



**Menang Corporation (M) Berhad**  
(Company No : 5383-K)

# Annual Report 2017

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Group Managing Director/  
Group Chief Executive Officer**  
Mr Too Kok Leng

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**Deputy Group Managing Director**  
Y.A.M. Raja Shahrudin Rashid

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**Executive Director**  
Ms Marianna Binti Aly Shun

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**Non-Independent Non-Executive Director**  
Dr Christopher Shun Kong Leng, CFP®, RFP™

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**Independent Non-Executive Directors**  
Mr Chiam Tau Meng  
Mr Leou Thiam Lai

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## SECRETARY

**Ms Tai Yit Chan**  
(MAICSA 7009143)

## REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower  
8 First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan  
Tel: (603) 7720 1188  
Fax: (603) 7720 1111

## BUSINESS ADDRESS

8th Storey, South Block  
Wisma Selangor Dredging  
142-A, Jalan Ampang  
50450 Kuala Lumpur  
Tel: (603) 2161 3366  
Fax: (603) 2161 3393

## REGISTRAR

**Tricor Investor & Issuing House Services Sdn Bhd**  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel: (603) 2783 9299  
Fax: (603) 2783 9222

## AUDITORS

**Baker Tilly Monteiro Heng**  
Chartered Accountants  
Baker Tilly MH Tower  
Level 10, Tower 1, Avenue 5  
Bangsar South City  
59200 Kuala Lumpur

## PRINCIPAL BANKERS

Malaysia Building Society Berhad  
Bank Pembangunan Malaysia Berhad  
Public Bank Berhad  
United Overseas Bank (Malaysia) Bhd

## SOLICITORS

**Rahman Too & Co**  
5, Jalan Wolff  
70000 Seremban  
Negeri Sembilan Darul Khusus

**Kamarudin & Partners**  
Suites 12A-06 & 12A-07, Level 12A  
Heritage House  
No. 33, Jalan Yap Ah Shak  
50300 Kuala Lumpur

**Mohanadass Partnership**  
B-21-8, The Vertical  
Avenue 3, Bangsar South City  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

**Omar Ismail Hazman & Co**  
No. 44-1, Jalan Manis 1  
Taman Segar, Cheras  
56100 Kuala Lumpur

## STOCK EXCHANGE LISTING

**Main Market of the  
Bursa Malaysia Securities Berhad**  
Stock Name : MENANG  
Stock Code : 1694  
Sector : PROPERTIES

# DIRECTORS' PROFILE

## **MR TOO KOK LENG**

*Group Managing Director/ Group Chief Executive Officer, Malaysian, Aged 58, Male*

Mr Too Kok Leng ("Mr Too") holds a B.A (Hons) in Law and was admitted to the Malaysian Bar in 1983. He started his own practice in 1988 and was practising under the name and style of Rahman, Too & Co. in Seremban and Kuala Lumpur. He specialised in the corporate and banking fields rendering legal advice to several banks and public listed companies. He has since ventured into his own private business in property and other related activities.

Mr Too was appointed as an Independent Non-Executive Director of Menang on 1 August 1995. On 29 November 2016, Mr Too was appointed as Group Managing Director/Group Chief Executive Officer of Menang and ceased to be the Chairman of Remuneration Committee and member of Audit Committee following his appointment as Group Managing Director/ Group Chief Executive Officer of Menang. He attended all the seven board meetings held during the financial year ended 30 June 2017.

He also sits on the Board of TH Heavy Engineering Berhad listed on the Bursa Malaysia Securities Berhad as an Independent Non-Executive Director.

## **Y.A.M. RAJA SHAHRUDDIN RASHID**

*Deputy Group Managing Director, Malaysian, Aged 50, Male*

Y.A.M. Raja Shahrudin Rashid Ibni Almarhum Sultan Idris Iskandar Shah ("Y.A.M. Raja Shahrudin Rashid"), holds a Bachelor of Arts in Business and Management. Y.A.M. Raja Shahrudin Rashid has extensive experience in the corporate sector, having worked for various banks and corporations where he specialised in Marketing and Processing and Corporate Loans for 5 years. He was engaged as Officer in the Marketing and Processing, Corporate Banking Department for Kewangan Usaha Bersatu Berhad (KUBB) from 1993 to 1995, Officer in the Corporate Loans and Marketing Department for Arab-Malaysian Finance Berhad from 1995 to 1997. He was appointed as General Manager in Property Development and Management for Maymerge (M) Sdn Bhd from 1997 to 2004. He was appointed as Executive Director in Property Development, Construction and Property Management for Menang Development (M) Sdn Bhd, a wholly owned subsidiary of Menang Corporation (M) Berhad from January 2005 to December 2007.

Y.A.M. Raja Shahrudin Rashid, who was appointed as a Non-Independent Non-Executive Director of Menang on 20 September 2016, has been re-designated as Deputy Group Managing Director on 1 November 2016. He attended five board meetings held in the financial year ended 30 June 2017 since his date of appointment.

Y.A.M. Raja Shahrudin Rashid is the brother-in-law of both Ms Marianna Binti Aly Shun and Dr Christopher Shun Kong Leng.

## **MS MARIANNA BINTI ALY SHUN**

*Executive Director, Malaysian, Aged 30, Female*

Ms Marianna Binti Aly Shun holds a Bachelor of Arts from Monash University, Melbourne, Australia. She has gained experience in real estate development since 2005 and worked for several private real estate development companies.

Ms Marianna Binti Aly Shun was appointed as Executive Director of the Company on 29 November 2016. She attended four board meetings held in the financial year ended 30 June 2017 since her date of appointment.

Ms Marianna Binti Aly Shun is the sister of Dr Christopher Shun Kong Leng and sister-in-law of Y.A.M. Raja Shahrudin Rashid.

## DIRECTORS' PROFILE (continued)

### MR CHIAM TAU MENG

*Independent Non-Executive Director, Malaysian, Aged 64, Male*

Mr Chiam Tau Meng graduated with a Bachelor of Commerce Degree majoring in Accountancy from University of Otago, Dunedin, New Zealand in 1976. He is an Associate Chartered Accountant of the Chartered Accountants Australia and New Zealand. He is also a Chartered Accountant of the Malaysian Institute of Accountants.

He started his career in 1976 as Finance Manager of Tolley Industries Ltd (New Zealand) and in 1979, he joined Malaysian Containers (1974) Berhad as Finance Manager cum Company Secretary. In 1984, he joined Menang Corporation (M) Berhad as General Manager of Corporate Services.

In 1989, he joined Bee Hin Holdings Sdn Bhd as General Manager-Corporate Finance.

In 1992, he joined the management consultancy practice of an international accounting organisation and in 1994, he set up his own consulting practice namely CTM Consulting.

He was appointed as an Independent Non-Executive Director of Menang on 21 October 2005. He is the Chairman of the Audit Committee, and a member of the Nomination Committee and Remuneration Committee. He attended six out of seven board meetings held during the financial year ended 30 June 2017.

He also serves as an Independent Non-Executive Director in Hovid Berhad and SC Estate Builder Berhad.

### DR CHRISTOPHER SHUN KONG LENG, CFP®, RFP™

*Non-Independent Non-Executive Director, Malaysian, Aged 52, Male*

Dr Christopher Shun Kong Leng ("Dr Christopher Shun") graduated from Boston University with a Bachelor of Science in Business Administration with Summa Cum Laude and Bachelor of Arts in Economics with Magna Cum Laude in May 1987. He pursued a Merchant Banking career with Hill Samuel Bank, London from 1987 to 1989. In 1991, he obtained his Master of Science in Management from the MIT Sloan School of Management, U.S.A. He subsequently joined Bankers Trust London as a Merger and Acquisition Associate. He completed his Doctor of Business Administration (D.B.A) from Henley Management College, Brunel University, United Kingdom in 2004. He taught Property Securitisation to Undergraduate Property Honours students at the Royal Melbourne Institute of Technology (RMIT) in 2015. He also taught Property Risk Management to Master of Property students at University of Melbourne since 2016.

Dr Christopher Shun was previously Senior Vice President, Economic Intelligence Division, Iskandar Regional Development Authority (IRDA) from 2012-2013. He was formerly the Risk Management Advisor to Perbadanan Putrajaya (PPJ) from 2008-2011. Dr Christopher Shun was appointed in 2007 onto the National Property Research Economic Council (NAPREC) think tank under the oversight of the Ministry of Finance (MOF) advising the Government of Malaysia (GOM) on all matters pertaining to Real Estate policies and Macroeconomic impacts on the Malaysian economy.

Dr Christopher Shun was appointed to the Board of Menang on 25 February 1991 and was made Executive Director on 1 April 1991 (Non-Independent Director). Subsequently, he was appointed as Group Executive Director on 1 January 1992 and he was promoted to Deputy Group Managing Director on 1 July 2005. On 31 December 2007, Dr Christopher Shun was re-designated as Non-Executive Director. He is also the Chairman of Remuneration Committee, and a member of Audit Committee and Nomination Committee. He attended all the seven board meetings held during the financial year ended 30 June 2017.

Dr Christopher Shun is the brother-in-law of Y.A.M. Raja Shahrudin Rashid, and brother of Ms Marianna Binti Aly Shun.

## DIRECTORS' PROFILE (continued)

### MR LEOU THIAM LAI

*Independent Non-Executive Director, Malaysian,  
Aged 61, Male*

Mr Leou Thiam Lai ("Mr Leou") is a Chartered Accountant of Malaysian Institute of Accountants. He is also a fellow member of the Chartered Association of Certified Accountants (UK) and fellow member of the Chartered Tax Institute of Malaysia.

Mr Leou was Group Accountant for Paper Products Berhad from year 1984 to 1986. Then he joined Kotak Kajang Industries Sdn Bhd as Group Accountant from 1986 to 1987. He established Leou & Associates and become a Partner since 1988 and in 2014, he established Leou Associates PLT.

Mr Leou was elected as Independent Non-Executive Director of the Company at the Fifty-Second Annual General Meeting held on 29 November 2016. On the same day, he was also appointed as the Chairman of Nomination Committee, and a member of Audit Committee and Remuneration Committee. He attended four board meetings held in the financial year ended 30 June 2017 since his date of appointment.

Mr Leou is an Independent Non-Executive Director in Degem Berhad, Sern Kou Resources Bhd, Asiamet Education Group Berhad and EA Holdings Berhad.

### Other Information

**a. Family relationship with Director and/or major shareholder**

Save as hereinabove disclosed, none of the Directors has any family relationship with the other Directors and/or major shareholders of the Company.

**b. Conflict of Interest**

None of the Directors has any conflict of interest in the Company except for those transactions disclosed in Note 28 of the financial statements.

**c. Conviction for Offence**

None of the Directors have any conviction for offences within the past 5 years other than traffic offences, if any and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

**d. Other Directorship of Public Companies**

Save as hereinabove disclosed, none of the Directors hold any directorship in any other public company.

**e. Securities holdings in the Company**

Details of the Directors' securities holdings in the Company, and its subsidiaries are set out on pages 105 to 107 of the Annual Report.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Menang Corporation (M) Berhad ("MCB") was incorporated at 9 July 1964. The Company is a public limited liability company listed on the Main Market of Bursa Malaysia Securities Berhad. MCB and its subsidiaries' (the "Group") principal activities are property developments, construction and government development projects.

### *Concession Projects*

The Group has successfully completed and delivered to UiTM and Government of Malaysia 3 Private Financing Initiative ("PFI") projects. The first of such project commenced on the year 2010. The 3 PFI projects are detailed as follows:

	<b>UiTM Seremban 3</b>	<b>UiTM Puncak Alam</b>	<b>UiTM Nilai</b>
<b>Concession Company</b>	Inovatif Mewah Sdn Bhd	Rumpun Positif Sdn Bhd	Protokol Elegan Sdn Bhd
<b>Date of Concession Agreement</b>	4 May 2010	30 April 2012	25 July 2012
<b>Type of Development</b>	Campus	Campus	Training Center

### *Property Developments*

During the financial year ended ("FYE") 30 June 2017, the property industry was rather subdued due to various external and internal factors including but not limited to the followings:

- i) Oversupply of completed property units;
- ii) Tough lending conditions imposed on the property sector by the financial institution; and
- iii) Depreciation of Ringgit Malaysia, causing inflationary pressure resulting in less disposable income for consumers.

Resulting from the above, many property launches by developers were deferred to future dates. The Group is cognizant of the current soft property market condition and has deferred any new launches of our property development for the financial year. Nevertheless, we did continue to improve our infrastructure on our development properties and preparing our said properties for sale when market condition improves in the near future.

## DISCUSSION AND ANALYSIS OF THE FINANCIAL RESULTS AND FINANCIAL CONDITION

### *Significant Changes in Performance, Financial Position and Liquidity*

	<b>2017</b>	<b>2016</b>
Net Assets (RM'000)	373,033	365,522
Operating Financial Assets (RM'000)	900,385	924,365
Borrowings (RM'000)	671,728	692,995
Net Current Assets (RM'000)	141,069	118,331
NTAs per share (RM)	1.40	1.37
Revenue (RM'000)	105,105	178,924
Gross Profit (RM'000)	63,951	89,948
Profit for the financial year (RM'000)	7,511	38,909

The Group recorded a revenue of RM105.11 million and profit before tax of RM9.07 million for FYE 2017 compared to revenue of RM178.92 million and profit before tax of RM49.06 million in FYE 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Group revenue and cost of sales decreased 41% and 53% respectively. This is mainly due to the completion of PFI projects hence, lower construction revenue and construction cost recognised in FYE 2017.

The operating profit for FYE 2017 stood at RM58.25 million as compared to RM97.82 million for FYE 2016. The drop of 40% in operating profit was mainly due to the one-off gain of RM22.53 million in FYE 2016 arising from the compulsory acquisition of the Group's property by Government of Malaysia.

Despite the drop in revenue in FYE 2017 the Group net assets increased from RM365.52 million in FYE 2016 to RM373.03 million in FYE 2017 respectively. Borrowings has reduced to RM671.73 million for FYE 2017 from RM693.00 million for FYE 2016.

The Group's net current assets improved from RM118.33 million for FYE 2016 to RM141.07 million for FYE 2017 from improvement in settlement of borrowings.

As a result, the NTAs per share has improved from RM1.37 to RM1.40 for FYE 2017 as compared to FYE 2016.

### *Capital Expenditure Requirements, Capital Structure and Capital Resources*

The Group has no plan to incur material capital expenditure; nor there any material commitment on capital expenditures.

## REVIEW OF OPERATING ACTIVITIES

### *Concession Projects*

With the completion of the 3 PFI projects since FYE 2016, the Group is currently working towards the finalisation of construction accounts. Moving forward, the Group will be consistently receiving availability charges and maintenance charges on a timely basis for next approximate 18 years. The balance amount of availability charges of approximately RM1.8 billion will be used to set off against borrowings of RM672 million.

### *Property Development*

As stipulated earlier, due to the poor property market condition, the management will closely monitor the property market potential and to make investment decision when it is viable and feasible at material time.

### *Project Management and Investment Holding; and Other Segments*

There is no major changes in the Group's project management and investment structure during the financial year under review.



## **MANAGEMENT DISCUSSION AND ANALYSIS (continued)**

### *Corporate Exercise*

As per announcement made on 14 April 2017, the Group is in process of completing the bonus issue exercise. On 13 September 2017, Bursa Malaysia Securities Berhad had approved the following:

- i) bonus issue of 320,528,400 new ordinary shares in Menang Corporation (M) Berhad (“Bonus Shares”) on the basis of four bonus shares for every five existing ordinary shares;
- ii) 106,842,440 additional warrants 2014/2019 of Menang Corporation (M) Berhad (“Additional Warrants B”) pursuant to the adjustments to the number of outstanding warrants as a result of the bonus issue; and
- iii) new Menang Corporation (M) Berhad shares of 106,842,440 to be issued arising from the full exercise of the Additional Warrants B.

The exercise is anticipated to be completed by end of December 2017.

### **IDENTIFIED ANTICIPATED OR KNOWN RISKS**

The Group’s main risks are property market risk, which was discussed early.

### **FORWARD-LOOKING STATEMENT**

For financial year 2018, the Group is planning towards the following:

- i) to dispose off non-core assets;
- ii) to realign and replanning property strategy to meet the market demand;
- iii) to seek meaningful partnerships for future developments;
- iv) to acquire new land banks, particularly in Klang Valley;
- v) to restructure the financing for PFI project with the view of saving interest cost; and
- vi) to seek additional projects similar to existing PFI projects with the Government.

### **CONCLUSIONS**

The Board of Directors and the management would like to express our gratitude to all our shareholders, bankers, solicitors, authorities, stakeholders, customers, suppliers, business partners, advisors, and staff for your continuous supports and contributions to the Group.

Thank you very much.

# AUDIT COMMITTEE REPORT

The Board of Directors (“Board”) of Menang Corporation (M) Berhad (“Menang” or “the Company”) is pleased to present the report on the Audit Committee for the financial year ended 30 June 2017.

## COMPOSITION AND ATTENDANCE

The Audit Committee currently consists of three members, majority of whom are Independent Non-Executive Directors. The Chairman of the Audit Committee is a member of the Malaysian Institute of Accountants.

The Audit Committee met six (6) times during the financial year ended 30 June 2017 and the attendance record is tabulated as follows:-

Audit Committee Members	Designation	Date of Meetings Held/Attended						Total Attendance
		26 Aug 2016	13 Sept 2016	24 Oct 2016	29 Nov 2016	22 Feb 2017	27 May 2017	
Chiam Tau Meng (Chairman of Audit Committee)	Independent Non-Executive Director	√	√	√	√	√	√	6/6
Leou Thiam Lai <sup>#</sup>	Independent Non-Executive Director	-	-	-	√	√	√	3/3
Dr Christopher Shun Kong Leng, CFP <sup>®</sup> , RFP <sup>™</sup> <sup>#</sup>	Non-Independent Non-Executive Director	-	-	-	√	√	√	3/3

Notes:-

<sup>#</sup> Mr Leou Thiam Lai and Dr Christopher Shun Kong Leng, CFP<sup>®</sup>, RFP<sup>™</sup> were appointed as members of Audit Committee on 29 November 2016. There were three (3) Audit Committee meetings held since their appointment as members of the Audit Committee.

<sup>\*</sup> Mr Too Kok Leng was appointed as Group Managing Director/Group Chief Executive Officer of the Company and ceased to be a member of Audit Committee on 29 November 2016. He attended all three (3) Audit Committee meetings held before his cessation as a member of the Audit Committee.

<sup>^</sup> Mr Yoong Nim Chee retired at the conclusion of the Fifty-Second Annual General Meeting held on 29 November 2016. He attended all three (3) Audit Committee meetings held during his tenure of office.

During the financial year ended 30 June 2017, the external auditors, at the invitation of the Audit Committee, have attended three (3) Audit Committee meetings.

## AUTHORITY

The Audit Committee is given the authority by the Board to investigate any matter of the Company and its subsidiaries within its terms of reference, the resources which are required to perform its duties, the authority to have full and unrestricted access to any information of the Company and the authority to have direct communication channels with the external auditors and person(s) carrying out the internal audit function. The Committee shall obtain independent/external professional advice and to be able to convene meetings with the external auditors, internal auditors or both excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Audit Committee shall promptly report such matter to Bursa Securities.

