2107 / 8 years	74	843
6	07.08.2015	No. 3-6, Sunsuria Avenue, Persiaran Mahogani, Kota Damansara	Commercial Lot	Office	Leasehold with lease period expiring 21.02.2107 / 8 years	111	717
7	11.06.2015	HSD 39891, PT No 55377 Mukim Dengkil, Daerah Sepang, Selangor	Land for investment properties	Investment properties under construction	Freehold	119,840	90,894
8	11.06.2015	HSD 39891, PT No 55377 Mukim Dengkil, Daerah Sepang, Selangor	Land & Commercial Building	Shop	Freehold / 2 years	3,270	2,983
9	11.06.2015	HSD 39891, PT No 55377 Mukim Dengkil, Daerah Sepang, Selangor	Land held for property development	Development land	Freehold	277,040	210,504
10	11.06.2015	HSD 39891, PT No 55377 Mukim Dengkil, Daerah Sepang, Selangor	Land & Commercial Building	Sales gallery / Office	Freehold / 2 years	12,873	13,870



## LIST OF PROPERTIES OF SUNSURIA BERHAD GROUP

As At 30 September 2018

No.	Date of Acquisition	Property Address / Location	Description	Existing Use	Tenure / Approximate Age of Building	Land Area (sq meters)	Net Book Value (RM'000)
11	11.06.2015	HSD 39888, PT No 55374 Mukim Dengkil, Daerah Sepang, Selangor	Land held for property development	Development land	Freehold	194,533	119,242
12	11.06.2015	HSD 39882, PT No 55368 Mukim Dengkil, Daerah Sepang, Selangor	Land held for property development	Development land	Freehold	71,354	65,102
13	11.06.2015	HSD 39880, PT No 55366 Mukim Dengkil, Daerah Sepang, Selangor	Land held for property development	Development land	Freehold	137,027	42,370
14	11.06.2015	HSD 39881, PT No 55367 Mukim Dengkil, Daerah Sepang, Selangor	Land held for property development	Development land	Freehold	12,926	11,763
15	09.05.2016	HSD 39887, PT No 55373 Mukim Dengkil, Daerah Sepang, Selangor	Land held for property development	Development land	Freehold	34,317	33,646
16	25.03.2016	Lot No PT 27890, Mukim Bukit Raja, District of Petaling, Selangor	Land for investment properties	Investment properties under construction	Freehold	33,513	41,871
17	27.09.2018	Lot No.: GRN334463 Lot 86616, Jalan Setia Dagang AL U13/AL, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor	Land for investment properties	Car park space	Freehold	54,870	11,400

## ANALYSIS OF SHAREHOLDINGS

As At 31 December 2018

## SHARE CAPITAL

Issued Share Capital : 798,834,302 ordinary shares  
 Voting Rights : One vote for each ordinary share held

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1-99	214	6.88	7,487	0.00
100-1,000	397	12.77	262,764	0.03
1,001-10,000	1,655	53.23	6,948,263	0.87
10,001-100,000	662	21.29	21,417,428	2.68
100,001-39,941,714(*)	177	5.70	274,501,580	34.36
39,941,715 and Above (**)	4	0.13	495,696,780	62.06
<b>TOTAL:</b>	<b>3,109</b>	<b>100.00</b>	<b>798,834,302</b>	<b>100.00</b>

Remark: \* Less than 5% of issued shares

\*\* 5% and above of issued shares

## THIRTY (30) LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares Held	%
1. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TER EQUITY SDN BHD (PB)	182,557,376	22.85
2. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TER LEONG YAP (PB)	165,921,872	20.77
3. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TER CAPITAL SDN BHD (PB)	101,917,532	12.76
4. AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR RUBY TECHNIQUE SDN BHD	45,300,000	5.67
5. HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KIM HEUNG	27,000,000	3.38
6. LAI MING CHUN @ LAI POH LIN	20,000,000	2.50
7. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAN KIM HEUNG (PBCL-0G0513)	18,008,000	2.25
8. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR NG LEE LING (PB)	15,000,000	1.88
9. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAN TIAN MENG (PBCL-0G0174)	14,828,800	1.86
10. LEE TOON HIAN	10,015,800	1.25
11. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR NG LEE LING (PBCL-0G0594)	10,000,000	1.25
12. TER CAPITAL SDN. BHD.	9,466,300	1.19
13. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH KIN LIP (8058900)	9,210,000	1.15