## **AUDIT COMMITTEE REPORT (continued)**

### **RESPONSIBILITIES AND DUTIES OF THE AUDIT COMMITTEE**

The Audit Committee is responsible for assisting the Board in fulfilling its statutory and fiduciary responsibilities of monitoring our Group's management of its financial risk processes, accounting and financial reporting practices, ensuring the efficacy of the Group's system of internal control and in maintaining oversight of both the internal and external audit functions.

A detailed terms of reference of the Audit Committee has been drawn up and approved by the Board and this is available on the Company's website: [www.menangcorporation.com](http://www.menangcorporation.com). The terms of reference of the Audit Committee is reviewed regularly. Any revision or amendment shall form part of terms of reference and shall be considered duly revised or amended. The terms of reference of the Audit Committee was last reviewed on 25 August 2017.

The Chairman of the Audit Committee shall engage on a continuous basis with the Management, the Internal Auditors and the External Auditors in order to be kept informed of matters affecting the Company.

### **REVIEW OF THE PERFORMANCE OF THE AUDIT COMMITTEE**

The Board through its Nomination Committee performs an annual review and assessment of the term of office and performance of the Audit Committee to assess the Audit Committee's effectiveness in carrying out its duties as set out in terms of reference. The Board is satisfied that the Audit Committee has effectively discharged its duties in accordance with the terms of reference for the financial year under review.

### **SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE DURING THE FINANCIAL YEAR**

During the financial year under review, a summary of the activities undertaken by the Audit Committee in discharging their duties and responsibilities were as follows:-

- (i) Reviewed the external auditors' scope of work and their audit plan for the financial year ended 30 June 2017;
- (ii) Reviewed with the external auditors the results of their audit, the audit report, the management letter, including management's response and internal control recommendations in respect of control weaknesses noted in the course of their audit;
- (iii) Reviewed the audited financial statements before recommending it for the Board's approval;
- (iv) Reviewed the performance of external auditors and recommended to the Board for re-appointment;
- (v) Reviewed and recommended the audit fees payable to the external auditors for the Board's approval;
- (vi) Reviewed the Company's compliance with the Listing Requirements of Bursa Malaysia Securities Berhad, applicable approved accounting standards issued by the Malaysian Accounting Standards Board ("MASB") and other relevant legal and regulatory requirements;
- (vii) Reviewed the quarterly unaudited financial results, announcements and audited financial statements of the Company prior to submission for the Board's consideration and approval to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards approved by the MASB;
- (viii) Reviewed the internal audit function and risk management needs, programme and plan for the financial year under review and annual assessment of the internal audit function and risk management performance;
- (ix) Reviewed the audit reports presented by internal auditors on findings and recommendations with regard to system and controls weaknesses noted in the course of their audit and management's responses thereto and ensuring material findings are adequately addressed by management;

## AUDIT COMMITTEE REPORT (continued)

- (x) Reviewed the Company's status of compliance with the provisions set out under the Malaysian Code on Corporate Governance 2012 ("Code") for the purpose of preparing the Statement on Corporate Governance pursuant to the requirement of paragraph 15.25 of the Bursa Securities Listing Requirements before recommending them to the Board and the prescribed corporate governance principles and best practices under the Code;
- (xi) Reviewed the Audit Committee Report, Statement on Corporate Governance and Statement on Risk Management and Internal Control and its recommendation to the Board for inclusion in the Annual Report;
- (xii) Reviewed related party transactions (if any) that may arise within the Group; and
- (xiii) Reviewed the investigative report presented by the investigative auditors on the Consortium Agreement dated 26 March 2010 pertaining to the joint development of Klang Land.

### INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to an independent professional firm, namely CGRM Infocomm Sdn Bhd ("CGRM") that reports directly to Audit Committee. It is the responsibility of CGRM to provide the Audit Committee with independent and objective reports on the extent of compliance of the various operating units within the Group's established policies and procedures as well as relevant statutory requirements.

The principal role of CGRM is to undertake independent regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that such systems continued to operate satisfactorily and effectively and to ensure proper system of internal controls of the Group are in place.

CGRM has conducted the following audit during the financial year:-

- (i) Corporate Governance Disclosure Gap Analysis; and
- (ii) Financial Corporate Reporting Process.

The total costs incurred for internal audit function of the Group in respect of the financial year ended 30 June 2017 amounted to RM24,582.39.

# STATEMENT ON CORPORATE GOVERNANCE

## Introduction

The Board of Directors (“Board”) of Menang Corporation (M) Berhad (“Menang” or “the Company”) fully subscribes to the principles and recommendations embodied in the Malaysian Code on Corporate Governance 2012 (“the Code”) and appreciates the importance of adopting high standards of corporate governance within the Group. Hence, the Board strives to adopt the substance behind corporate governance prescriptions and not merely the form. The Board is thus fully committed to maintain a high standard of corporate governance by ensuring full application of all the principles and recommendations as set out in the Code.

Our Board is pleased to report that various affirmation steps and the outlines of how the Group has applied the principles laid down in the Code. Except of matters specifically identified, the Board has complied with the best practices set out in the Code throughout the financial year ended 30 June 2017.

## A. DIRECTORS

### A1. The Board

#### Board Responsibilities / Principle Duties

The Board takes full responsibility for the overall performance of the Company and the Menang Group by setting the vision and objectives, establishing goals for management and monitoring its achievement, directing the policies, strategic action plans and ultimately the enhancement of long term shareholders value.

The Board has established a Board Charter to ensure that all Board members are aware of their fiduciary duties and responsibilities, legislations and regulations affecting their conduct, the need for safeguarding the interests of the shareholders, customers and other stakeholders. The Board Charter serves as a reference point for Board activities and promotes good standards of corporate governance, and is available on the Company’s website: [www.menangcorporation.com](http://www.menangcorporation.com). The Board reviews its Board Charter periodically and updates the Board Charter in line with the changes in regulations and best practices of the Group that may impact the Board in the discharge of its responsibilities. The Board Charter was last reviewed on 25 August 2017.

Among others, the Board focuses mainly on the following major specific areas:

- The strategic action plans for the Group
- Evaluation of Company’s business performance
- Identifying and management of principal risks
- Succession planning for senior management
- Developing and implementing an investor relations programme and shareholders communications policy
- Reviewing adequacy and integrity of Company’s internal control systems and management information systems.

## STATEMENT ON CORPORATE GOVERNANCE (continued)

### Code of Ethics and Conduct

The Board is committed in maintaining a corporate culture which ensures ethical standards, proper conduct and its compliance through the internal control and policies within the Group. Ethical standards are formalised through the Code of Ethics for Company Directors and the Company's Staff Policy which governs the ethics and conduct of the Directors, Management and employees of the Group. The Board members are required to observe the Code of Ethics for Company Directors including compliance at all times with this Code of Ethics and the Board Charter as well as to observe high standards of corporate governance at all times. The Board members are required to declare any personal, professional or business interest that may conflict with directors' responsibilities.

The Code of Ethics and Conduct is based on the following principles:-

- Sincerity;
- Integrity;
- Responsibility; and
- Corporate social responsibility.

### Whistle Blowing Policy

As part of the Company's continuous effort to ensure that good corporate governance practices are being adopted, the Company has established a Whistle Blowing Policy, which has been incorporated into the Board Charter, to provide a clear line of communication and reporting of genuine concerns for employees and other stakeholders.

### Corporate Disclosure Policy

The Board is committed to provide accurate, clear, timely and complete disclosure of material information pertaining to the Group's performance and operations to shareholders, stakeholders and public generally. The Corporate Disclosure Policy is in place to raise awareness and provide guidance to the Board, Management, officers and employees on the Company's disclosure requirements and practices.

### Composition of the Board

The Board is made up of six (6) members, comprising the Group Managing Director/Group Chief Executive Officer, Deputy Group Managing Director, one (1) Executive Director, one (1) Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors. Our Board has complied with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad where at least two (2) or one-third (1/3) of the Board (whichever is the higher) are Independent Directors. Our Board will, from time to time, examine its size with a view to determining the impact of the number of members upon its effectiveness.

### Board Committee

The Board of Directors delegates certain responsibilities to the Board Committees in order to enhance business and operational efficiency. Currently, the Company has three (3) committees namely Audit, Nomination and Remuneration Committees to assist the Board in the execution of its duties. These three (3) committees consist of members from the Board. All the committees have their own written terms of reference. They report directly to the Board, the outcome of the Committee meetings as well as their recommendations. Notwithstanding the above, the Board is responsible for decision making.

## STATEMENT ON CORPORATE GOVERNANCE (continued)

### Meeting

The Board meets at least four (4) times a year at quarterly intervals with additional meetings for particular matter convened as and when necessary. Seven (7) Board meetings were held during the financial year to deliberate upon and considered a variety of matters including Group's financial results, issues of strategy, performance and resources, strategic decisions, business plan and direction of the Group.

The attendance record of each Director is as follows:-

	<b>No. of Meetings Attended/Held</b>
Mr Too Kok Leng	7/7
Y.A.M. Raja Shahrudin Rashid <sup>#</sup>	5/5
Ms Marianna Binti Aly Shun <sup>*</sup>	4/4
Dr Christopher Shun Kong Leng, CFP <sup>®</sup> , RFP <sup>™</sup>	7/7
Mr Chiam Tau Meng	6/7
Mr Leou Thiam Lai <sup>**</sup>	4/4

Notes:-

- <sup>#</sup> Y.A.M. Raja Shahrudin Rashid was appointed on 20 September 2016. There were five (5) meetings held since his appointment.
- <sup>\*</sup> Ms Marianna Binti Aly Shun was appointed on 29 November 2016. There were four (4) meetings held since her appointment.
- <sup>\*\*</sup> Mr Leou Thiam Lai was elected on 29 November 2016. There were four (4) meetings held since his election.
- <sup>^</sup> Dato' Abdul Mokhtar Ahmad retired at the conclusion of the Fifty-Second Annual General Meeting ("52nd AGM") held on 29 November 2016. He attended two (2) meetings out of three (3) meetings held during his tenure of office.
- <sup>^^</sup> Dato' Shun Leong Kwong, Datin Mariam Eusoff and Mr Yoong Nim Chee retired at the conclusion of the 52nd AGM held on 29 November 2016. They attended all three (3) meetings held during their tenure of office.
- <sup>^^^</sup> Mr Toh May Fook was suspended on 25 August 2016 and had subsequently retired at the conclusion of the 52nd AGM held on 29 November 2016. He attended one (1) meeting held prior to his suspension and retirement.

### A2. Board Balance

For the financial year 2017, the current Board composition of three (3) Executive Directors, one (1) Non-Independent Non-Executive Directors and two (2) Independent Non-Executive Directors complies with Paragraph 15.02 of the Bursa Malaysia Securities Berhad Listing Requirements which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are independent directors. In the event of any vacancy in the Board resulting in non-compliance with the requirements on Independent Directors, the vacancy must be filled within three (3) months of that event.

The Directors, with their different backgrounds and specialisations, equipped with a wide range of knowledge and experience and with the support of the management team is responsible for implementing the policies and decisions of the Board, overseeing the operations and managing the Group's business and resources. A brief profile of each Director is presented on pages 3 to 5 of the Annual Report.

There is a balance in the Board membership with the presence of the Independent Non-Executive Directors who are credible individuals with vast and varied experience. Both the Independent Non-Executive Directors are independent of management and free of any relationship, which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company.

## STATEMENT ON CORPORATE GOVERNANCE (continued)

The Independent Non-Executive Directors are actively involved in various Board committees. They bring to bear objective and independent assessment and opinion to the decision making of the Board and provide a capable check and balance to the executive directors. Together with the executive directors who have intimate knowledge of the business, they provide an effective blend of entrepreneurship, business and professional expertise in general management and areas of the industries the Group is involved in.

The Board has identified Mr Chiam Tau Meng as the Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed.

The Board is satisfied that the current composition fairly reflects the investment of minority shareholders in the Company through the representation of the two (2) Independent Non-Executive Directors.

### A3. Supply of Information

All the Board members have full and timely access to all information within the Group. Board papers are distributed prior to the Board Meeting to enable the Directors to obtain relevant information and have sufficient time to deliberate on the issues to be raised at the meeting so as to discharge their duties diligently.

The Board papers which include the agenda and reports cover amongst others, areas of strategic, financial, operational and regulatory compliance matters that require the Board's approval.

Detailed periodic briefings on industry outlook, company performance and previews are also conducted for the Directors to ensure that the Board is well informed on the latest market and industry trends and development.

The Directors have access to the advice and services of the Company Secretary who ensure effective functioning of the Board and compliance of applicable rules and regulations. It is the Board's responsibility to retain the services of a competent Company Secretary to advise and support the Board in carrying out its roles and responsibilities. The Company Secretary is qualified by virtue of Section 235 of the Companies Act 2016 and information of the Company Secretary's qualification can be found in Corporate Information of the Annual Report.

### A4. Appointment to the Board

The Nomination Committee of the Company consists of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director as below:-

<b>Name</b>	<b>Directorship</b>
Mr Leou Thiam Lai (Chairman)	- Independent Non-Executive Director
Mr Chiam Tau Meng	- Independent Non-Executive Director
Dr Christopher Shun Kong Leng, CFP®, RFP™	- Non-Independent Non-Executive Director

The authorities, functions and responsibilities of the Nomination Committee are set out in its terms of reference, which is available on the Company website: [www.menangcorporation.com](http://www.menangcorporation.com).

The main objectives of the Nomination Committee are to review, recommend and consider candidates for appointment to the Board based on skills and experience, to assess the effectiveness and continually seek ways to upgrade the effectiveness of the Board as a whole and the Committees of the Board. It also assesses the contribution of each Director, executive or non-executive. In evaluating candidates for directorship, the Nomination Committee will consider the following criteria:-

- Mix of skills, experience and diversity
- Character, integrity, knowledge and expertise
- In the case of independent directors, their abilities to discharge their responsibilities and functions



## STATEMENT ON CORPORATE GOVERNANCE (continued)

The Board does not specify any gender policies in its evaluation of candidacy as the focus is on skills, experience, character, knowledge, time commitment and integrity. However, the evaluation will be reviewed and revised from time to time to meet the needs of the Company.

The Nomination Committee met to review the performance of all the Board members, individually and collectively as a Board based on the following key aspects:-

- Size, composition, independence, mix of skills and experience within the Board and Board Committees
- Functions of the Board and Board Committees
- Discharge of responsibilities of the Board and Board Committees

The Nomination Committee is satisfied that the Board, Board Committees and each Director have fulfilled their duties and responsibilities and are suitably qualified in their respective positions.

### A5. Re-election

In accordance with the Company's Constitution, all the Directors who are appointed by the Board are subject to retirement and are eligible for re-election by the shareholders at the next Annual General Meeting ("AGM") held following their appointments. Ms Marianna Binti Aly Shun was appointed during the financial year and is subject to re-election by the shareholders at the forthcoming AGM of the Company.

The Constitution also provides that at least one-third (1/3) of the Directors shall retire from the office at each AGM and shall be eligible to offer themselves for re-election provided always that all Directors including the Managing Director shall retire from office and stand for re-election at least once every three (3) years. Mr Too Kok Leng and Mr Chiam Tau Meng shall retire from the Board and being eligible, have offered themselves for re-election.

To be in line with the Code, the Board Charter provides that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, the Board, may and subject to the annual assessment conducted by the Nomination Committee, recommend for an Independent Director who has served a consecutive or cumulative term of nine (9) years to remain as an Independent Director. In making the recommendation, the Board shall justify its decision to retain the Independent Director and seeks approval from the shareholders at annual general meeting.

The Board wishes to highlight that although Mr Chiam Tau Meng has served as Independent Non-Executive Director for more than nine years, the Board, as recommended by the Nomination Committee, is fully satisfied that he demonstrate complete independence in character and judgement both in his designated role and as a Board member and is of the opinion that he continue to bring an independent views of the Company's affairs to the Board notwithstanding his length of service. The Board believes that his in-depth knowledge of the Group's business and his extensive expertise continue to provide invaluable contribution to the Board. As such, the Board recommends him to be retained as Independent Non-Executive Director and would be seeking shareholders' approval for the same at the forthcoming Annual General Meeting.

### A6. Director's Training

Our Board acknowledges the importance of continuous education and training to keep abreast with regulatory updates and developments in the market place to enable them to discharge their duties and responsibilities more effectively. Our Directors will continue to undergo relevant courses and seminars accredited by Bursa Securities under the Continuing Education Programme for directors of public listed companies to keep abreast with industry, regulatory and compliance issues, trends and best practices.

## STATEMENT ON CORPORATE GOVERNANCE (continued)

During the financial year ended 30 June 2017, the Directors have evaluated their own training needs on a continuous basis and attended the following:-

Name of Directors	Course	Date
Mr Too Kok Leng	Companies Act 2016 & Updates on Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”)	22 February 2017
Y.A.M. Raja Shahrudin Rashid	Companies Act 2016 & Updates on Listing Requirements of Bursa Securities	22 February 2017
Ms Marianna Binti Aly Shun	Companies Act 2016 & Updates on Listing Requirements of Bursa Securities	22 February 2017
Dr Christopher Shun Kong Leng, CFP®, RFP™	Companies Act 2016 & Updates on Listing Requirements of Bursa Securities	22 February 2017
Mr Chiam Tau Meng	Companies Act 2016 & Updates on Listing Requirements of Bursa Securities	22 February 2017
Mr Leou Thiam Lai	Companies Act 2016 & Updates on Listing Requirements of Bursa Securities	22 February 2017

### B. DIRECTORS’ REMUNERATION

The Remuneration Committee of the Company comprises the following Directors:

<u>Name</u>	<u>Directorship</u>
Dr Christopher Shun Kong Leng, CFP®, RFP™ (Chairman)	- Non-Independent Non-Executive Director
Mr Chiam Tau Meng	- Independent Non-Executive Director
Mr Leou Thiam Lai	- Independent Non-Executive Director

The Remuneration Committee is responsible for recommending the remuneration packages of the Executive Directors in accordance with the Company’s policy to the full Board for consideration and approval. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by them. The annual fees of the Non-Executive Directors for their services as Directors are tabled to the Board for its recommendation to the shareholders for approval at the Annual General Meeting.

The remuneration package is necessary to attract, retain and motivate Directors of the quality required to manage the business of the Company and to align the interest of the Directors with those of the shareholders.

The details of the remuneration for Directors of the Company comprising remuneration received / receivable from the Company and subsidiary companies for the financial year 2017 are as follows:-

(a) Aggregate remuneration of Directors categorised into appropriate components:-

#### Company

	Fees RM	Salaries RM	Emoluments RM	Benefits -in-Kind RM	Total RM
Executive Directors	15,400	32,600	142,400	-	190,400
Non-Executive Directors	19,600	-	287,300	-	306,900

## STATEMENT ON CORPORATE GOVERNANCE (continued)

### Group

	<b>Fees RM</b>	<b>Salaries RM</b>	<b>Emoluments RM</b>	<b>Benefits -in-Kind RM</b>	<b>Total RM</b>
Executive Directors	15,400	678,200	255,400	276,200	1,225,200
Non-Executive Directors	19,600	–	366,900	–	386,500

The remuneration of the following directors who retired from office in the financial year ended 30 June 2017 are included in the above-mentioned disclosure:-

- (i) Dato' Abdul Mokhtar Ahmad
- (ii) Dato' Shun Leong Kwong
- (iii) Datin Mariam Eusoff
- (iv) Mr Yoong Nim Chee
- (v) Mr Toh May Fook

- (b) The number of Directors whose total remuneration falls within the following bands:-

<b>Range of remuneration (RM)</b>	<b>Number of Directors</b>	
	<b>Executive</b>	<b>Non-Executive</b>
Not more than 50,000	1*	3 <sup>^</sup>
50,001 to 100,000	–	3
100,001 to 150,000	2*	–
150,001 to 200,000	1	–
250,001 to 300,000	2 <sup>^</sup>	–

\* These represent five (5) retired Directors at the conclusion of the 52<sup>nd</sup> AGM held.