## ANALYSIS OF SHAREHOLDINGS

As At 31 December 2018

Name of Shareholders	No. of Shares Held	%
14. MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE TOON HIAN	8,886,400	1.11
15. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR KOH KIN LIP (MY0502)	7,070,000	0.89
16. AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHENG HENG JEM (M09)	7,000,000	0.88
17. WONG YUEN TECK	7,000,000	0.88
18. CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE BOON KEE	6,091,400	0.76
19. THK CAPITAL SDN. BHD.	5,642,000	0.71
20. CITIGROUP NOMINEES (TEMPATAN) SDN BHD UBS AG SINGAPORE FOR TER CAPITAL SDN. BHD.	5,000,000	0.62
21. CHONG CHIN HUANG	4,420,000	0.55
22. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHENG JOO TEIK (PB)	4,233,200	0.53
23. 999 RESOURCES SDN BHD	4,000,000	0.50
24. ATTRACTIVE FEATURES SDN. BHD.	4,000,000	0.50
25. RHB NOMINEES (TEMPATAN) SDN BHD INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MALAYSIA) BERHAD PLEDGED SECURITIES ACCOUNT FOR CHENG HENG JEM	3,200,000	0.40
26. LEE YEW CHEN	3,175,600	0.40
27. HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR SINGULAR VALUE FUND	2,972,100	0.37
28. TER LEONG YAP	2,718,000	0.34
29. PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIM LEONG THUN (E-SS2)	2,553,200	0.32
30. GAN BOON KHIM	2,129,200	0.27
<b>TOTAL</b>	<b>709,316,780</b>	<b>88.79</b>

## ANALYSIS OF SHAREHOLDINGS

As At 31 December 2018

**SUBSTANTIAL SHAREHOLDERS  
(AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)**

Name of Shareholders	Direct	No. of Shares Held		%
		%	Indirect	
1. Ter Equity Sdn Bhd	182,557,376	22.85	-	-
2. Tan Sri Datuk Ter Leong Yap	168,639,872	21.11	304,583,208 <sup>(1)</sup>	38.13
3. Ter Capital Sdn Bhd	116,383,832	14.57	-	-
4. Ruby Technique Sdn Bhd	45,300,000	5.67	-	-
6. CBG Holdings Sdn Bhd	-	-	45,300,000 <sup>(2)</sup>	5.67
7. Farsathy Holdings Sdn Bhd	-	-	45,300,000 <sup>(2)</sup>	5.67
8. Chia Seong Pow	1,200,000	0.15	45,300,000 <sup>(3)</sup>	5.67
9. Chia Song Kun	-	-	49,300,000 <sup>(4)</sup>	6.17
10. Chia Seong Fatt	-	-	46,050,000 <sup>(5)</sup>	5.76

**Notes:**

- (1) Deemed interested by virtue of his interest in Ter Equity Sdn Bhd, Ter Capital Sdn Bhd and THK Capital Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.
- (2) Deemed interested by virtue of its shareholdings in Ruby Technique Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.
- (3) Deemed interested by virtue of his shareholdings in Farsathy Holdings Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.
- (4) Deemed interested by virtue of his shareholdings in CBG Holdings Sdn Bhd and Attractive Features Sdn Bhd, being a related company of Ruby Technique Sdn Bhd, pursuant to Section 8 of the Companies Act, 2016.
- (5) Deemed interested by virtue of his shareholdings in Farsathy Holdings Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 and his spouse's direct interest in the Company.

**DIRECTORS' INTEREST IN SHARES (AS PER THE DIRECTORS' SHAREHOLDINGS)**

Name of Shareholders	Direct	No. of Shares Held		%
		%	Indirect	
1. Tan Sri Datuk Ter Leong Yap	168,639,872	21.11	304,583,208*	38.13
2. Koong Wai Seng	210,000	0.03	-	-
3. Datin Loa Bee Ha	-	-	14,828,800^	1.86
4. Tan Pei Geok	1,830,000	0.23	-	-
5. Dato' Quek Ngee Meng	50,000	0.01	-	-

\* Deemed interested by virtue of his interest in Ter Equity Sdn Bhd, Ter Capital Sdn Bhd and THK Capital Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

^ Deemed interested by virtue of the shareholdings held by her spouse, Dato' Tan Tian Meng pursuant to Section 59(11)(c) of the Companies Act, 2016.