<sup>^</sup> This represents a Director being redesignated from a non-executive director to an executive director on 29 November 2016.

For security and confidential reasons, detailed remuneration of individual Directors is not shown. The Board is of the opinion that the transparency and accountability aspects of corporate governance as applicable to Directors' remuneration are appropriately served by the disclosure made above.

### C. SHAREHOLDERS

The Company recognises the importance of accountability to its shareholders through an effective and constructive communication policy that enables both the Board and management to communicate effectively with its shareholders, stakeholders and the public generally about performance, corporate governance and other matters affecting shareholders' interest. The Company reaches out to its shareholders through its distribution of the annual reports and other explanatory circulars. Timely announcement are made to the public with regards to the Company's corporate proposal, financial results and other required announcements.

The Annual General Meeting remains the principal forum for dialogue with shareholders and investors. All shareholders are encouraged to attend the Company's Annual General Meeting and to participate in the proceedings. The shareholders are given every opportunity to enquire, raise questions and seek clarification on the business and performance of the Group. The Main Market Listing Requirements of Bursa Securities requires all resolutions in the general meetings to be voted by poll. The Board will ensure compliance to such requirement in the forthcoming Annual General Meeting of the Company.

## STATEMENT ON CORPORATE GOVERNANCE (continued)

### D. ACCOUNTABILITY AND AUDIT

#### D1. Financial Reporting

The Board aims to present a balanced, clear and meaningful assessment of the Group's financial positions and prospects in all their reports to the shareholders, investors and regulatory authorities. This assessment is primarily provided in the Annual Report through the Management Discussion and Analysis and the Statement by Directors to enhance shareholders' understanding of the business operations of the Group.

The quarterly results announcements on these results also reflect the Board's commitment to give regular updated assessments on the Group's performances.

#### D2. Internal Control

The information on the Group's internal control is presented in the Statement on Risk Management and Internal Control on pages 20 to 21 of the Annual Report.

#### D3. Relationship with the Auditors

Our Audit Committee is also tasked to assess the suitability and independence of the external auditors of our Group and the recommendation on their appointment and re-appointment and the approval of their audit fees. Written confirmation and/or assurance is obtained from the external auditors confirming that they are, and have been independence throughout the conduct of the audit engagement of our Group is in accordance with the applicable accounting standards and regulators. In assessing the suitability of the external auditors, our Audit Committee considers the adequacy and quality of the resource for the audit engagement and was satisfied with the proceeding of the engagement.

Through the Audit Committee, our Group has established a transparent and appropriate relationship with the Group's external auditors. Our Audit Committee meets with the external auditors at least twice a year to review and discuss annual audit plan, audit findings and also to highlight to the Audit Committee matters requiring attention including the Group's accounting policies. Our Audit Committee also discusses and approves the scope of the audit and the audit findings and reports to the Board on these findings. During the financial year, our Audit Committee met three (3) times with the external auditors in the absence of Executive Board members and Management staff.

### CORPORATE SOCIAL RESPONSIBILITY

The Board recognises the importance of sustainability and its increasing impact on the business and is committed to creating a culture of sustainability within the Group and the community with an emphasis on integrating the Environmental, Social and Governance ("ESG") considerations in decision making. The Group will set long term and short term targets for its sustainability efforts in order to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders and economic success.

### DIRECTORS' RESPONSIBILITY STATEMENT ON FINANCIAL STATEMENTS

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of their profit or loss and cashflows for the period then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably open for them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Introduction

This Statement on Risk Management and Internal control is made pursuant to paragraph 15.26(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). The Board of Directors (“the Board”) is pleased to provide this statement which has been prepared in accordance with the “Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Companies”. It outlines the key elements of the risk management and internal control systems within the Group for the current financial year.

## Board of Director’s Responsibility

The Board acknowledges its responsibility for the Group’s systems of risk management and internal control and the need to review its adequacy and integrity regularly. However, such a system is designed to manage rather than eliminate the risk of failure to achieve the Group’s objectives and the system by its nature can only provide reasonable but not absolute assurance against material misstatement, fraud or loss.

## Risk Management Framework

During the current financial year, the Board and Management maintained the existing risk management framework that was adopted previously. It formed part of the Management and Board agenda so that there is periodic review of the identified risks surrounding the Group and the quality of the corresponding action plans on a continuous basis.

## Internal Audit

The Group has outsourced its internal audit function to CGRM Infocomm Sdn Bhd (“CGRM”). CGRM is an independent professional firm supports the Audit Committee, and by extension, the Board, by providing an independent assurance on the effectiveness of the Group’s systems of internal control.

During the financial year under review, CGRM assessed the adequacy and effectiveness of the Group’s key business areas in terms of governance, risk assessment and system of internal control. CGRM reports to the Audit Committee who in turn reports to the Board on its activities, significant audit results or findings and the necessary recommendations or actions needed to be taken by the management to rectify highlighted issues.

In the planning and throughout the course of their audit work, CGRM made reference to the guidelines of The International Professional Practices Framework; International Standards for the Professional Practice of Internal Auditing and Code of Ethics as well as the Group’s policies.

## **STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)**

### **Key Elements of Internal Control**

In order to achieve a sound control environment, the key elements in the framework of the Group's internal control systems are identified as follows:-

1. The Group has a defined organisation structure with clear lines of reporting responsibility which are aligned to the Group business and operational requirements.
2. Senior Management, comprising the Group Managing Director/Group Chief Executive Officer, Group Deputy Managing Director, Executive Director and Operations Director, assumed an active management and decision making role in the day-to-day operations of the Group.
3. The Group's financial results were compared against the Board approved budget and reviewed during the quarterly Audit Committee and Board meetings.
4. The Group maintained documented internal policies, objectives and operational procedures as part of the internal controls of the Group.
5. The Group maintained an effective reporting system to ensure timely generation and aggregation of financial and operations information as required for Senior Management review.
6. The Group maintained an open communication channel between the Board, Senior Management, Accountants and the auditors (both internal and external) to ensure timely conveyance of information for internal control disclosures and financial reporting.
7. Adequate insurance coverage of major assets to ensure that assets of the Group are sufficiently covered against mishap that may result in losses to the Group.

### **Conclusion**

Several internal control improvements and risk areas were identified by internal auditors during the financial year ended 30 June 2017. These were reviewed by the Audit Committee and Board and closely monitored by Management to ensure the integrity of internal controls and minimisation of risks. The Management will continue to take adequate measures to strengthen the control environment in which the Group operates.

The Board is committed to an effective internal control system and is of the view that there is a continuous process in evaluating and managing significant risks faced by the Group and the underlying controls to mitigate these risks. The Board will take cognizance of the continuous process for identifying, evaluating and managing the significant risks face by the Company.

In addition to the above, the Board had received letters of assurance dated 24 September 2017 from the Group Managing Director and Accountant with regards to the adequacy and effectiveness of the Group risk management and system of internal control in place for the financial year.

Based on the foregoing, the Board is of the opinion that the system of internal control and risk management processes are adequate to provide reasonable assurance in safeguarding shareholders' investments, the Group's assets and other stakeholders' interest. There was no major internal control weaknesses identified that may result in any material loss or uncertainties for the financial year 30 June 2017 that would require disclosure in this annual report.

### **Review by External Auditors**

Pursuant to paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this annual report for the year ended 30 June 2017.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 19 October 2017.

# ADDITIONAL COMPLIANCE INFORMATION

## 1. UTILISATION OF PROCEEDS

There were no proceeds raised from any proposal during the financial year.

## 2. AUDIT FEES AND NON-AUDIT FEES

During the financial year, the amount incurred by the Company and Group in respect of the audit fees and non-audit fees for services rendered by the external auditors were as follows:-

	<u>Company (RM)</u>	<u>Group (RM)</u>
Audit Services	40,500	171,000
Non-Audit Services	12,000	12,000
<b>Total</b>	<b>52,500</b>	<b>183,000</b>

The non-audit services comprised the following assignments:-

1. Review of Statement on Risk Management and Internal Control
2. Review of Realised and Unrealised Profits or Losses
3. Reading and Considering the Other Information

## 3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries which involved directors' and major shareholders' interest either still subsisting at the end of the financial year ended 30 June 2017 or entered into since the end of the previous financial year.

## 4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

There were no recurrent related party transactions of a revenue nature during the financial year ended 30 June 2017.

## COMPLIANCE STATEMENT

The Board of Directors is satisfied that in the financial year ended 30 June 2017, the Company complied with the principles and recommendations of the Malaysian Code on Corporate Governance 2012.

This statement is made in accordance with the resolution of the Board dated 19 October 2017.

# FINANCIAL STATEMENTS

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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 June 2017.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit for the financial year	7,511	79,077
Attributable to:		
Owners of the Company	11,319	79,077
Non-controlling interests	(3,808)	-
	7,511	79,077

## DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 30 June 2017.

## RESERVES OR PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

## BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

### **CURRENT ASSETS**

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

### **VALUATION METHODS**

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

### **CONTINGENT AND OTHER LIABILITIES**

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

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- (ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

### **CHANGE OF CIRCUMSTANCES**

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

### **ITEMS OF MATERIAL AND UNUSUAL NATURE**

In the opinion of the directors,

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

## **DIRECTORS' REPORT (continued)**

### **ISSUE OF SHARES AND DEBENTURES**

During the financial year, no new issue of shares or debentures were made by the Company.

### **DIRECTORS**

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Dr. Christopher Shun Kong Leng, CFP®, RFP™

Chiam Tau Meng

Too Kok Leng\*

Y.A.M. Raja Shahrudin Rashid\*

Leou Thiam Lai

(Appointed on 29 November 2016)

Marianna Binti Aly Shun\*

(Appointed on 29 November 2016)

Dato' Abdul Mokhtar Ahmad

(Retired on 29 November 2016)

Dato' Shun Leong Kwong

(Retired on 29 November 2016)

Datin Mariam Eusoff

(Retired on 29 November 2016)

Toh May Fook

(Retired on 29 November 2016)

Yoong Nim Chee

(Retired on 29 November 2016)

\* Directors of the Company and certain subsidiaries

### **NAME OF DIRECTORS OF THE SUBSIDIARIES OF THE COMPANY**

The names of the directors of the subsidiaries of the Company during the period from the end of the financial year to the date of the report are:

Dato' Shun Leong Kwong

Dato' Abdul Mokhtar Ahmad

Dato' Shahrir Bin Abdul Jalil

Teoh Choo Huang

Lechumanan A/L Pato

Jatil Aliah Binti Abdul Hasim

Mazliatul Akma Binti Zulkipli

Rosli Bin Abdullah

Rauharofzazila Binti Ahmad

## DIRECTORS' REPORT (continued)

### DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares and warrants in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	At 1 July 2016	Additions	Sold	At 30 June 2017
<b>The Company</b>				
<b>- Menang Corporation (M) Berhad</b>				
<b>Direct interests</b>				
Dr. Christopher Shun Kong Leng, CFP®, RFP™	26,740,000	–	–	26,740,000
Too Kok Leng	–	13,190,800	–	13,190,800

	Number of warrants 2014/2019			
	At 1 July 2016	Additions	Exercised/ Sold	At 30 June 2017
<b>The Company</b>				
<b>- Menang Corporation (M) Berhad</b>				
<b>Direct interests</b>				
Dr. Christopher Shun Kong Leng, CFP®, RFP™	13,380,000	–	–	13,380,000

By virtue of his interest in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Dr. Christopher Shun Kong Leng, CFP®, RFP™ is deemed to have interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

The other directors in office at the end of the financial year did not have any interest in shares of the Company and its related corporations during the financial year.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of the emoluments received or due and receivable, by the directors as disclosed in Note 24 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

## **DIRECTORS' REPORT (continued)**

### **INDEMNITY TO DIRECTORS AND OFFICERS**

Every director or other officer for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him, in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under the Act in which relief is granted to him by the Court in respect of any negligence default breach of duty or breach of trust.

### **SUBSIDIARIES**

The details of the Company's subsidiaries are disclosed in Note 9 to the financial statements.

### **SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

Details of significant events subsequent to the end of the financial year are disclosed in Note 32 to the financial statements.

### **AUDITORS' REMUNERATION**

The details of the auditors' remuneration are disclosed in Note 24 to the financial statements.

### **INDEMNITY TO AUDITORS**

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

### **AUDITORS**

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

**TOO KOK LENG**  
Director

**Y.A.M. RAJA SHAHRUDDIN RASHID**  
Director

Date: 19 October 2017

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Plant and equipment	5	195	266	19	5
Investment properties	6	50,124	50,287	10,572	10,735
Land held for property development	7	66,945	66,945	–	–
Operating financial assets	8	796,113	833,225	–	–
Investments in subsidiaries	9	–	–	275,090	195,100
Investment in an associate	10	235	176	–	–
Other investments	11	6	6	–	–
<b>Total non-current assets</b>		<b>913,618</b>	<b>950,905</b>	<b>285,681</b>	<b>205,840</b>
<b>Current assets</b>					
Inventories	12	102,125	101,641	–	–
Operating financial assets	8	104,272	91,140	–	–
Trade and other receivables	13	46,658	41,822	25,117	25,481
Tax assets	14	2	43	–	–
Deposits, cash and bank balances	15	31,415	64,496	538	949
<b>Total current assets</b>		<b>284,472</b>	<b>299,142</b>	<b>25,655</b>	<b>26,430</b>
<b>TOTAL ASSETS</b>		<b>1,198,090</b>	<b>1,250,047</b>	<b>311,336</b>	<b>232,270</b>

## STATEMENTS OF FINANCIAL POSITION (continued)

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	16	133,553	133,553	133,553	133,553
Reserves	17	170,651	159,332	161,079	82,002
		304,204	292,885	294,632	215,555
<b>Non-controlling interests</b>		68,829	72,637	–	–
<b>TOTAL EQUITY</b>		373,033	365,522	294,632	215,555
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Deferred tax liabilities	18	58,454	57,121	–	–
Loans and borrowings	19	623,200	646,593	–	–
<b>Total non-current liabilities</b>		681,654	703,714	–	–
<b>Current liabilities</b>					
Trade and other payables	20	94,705	134,383	16,704	16,715
Tax liabilities		170	26	–	–
Loans and borrowings	19	48,528	46,402	–	–
<b>Total current liabilities</b>		143,403	180,811	16,704	16,715
<b>TOTAL LIABILITIES</b>		825,057	884,525	16,704	16,715
<b>TOTAL EQUITY AND LIABILITIES</b>		1,198,090	1,250,047	311,336	232,270

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

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	21	105,105	178,924	82,307	2,280
Cost of sales	22	(41,154)	(88,976)	-	-
<b>Gross profit</b>		63,951	89,948	82,307	2,280
Other income		5,466	27,664	-	-
Administrative expenses		(10,893)	(17,689)	(3,015)	(1,660)
Other expenses		(271)	(2,099)	(215)	(181)
		(11,164)	(19,788)	(3,230)	(1,841)
<b>Operating profit</b>		58,253	97,824	79,077	439
Finance costs	23	(49,238)	(48,766)	-	-
Share of results of an associate, net of tax		59	(2)	-	-
<b>Profit before tax</b>	24	9,074	49,056	79,077	439
Income tax expense	25	(1,563)	(10,147)	-	-
<b>Profit for the financial year</b>		7,511	38,909	79,077	439
<b>Other comprehensive income</b>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Fair value adjustment of available-for-sale financial assets		-	(3)	-	-
<b>Total comprehensive income for the financial year</b>		7,511	38,906	79,077	439



## STATEMENTS OF COMPREHENSIVE INCOME (continued)

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Profit attributable to:</b>					
Owners of the Company		11,319	32,824	79,077	439
Non-controlling interests		(3,808)	6,085	–	–
		7,511	38,909	79,077	439
<hr/>					
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		11,319	32,821	79,077	439
Non-controlling interests		(3,808)	6,085	–	–
		7,511	38,906	79,077	439
<hr/>					
<b>Earnings per ordinary share attributable to owners of the Company:</b>					
Basic and diluted earnings per share (sen)	26	4.24	12.29		
<hr/>					

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	<----- Attributable to owners of the Company ----->					Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Capital reduction reserve RM'000	Available- for-sale reserve RM'000	Retained earnings RM'000	Sub total RM'000		
<b>Group</b>							
<b>At 1 July 2015</b>	133,553	84,044	7	42,460	260,064	66,552	326,616
<b>Total comprehensive income for the financial year</b>							
Profit for the financial year	-	-	-	32,824	32,824	6,085	38,909
Other comprehensive income for the financial year	-	-	(3)	-	(3)	-	(3)
Total comprehensive income	-	-	(3)	32,824	32,821	6,085	38,906
<b>At 30 June 2016</b>	133,553	84,044	4	75,284	292,885	72,637	365,522
<b>Total comprehensive income for the financial year</b>							
Profit for the financial year	-	-	-	11,319	11,319	(3,808)	7,511
Total comprehensive income	-	-	-	11,319	11,319	(3,808)	7,511
<b>Transactions with owners</b>							
Share dividends paid to non- controlling interests of subsidiaries	-	-	-	-	-	51,673	51,673
Ordinary shares issued to non- controlling interests of subsidiaries	-	-	-	-	-	(51,673)	(51,673)
Total transactions with owners	-	-	-	-	-	-	-
<b>At 30 June 2017</b>	133,553	84,044	4	86,603	304,204	68,829	373,033

**STATEMENTS OF CHANGES IN EQUITY**  
(continued)

	Share capital RM'000	Capital reduction reserve RM'000	(Accumulated losses)/ Retained earnings RM'000	Total equity RM'000
<b>Company</b>				
<b>At 1 July 2015</b>	133,553	84,044	(2,481)	215,116
<b>Total comprehensive income for the financial year</b>				
Profit for the financial year, representing total comprehensive income	–	–	439	439
<b>At 30 June 2016</b>	133,553	84,044	(2,042)	215,555
<b>Total comprehensive income for the financial year</b>				
Profit for the financial year, representing total comprehensive income	–	–	79,077	79,077
<b>At 30 June 2017</b>	133,553	84,044	77,035	294,632

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		9,074	49,056	79,077	439
Adjustments for:					
Bad debts recovered		–	(18)	–	–
Depreciation of investment properties		163	163	163	163
Depreciation of plant and equipment		97	100	5	1
Gain on disposal of plant and equipment		–	(33)	–	–
Gain on retention sum measured at amortised cost		(5)	(723)	–	–
Gain from the compulsory acquisition by the Malaysian Government of the Klang Lands		–	(22,530)	–	–
Impairment losses on:					
- amounts owing by subsidiaries		–	–	12	10
- investments in subsidiaries		–	–	37	7
- other receivable		–	750	–	–
- trade receivable		–	500	–	–
Interest expense		49,238	48,766	–	–
Interest income		(364)	(237)	–	–
Interest income on operating financial assets		(39,037)	(65,526)	–	–
Inventories written back		–	(2,982)	–	–
Share of results of an associate, net of tax		(59)	2	–	–
Share of profits on joint venture project		(4,464)	–	–	–
Waiver of interest on late payment		(576)	–	–	–
<b>Operating profit before changes in working capital</b>		<b>14,067</b>	<b>7,288</b>	<b>79,294</b>	<b>620</b>
Changes in working capital:					
Inventories		(484)	3,389	–	–
Operating financial assets		63,017	(13,622)	–	–
Trade and other receivables		(922)	(34,611)	1,577	(1,664)
Trade and other payables		(24,464)	70,496	1,738	1,576
Net cash flows generated from operations		51,214	32,940	82,609	532
Income tax paid		(45)	(140)	–	–
Net cash flows from operating activities carried down		51,169	32,800	82,609	532

## STATEMENTS OF CASH FLOWS (continued)

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Net cash flows from operating activities brought down		51,169	32,800	82,609	532
<b>Cash flows from investing activities</b>					
Advance made to an associate		(426)	(452)	-	-
Additional investment in subsidiaries		-	-	(80,027)	-
Interest received		364	237	-	-
Proceeds from disposal of plant and equipment		-	33	-	-
Purchase of plant and equipment		(26)	(6)	(19)	#
Placement of fixed deposits		(3,161)	(3,573)	-	-
Change in pledged deposits		1,318	993	-	-
Net cash flows used in investing activities		(1,931)	(2,768)	(80,046)	#
<b>Cash flows from financing activities</b>					
Drawdown of term loans		20,890	93,372	-	-
Interest paid		(59,334)	(33,904)	-	-
Payment of finance lease liability		(16)	(16)	-	-
Repayments to consortium parties		(15,361)	(28,568)	-	-
Repayments to corporate shareholders		-	(8)	-	-
Repayments to subsidiaries		-	-	(2,974)	(45)
Repayments of term loans		(30,341)	(23,929)	-	-
Net cash flows (used in)/from financing activities		(84,162)	6,947	(2,974)	(45)
Net (decrease)/increase in cash and cash equivalents		(34,924)	36,979	(411)	487
<b>Cash and cash equivalents at the beginning of the financial year</b>		59,584	22,605	949	462
<b>Cash and cash equivalents at the end of the financial year</b>	15	24,660	59,584	538	949

# This represents additions of furniture, fittings and equipment amounting to RM249 in the financial year ended 30 June 2016.

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office is located at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor, Malaysia.

The principal place of business of the Company is located at 8th Storey, South Block, Wisma Selangor Dredging, 142-A, Jalan Ampang, 50450 Kuala Lumpur.

The Company is principally engaged in investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 9. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 19 October 2017.

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

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

### 2.2 Adoption of amendments/improvements to FRSs

The Group and the Company have adopted the following amendments/improvements to FRSs that are mandatory for the current financial year:

#### Amendments/Improvements to FRSs

FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments: Disclosures
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interest in Other Entities
FRS 101	Presentation of Financial Statements
FRS 116	Property, Plant and Equipment
FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investments in Associates and Joint Ventures
FRS 138	Intangible Assets

The adoption of the above amendments/improvements to FRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below.

#### ***Amendments to FRS 7 Financial Instruments: Disclosures***

Amendments to FRS 7 provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of FRS 7.

The Amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to FRS 7) to condensed interim financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. BASIS OF PREPARATION (continued)

#### 2.2 Adoption of amendments/improvements to FRSs (continued)

##### ***Amendments to FRS 11 Joint Arrangements***

Amendments to FRS 11 clarify that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in FRS 3, it shall apply the relevant principles on business combinations accounting in FRS 3, and other FRSs, that do not conflict with FRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets/ liabilities and recognition of acquisition-related costs as expenses. The Amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not re-measured if the joint operator retains joint control.

##### ***Amendments to FRS 101 Presentation of Financial Statements***

Amendments to FRS 101 improve the effectiveness of disclosures. The Amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

##### ***Amendments to FRS 116 Property, Plant and Equipment***

Amendments to FRS 116 prohibit revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

##### ***Amendments to FRS 127 Separate Financial Statements***

Amendments to FRS 127 allow a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

##### ***Amendments to FRS 10 Consolidated Financial Statements, FRS 12 Disclosures of Interests in Other Entities and FRS 128 Investments in Associates and Joint Ventures***

These Amendments address the following issues that have arisen in the application of the consolidation exception for investment entities:

- Exemption from presenting consolidated financial statements: the amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities: the amendments clarify that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Policy choice for equity accounting for investments in associates and joint ventures: the amendments allow a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. BASIS OF PREPARATION (continued)

#### 2.3 New FRS, amendments/improvements to FRSs and new IC Interpretation (“IC Int”) that have been issued, but yet to be effective

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

<u>New FRS</u>		<b>Effective for financial periods beginning on or after</b>
FRS 9	Financial Instruments	1 January 2018
<u>Amendments/Improvements to FRSs</u>		
FRS 1	First-time adoption of MFRSs	1 January 2018
FRS 2	Share-based Payment	1 January 2018
FRS 4	Insurance Contracts	1 January 2018
FRS 10	Consolidated Financial Statements	Deferred
FRS 12	Disclosure of Interest in Other Entities	1 January 2017
FRS 107	Statement of Cash Flows	1 January 2017
FRS 112	Income Taxes	1 January 2017
FRS 128	Investments in Associates and Joint Ventures	1 January 2018/ Deferred
FRS 140	Investment Property	1 January 2018
<u>New IC Int</u>		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019

A brief discussion on the above significant new FRS, amendments/improvements to FRSs and new IC Int are summarised below. Due to the complexity of these new FRS, amendments/improvements to FRSs and new IC Int, the financial effects of their adoption are currently still being assessed by the Group and the Company.

#### ***FRS 9 Financial Instruments***

Key requirements of FRS 9:

- FRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. BASIS OF PREPARATION (continued)

#### 2.3 New FRS, amendments/improvements to FRSs and new IC Interpretation (“IC Int”) that have been issued, but yet to be effective (continued)

##### ***FRS 9 Financial Instruments (continued)***

Key requirements of FRS 9: (continued)

- FRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.
- FRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

##### ***Amendments to FRS 1 First-time Adoption of Malaysian Financial Reporting Standards (“MFRSs”)***

Amendments to FRS 1 deleted the short-term exemptions that relate to FRS 7 Financial Instruments: Disclosure, FRS 119 Employee Benefits and FRS 10 Consolidated Financial Statements because they are no longer applicable.

##### ***Amendments to FRS 4 Insurance Contracts***

Amendments to FRS 4 introduce two additional voluntary options, namely an overlay approach and a deferral approach to be applied subject to certain criteria being met, which help to address temporary volatility in reported results of entities dealing with insurance contracts. The overlay approach involves option to recognise the possible volatility in other comprehensive income, instead of profit or loss, whilst the deferral approach provides temporary exemption from applying the Standard on Financial Instruments for entities whose activities are predominantly connected with insurance.

##### ***Amendments to FRS 12 Disclosure of Interests in Other Entities***

Amendments to FRS 12 clarify that entities classified as held for sale are required to apply all the disclosure requirements of FRS 12 except for the disclosure requirements set out in paragraphs B10-B16.

##### ***Amendments to FRS 107 Statement of Cash Flows***

Amendments to FRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. BASIS OF PREPARATION (continued)

#### 2.3 New FRS, amendments/improvements to FRSs and new IC Interpretation (“IC Int”) that have been issued, but yet to be effective (continued)

##### ***Amendments to FRS 112 Income Taxes***

Amendments to FRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity’s assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The Amendments also clarify that deductible temporary differences should be compared with the entity’s future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

##### ***Amendments to FRS 128 Investments in Associates and Joint Ventures***

Amendments to FRS 128 clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates or joint ventures at fair value through profit or loss.

##### ***Amendments to FRS 140 Investment Property***

Amendments to FRS 140 clarify that to transfer to, or from, investment properties there must be evidence of a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of investment property. A change in intention, in isolation, does not provide evidence of a change in use.

The Amendments also clarify that the list of circumstances that evidence a change in use is not exhaustive.

##### ***Amendments to FRS 10 Consolidated Financial Statements and FRS 128 Investments in Associates and Joint Ventures***

These Amendments address an acknowledged inconsistency between the requirements in FRS 10 and those in FRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in FRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

##### ***IC Int 23 Uncertainty over Income Tax Treatments***

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

- (i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
- (ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. BASIS OF PREPARATION (continued)

#### 2.3 New FRS, amendments/improvements to FRSs and new IC Interpretation (“IC Int”) that have been issued, but yet to be effective (continued)

##### **MASB Approved Accounting Standards, MFRSs**

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the MASB had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs (“MFRSs Framework”) for application in the annual periods beginning on or after 1 January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int 15 Agreements for the Construction of Real Estate (“Transitioning Entities”). The Transitioning Entities are given an option to defer the adoption of MFRSs Framework and shall apply the MFRSs framework for annual periods beginning on or after 1 January 2018. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework. As such, the Group and the Company will prepare their first MFRSs financial statements using the MFRSs framework for financial year ending 30 June 2019. The main effects arising from the transition to the MFRSs Framework are discussed below.

The effect is based on the Group’s and the Company’s best estimates at the reporting date. The financial effects may change or additional effects may be identified, prior to the completion of the Group’s and the Company’s first MFRSs based financial statements.

##### **Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (“MFRS 1”)**

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs.

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. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. BASIS OF PREPARATION (continued)

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

##### ***MFRS 15 Revenue from Contracts with Customers***

The core principle of MFRS 15 is that an entity recognises 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. An entity recognises revenue in accordance with the core principle by applying the following steps:

- (i) identify the contracts with a customer;
- (ii) identify the performance obligation in the contract;
- (iii) determine the transaction price;
- (iv) allocate the transaction price to the performance obligations in the contract;
- (v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The Group is currently assessing the impact of the adoption of this standard.

##### ***MFRS 16 Leases***

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

Due to the complexity of this new MFRS, the financial effects of its adoption are currently still being assessed by the Group and the Company.

##### ***MFRS 141 Agriculture***

MFRS 141 requires a biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except where the fair value cannot be measured reliably. MFRS 141 also requires agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Gains or losses arising on initial recognition of a biological asset and the agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in the profit or loss for the period in which it arises.

The Group does not expect any impact on the financial statements arising from the adoption of this standard.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. BASIS OF PREPARATION (continued)

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

##### ***Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture***

With the amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately.

The Group does not expect any impact on the financial statements arising from the adoption of this standard.

#### 2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

#### 2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

#### 2.6 Use of estimates and judgement

The preparation of financial statements in conformity with FRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and the expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

#### 3.1 Basis of consolidation

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

##### (a) Subsidiaries and business combination

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.1 Basis of consolidation (continued)

##### (a) Subsidiaries and business combination (continued)

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

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

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

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

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

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

##### (b) Non-controlling interests

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

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

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.1 Basis of consolidation (continued)

##### (c) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of an available-for-sale financial asset or a held for trading financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

##### (d) Joint arrangements

Joint arrangements arise when the Group and another party or parties are bound by a contractual arrangement, and the contractual arrangement gives the Group and the other party or parties, joint control of the arrangement. Joint control exists when there is contractually agreed sharing of control of an arrangement whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as a "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its share of the assets (including its share of any assets held jointly), the liabilities (including its shares of any liabilities incurred jointly, its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).
- A joint arrangement is classified as "joint venture" when the Group has rights to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method in accordance with FRS 128 Investment in Associates and Joint Venture.

The Group has assessed the nature of its joint arrangement and determined them to be a joint venture and accounted for its interest in the joint venture using the equity method.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.1 Basis of consolidation (continued)

##### (e) Transactions eliminated on consolidation

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

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

#### 3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries, joint venture and an associate are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.11(b).

#### 3.3 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

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

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

##### (a) Subsequent measurement

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

##### (i) Financial assets

###### Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a). Gains and losses are recognised in profit or loss through the amortisation process.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.3 Financial instruments (continued)

##### (a) Subsequent measurement (continued)

###### (i) Financial assets (continued)

###### Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available for sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

###### Unquoted equity instruments carried at cost

Investments in equity that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a).

###### (ii) Financial liabilities

###### Other financial liabilities

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

##### (b) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.3 Financial instruments (continued)

##### (c) Regular way purchase or sale of financial assets

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

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

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

##### (d) Derecognition

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

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

##### (e) Offsetting of financial instruments

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

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.4 Plant and equipment

##### (a) Recognition and measurement

Plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.15.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as a separate item of plant and equipment.

##### (b) Subsequent costs

The cost of replacing a part of an item of plant and equipment, is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss as incurred.

##### (c) Depreciation

Plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives. The principal depreciation rates are as follows:

Plant and machinery	10% - 25%
Motor vehicles	20%
Furniture, fittings and equipment	10% - 25%
Site office and signboards	20%
Renovation	10% - 20%

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

##### (d) Derecognition

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.5 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

##### (a) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

##### (b) Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

#### 3.6 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. The Group and the Company use the cost model to measure its investment properties after initial recognition. Accordingly, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b).

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.6 Investment properties (continued)

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property.

For building, depreciation is charged to the profit or loss on a straight line basis over the estimated useful lives of 50 years. Freehold land is not depreciated.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

#### 3.7 Property development activities

##### (a) Land held for property development

Land held for property development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current assets and is stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b).

Land held for property development will be reclassified to property development costs when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

##### (b) Property development costs

Property development costs consist of the cost of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the percentage of completion method. The stage of completion is determined by the proportion of property development costs incurred for the work performed up to the reporting date over the estimated total property development costs to completion. Under this method, profits are recognised as the property development activity progresses.

Where the financial outcome of a development activity cannot be reliably estimated, property development costs incurred is probable, and the property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any foreseeable loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately in profit or loss. Property development costs not recognised as an expense is recognised as an asset, which is measured at the lower of cost and net realisable value. Upon the completion of the development, the unsold completed development properties are transferred to inventories.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings and the excess of billings to purchasers over revenue recognised in profit or loss is classified as advance billings.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.8 Inventories

##### Land and completed properties

Land and completed properties held for sale are stated at the lower of cost and net realisable value.

In the case of completed development properties held as inventories, cost includes:

- the cost of land, whether freehold or leasehold
- amounts paid to contractors for construction of the development properties
- an allocation of borrowing costs, planning and design costs, cost of site preparation, construction overheads, common costs including the cost of constructing mandatory infrastructure, amenities and affordable houses (net of estimated approved selling prices) and other related costs.

The cost of each unit of development property is determined based on specific identification.

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

#### 3.9 Operating financial assets

The Group constructs or upgrades infrastructure (construction or upgrade services) and operates and maintains that infrastructure (operation services) for a specific period of time under a single contract or arrangement. Under these concession arrangements, the grantor controls significant residual interest in the infrastructure at the end of the concession period.

The Group accounts for its service concession arrangements under the financial asset model as the Group has an unconditional right to receive cash or another financial asset from or at the direction of the grantor for the construction services. The consideration received and receivable is allocated by reference to the relative fair values of the various services delivered, when the amounts are separately identified. The allocation is performed by reference to the fair values of the services provided even if the contract stipulate individual prices for certain services. This is because, the amounts specified in the contracts may not necessarily be representative of the fair values of the services provided or the price that would be charged if the services were sold on a standalone basis. The Group estimates the relative fair values of the services by reference to the costs of providing each service plus a reasonable profit margin.

In the financial asset model, the amount due from the grantor meets the definition of a receivable which is measured at fair value. It is subsequently measured at amortised cost. The amount initially recognised plus the cumulative interest on that amount is calculated using the effective interest method.

Any asset carried under concession arrangements is derecognised when the contractual rights to the financial asset expire.

#### 3.10 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances, deposits and other short-term highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include deposits pledged that form an integral part of the Group's cash management.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.11 Impairment of assets

##### (a) Impairment and uncollectibility of financial assets

At each reporting date, all financial assets (except for investment in subsidiaries, associates and joint ventures) are assessed 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 financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

##### Loans and receivables

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loan together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

##### Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.11 Impairment of assets (continued)

##### (a) Impairment and uncollectibility of financial assets (continued)

###### Available-for-sale financial assets (continued)

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

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

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.12 Share capital

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

#### 3.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

#### 3.14 Revenue and other income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

##### (a) Property development

Revenue from sale of properties is accounted for by the stage of completion method in respect of the property units sold. The stage of completion method is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Any expected loss on development project is recognised as an expense immediately, including costs to be incurred over the defects liability period.

##### (b) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method. The stage of completion method is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

##### (c) Maintenance income

Maintenance income is recognised as and when services are rendered.

##### (d) Sale of properties

Revenue from sale of properties is recognised upon signing of the sale and purchase agreement, and completion of the agreement.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.14 Revenue and other income (continued)

**(e) Interest income**

Interest income is recognised using the effective interest method. The notional interest income resulting from the accretion of discount on operating financial assets using the effective interest rate method is recognised in profit or loss.

**(f) Dividend income**

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

**(g) Management fee**

Management fee is recognised on an accrual basis.

**(h) Rental income**

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

#### 3.15 Borrowings costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

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

#### 3.16 Taxes

**(a) Income tax**

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

**(i) Current tax**

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.16 Taxes (continued)

##### (a) Income tax (continued)

##### (ii) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is 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 tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.16 Taxes (continued)

##### (b) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of GST included.

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

#### 3.17 Employee benefits

##### (a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group.

##### (b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employee Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in profit or loss in the period in which the employees render their services.

#### 3.18 Operating segments

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

#### 3.19 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.19 Fair value measurements (continued)

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

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

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

#### 3.20 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

- (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following.

#### (a) Classification between investment properties and property, plant and equipment

Certain property comprises a portion that is held to earn rental income or capital appreciation, or for both, whilst the remaining portion is held for use in the production or supply of goods and services or for administrative purposes. If the portion held for rental and/or capital appreciation could be sold separately (or leased out separately as a finance lease), the Group and the Company account for that portion as an investment property. If the portion held for rental and/or capital appreciation could not be sold or leased out separately, it is classified as an investment property only if an insignificant portion of the property is held for use in the production or supply of goods and services or for administrative purposes. Management uses judgement to determine whether any ancillary services are of such significance that a property does not qualify as an investment property.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

#### (b) Classification of operating financial assets

As discussed in Note 8, the Group entered into certain concession agreements with Universiti Teknologi Mara (“UiTM”) and the Government of Malaysia as represented by the Ministry of Higher Education Malaysia under a private finance initiative for the right and authority to undertake the planning, design, development, construction, landscaping, equipping, installations, completion, testing and commissioning of the facilities and infrastructure of UiTM campuses and to carry out the maintenance works in relation to the maintenance of the facilities and infrastructure.

Under these arrangements, UiTM will pay the Group throughout the concession period the availability charges for the availability of the facilities and infrastructure and maintenance charges for the provision of maintenance works in accordance with the provisions of the concession agreements. These amounts receivable are accounted for using the financial asset model.

#### (c) Depreciation and useful lives of plant and equipment

As disclosed in Note 3.4, the Group and the Company review the residual values, depreciation rates and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of the Group’s and the Company’s plant and equipment are disclosed in Note 5.

#### (d) Impairment of financial assets

The Group and the Company recognise impairment losses for loans and receivables using the incurred loss model. At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that loans and receivables is impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group’s and the Company’s past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the impairment made and this may affect the Group’s and the Company’s financial position and results.