# ANALYSIS OF WARRANT HOLDINGS

As At 31 December 2018

## DISTRIBUTION OF WARRANT 2015/2020 HOLDERS

Size of Warrant 2015/2020 Holdings	No. of Warrant 2015/2020 Holders	%	No. of 2015/2020 Holders	%
1-99	54	5.61	2,556	0.00
100-1,000	107	11.12	70,714	0.05
1,001-10,000	485	50.42	2,080,748	1.31
10,001-100,000	237	24.64	8,233,813	5.20
100,001-7,917,922(*)	76	7.90	56,931,181	35.95
7,917,923 and Above (**)	3	0.31	91,039,450	57.49
<b>TOTAL :</b>	<b>962</b>	<b>100.00</b>	<b>158,358,462</b>	<b>100.00</b>

Remark : \* Less than 5% of issued warrants

\*\* 5% and above of issued warrants

## THIRTY (30) LARGEST 2015/2020 WARRANT HOLDERS

Name of Warrant 2015/2020 Holders	No. of Warrants 2015/2020 Held	%
1. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TER EQUITY SDN BHD (PB)	45,639,344	28.82
2. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TER LEONG YAP (PB)	37,300,106	23.55
3. RUBY TECHNIQUE SDN BHD	8,100,000	5.11
4. HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KIM HEUNG	6,333,333	4.00
5. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAN TIAN MENG (PBCL-0G0174)	5,547,900	3.50
6. LAI MING CHUN @ LAI POH LIN	5,000,000	3.16
7. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR NG LEE LING (PBCL-0G0594)	4,733,333	2.99
8. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TER CAPITAL SDN BHD (PB)	3,999,466	2.53
9. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LAI MING CHUN @ LAI POH LIN (PB)	2,785,084	1.76
10. TER CAPITAL SDN. BHD.	1,633,000	1.03
11. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR NG LEE LING (PB)	1,600,000	1.01
12. LEE YEW CHEN	1,530,800	0.97
13. AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH KIN LIP	1,500,000	0.95
14. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHIA MAK HOOI (MY2751)	1,164,900	0.74
15. CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE BOON KEE	1,097,000	0.69
16. 999 RESOURCES SDN BHD	1,000,000	0.63
17. ATTRACTIVE FEATURES SDN. BHD.	1,000,000	0.63
18. TEE BOON KEAT	751,100	0.47
19. MAH HANG SOON	588,000	0.37
20. COMPLETE BAYVIEW SDN. BHD.	580,000	0.37

## ANALYSIS OF WARRANT HOLDINGS

As At 31 December 2018

Name of Warrant 2015/2020 Holders	No. of Warrants 2015/2020 Held	%
21. UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR IMRAN HO BIN ABDULLAH	580,000	0.37
22. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAY HOCK SOON (MY1055)	577,500	0.36
23. WONG SU CHUNG	573,200	0.36
24. LIM SOO LEE	531,000	0.33
25. TAN SENG CHONG @ TAN AH TEE	530,000	0.33
26. LIM CHEE MENG	520,000	0.33
27. JIA HONGMEI	500,100	0.32
28. CHONG CHIN HUANG	500,000	0.32
29. MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOR CHING LEE (STF)	500,000	0.32
30. CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE BON KE @ TEE BOO KE (B TINGGI-CL)	478,000	0.30
<b>TOTAL</b>	<b>137,173,166</b>	<b>86.62</b>

## DIRECTORS' INTEREST IN 2015/2020 WARRANTS

Name of Holders	No. of 2015/2020 Warrants Held			%
	Direct	%	Indirect	
1. Tan Sri Datuk Ter Leong Yap	37,300,106	23.55	51,271,810*	32.38
2. Koong Wai Seng	-	-	-	-
3. Datin Loa Bee Ha	-	-	5,547,900^	3.50
4. Tan Pei Geok	210,000	0.13	-	-
5. Dato' Quek Ngee Meng	-	-	-	-

\* Deemed interested by virtue of his interest in Ter Equity Sdn Bhd, Ter Capital Sdn Bhd and THK Capital Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

^ Deemed interested by virtue of the warrants held by her spouse, Dato' Tan Tian Meng pursuant to Section 59(11)(c) of the Companies Act, 2016.

# NOTICE OF 50TH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Fiftieth Annual General Meeting (“50th AGM”) of Sunsuria Berhad (“Sunsuria” or “the Company”) will be held at Sunsuria City Celebration Centre, Persiaran Sunsuria, Bandar Sunsuria, 43900 Sepang, Selangor Darul Ehsan, on Friday, 29 March 2019 at 10.00 a.m. to transact the following businesses:

## AGENDA

### As Ordinary Business

- |    |   |                                      |
|----|---|--------------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 September 2018 together with the Reports of the Directors and Independent Auditors thereon.           | (Please refer to explanatory note 1) |
| 2. | To approve the payment of Directors’ fees of RM192,000 for the period from 29 March 2019 to the next Annual General Meeting (“AGM”) of the Company to be held in 2020.            | Ordinary Resolution 1                |
| 3. | To re-elect the following Directors who retire by rotation pursuant to Article 85 of the Company’s Constitution, and who being eligible, have offered themselves for re-election: |                                      |
|    | <u>Article 85</u>   |                                      |
|    | (a) Koong Wai Seng  | Ordinary Resolution 2                |
|    | (b) Datin Loa Bee Ha  | Ordinary Resolution 3                |
| 4. | To re-appoint Messrs Deloitte PLT 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 4                |

### As Special Business:

To consider and if thought fit, to pass the following resolutions:-

- |    |  |                       |
|----|--|-----------------------|
| 5. | <b>AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016</b> | Ordinary Resolution 5 |
|----|--|-----------------------|

“**THAT** subject always to the Companies Act, 2016 (“the Act”), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad and other relevant governmental/regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act, to allot and issue shares in the Company from time to time to such persons and upon such terms and conditions for such purposes as the Directors may in their absolute discretion, deem fit including in pursuance of offers, agreements or options to be made or granted by Directors while this approval is in force and that the Directors be and are hereby further authorised to make or grant offers, agreements or options in respect of shares in the Company including those which would or might require shares in the Company to be issued after the expiration of the approval hereof, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the total issued share capital of the Company for the time being, **AND THAT** the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad **AND FURTHER THAT** such authority shall continue to be in force until the conclusion of the next AGM of the Company.”



## NOTICE OF 50TH ANNUAL GENERAL MEETING

6. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR NEW RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")**

Ordinary Resolution 6

"**THAT** subject to the Act and Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries ("Sunsuria Group") to enter into recurrent related party transactions ("RRPT") of a revenue or trading nature which are necessary for the day-to-day operations of the Sunsuria Group to be entered by Sunsuria Group provided such transactions are carried out in the ordinary course of business and on normal commercial terms and are on terms not more favourable to the related party than those generally available to the public and which are not detrimental to the minority shareholders of the Company, particulars of which are set out in Section 2.3.3 and 2.3.4 of Part A of the Circular to Shareholders of the Company dated 31 January 2019, **AND THAT** such approval conferred by the shareholders' mandate shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company at which time the authority will lapse, unless the authority is renewed by a resolution passed at such general meeting;
- (ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in meeting of members,

whichever is the earlier,

**AND FURTHER THAT** the Directors of the Company and/or any of them be and are/is hereby authorised to complete and do all such acts and things (including executing such documents under the common seal in accordance with the provisions of the Constitution of the Company, as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

7. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR AUTHORITY TO THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PER CENT (10%) OF THE TOTAL ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")**

Ordinary Resolution 7

"**THAT** subject to the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Exchange") and the requirements of any other relevant authority, the approval be and is hereby given to the Company to purchase such number of ordinary shares in the Company ("Sunsuria Shares") as may be determined by the Directors of the Company from time to time through the Exchange and to take all such steps as are necessary (including the opening and maintaining of a central depositories account under the Securities Industry (Central Depositories) Act, 1991) and to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time and to do all such acts and things as the Directors may deem fit, necessary and expedient in the interest of the Company, subject further to the following:

- (i) the maximum number of ordinary shares purchased which may be purchased and held by the Company shall be equivalent to ten per cent (10%) of the total issued capital of the Company;
- (ii) the maximum funds allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings of the Company; and

## NOTICE OF 50TH ANNUAL GENERAL MEETING

- (iii) the authority shall commence immediately upon passing of this ordinary resolution until:
- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the authority will lapse, unless by ordinary resolution passed at that meeting of members, the authority is renewed, either unconditionally or subject to conditions;
  - (b) the expiration of the period within which the next AGM after that date it is required by law to be held; or
  - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a meeting of members;
- whichever is the earlier;

**AND THAT** upon completion of the purchase(s) of the Sunsuria Shares or any part thereof by the Company, authority be and is hereby given to the Directors of the Company in their absolute discretion to deal with any Sunsuria Shares so purchased in the following manner:

- (i) cancel all or part of the Sunsuria Shares so purchased; and/or
- (ii) retain all or part of the Sunsuria Shares as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act); or
- (iii) retain part thereof as treasury shares and subsequently cancelling the balance; or
- (iv) in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Exchange and any other relevant authority for the time being in force."