For quoted available-for-sale equity investments, the Group recognises an impairment loss when there has been a significant or prolonged decline in the market price of a quoted equity investment. The Group uses its judgement to decide when an impairment loss shall be recognised using past experience of similar investments, historical volatility of the share prices and current market conditions. The actual eventual losses may be different from the impairment made and this may affect the Group’s financial position and results.

The carrying amounts of the Group and of the Company’s financial asset are disclosed in Note 29(a).

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

#### (e) Construction contracts

Significant judgement is used in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the works that are recoverable from the customers. In making judgements, the Group evaluates based on past experience and work of specialists.

#### (f) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be measured based on quoted prices in active markets, their fair value are measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The information on the fair value measurements of financial assets and liabilities are disclosed in Note 29(b).

#### (g) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances based on the projected future profits of the subsidiaries to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future performance of the subsidiaries.

#### (h) Revenue recognition in relation to Concession Agreement

Interest income resulting from the accretion of discount on operating financial assets using the effective interest rate method is described in Note 3.14.

Significant judgement is required in determining the profit margin used in estimating the relative fair values of various services provided in concession arrangements. In making the judgement, the Group evaluates by making reference to the current condition and operating environment of companies in the similar industry in Malaysia.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 5. PLANT AND EQUIPMENT

	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Site office and signboards RM'000	Renovation RM'000	Total RM'000
<b>Group 2017</b>						
<b>Cost</b>						
At 1 July 2016	1,482	978	2,540	326	198	5,524
Additions	–	–	26	–	–	26
At 30 June 2017	1,482	978	2,566	326	198	5,550
<b>Accumulated depreciation</b>						
At 1 July 2016	1,328	913	2,493	326	198	5,258
Charge for the financial year	45	38	14	–	–	97
At 30 June 2017	1,373	951	2,507	326	198	5,355
<b>Net carrying amount</b>						
At 30 June 2017	109	27	59	–	–	195
<b>Group 2016</b>						
<b>Cost</b>						
At 1 July 2015	1,825	978	2,534	326	198	5,861
Additions	–	–	6	–	–	6
Disposals	(343)	–	–	–	–	(343)
At 30 June 2016	1,482	978	2,540	326	198	5,524
<b>Accumulated depreciation</b>						
At 1 July 2015	1,624	874	2,479	326	198	5,501
Charge for the financial year	47	39	14	–	–	100
Disposals	(343)	–	–	–	–	(343)
At 30 June 2016	1,328	913	2,493	326	198	5,258
<b>Net carrying amount</b>						
At 30 June 2016	154	65	47	–	–	266

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 5. PLANT AND EQUIPMENT (continued)

	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Total RM'000
<b>Company</b>				
<b>2017</b>				
<b>Cost</b>				
At 1 July 2016	70	1,038	27	1,135
Additions	–	19	–	19
At 30 June 2017	70	1,057	27	1,154
<b>Accumulated depreciation</b>				
At 1 July 2016	70	1,033	27	1,130
Charge for the financial year	–	5	–	5
At 30 June 2017	70	1,038	27	1,135
<b>Net carrying amount</b>				
At 30 June 2017	–	19	–	19
<b>2016</b>				
<b>Cost</b>				
At 1 July 2015	70	1,038	27	1,135
Additions	–	#	–	#
At 30 June 2016	70	1,038	27	1,135
<b>Accumulated depreciation</b>				
At 1 July 2015	70	1,032	27	1,129
Charge for the financial year	–	1	–	1
At 30 June 2016	70	1,033	27	1,130
<b>Net carrying amount</b>				
At 30 June 2016	–	5	–	5

# This represents additions of furniture, fittings and equipment amounting to RM249 in the financial year ended 30 June 2016.

Net carrying amount of plant and equipment of the Group held under finance lease arrangement as at the end of the financial year is as follows:

	Group	
	2017 RM'000	2016 RM'000
Motor vehicles	–	20

Details of the terms and conditions of the finance lease arrangement are disclosed in Note 19(b).

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 6. INVESTMENT PROPERTIES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Freehold land, at cost</b>				
At beginning/end of the financial year	59,879	59,879	4,325	4,325
<b>Building, at cost</b>				
At beginning/end of the financial year	8,114	8,114	8,114	8,114
<b>Less: Accumulated depreciation and impairment loss</b>				
At beginning of the financial year	(23,548)	(23,385)	(1,704)	(1,541)
Depreciation charge for the financial year	(163)	(163)	(163)	(163)
At end of the financial year	(23,711)	(23,548)	(1,867)	(1,704)
<b>Development expenditure</b>				
At beginning/end of the financial year	5,842	5,842	–	–
	50,124	50,287	10,572	10,735

#### Fair value information

The fair value of investment properties of the Group and the Company are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Group</b>				
<b>2017</b>				
Freehold land	–	–	93,147	93,147
Buildings	–	–	8,898	8,898
	–	–	102,045	102,045
<b>2016</b>				
Freehold land	–	–	105,124	105,124
Buildings	–	–	8,513	8,513
	–	–	113,637	113,637
<b>Company</b>				
<b>2017</b>				
Freehold land	–	–	5,886	5,886
Buildings	–	–	8,898	8,898
	–	–	14,784	14,784
<b>2016</b>				
Freehold land	–	–	5,829	5,829
Buildings	–	–	8,513	8,513
	–	–	14,342	14,342

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 6. INVESTMENT PROPERTIES (continued)

#### Fair value information (continued)

There are no Level 1 investment properties or transfers between Level 1 and Level 2 during the financial years ended 30 June 2017 and 2016.

Investment properties of the Group and of the Company at Level 3 fair value are determined by directors' estimation based on the indicative market price of similar properties in the vicinity and replacement cost model respectively.

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Direct operating expenses:				
- non-income generating investment properties	949	1,235	20	33

### 7. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2017 RM'000	2016 RM'000
<b>Freehold land, at cost</b>		
At beginning/end of the financial year	80,574	80,574
<b>Less: Accumulated impairment losses</b>		
At beginning/end of the financial year	(13,629)	(13,629)
	66,945	66,945

### 8. OPERATING FINANCIAL ASSETS

	Group	
	2017 RM'000	2016 RM'000
Non-current	796,113	833,225
Current	104,272	91,140
	900,385	924,365

The Group entered into certain concession agreements with UiTM and the Government of Malaysia ("the Government") as represented by the Ministry of Higher Education Malaysia under a private finance initiative for the right and authority to undertake the planning, design, development, construction, landscaping, equipping, installations, completion, testing and commissioning of the facilities and infrastructure of UiTM campuses and to carry out the maintenance works in relation to the maintenance of the facilities and infrastructure.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 8. OPERATING FINANCIAL ASSETS (continued)

Each concession agreement is for a period of 23 years comprising 3 years of construction works and 20 years of maintenance works ("Maintenance Period"). The maintenance works will commence upon the issuance of Certificate of Acceptance by UiTM and expiring on the last date of the Maintenance Period. Upon expiry of the Maintenance Period, the Group is required to handover the facilities and infrastructure at no cost to UiTM in a well-maintained and operational condition.

UiTM will pay the Group throughout the Maintenance Period concession charges which comprise availability charges for the availability of the facilities and infrastructure and maintenance charges for the provision of maintenance works in accordance with the provisions of the concession agreements. The Group and UiTM may make request in writing for the review of the maintenance charges at the interval of every five years after the maintenance commencement date, subject to the Government's approval.

The amount, being the financial assets arising from the above concession agreements represents the fair value of the consideration receivable for the construction services delivered during the stage of construction. They carry interest at rates ranging from 3.91% to 4.37% (2016: 3.91% to 4.37%) per annum and repayable in the form of availability charges upon fulfilment of the terms and conditions in the concession agreements.

All rights, interest and title limited to the availability charges, any amount payable by the Government of Malaysia, and reimbursement of costs by UiTM are assigned to a financial institution to secure a term loan facility granted to the Group as disclosed in Note 19(a).

### 9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017	2016
	RM'000	RM'000
Unquoted shares, at cost		
At beginning of the financial year	332,034	332,034
Add: Additions during the financial year #	80,027	–
At end of the financial year	412,061	332,034
Less: Accumulated impairment losses		
At beginning of the financial year	(136,934)	(136,927)
Add: Impairment during the financial year	(37)	(7)
At end of the financial year	(136,971)	(136,934)
	275,090	195,100

# During the financial year, certain subsidiaries have issued share dividends to the Company. Upon declaration of the share dividends by the subsidiaries, the Company and the corporate shareholders of the subsidiaries had requested the share dividends to be converted into share capital on 21 April 2017 resulting in additions for investment in subsidiaries of RM80.027 million.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 9. INVESTMENTS IN SUBSIDIARIES (continued)

The details of the subsidiaries, all of which have principal place of business and are incorporated in Malaysia, are as follows:

Name of the Company	Effective interest in equity held by the Group		Principal activities
	2017 %	2016 %	
<b>Subsidiaries</b>			
Menang Development (M) Sdn. Bhd.	100.00	100.00	Property development
Menang Leasing and Credit (M) Sdn. Bhd.	100.00	100.00	Leasing and hire purchase
Menang Management Services (M) Sdn. Bhd.	100.00	100.00	Management services
Menang Properties (M) Sdn. Bhd.	100.00	100.00	Property investment
Menang Aquatics Sdn. Bhd.	100.00	100.00	Investment holding and undertaking of landscaping projects
Menang Construction (M) Sdn. Bhd.	100.00	100.00	Property construction
Equitiplus Sdn. Bhd.	100.00	100.00	Investment holding
Hitung Panjang Sdn. Bhd. *	100.00	100.00	Investment holding
Temeris Holdings Sdn. Bhd.	100.00	100.00	Investment holding
Menang Industries (M) Sdn. Bhd.	100.00	100.00	Investment holding
Menang Plantations (M) Sdn. Bhd.	100.00	100.00	Dormant
Seremban 3 Paradise Valley Golf Resort Sdn. Bhd. *	100.00	100.00	Dormant
<b>Subsidiary of Hitung Panjang Sdn. Bhd.</b>			
Maztri Padu Sdn. Bhd. *	100.00	100.00	Management services and property development
<b>Subsidiary of Menang Leasing and Credit (M) Sdn. Bhd.</b>			
Menang Finservices (M) Sdn. Bhd.	100.00	100.00	Licensed money-lender
<b>Subsidiary of Menang Land (M) Sdn. Bhd.</b>			
Menang Saujana Sdn. Bhd.	100.00	100.00	Property development

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 9. INVESTMENTS IN SUBSIDIARIES (continued)

The details of the subsidiaries, all of which have principal place of business and are incorporated in Malaysia, are as follows: (continued)

Name of the Company	Effective interest in equity held by the Group		Principal activities
	2017 %	2016 %	
<b>Subsidiary of Menang Aquatics Sdn. Bhd.</b>			
Menang Greens Sdn. Bhd.	100.00	100.00	Landscaping and turf farming
<b>Subsidiaries of Equitiplus Sdn. Bhd.</b>			
Harapan Akuarium (M) Sdn. Bhd.	100.00	100.00	Investment holding
Menang Equities (M) Sdn. Bhd.	100.00	100.00	Investment holding
<b>Subsidiary of Temeris Holdings Sdn. Bhd.</b>			
Temeris Resorts Development Sdn. Bhd.	100.00	100.00	Property development
<b>Subsidiaries of Menang Development (M) Sdn. Bhd.</b>			
Menang Land (M) Sdn. Bhd.	100.00	100.00	Investment holding
Twin Version Sdn. Bhd. *	100.00	100.00	Investment holding
Charisma Cheer Sdn. Bhd. *	100.00	100.00	Investment holding
Inovatif Mewah Sdn. Bhd.	71.00	71.00	Concession arrangements
Rumpun Positif Sdn. Bhd.	51.00	51.00	Concession arrangements
Protokol Elegan Sdn. Bhd.	51.00	51.00	Concession arrangements

\* Audited by auditors other than Baker Tilly Monteiro Heng.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 9. INVESTMENTS IN SUBSIDIARIES (continued)

(a) The subsidiaries of the Group that have non-controlling interests (“NCI”) are as follows:

	<b>Inovatif Mewah Sdn. Bhd. RM'000</b>	<b>Rumpun Positif Sdn. Bhd. RM'000</b>	<b>Protokol Elegan Sdn. Bhd. RM'000</b>	<b>Total RM'000</b>
<b>2017</b>				
NCI percentage of ownership interest and voting interest	29%	49%	49%	
Carrying amount of NCI	26,516	26,900	15,413	68,829
(Loss)/Profit allocated to NCI	(824)	(4,321)	1,337	(3,808)
<b>2016</b>				
NCI percentage of ownership interest and voting interest	29%	49%	49%	
Carrying amount of NCI	27,340	31,221	14,076	72,637
Profit/(Loss) allocated to NCI	3,351	(692)	3,426	6,085

(b) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

	<b>Inovatif Mewah Sdn. Bhd. RM'000</b>	<b>Rumpun Positif Sdn. Bhd. RM'000</b>	<b>Protokol Elegan Sdn. Bhd. RM'000</b>	<b>Total RM'000</b>
<b>2017</b>				
<b>Assets and liabilities</b>				
Non-current assets	345,279	328,746	122,088	796,113
Current assets	83,439	67,123	24,773	175,335
Non-current liabilities	(286,270)	(299,515)	(95,701)	(681,486)
Current liabilities	(51,015)	(46,660)	(24,921)	(122,596)
Net assets	91,433	49,694	26,239	167,366
<b>Results</b>				
Revenue	35,320	47,716	21,975	105,011
(Loss)/Profit for the financial year	(2,842)	(8,818)	2,727	(8,933)
Total comprehensive (loss)/profit	(2,842)	(8,818)	2,727	(8,933)



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 9. INVESTMENTS IN SUBSIDIARIES (continued)

- (b) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows: (continued)

	<b>Inovatif Mewah Sdn. Bhd. RM'000</b>	<b>Rumpun Positif Sdn. Bhd. RM'000</b>	<b>Protokol Elegan Sdn. Bhd. RM'000</b>	<b>Total RM'000</b>
<b>2017 (continued)</b>				
Net cash flows from/(used in) operating activities	23,692	19,781	(2,737)	40,736
Net cash flows from/(used in) investing activities	19,595	1,749	(133)	21,211
Net cash flows used in financing activities	(41,510)	(21,121)	(585)	(63,216)
	<b>1,777</b>	<b>409</b>	<b>(3,455)</b>	<b>(1,269)</b>
Share dividends paid to NCI	18,647	24,500	8,526	51,673
<b>2016</b>				
<b>Assets and liabilities</b>				
Non-current assets	369,210	329,679	134,336	833,225
Current assets	93,798	63,089	10,663	167,550
Non-current liabilities	(316,270)	(290,928)	(96,345)	(703,543)
Current liabilities	(52,464)	(43,329)	(25,142)	(120,935)
Net assets	<b>94,274</b>	<b>58,511</b>	<b>23,512</b>	<b>176,297</b>
<b>Results</b>				
Revenue	47,542	67,332	62,276	177,150
Profit/(Loss) for the financial year	11,555	(1,412)	6,992	17,135
Total comprehensive income/(loss)	11,555	(1,412)	6,992	17,135
Net cash flows from/(used in) operating activities	50,111	(30,267)	(35,723)	(15,879)
Net cash flows used in investing activities	(9,588)	(808)	(811)	(11,207)
Net cash flows (used in)/from financing activities	(41,507)	38,880	41,762	39,135
	<b>(984)</b>	<b>7,805</b>	<b>5,228</b>	<b>12,049</b>
Dividends paid to NCI	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 10. INVESTMENT IN AN ASSOCIATE

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares, at cost #	-	-
<b>Share of results of associates</b>		
At beginning of the financial year	176	178
Current year share of results	59	(2)
At end of the financial year	235	176
	235	176

# This represents investment in an associate with a carrying amount of RM30 (2016: RM30).

The details of the associate which is incorporated in Malaysia are as follows:

	<b>Ownership interest/voting interest</b>		
	<b>2017</b>	<b>2016</b>	
<b>Name of Associate</b>	<b>%</b>	<b>%</b>	<b>Nature of relationship</b>
Pacific Bright Sdn. Bhd.*	30	30	To act as manager for a consortium

\* Audited by auditors other than Baker Tilly Monteiro Heng.

(a) The summarised financial information of the associate, not adjusted for the proportion of the ownership interest held by the Group, is as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Assets and Liabilities</b>		
Current assets	6,492	5,802
Current liabilities	(5,709)	(5,216)
Net assets	783	586
<b>Results:</b>		
Revenue	-	-
Profit/(Loss) for the financial year	197	(6)
Total comprehensive profit/(loss)	197	(6)
Net cash flows (used in)/from operating activities/Net (decrease)/increase in cash and cash equivalents	(53)	15

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 11. OTHER INVESTMENTS

	Group	
	2017 RM'000	2016 RM'000
<b>Available-for-sale financial assets</b>		
<b>At fair value:</b>		
- Quoted shares in Malaysia	6	6
	<hr/>	<hr/>
<b>Market value</b>		
- Quoted shares	6	6
	<hr/>	<hr/>

Information on the fair value hierarchy of the investments is disclosed in Note 30(b).

### 12. INVENTORIES

	Group	
	2017 RM'000	2016 RM'000
<b>At cost</b>		
Land and completed properties	80,257	79,773
<b>At net realisable value</b>		
Land and completed properties	21,868	21,868
	<hr/>	<hr/>
	102,125	101,641
	<hr/>	<hr/>

In the previous financial year, inventories of the Group recognised as cost of sales amounted to RM543,000.

In the previous financial year, the Group wrote back RM2,982,000 in respect of inventories previously written down.

Included in land and completed properties is a freehold land in Seremban with carrying amount of RM2,813,000 (2016: RM2,813,000) held by a subsidiary whereby an agreement had been entered into with a third party developer to develop the land.