### 8. PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY

Special Resolution

"**THAT** approval be and is hereby given to alter or amend the whole of the existing Constitution of the Company by the replacement thereof with a new Constitution of the Company as set out in the Circular to Shareholders dated 31 January 2019 with immediate effect of the Company ("Proposed New Constitution");

**AND THAT** the Board of Directors of the Company be and are hereby authorised to do all acts and things in any manner as they may deem necessary and/or expedient to in order to give full effect to the Proposed New Constitution with full powers to assent to any conditions, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities."

9. To consider any other business of which due notice shall have been given in accordance with the Act.

### BY ORDER OF THE BOARD

**LEE SWEE KHENG (MIA 12754)**  
**LIM SIEW TING (MAICSA 7029466)**  
 Company Secretaries

Petaling Jaya  
 31 January 2019

## NOTICE OF 50TH ANNUAL GENERAL MEETING

**NOTES:**

1. Only a depositor whose name appears on the Record of Depositors as at 25 March 2019 ("General Meeting Record of Depositors") shall be eligible to attend and vote at the meeting or appoint proxy(ies) to attend and vote on his/her stead.
2. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
3. A proxy may but need not be a member of the Company.
4. A member may appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member of the Company is an authorised nominee as defined under The Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for the 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. Where an exempt authorised nominee appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
6. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
7. Where a member or the authorised nominee appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy in the instrument appointing the proxies, failing which the appointment shall be invalid.
8. The instrument appointing a proxy shall be deposited at the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.
9. If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.

# NOTICE OF 50TH ANNUAL GENERAL MEETING

## EXPLANATORY NOTES ON THE ORDINARY BUSINESS/SPECIAL BUSINESS:

### 1. Audited Financial Statements for the financial year ended 30 September 2018

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Act for discussion only under Agenda Item 1 and do not require members' approval. Hence, this item is not put forward for voting.

### 2. Directors' Fees

Pursuant to Section 230(1) of the Act any fees and benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval is sought at this AGM for the payment of Directors' fees payable to the Non-Executive Directors of the Company for the period from 29 March 2019 to the next AGM of the Company to be held in 2020 and assuming that all the Non-Executive Directors will hold office until the end of the next AGM in 2020. The proposed Ordinary Resolution 1, if passed, is to facilitate the payment of Directors' fees on a monthly basis and/or as and when incurred. The Board opined that it is just and equitable for the Non-Executive Directors to be paid on such basis upon them discharging their responsibilities and rendering their services to the Company.

In the event, where the payment of Directors' fees payable during the above period exceeded the estimated amount sought at this AGM, a shareholders' approval will be sought at the next AGM.

### 3. Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Act

The proposed Ordinary Resolution 5 is a renewal of the general mandate ("General Mandate") and empowering the Directors of the Company pursuant to Sections 75 and 76 of the Act to issue and allot new shares in the Company from time to time at such price provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued share capital of the Company for the time being. The General Mandate, unless earlier revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the last AGM held on 8 March 2018 and which will lapse at the conclusion of the 50th AGM.

The General Mandate will provide flexibility and expediency to the Company for any possible fund raising activities including but not limited to further placing of shares, to facilitate business expansion or strategic merger and acquisition opportunities involving equity deals or part equity or to fund future investment project(s) or for working capital requirements.

### 4. Proposed Shareholders' Mandate

The proposed Ordinary Resolution 6, if passed, will provide the Company and/or its subsidiaries a mandate to enter into RRPT of a revenue or trading nature with the Related Parties in compliance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The mandate, unless revoked or varied by the Company at a meeting of members, will expire at the next AGM of the Company.

Detailed information of the Proposed Shareholders' Mandate is set out in Part A of the Circular to Shareholders of the Company dated 31 January 2019 which is despatched together with the Company's 2018 Annual Report.

### 5. Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 7, if passed, will provide the mandate for the Company to buy back its own shares up to a limit of ten per cent (10%) of its issued share capital of the Company.

## NOTICE OF 50TH ANNUAL GENERAL MEETING

### 6. Proposed Adoption of the New Constitution of the Company

The proposed Special Resolution, if passed, will align the Constitution of the Company with the Companies Act 2016 which came into force on 31 January 2017, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and prevailing statutory and regulatory requirements.

The shareholders' approval is sought in accordance with Section 36(1) of the Act for the Company to alter and amend the whole of the existing Constitution by the replacement thereof with the new Constitution as set out in the Circular to Shareholders dated 31 January 2019.