Included in inventories are lands with carrying amount of RM21,358,729 (2016: RM21,358,729) which the Group has entered into Consortium Agreement, Deed of Trusts, Shareholders Agreements and Memorandum of Re-iteration and Confirmation.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 13. TRADE AND OTHER RECEIVABLES

		Group	
	Note	2017 RM'000	2016 RM'000
<b>Trade receivables</b>			
Third parties	(a)	22,856	17,918
<b>Non-trade receivables</b>			
Amount owing by an associate	(b)	1,594	1,169
Amount owing by a joint operation project	(c)	516	–
Other receivables	(d)	20,585	20,498
GST refundable		2,098	3,804
Deposits		768	265
Prepayments		208	135
		25,769	25,871
<b>Less: Allowance for impairment losses</b>			
- trade receivable		(750)	(750)
- amount owing by an associate		(717)	(717)
- other receivable		(500)	(500)
		(1,967)	(1,967)
		46,658	41,822
<b>Company</b>			
	Note	2017 RM'000	2016 RM'000
<b>Non-trade receivables</b>			
Amounts owing by subsidiaries	(b)	84,570	83,345
GST refundable		459	2,058
Deposits		43	17
Prepayments		46	50
		85,118	85,470
<b>Less: Allowance for impairment losses</b>			
- amounts owing by subsidiaries		(60,001)	(59,989)
		25,117	25,481

- (a) The normal trade credit terms granted by the Group ranging from 30 to 60 (2016: 30 to 60) days from date of invoice.
- (b) The amounts owing by subsidiaries and an associate represent advances and payments made on behalf, which are unsecured, interest-free and repayable upon demand in cash.
- (c) Amount owing by a joint operation project represents the share of results for the joint operation project, which is unsecured, interest-free and repayable upon completion of the joint operation project.
- (d) Included in other receivables is an amount of RM19,976,712 (2016: RM19,976,712) retained by High Court arising from the compulsory acquisition by the Malaysian Government of the Klang Lands pending appeal against the quantum of compensation paid.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 13. TRADE AND OTHER RECEIVABLES (continued)

(e) Ageing analysis of trade receivables

The Group maintains an ageing analysis in respect of trade receivables only. The ageing analysis of the Group's trade receivables are as follows:

	Group	
	2017 RM'000	2016 RM'000
Neither past due nor impaired	14,128	7,172
1 to 30 days past due but not impaired	6	448
31 to 60 days past due but not impaired	6	1,649
61 to 90 days past due but not impaired	6,506	6,504
91 to 120 days past due but not impaired	21	6
More than 121 days past due but not impaired	1,439	1,389
	7,978	9,996
Impaired - individually	750	750
	22,856	17,918

Receivables that are impaired

The Group's and the Company's trade and other receivables that are impaired at the reporting date and the reconciliation of movement in the impairment loss is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 July 2016/2015	1,967	717	59,989	59,979
Charge for the financial year				
- Individually impaired	-	1,250	12	10
At 30 June	1,967	1,967	60,001	59,989

### 14. TAX ASSETS

This amount is in respect of tax paid in advance to the tax authorities.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 15. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances	24,545	47,449	538	949
Fixed deposits placed with licensed banks	6,870	17,047	–	–
	31,415	64,496	538	949

For the purpose of the statements of cash flows, cash and cash equivalents comprise of the following:

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash deposits placed with licensed bank	(a)	136	13,474	–	–
Fixed deposits with maturity more than 3 months	(b)	6,734	3,573	–	–
Less: Pledged deposits	(c)	(21)	(1,339)	–	–
		6,849	15,708	–	–
Cash and bank balances		24,545	47,449	538	949
Less: Fixed deposits with maturity more than 3 months		(6,734)	(3,573)	–	–
Cash and cash equivalents as reported in the statement of cash flows		24,660	59,584	538	949

- (a) Cash deposits placed with licensed banks are placement made for a period of three months or less, depending on the immediate cash requirements of the Group and bear interest at rates ranging from 2.95% to 3.15% (2016: 2.90% to 3.30%) per annum.
- (b) Fixed deposits with maturity more than 3 months are placement made for a period more than 3 months and bear interest at rates of 3.40% (2016: 3.60%) per annum and mature within one year.
- (c) Included in cash deposits with licensed banks is an amount of RM21,000 (2016: RM1,339,000) pledged to a licensed bank as a security favouring a third party for providing and installing all the necessary materials in the substation building leased by a subsidiary of the Company. This amount is not freely available for general use.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 16. SHARE CAPITAL

	Group/Company			
	Number of shares		Amount	
	2017 Unit'000	2016 Unit'000	2017 RM'000	2016 RM'000
<b>Issued and fully paid up:</b>				
At beginning/end of the financial year	267,107	267,107	133,553	133,553

Effective from 31 January 2017, the Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital. There is no impact on the numbers of ordinary shares in issue of the relative entitlement of any of the members as a result of this transition.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

### 17. RESERVES

	Note	Group	
		2017 RM'000	2016 RM'000
Retained earnings		86,603	75,284
Capital reduction reserve	(a)	84,044	84,044
Available-for-sale reserve	(b)	4	4
		84,048	84,048
		170,651	159,332
		Company	
		2017 RM'000	2016 RM'000
Retained earnings/(Accumulated losses)		77,035	(2,042)
Capital reduction reserve	(a)	84,044	84,044
		161,079	82,002

- (a) The capital reduction reserve arose from the capital reduction exercise done on 28 January 2011, pursuant to the requirements of Section 64 of the Companies Act 1965 in Malaysia.
- (b) The available-for-sale reserve represents fair value changes, net of tax arising from financial assets classified as available-for-sale.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 18. DEFERRED TAX LIABILITIES

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of the financial year	(57,121)	(47,064)
Recognised in profit or loss (Note 25)	(1,333)	(10,057)
At end of the financial year	(58,454)	(57,121)

(a) Presented after appropriate offsetting as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Deferred tax assets	27,548	18,249
Deferred tax liabilities	(86,002)	(75,370)
	(58,454)	(57,121)

(b) This is in respect of estimated deferred tax assets/(liabilities) arising from temporary differences as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Deferred tax assets</b>		
Unutilised tax losses	10,211	10,914
Unabsorbed industrial building allowances	17,337	7,155
Allowance for doubtful debts	-	180
	27,548	18,249
<b>Deferred tax liabilities</b>		
Operating financial assets	(85,835)	(75,203)
Inventories	(167)	(167)
	(86,002)	(75,370)



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 18. DEFERRED TAX LIABILITIES (continued)

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unutilised tax losses	53,366	73,316	19,715	21,934
Unabsorbed capital allowances	571	571	–	–
	<u>53,937</u>	<u>73,887</u>	<u>19,715</u>	<u>21,934</u>

The deductible temporary differences do not expire under the current tax legislation.

### 19. LOANS AND BORROWINGS

		Group	
		2017 RM'000	2016 RM'000
<b>Current - secured</b>			
Term loan I	(a)	24,159	21,802
Term loan II	(a)	12,986	22,021
Term loan III	(a)	11,379	2,563
Finance lease liability	(b)	4	16
		<u>48,528</u>	<u>46,402</u>
<b>Non-current - secured</b>			
Term loan I	(a)	256,109	284,279
Term loan II	(a)	278,055	271,541
Term loan III	(a)	89,036	90,769
Finance lease liability	(b)	–	4
		<u>623,200</u>	<u>646,593</u>
Total borrowings		<u>671,728</u>	<u>692,995</u>

#### (a) Terms loans

Term loans I, II and III are secured over the following:

- (i) all agreements in relation to the concession agreements (Note 8);
- (ii) debenture creating a first fixed and floating charge over all present and future assets of a subsidiary;
- (iii) assignment over designated accounts; and
- (iv) corporate guarantee from a subsidiary and corporate shareholders of subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 19. LOANS AND BORROWINGS (continued)

#### (a) Terms loans (continued)

Term loans I, II and III are repayable commencing on September 2014, December 2015 and January 2017 respectively.

The term loans bear interest at rates ranging from 5.75% to 8.15% (2016: 5.82% to 8.20%) per annum.

A significant covenant for the Term loan III is that the maximum Total Indebtedness to Equity ratio of 84.3:15.7 must not be exceeded at all times.

#### (b) Finance lease liability

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Future minimum lease payments	4	22
Less: Future finance charges	–	(2)
Total present value of minimum lease payments	4	20
<b>Payable within one year</b>		
Future minimum lease payments	4	18
Less: Future finance charges	–	(2)
Present value of minimum lease payments	4	16
<b>Payable more than 1 year but not more than 5 years</b>		
Future minimum lease payments	–	4
Less: Future finance charges	–	–
Present value of minimum lease payments	–	4
Total present value of minimum lease payments	4	20

The finance lease liability of the Group bears an interest rate of 2.55% (2016: 2.55%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 20. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Current</b>					
<b>Trade payables</b>					
Trade payables	(a)	8,137	24,443	–	–
Retention sums	(b)	20,720	32,246	–	–
		28,857	56,689	–	–
<b>Other payables and accruals</b>					
Amounts owing to subsidiaries	(c)	–	–	14,384	16,133
Amounts owing to directors	(c)	276	5,628	28	459
Amount owing to a joint operation project	(d)	–	3,969	–	–
Other payables	(e), (f), (g)	47,286	60,589	–	–
GST payables		2,084	3	2,084	3
Accruals	(h)	16,185	7,488	208	120
Deposits		17	17	–	–
		65,848	77,694	16,704	16,715
		94,705	134,383	16,704	16,715

(a) The normal trade credit terms granted to the Group ranging from 30 to 40 (2016: 30 to 40) days.

(b) This is in respect of retention sums payable to the contractors of the Group pursuant to the letter of award entered into with the contractors.

The retention sums repayable in 18 months from date of completion in relation to each concession agreement are measured at amortised cost at imputed interest rates ranging from 7.50% to 8.20% (2016: 7.50% to 8.20%) per annum.

(c) Amounts owing to subsidiaries and directors represent advances and payments made on behalf which are unsecured, interest-free and repayable upon demand in cash.

(d) Amount owing to a joint operation project represents the share of results for the joint operation project, which is unsecured, interest-free and repayable upon completion of the joint operation project.

(e) Included in other payables in the previous financial year was an amount owing to a third party arising from debt settlement for compensation of loss of profit amounting to RM1,861,000. During the financial year, the amount had been fully repaid.

(f) Included in other payables as at the end of the financial year is an amount of RM36,147,838 (2016: RM51,509,379) distributable to the other consortium parties arising from the compulsory acquisition by the Malaysian Government of the Klang Lands.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 20. TRADE AND OTHER PAYABLES (continued)

- (g) Included in other payables is the maintenance reserve fund amounting to RM9,320,000 (2016: RM6,622,000) relates to a sinking fund established for the purpose of carrying out capital replacements for the Facilities and Infrastructure of UiTM campus by a subsidiary of the Company.
- (h) Included in accruals are the following:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Conversion premium to convert Seremban 3 land from agriculture land to residential land and commercial land	5,527	5,527

The conversion premium will be payable when the vacant land is due for development.

### 21. REVENUE

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Sale of properties	–	1,679	–	–
Management fees	94	94	2,280	2,280
Construction revenue	10,970	86,135	–	–
Interest income on operating financial assets	39,037	65,526	–	–
Maintenance income	55,004	25,489	–	–
Dividend income	–	1	80,027	–
	105,105	178,924	82,307	2,280

### 22. COST OF SALES

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Properties sold	–	543
Construction contracts	19,771	73,913
Maintenance costs	21,383	14,520
	41,154	88,976

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 23. FINANCE COSTS

	Group	
	2017 RM'000	2016 RM'000
Interest expense on:		
- term loans	47,532	45,612
- finance lease payable	2	2
- unwinding of discounts on retention sum	1,549	2,683
- others	155	469
	49,238	48,766

### 24. PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit before tax:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Auditors' remuneration:				
- auditors of the Company				
- statutory audit	160	136	41	30
- under provision in prior financial year	16	-	8	-
- other services	12	9	12	9
- component auditors of the Group				
- statutory audit	11	10	-	-
Bad debts recovered	-	(18)	-	-
Depreciation of investment properties	163	163	163	163
Depreciation of plant and equipment	97	100	5	1
Employee benefits expense [Note (a)]	4,282	3,315	1,471	1,052
Dividend received	-	-	(80,027)	-
Gain on disposal of plant and equipment	-	(33)	-	-
Gain on retention sum measured at amortised cost	(5)	(723)	-	-
Gain from the compulsory acquisition by the Malaysian Government of the Klang Lands	-	(22,530)	-	-
Inventories written back	-	(2,982)	-	-
Impairment loss on:				
- amount owing by subsidiaries	-	-	12	10
- investments in subsidiaries	-	-	37	7
- trade receivables	-	750	-	-
- other receivables	-	500	-	-
Interest expense on:				
- term loans	47,532	45,612	-	-
- finance lease liability	2	2	-	-
- unwinding of discounts on retention sum	1,549	2,683	-	-
- others	155	469	-	-

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 24. PROFIT BEFORE TAX (continued)

Profit before tax is arrived at after charging/(crediting): (continued)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest income from:				
- deposits	(359)	(235)	-	-
- others	(5)	(2)	-	-
Management fees	-	-	(2,280)	(2,280)
Rental of premises	415	383	-	-
Rental income on premises	-	(6)	-	-
Waiver of interest on late payment	(576)	-	-	-

#### (a) Employee Benefits Expense

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Wages and salaries	3,213	2,971	976	941
Defined contribution plan	231	221	63	69
Social security contribution	30	19	10	4
Other employee benefits	808	104	422	38
	4,282	3,315	1,471	1,052

Included in employee benefits expenses are:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Directors of the Company				
Executive:				
Fees	15	11	15	11
Salaries and emoluments	934	744	175	26
	949	755	190	37
Non-executive:				
Fees	20	21	20	21
Emoluments	367	432	287	264
	387	453	307	285

The estimated monetary value of benefit-in-kind received by the executive directors otherwise than in cash from the Group amounted to RM276,000 (2016: RM100,000).

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 25. INCOME TAX EXPENSE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Current income tax</b>				
Based on profit for the financial year	224	49	–	–
Under/(Over) provision in prior financial years	6	(2)	–	–
Under provision of real property gain tax in prior year	–	43	–	–
	230	90	–	–
<b>Deferred tax (Note 18)</b>				
Origination of temporary differences (Over)/Under provision in prior financial year	1,983	9,187	–	–
	(650)	870	–	–
	1,333	10,057	–	–
Income tax expense recognised in profit or loss	1,563	10,147	–	–

The numerical reconciliations from the tax amount at statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit before tax	9,074	49,056	79,077	439
Tax at Malaysian statutory income tax rate of 24% (2016: 24%)	2,178	11,773	18,978	105
Tax effect on non-deductible expenses	4,817	3,039	762	94
Tax effect on non-taxable income	–	(113)	(19,207)	–
Utilisation of deferred tax assets previously not recognised	(4,788)	(5,463)	(533)	(199)
Under/(Over) provision in prior financial years				
- current tax	6	(2)	–	–
- deferred tax	(650)	870	–	–
- real property gain tax	–	43	–	–
Income tax expense	1,563	10,147	–	–

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2016: 24%) of the estimated assessable profit for the financial year.

The Group has an estimated unutilised tax losses, unabsorbed capital allowances and unabsorbed industrial building allowances of RM102,216,000 (2016: RM118,791,000), RM571,000 (2016: RM571,000) and RM72,238,000 (2016: RM29,813,000) respectively, available for set off against future profits.

The Company has an estimated unutilised tax losses of RM19,715,000 (2016: RM21,934,000) available for set off against future profits.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 26. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit for the financial year attributable to the owners of the Company (RM'000)	11,319	32,824
Weighted average number of ordinary shares in issue during the financial year ('000)	267,107	267,107
Basic earnings per ordinary share (sen)	4.24	12.29

(b) Diluted

The diluted earnings per ordinary share of the Group for the financial years ended 30 June 2016 and 2017 are same as the basic earnings per ordinary share of the Group as the Company has no dilutive potential ordinary shares.

### 27. OPERATING SEGMENTS

The Group is principally engaged in property development, concession arrangements, project management and investment holding.

The Group has arrived at four reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which require different business and marketing strategies. The reportable segments are summarised as follows:

Property development	:	Development of residential and commercial properties.
Project management and investment holding	:	Investment holding, letting out of properties and provision of management services.
Concession arrangements	:	Construction and maintenance of facilities and infrastructure.
Others	:	Landscaping, turf farming and licensed money lending.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax but not including non-recurring losses.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets are measured based on all assets of the segment, excluding deferred tax assets and tax assets.

Segment liabilities are measured based on all liabilities of the segment, excluding deferred tax liabilities and tax liabilities.

The Group operates predominantly in Malaysia and hence, no geographical segment is presented.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 27. OPERATING SEGMENTS (continued)

	Project management and investment holding RM'000	Property development RM'000	Concession arrangements RM'000	Others RM'000	Eliminations RM'000	Consolidation RM'000
<b>2017</b>						
<b>Business segments</b>						
Revenue from external customer	94	-	105,011	-	-	105,105
Inter-segment revenue	95,167	-	-	1,002	(96,169)	-
<b>Total revenue</b>	<b>95,261</b>	<b>-</b>	<b>105,011</b>	<b>1,002</b>	<b>(96,169)</b>	<b>105,105</b>
Segment results	(3,099)	(2,949)	63,653	(27)	-	57,578
Interest income	4	246	114	-	-	364
Interest expense	-	(141)	(49,097)	-	-	(49,238)
Depreciation of plant and equipment and investment properties	(168)	(85)	-	(7)	-	(260)
Gain on retention sum measured at amortised cost	-	-	(5)	-	-	(5)
Waiver of interest on late payment	-	-	576	-	-	576
Share of results of an associate, net of tax	-	59	-	-	-	59
<b>Profit before tax</b>	<b>(3,263)</b>	<b>(2,870)</b>	<b>15,241</b>	<b>(34)</b>	<b>-</b>	<b>9,074</b>
Tax expense	(1)	(64)	(1,498)	-	-	(1,563)
<b>Profit for the financial year</b>	<b>(3,264)</b>	<b>(2,934)</b>	<b>13,743</b>	<b>(34)</b>	<b>-</b>	<b>7,511</b>
<b>Assets:</b>						
Investment in associates	-	235	-	-	-	235
Additions to non-current assets	19	7	-	-	-	26
<b>Segment assets</b>	<b>16,775</b>	<b>227,547</b>	<b>953,628</b>	<b>138</b>	<b>-</b>	<b>1,198,088</b>
<b>Liabilities:</b>						
Segment liabilities	2,627	45,631	718,166	9	-	766,433

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 27. OPERATING SEGMENTS (continued)

	Project management and investment holding RM'000	Property development RM'000	Concession arrangements RM'000	Others RM'000	Eliminations RM'000	Consolidation RM'000
<b>2016</b>						
<b>Business segments</b>						
Revenue from external customer	95	1,679	177,150	-	-	178,924
Inter-segment revenue	2,280	-	-	-	(2,280)	-
<b>Total revenue</b>	<b>2,375</b>	<b>1,679</b>	<b>177,150</b>	<b>-</b>	<b>(2,280)</b>	<b>178,924</b>
Segment results	(1,712)	(2,664)	80,487	20	-	76,131
Interest income	2	33	202	-	-	237
Interest expense	-	(471)	(48,295)	-	-	(48,766)
Inventories written back	-	1,162	-	-	-	1,162
Depreciation of plant and equipment and investment properties	(166)	(84)	-	(13)	-	(263)
Gain from the compulsory acquisition by the Malaysian Government of the Klang Lands	-	22,530	-	-	-	22,530
Gain on retention sum measured at amortised cost	-	-	(723)	-	-	(723)
Impairment loss of trade and other receivables	-	(500)	(750)	-	-	(1,250)
Share of results of an associate, net of tax	-	(2)	-	-	-	(2)
<b>Profit before tax</b>	<b>(1,876)</b>	<b>20,004</b>	<b>30,921</b>	<b>7</b>	<b>-</b>	<b>49,056</b>
Tax expense	-	(41)	(10,106)	-	-	(10,147)
<b>Profit for the financial year</b>	<b>(1,876)</b>	<b>19,963</b>	<b>20,815</b>	<b>7</b>	<b>-</b>	<b>38,909</b>
<b>Assets:</b>						
Investment in associates	-	176	-	-	-	176
Additions to non-current assets	-	6	-	-	-	6
<b>Segment assets</b>	<b>18,842</b>	<b>256,218</b>	<b>974,802</b>	<b>142</b>	<b>-</b>	<b>1,250,004</b>
<b>Liabilities:</b>						
Segment liabilities	880	69,244	757,245	9	-	827,378

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 27. OPERATING SEGMENTS (continued)

- (a) Reconciliation of reportable segment assets and liabilities to the Group's corresponding amounts are as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>		
Segment assets	1,198,088	1,250,004
Tax assets	2	43
	<hr/>	<hr/>
Total assets	1,198,090	1,250,047
	<hr/>	<hr/>
<b>Liabilities</b>		
Segment liabilities	766,433	827,378
Deferred tax liabilities	58,454	57,121
Tax liabilities	170	26
	<hr/>	<hr/>
Total liabilities	825,057	884,525
	<hr/>	<hr/>

- (b) Information about major customers

Revenue from transactions with a major customer who individually accounted for 10% or more of the Group's revenue is as follows:

	<b>2017</b>	<b>2016</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>Segment</b>
Customer A	105,011	177,150	Concession arrangements
	<hr/>	<hr/>	

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 28. RELATED PARTY DISCLOSURES

#### (a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Subsidiaries;
- (ii) Associate;
- (iii) Joint venture;
- (iv) Entities in which directors have substantial financial interests; and
- (v) Key management personnel of the Group's and the Company's holding company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

#### (b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	<b>Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Subsidiaries</b>		
Management fees received and receivable from:		
- Menang Development (M) Sdn. Bhd.	480	480
- Inovatif Mewah Sdn. Bhd.	1,800	1,800
Dividend income received and receivable from:		
- Menang Development (M) Sdn. Bhd.	67,167	-
- Menang Industries Sdn. Bhd.	12,860	-
	<b>80,807</b>	<b>1,800</b>

#### (c) Compensation of key management personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, including any directors of the Group and of the Company.

The remuneration of the key management personnel is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Executive directors' remuneration:				
- fees	15	11	15	11
- emoluments other than fees	934	744	175	26
	<b>949</b>	<b>755</b>	<b>190</b>	<b>37</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 29. FINANCIAL INSTRUMENTS

#### (a) Categories of financial instruments

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

- (i) Loans and receivables
- (ii) Available-for-sale financial assets
- (iii) Other financial liabilities

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Financial assets</b>				
<b>Loans and receivables</b>				
Operating financial assets	900,385	924,365	-	-
Trade and other receivables, excluding prepayments and GST refundable	44,352	37,883	24,612	23,373
Deposits, cash and bank balances	31,415	64,496	538	949
<b>Available-for-sale</b>				
Other investments	6	6	-	-
	976,158	1,026,750	25,150	24,322
<b>Other financial liabilities</b>				
Loans and borrowings	671,728	692,995	-	-
Trade and other payables, excluding GST payables	92,621	134,380	14,620	16,712
	764,349	827,375	14,620	16,712

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 29. FINANCIAL INSTRUMENTS (continued)

#### (b) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables, payables and loans and borrowings reasonably approximate to their fair value due to relatively short-term nature of these financial instruments.

There have been no transfers between the levels during the current and previous financial years.

The following table provides the fair value measurement hierarchy of the Group's financial instruments:

	Carrying amount RM'000	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value			
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2017</b>									
<b>Group</b>									
<b>Financial assets</b>									
Loan and receivables									
- Operating financial assets	900,385	-	-	-	-	-	900,385	-	900,385
Available-for-sale financial assets									
- Quoted shares in Malaysia	6	6	-	-	6	-	-	-	-
	900,391	6	-	-	6	-	900,385	-	900,385
<b>Financial liabilities</b>									
Loans and borrowings	671,724	671,724	-	-	671,724	-	-	-	-
Finance lease liability	4	-	-	-	-	-	4	-	4
	671,728	671,724	-	-	671,724	-	4	-	4
<b>2016</b>									
<b>Group</b>									
<b>Financial assets</b>									
Loan and receivables									
- Operating financial assets	924,365	-	-	-	-	-	924,365	-	924,365
Available-for-sale financial assets									
- Quoted shares in Malaysia	6	6	-	-	6	-	-	-	-
	924,371	6	-	-	6	-	924,365	-	924,365
<b>Financial liabilities</b>									
Loans and borrowings	692,975	692,975	-	-	692,975	-	-	-	-
Finance lease liability	20	-	-	-	-	-	20	-	20
	692,995	692,975	-	-	692,975	-	20	-	20

#### Level 2 fair value

##### Fair value of financial instruments not carried at fair value

The fair value of payables, loans and borrowings and finance lease liability are determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rate as at the end of the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include liquidity risk, credit risk, interest rate risk and market price risk. The Group's and the Company's overall financial risk management objective is to ensure that the Group creates value for its shareholders while minimising potential adverse effects on the performance of the Group. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies.

#### (a) Liquidity risk

The Group and the Company actively managing their operating cash flow to suit the debt maturity profile so as to ensure that all commitments and funding needs are met. As part of the overall liquidity management, it is the Group's and the Company's policy to ensure continuity in servicing their cash obligations in the future by way of measuring and forecasting their cash commitments and to maintain sufficient levels of cash or cash equivalents to meet their working capital requirements. In addition, the Group and the Company maintain sufficient credit facilities to meet their operational needs and to enable the Group and the Company to continue as going concerns.

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the end of the financial year based on contractual undiscounted repayment obligations.

	<-----Contractual cash flows----->				Total RM'000
	Carrying amount RM'000	On demand or within 1 year RM'000	Between 1 and 5 years RM'000	More than 5 years RM'000	
<b>2017</b>					
<b>Group</b>					
<b>Financial liabilities:</b>					
Loans and borrowings	671,728	94,038	398,430	465,382	957,850
Trade and other payables	92,621	106,329	-	-	106,329
	764,349	200,367	398,430	465,382	1,064,179
<b>Company</b>					
<b>Financial liabilities:</b>					
Trade and other payables	14,620	14,620	-	-	14,620
<b>2016</b>					
<b>Group</b>					
<b>Financial liabilities:</b>					
Loans and borrowings	692,995	80,596	357,756	525,899	964,251
Trade and other payables	134,380	156,167	9,700	-	165,867
	827,375	236,763	367,456	525,899	1,130,118
<b>Company</b>					
<b>Financial liabilities:</b>					
Trade and other payables	16,712	16,712	-	-	16,712

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### (b) Credit risk

Cash deposits and trade and other receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

Credit risk refers to the risk that counterparty will default on their contractual obligations resulting in financial loss to the Group. The Group seeks to invest cash assets safely and profitably. The Group considers the risk of material loss arising in the event of non-performance by a financial counterparty to be unlikely, except when management deems recoverability of specific debtors as doubtful.

The Group's primary exposure to credit risk arises through its trade receivables. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

In respect of cash and bank balances placed with major financial institutions in Malaysia, the directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

The Company is also exposed to credit risk arising from financial guarantees provided in respect of banking facilities granted to a subsidiary.

At the end of financial year, the maximum exposure to credit risk for the Group and for the Company are represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

#### Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

#### Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to subsidiaries.

The Company monitors on an ongoing basis the repayments made by the subsidiary and its financial performance.

The maximum exposure to credit risk amounted to RM671,724,000 (2016: RM692,975,000) representing the outstanding credit facilities of subsidiaries guaranteed by the Company the reporting date. At the reporting date, there was no indication that the subsidiary would default on its repayments.

The financial guarantee has not been recognised as the fair value on initial recognition was immaterial since the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiary's borrowings in view of the security pledged by the subsidiary and it is unlikely that the subsidiary will default within the guarantee provided.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### (b) Credit risk (continued)

##### Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the segments profits of its trade receivables on an ongoing basis.

As at 30 June 2017, the Group and the Company have no significant concentration of credit risk except for the following:

- (a) an amount owing from a single customer in respect of its concession arrangement activities constituting 93.60% (2016: 96.59%) of total trade and other receivables of the Group; and
- (b) the amounts owing from subsidiaries of the Company constituting 98.05% (2016: 91.66%) of total trade and other receivables of the Company.

#### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group has interest bearing financial assets, comprising the deposits that are short term in nature and are not held for speculative purposes but to earn a better yield than cash at banks.

The Group and the Company have interest bearing financial liabilities, comprising secured term loans, finance lease liability and amount owing to a third party as disclosed in Notes 19 and 20.

Interest rates on amount owing to a third party and finance lease liability are fixed. Interest rates for other term loans and deposits vary with reference to the base lending rates of the financial institutions.

##### Sensitivity analysis for interest rate risk

As at the end of the financial year, if the interest rates had been 50 basis points higher or lower and all other variables held constant, the Group's profit net of tax would decrease or increase by approximately RM2,553,000 (2016: RM2,633,000), arising mainly as a result of exposure to floating rate loans and borrowings.

#### (d) Market price risk

Market price risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from quoted investments held by the Group. Quoted equity instruments in Malaysia are listed on the Bursa Securities. These instruments are classified as available-for-sale financial assets.

There has been no change to the Group's exposure to market price risk or the manner in which this risk is managed and measured.

##### Sensitivity analysis for market price risk

The Group has considered the sensitivity of the financial instruments to market price risk and is of the view that its impact is insignificant.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 31. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management are to ensure that they would be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged since financial year ended 30 June 2016.

The Group and the Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To remain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2017 and 30 June 2016.

The Group and the Company are not subject to any externally imposed capital requirements except as disclosed in Note 19.

The Group monitors capital using a gearing ratio which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, payables, less cash and bank balances. Capital represents equity attributable to the owners of the Company.

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Loans and borrowings	671,728	692,995	–	–
Trade and other payables	94,705	134,383	16,704	16,715
	766,433	827,378	16,704	16,715
Less: Cash and bank balances	(31,415)	(64,496)	(538)	(949)
Net debts	735,018	762,882	16,166	15,766
Total capital	304,204	292,885	294,632	215,555
Net debts	735,018	762,882	16,166	15,766
Total capital plus net debts	1,039,222	1,055,767	310,798	231,321
Gearing ratio	71%	72%	5%	7%

Included in the borrowings of the Group is an amount of RM671,724,000 (2016: RM692,975,000) relates to the project for concession agreements, UiTM throughout the Maintenance Period will pay the Group concession charges which comprise availability charges for the availability of the facilities and infrastructure and maintenance charges for the provision of maintenance works in accordance with the provisions of the concession agreements, as disclosed in Note 8 to the financial statements.

### 32. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 13 September 2017, Bursa Malaysia Securities Berhad ("Bursa Securities") had vide its letter approved the listing and quotation for the following:

- (i) bonus issue of 320,528,400 new ordinary shares in Menang Corporation (M) Berhad ("Bonus Shares") on the basis of four (4) bonus shares for every five (5) existing ordinary shares;
- (ii) 106,842,440 additional warrants 2014/2019 of Menang Corporation (M) Berhad ("Additional Warrants B") pursuant to the adjustments to the number of outstanding warrants as a result of the bonus issue; and
- (iii) new Menang Corporation (M) Berhad shares of 106,842,440 to be issued arising from the full exercise of the Additional Warrants B.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised retained profits or losses of the Group and of the Company as at 30 June 2017 and 30 June 2016 is presented in accordance with the directive issued by Bursa Securities dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Total retained profits (accumulated losses) of the Company and its subsidiaries:				
- Realised	247,967	79,423	187,660	109,580
- Unrealised	(58,287)	(56,949)	(110,625)	(111,622)
	189,680	22,474	77,035	(2,042)
Total share of retained earnings from associate:				
- Realised	235	176	-	-
Less: Consolidation adjustments	(103,312)	52,634	-	-
Total Group's/Company's retained earnings/(accumulated losses) as per financial statements	86,603	75,284	77,035	(2,042)

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not applied for any other purpose.

# STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, **TOO KOK LENG** and **Y.A.M. RAJA SHAHRUDDIN RASHID**, being two of the directors of Menang Corporation (M) Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 29 to 97 are drawn up in accordance with the Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 98 has been prepared in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

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

**TOO KOK LENG**  
Director

**Y.A.M. RAJA SHAHRUDDIN RASHID**  
Director

Kuala Lumpur

Date: 19 October 2017

# STATUTORY DECLARATION

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

I, **TAN FOOK WENG**, being the officer primarily responsible for the financial management of Menang Corporation (M) Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements as set out on pages 29 to 97 and the supplementary information set out on page 98 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

**TAN FOOK WENG**

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 19 October 2017.

Before me,

TAN KIM CHOOI (NO. W 661)  
PERSURUHANJAYA SUMPAN MALAYSIA  
16th floor, Wisma Sime Darby  
Jalan Raja Laut  
50350 Kuala Lumpur

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF MENANG CORPORATION (M) BERHAD

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Menang Corporation (M) Berhad, which comprise the statements of financial position as at 30 June 2017 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 29 to 97.

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 June 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional 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.

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#### Revenue and expenses recognition for concession arrangement (Notes 21 and 22)

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The amount of revenue and corresponding expenses recognised in a financial year is affected by a variety of uncertainties that depends on the outcome of future events.

We focused on this area as the amounts of revenue and corresponding expenses recognised in relation to the concession arrangements requires the Group to apply significant judgement.

#### Our audit response:

Our audit procedures included, among others:

- reviewing the amortisation schedule for the reasonableness of the interest income on operating financial assets;
- reviewing and assessing the management's judgement for the determination of gross profit margin used in estimating the fair values of services provided in concession arrangement;
- assessing the appropriateness of the recognition of maintenance income and charges against invoice and agreement; and
- testing the mathematical computation of the recognised revenue and corresponding expenses during the financial year.

## **INDEPENDENT AUDITORS' REPORT (continued)**

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

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

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

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

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

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

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

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

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

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## **INDEPENDENT AUDITORS' REPORT (continued)**

### **Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### **Other Reporting Responsibilities**

The supplementary information set out on page 98 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

### **Other Matters**

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

Baker Tilly Monteiro Heng  
No. AF 0117  
Chartered Accountants

Kenny Yeoh Khi Khen  
No. 03229/09/2018 J  
Chartered Accountant

Kuala Lumpur

Date: 19 October 2017

# LIST OF PROPERTIES HELD

AS AT 30 JUNE 2017

Location	Note	Tenue	Area (Approximately)	Existing Usage/ Description	Age of Buildings	Net Book Value RM'000	Year of Acquisition / Revaluation
Geran No. 27917 Lot No. 48 Mukim of Bukit Raja Daerah Klang Selangor Darul Ehsan	1	Freehold Land	59.32 acres	Vacant Industrial Land for Future Development	N/A	14,497	1998
HSD 97332 PT 25008 Mukim of Klang Daerah Klang Selangor Darul Ehsan	1	Leasehold 99 Years Expiry date - 2103	39.70 acres	Vacant Industrial Land for Future Development	N/A	4,040	1998
HSD 97333 PT 50718 Mukim of Klang Daerah Klang Selangor Darul Ehsan	1	Leasehold 99 Years Expiry date - 2103	27.72 acres	Vacant Industrial Land for Future Development	N/A	2,821	1998
Geran No. 21944 Lot No. 20 Mukim of Ulu Bernam Daerah Ulu Selangor Selangor Darul Ehsan		Freehold Land	46.50 acres	Vacant Industrial Land for Future Development	N/A	4,858	1998
Lot No. 663, GM 3689 Mukim of Ulu Bernam Daerah Ulu Selangor Selangor Darul Ehsan		Freehold Land	10.37 acres	Vacant Industrial Land for Future Development	N/A	1,084	1998
Lot No. 889, GM 3690 Mukim of Ulu Bernam Daerah Ulu Selangor Selangor Darul Ehsan		Freehold Land	10.12 acres	Vacant Industrial Land for Future Development	N/A	1,058	1998
Lot 237, GM 583 Mukim of Si Rusa Daerah Port Dickson Negeri Sembilan Darul Khusus		Freehold Land	4.20 acres	Vacant Service Apartments Land for Future Development	N/A	5,000	1998
Lot 1279, CT 6441 Mukim of Si Rusa Daerah Port Dickson Negeri Sembilan Darul Khusus		Freehold Land	3.93 acres	Vacant Hotel Resort Land for Future Development	N/A	4,673	1998
Rasah Jaya Various subdivided lots Mukim of Rasah, Seremban Negeri Sembilan Darul Khusus		Freehold Land	3.52 acres	On Going Mixed Development Land	N/A	2,440	1998



## LIST OF PROPERTIES HELD (continued)

Location	Note	Tenue	Area (Approximately)	Existing Usage/ Description	Age of Buildings	Net Book Value RM'000	Year of Acquisition / Revaluation
Seremban 3 Various subdivided lots Mukim of Rasah, Seremban Negeri Sembilan Darul Khusus		Freehold Land	441.47 acres	On Going Mixed Development Land	N/A	167,432	2001
Lot 1570, Geran 3890 Mukim of Rantau, Seremban Negeri Sembilan Darul Khusus		Freehold Land	64.84 acres	Agricultural Land	N/A	5,102	2004
Lot 661, Geran No 587 Mukim of Si Rusa Daerah Port Dickson Negeri Sembilan Darul Khusus		Freehold Land	1.01 acres	Agricultural Land	N/A	1,129	2004
Lot 996, Geran No 591 Mukim of Si Rusa Daerah Port Dickson Negeri Sembilan Darul Khusus		Freehold Land	2.00 acres	Agricultural Land	N/A	2,230	2004

### Note:

- The lands are as announced in the announcements dated 22 June 2017, 25 July 2017, 16 August 2017, 27 September 2017 and 13 October 2017.

# ANALYSIS OF SHAREHOLDINGS

AS AT 29 SEPTEMBER 2017

## ORDINARY SHARES

Total Number of Issued Shares : 267,107,450  
 Class of Shares : Ordinary Shares  
 Voting Rights : One vote per share

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Less than 100	197	1.73	2,462	0.00
100 to 1,000	6,672	58.59	3,278,371	1.23
1,001 to 10,000	3,557	31.23	12,599,787	4.72
10,001 to 100,000	789	6.93	26,760,500	10.02
100,001 to 13,355,371 (*)	169	1.48	107,463,900	40.23
13,355,372 and above (**)	4	0.04	117,002,430	43.80
<b>TOTAL</b>	<b>11,388</b>	<b>100.00</b>	<b>267,107,450</b>	<b>100.00</b>

Remarks: \* - Less than 5% of issued shares  
 \*\* - 5% and above of issued shares

## SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Dato' Abdul Mokhtar Ahmad	33,600	0.01	30,145,130 <sup>(1)</sup>	11.29
Dato' Shun Leong Kwong	9,400	0.00	30,145,130 <sup>(1)</sup>	11.29
Datin Mariam Eusoff	26,730,000	10.01	30,145,130 <sup>(1)</sup>	11.29
Dr Christopher Shun Kong Leng, CFP®, RFP™	26,740,000	10.01	–	–
Maymerge (M) Sdn Bhd	1,200	0.00	30,143,930 <sup>(2)</sup>	11.29
Titian Hartanah (M) Sdn Bhd	30,143,930	11.29	–	–
Mr Toh May Fook	33,388,500	12.50	–	–

Notes:-

- Deemed interest through Maymerge (M) Sdn Bhd and Titian Hartanah (M) Sdn Bhd by virtue of Section 8 of the Companies Act 2016 ("the Act").
- Deemed interest through Titian Hartanah (M) Sdn Bhd by virtue of Section 8 of the Act.