The Proposed New Constitution shall take effect once the proposed Special Resolution has been passed by a majority of not less than 75% of such members who are entitled to vote and do vote in person or by proxy at the 50th AGM to be held on 29 March 2019.

### STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

1. There were no Directors standing for election at the Fiftieth Annual General Meeting.
2. The proposed Ordinary Resolution 7 for the General Mandate for issue of securities is a renewal mandate. As at the date of this Notice, no new shares were issued pursuant to the said mandate granted to the Directors at the last AGM held on 8 March 2018.

### 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 (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees and undertakes that the member shall indemnify the Company and/or to keep the Company fully indemnified and save the Company harmless against all and/or any actions, demands, claims, losses, costs, proceedings and damages (including all legal fees and costs) which the Company may suffer or incur in any manner howsoever arising from or as a result of the member's breach of the aforementioned warranty.

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\*I/We, \_\_\_\_\_  
(Full name in block capitals)

NRIC No. /Company No. \_\_\_\_\_ of \_\_\_\_\_  
(Address)

\_\_\_\_\_ being a Member of

**SUNSURIA BERHAD**, hereby appoint \_\_\_\_\_  
(Full name in block capitals)

(NRIC No.) \_\_\_\_\_ of \_\_\_\_\_  
(Address)

\_\_\_\_\_ or failing him/her, \_\_\_\_\_  
(Full name in block capitals)

(NRIC No.) \_\_\_\_\_ of \_\_\_\_\_  
(Address)

\_\_\_\_\_ or failing him/her, \*the Chairman of the meeting as \*my/our proxy to vote for \*me/us on \*my/our behalf at the Fiftieth Annual General Meeting of the Company, to be held at the Sunsuria City Celebration Centre, Persiaran Sunsuria, Bandar Sunsuria, 43900 Sepang, Selangor Darul Ehsan, on Friday, 29 March 2019, at 10.00 a.m. and, at any adjournment thereof.

(Please indicate with a "X" or "√" in the boxes provided on how you wish your vote to be casted. If you do not do so, the proxy will vote or abstain from voting at his/her discretion)

RESOLUTION		FOR	AGAINST
Ordinary Resolution 1	Payment of Directors' Fees of RM192,000 for the period from 29 March 2019 to the next Annual General Meeting of the Company to be held in 2020		
Ordinary Resolution 2	Re-election of Koong Wai Seng as Director pursuant to Article 85 of the Company's Constitution		
Ordinary Resolution 3	Re-election of Datin Loa Bee Ha as Director pursuant to Article 85 of the Company's Constitution		
Ordinary Resolution 4	Re-Appointment of Messrs Deloitte PLT as Auditors		
Ordinary Resolution 5	Proposed Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		
Ordinary Resolution 6	Proposed Shareholders' Mandates as specified in Section 2.3.3 and Section 2.3.4 of Part A of the Circular to Shareholders dated 31 January 2019		
Ordinary Resolution 7	Proposed Renewal of Share Buy-Back Authority		
Special Resolution	Proposed Adoption of the New Constitution of the Company		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

The proportions of shareholdings to be represented by \*my/\*our proxies are as follows:-

No. of shares		
CDS Account No.:		
Telephone No.		
Proportion of holdings to be represented by each proxy	<b>Proxy 1</b>	<b>Proxy 2</b>
	%	%

\_\_\_\_\_  
Signature/Common Seal of Member

**NOTES:-**

- Only a depositor whose name appears on the Record of Depositors as at 25 March 2019 ("General Meeting Record of Depositors") shall be eligible to attend and vote at the meeting or appoint proxy(ies) to attend and vote on his/her stead.
- The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
- A proxy may but need not be a member of the Company.
- A member may appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member of the Company is an authorised nominee as defined under The Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for the 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. Where an exempt authorised nominee appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- Where a Member or the authorised nominee appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy in the instrument appointing the proxies, failing which the appointment shall be invalid.
- The instrument appointing a proxy shall be deposited at the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.
- If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.

\* Strike out whichever is not valid

**PERSONAL DATA PRIVACY**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 31 January 2019.



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**STAMP**

The Share Registrar  
**SUNSURIA BERHAD**  
(Company No. 8235-K)  
c/o Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3, Bangsar South  
No. 8 Jalan Kerinchi  
59200 Kuala Lumpur  
Malaysia

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**SUNSURIA BERHAD** (Company No. 8235-K)  
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