## ANALYSIS OF SHAREHOLDINGS (continued)

### DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Mr Too Kok Leng	13,190,800	4.94	–	–
Y.A.M. Raja Shahrudin Rashid	–	–	–	–
Ms Marianna Binti Aly Shun	–	–	–	–
Dr Christopher Shun Kong Leng, CFP®, RFP™	26,740,000	10.01	–	–
Mr Chiam Tau Meng	–	–	–	–
Mr Leou Thiam Lai	–	–	–	–

### LIST OF TOP 30 SHAREHOLDERS AS AT 29 SEPTEMBER 2017

Name of Shareholders	Holdings	
	No. of Shares	% of Issued Capital
1. Toh May Fook	33,388,500	12.50
2. RHB Nominees (Tempatan) Sdn Bhd (OSK Capital Sdn Bhd for Titian Hartanah (M) Sdn Bhd)	30,143,930	11.29
3. Christopher Shun Kong Leng	26,740,000	10.01
4. RHB Nominees (Tempatan) Sdn Bhd (OSK Capital Sdn Bhd for Mariam Binti Mohamed Eusoff)	26,730,000	10.01
5. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Too Kok Leng	12,190,800	4.56
6. Tan Yok Chu	9,261,800	3.47
7. Lee Chin Hwa	7,383,900	2.76
8. Soong Ik Lin	5,400,400	2.02
9. Dato' Dr. Khor Ah Eng	4,191,900	1.57
10. CIMSEC Nominees (Tempatan) Sdn Bhd (CIMB Bank for Tay Hock Soon)	3,769,300	1.41
11. Yong Kok Thye	3,159,200	1.18
12. Fong Lai Wah	2,649,000	0.99
13. Lai Ming Chun @ Lai Poh Lin	2,000,000	0.75
14. Lai Yet Chung	2,000,000	0.75
15. Tee Chee Chong	1,600,000	0.60

## ANALYSIS OF SHAREHOLDINGS (continued)

### LIST OF TOP 30 SHAREHOLDERS AS AT 29 SEPTEMBER 2017 (Continued)

Name of Shareholders	Holdings	
	No. of Shares	% of Issued Capital
16. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Beh Kim Ling	1,500,000	0.56
17. Khoo Chiow Ling	1,490,400	0.56
18. CIMSEC Nominees (Tempatan) Sdn Bhd (CIMB Bank for Lim Bee Kua)	1,400,000	0.52
19. CIMSEC Nominees (Asing) Sdn Bhd (Exempt AN for CIMB Securities (Singapore) Pte Ltd)	1,354,200	0.51
20. CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Chin Hwa	1,338,400	0.50
21. Lam Sau Choo	1,256,000	0.47
22. CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Toh Gian Ming	1,180,900	0.44
23. Tan Shoo Li	1,170,700	0.44
24. CIMSEC Nominees (Tempatan) Sdn Bhd (Exempt AN for CIMB Securities (Singapore) Pte Ltd)	1,019,500	0.38
25. Woo Yew Kheong	1,004,000	0.38
26. CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Bon Ke @ Tee Boo Ke)	965,700	0.36
27. UOB Kay Hian Nominees (Asing) Sdn Bhd (Exempt AN for UOB Kay Hian Pte Ltd)	953,300	0.36
28. Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mary Tan @ Tan Hui Ngoh)	883,600	0.33
29. Chong Yoke Ting	864,000	0.32
30. CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Soon Poh	855,100	0.32
<b>TOTAL</b>	<b>187,844,530</b>	<b>70.32</b>

# ANALYSIS OF WARRANT HOLDINGS

AS AT 29 SEPTEMBER 2017

## WARRANTS

No. of Warrants Issued	:	133,553,050
Exercise Rights	:	Each Warrant entitles the holder to subscribe for one (1) new ordinary share in the Company
Exercise Price of Warrants	:	RM1.00 per Warrant
Expiry Date of Warrants	:	9 July 2019
Exercise of Warrants	:	Nil
Voting Rights	:	Nil

## DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Holders	% of Holders	Number of Warrants held	% of Warrant Holdings
Less than 100	332	2.95	7,684	0.01
100 to 1,000	8,387	74.64	2,815,733	2.11
1,001 to 10,000	1,741	15.49	5,801,433	4.34
10,001 to 100,000	601	5.35	24,217,700	18.13
100,001 to 6,677,651(*)	174	1.55	75,828,400	56.78
6,677,652 and above(**)	2	0.02	24,882,100	18.63
<b>TOTAL</b>	<b>11,237</b>	<b>100.00</b>	<b>133,553,050</b>	<b>100.00</b>

Remarks: \* - Less than 5% of issued warrants  
\*\* - 5% and above of issued warrants

## DIRECTORS' WARRANT HOLDINGS

Name	Direct Interest		Indirect Interest	
	No. of Warrants Held	%	No. of Warrants Held	%
Mr Too Kok Leng	-	-	-	-
Y.A.M. Raja Shahrudin Rashid	-	-	-	-
Ms Marianna Binti Aly Shun	-	-	-	-
Dr Christopher Shun Kong Leng, CFP®, RFP™	13,380,000	10.02	-	-
Mr Chiam Tau Meng	-	-	-	-
Mr Leou Thiam Lai	-	-	-	-

## ANALYSIS OF WARRANT HOLDINGS (continued)

### LIST OF TOP 30 WARRANTS HOLDERS AS AT 29 SEPTEMBER 2017

	Name of Warrants holders	Holdings	
		No. of Warrants	% of Issued Warrants
1.	Christopher Shun Kong Leng	13,380,000	10.02
2.	Mariam Binti Mohamed Eusoff	11,502,100	8.61
3.	Soong Ik Lin	4,567,600	3.42
4.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeoh Kok Keat	3,414,200	2.56
5.	Lee Teik Aun	3,000,000	2.25
6.	Dato' Dr. Khor Ah Eng	2,724,600	2.04
7.	Fong Lai Wah	2,500,000	1.87
8.	CIMSEC Nominees (Tempatan) Sdn Bhd (CIMB Bank for Tay Hock Soon)	2,159,300	1.62
9.	Teh Soon Seng	1,820,000	1.36
10.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Teik Aun	1,700,000	1.27
11.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tiong Ling Ling	1,680,400	1.26
12.	Chin Chin Seong	1,500,000	1.12
13.	Yap Ah Teck	1,285,200	0.96
14.	Robyn Lim Kit Yoong	1,180,000	0.88
15.	Liew Sook Pin	1,167,000	0.87
16.	Lee Pheng Hooi	1,140,600	0.85
17.	Lee Eng Hock	1,090,800	0.82
18.	CIMSEC Nominees (Tempatan) Sdn Bhd (CIMB Bank for Toh May Fook)	1,000,000	0.75
19.	Ho Mei Ling	991,500	0.74
20.	Khoo Chiow Ling	947,200	0.71
21.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chua Sew Phen	945,000	0.71
22.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Gary Lee Seaton	911,900	0.68
23.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hiew Chee Lip	877,800	0.66
24.	Tay Hock Soon	833,400	0.62
25.	Datin Leung Kit Man	800,000	0.60
26.	Lian Wah Seng	800,000	0.60
27.	Lim Ching Neoh	775,400	0.58
28.	Tan Chin Hwee	750,000	0.56
29.	CIMSEC Nominees (Tempatan) Sdn Bhd (CIMB Bank for Teh Swee Heng)	700,000	0.52
30.	Lau Hui Ee	654,100	0.49
	<b>TOTAL</b>	<b>66,798,100</b>	<b>50.00</b>

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Fifty-Third Annual General Meeting of MENANG CORPORATION (M) BERHAD (“Menang” or “the Company”) will be held at the Cornerstone, Level 2, North Block, Wisma Selangor Dredging, 142D Jalan Ampang, 50450 Kuala Lumpur, Malaysia on Wednesday, 29 November 2017 at 10.00 a.m. for the following purposes:-

## AGENDA

### As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2017 together with the Reports of the Directors and Auditors thereon. *(Note 9)*
2. To approve the payment of Directors’ Fees of RM35,000/- for the financial year ended 30 June 2017 and benefits payable of RM117,000/- to the Directors for the period from 1 February 2017 to 30 June 2017. *Ordinary Resolution 1*
3. To approve the Directors’ Fees and benefits payable of up to RM500,000/- to the Directors of the Company for the financial year ending 30 June 2018 and up to the date of the next Annual General Meeting, to be paid monthly in arrears. *Ordinary Resolution 2*
4. To re-elect Mr Too Kok Leng who is retiring pursuant to the Constitution of the Company. *Ordinary Resolution 3*
5. To re-elect Mr Chiam Tau Meng who is retiring pursuant to the Constitution of the Company. *Ordinary Resolution 4*
6. To re-elect Ms Marianna Binti Aly Shun who is retiring pursuant to the Constitution of the Company. *Ordinary Resolution 5*
7. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration. *Ordinary Resolution 6*

### As Special Business

To consider and if thought fit, to pass the following Resolutions:-

8. **Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares**  
  
“THAT pursuant to Section 76 of the Companies Act 2016, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all the relevant regulatory bodies being obtained for such allotment and issuance.” *Ordinary Resolution 7*
9. **Retention of Independent Director**  
  
“THAT, contingent upon the passing of Ordinary Resolution 4, Mr Chiam Tau Meng be and is hereby retained as Independent Non-Executive Director of the Company, in accordance with the Malaysian Code on Corporate Governance until the conclusion of the next Annual General Meeting. *Ordinary Resolution 8*

## NOTICE OF ANNUAL GENERAL MEETING (continued)

### 10. Proposed Adoption of New Constitution of the Company

“THAT the adoption of a new Constitution of the Company, details as set out in Appendix “A” accompanying the Annual Report of the Company for the financial year ended 30 June 2017, be and is hereby approved.”

**Special Resolution**

### BY ORDER OF THE BOARD

**TAI YIT CHAN (MAICSA 7009143)**

*Company Secretary*

Selangor Darul Ehsan

Date: 31 October 2017

#### Notes:-

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint any person as proxy to attend and vote in his stead at the same meeting. A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar.
2. Where a member of the Company appoints two (2) proxies, the member shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointments shall be invalid.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.  
  
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.
4. If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy shall be signed by the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or notarially certified copy of that power of attorney or authority, shall be deposited at the Company’s Share Registrar’s Office at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof. Any termination of a person’s authority to act as a proxy shall be notified in writing and received by the Company at the Registered Office before the commencement of this meeting.
7. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice of meeting will be put to vote by way of poll.



## NOTICE OF ANNUAL GENERAL MEETING (continued)

8. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available a Record of Depositors as at 21 November 2017 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.
9. The Audited Financial Statements in Agenda 1 is meant for discussion only as approval from shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act 2016. Hence, this Agenda is not put forward for voting by shareholders of the Company.

### EXPLANATORY NOTES ON SPECIAL BUSINESS

10. **Ordinary Resolution 7**  
**Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares**

The Company had obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965 at the Fifty-Second Annual General Meeting held on 29 November 2016. The Company did not issue any shares pursuant to this mandate obtained.

The Ordinary Resolution is a renewal of the general mandate for the issuance of shares by the Company pursuant to Section 76 of the Companies Act 2016. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for purpose of funding future investments or working capital of the Group on a timely basis. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect thereof.

11. **Ordinary Resolution 8**  
**Retention of Independent Director**

Mr Chiam Tau Meng ("Mr Chiam") was appointed an Independent Non-Executive Director on 21 October 2005 and subsequently has been identified as the Senior Independent Non-Executive Director. Mr Chiam has served the Company as an Independent Non-Executive Director for more than nine (9) years as at the date of the notice of the Fifty-Third Annual General Meeting. The Nomination Committee has assessed the independence of Mr Chiam and noted that Mr Chiam meets the independence guidelines as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and demonstrates complete independence in character and judgement. The Board, therefore, considers Mr Chiam to be independent and recommends Mr Chiam to remain as an Independent Non-Executive Director.

12. **Special Resolution**  
**Proposed Adoption of New Constitution of the Company**

The proposed Special Resolution, if passed, will align the Constitution 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 laws, guidelines or requirements of the relevant authorities, to enhance administrative efficiency and provide greater clarity.

THE COMPANIES ACT 2016  
MALAYSIA  
A PUBLIC COMPANY LIMITED BY SHARES  
CONSTITUTION  
OF  
**MENANG CORPORATION (M) BERHAD**

1. The name of the Company is "MENANG CORPORATION (M) BERHAD".
2. The registered office of the Company will be situated in Malaysia.
3. The objects for which the Company is established are:-
  - (i) To carry on the business of an investment company, and to invest the moneys of the Company in or otherwise to acquire shares, stocks, debenture stocks, loan, bonds, obligations, notes, securities and investments issued or guaranteed by any company, corporation, association, body or trust constituted or carrying on business in any part of the world, and in the funds or loans or other securities.
  - (ii) To hold shares and invest in and to acquire, lease, promote or sell any business, company, corporation, firm enterprise, undertaking or venture of any nature whatsoever, and generally to act as and undertake the business and management and otherwise howsoever direct the operations of any company, firm or other enterprise.
  - (iii) To develop, purchase, hold, manage and operate for investment lands, buildings, houses, offices, retail malls, plantations and immovable properties of any tenure or any interests therein, and to create or sell, generally to acquire, deal in, by way of sale, lease, exchange or otherwise property of every description, whether immovable or movable, real or personal and whether for valuable consideration or not.
  - (iv) To establish agencies or branches for the purchase and sale of goods of all descriptions in Malaysia and elsewhere and to undertake the management of any company or companies having objects altogether or in part similar to those of the Company.
  - (v) To purchase, import or otherwise deal with any raw materials and machinery, from any market in Malaysia or any part of the world.
  - (vi) To carry on the business of carriers by land or by water.
  - (vii) To carry on any other business which may seem to the Company capable of being conveniently carried on in connection with the above or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights.

- (viii) To purchase or otherwise acquire and undertake all or any part of the business, property, liabilities and assets of any person or company engaged in any business which this Company is authorised to carry on or possessed of property suitable for the purpose of the Company.
- (ix) To procure the Company to be registered or recognised in any foreign country or place and to take all steps which may be necessary or expedient to enable it to carry on business there.
- (x) To lend money to such persons, firms, associations or companies and on such terms as may seem expedient and in particular to customers and others having dealings with the Company and to guarantee the performance of contract by any such persons, firms, associations or companies.
- (xi) To apply for, purchase or otherwise acquire any patents, brevets d'inventions, licences, concessions and the like conferring any exclusive or non-exclusive or limited rights to use, any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company or the acquisition of which may seem calculated directly or indirectly to benefit the Company and to use, exercise, develop or grant licences in respect of or otherwise turn to account the property, rights or information so acquired.
- (xii) To improve, manage, develop, sell, exchange, lease, mortgage, dispose of, turn to account or otherwise deal with all or any part of the property and rights of the Company.
- (xiii) To take part in the management, supervision or control of the business or operations of any Company or undertaking and to act as Directors, Managers or Secretaries thereof and for that purpose to appoint and remunerate directors, accountants or other experts or agents and also to appoint Managing Agents, Managers or Secretaries to conduct the business of the Company.
- (xiv) To enter into any arrangement with any Government or authorities supreme local, municipal or otherwise public or quasi-public bodies that may seem conducive to the objects of the Company or any of them and to obtain from any such Government or authority any rights, privileges, and concessions which the Company may think desirable to obtain and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions.
- (xv) To borrow or raise or secure the payment of money in such manner as the Company shall determine from time to time and in particular by the issue of debentures, debenture bonds or stock (perpetual or otherwise) mortgage or any other security charged upon the undertaking of the Company or any part of its property (both present and future) including the uncalled capital and the rights of the Company or without any such security and upon such terms as to priority or otherwise, and generally to borrow money in such manner as may be agreed upon between lender and the Company and to apply the same for all or any purpose of the Company.

- (xvi) To draw, make, accept, discount, execute and issue of bills of exchange, promissory notes, Bankers' drafts, bills of lading, warrants, debentures and other negotiable or transferable instruments or securities.
- (xvii) To promote any other company for carrying into effect any of the objects of the Company or for the purpose of acquiring all or any of the business property rights and liabilities of the Company or for any other purpose which may directly or indirectly be calculated to benefit the Company.
- (xviii) To hold or otherwise acquire shares in any other company having objects altogether or in part similar to those of the Company or carrying on any business capable of being conducted so as directly or indirectly to benefit the Company.
- (xix) To sell or dispose of the undertaking of the Company or any part thereof for such consideration as the Company may think fit and in particular for shares (fully paid up or not) debentures, or securities of any other company having objects altogether or in part similar to those of the Company.
- (xx) To pay out of the funds of the Company all expenses which the Company may lawfully pay with respect to the formation and registration of the Company or the issue of its capital, including brokerage and commissions for obtaining applications for or taking, placing or underwriting or procuring the underwriting of shares, debentures or other securities of the Company.
- (xxi) To pay for any rights or property acquired by the Company, and to remunerate any persons or company whether by cash payment or by the allotment of shares, debentures or other securities of the Company credited as paid up in full or in part or otherwise.
- (xxii) To dispose of and deal with any shares and securities of other companies which may be acquired by the Company in such manner as may be from time to time determined.
- (xxiii) To establish at any place such branch, agency and local board for managing any of the affairs of the Company as may be settled by the Directors.
- (xxiv) To establish run and support research, institutions, laboratories, technical training centres and school grant stipends, scholarships for training aboard and to do all such other things which may be calculated to benefit the Company in particular and the jute industry in general.
- (xxv) To establish and support or aid in the establishment and running of associations, institutions, funds, trusts and conveniences calculated to benefit employees or ex-employees or the Company or its predecessor in business or the dependents or connections of such persons and to grant pensions and allowances and to pay towards insurance and to subscribe or contribute money to employees provident fund or for charitable or benevolent objects or otherwise, and to open schools, hospitals, clubs, cooperatives shops, make gardens and provide suitable living quarters.

- (xxvi) To apply for, promote and obtain any Act of Parliament, charter, privilege, concession, licence or authorisation of any government state or municipality, provisional order or licence of the Board of Trade or other authority for enabling the Company to carry any of its objects into effect or for extending any of the powers of the Company or for effecting any modifications of the constitution of the Company, or for any other purpose which may seem expedient, and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the interests of the Company.
- (xxvii) To ensure maximum participation of nationals of Malaysia in the administrative and technical services of the Company and to carry out as the minimum target the Industrial Policy of the Government of Malaysia as may be laid down from time to time.
- (xxviii) To do all or any of the above things as principals, agents, contractors, trustees or otherwise and by or through trustees, agents or otherwise and either alone or in conjunction with others.
- (xxix) To do all such other things as are incidental or conducive to the attainment of the above objects or any of them.
- (xxx) To purchase the shares or any other securities of the Company which are then in issue and to utilise any of the funds, undertakings or assets of the Company for such purpose.

And it is hereby declared that the word "Company" in this clause except where used in reference to this Company, shall be deemed to include any partnership or other body of person, whether incorporated or unincorporated, and whether domiciled in Malaysia or elsewhere, and further that the objects specified in each paragraph of this clause shall be regarded as independent objects and accordingly shall, except where otherwise expressed in any paragraph, be in no way limited or restricted by reference to, or inference from the terms of any other paragraph or the name of the Company but may be carried out in as full and ample a manner and construed just as wide a sense as if the said paragraph defined the objects of a separate distinct and independent company.

- 4. The Company shall have full capacity and powers to achieve such objects as mentioned above.
- 5. The liability of the members is limited.
- 6. The Third Schedule of the Companies Act 2016 shall not apply to the Company, except so far as the same are repeated or contained in this Constitution.

#### **INTERPRETATION**

- 7. In this Constitution, if not inconsistent with the subject or context, the words standing in the first column of the table next hereinafter contained shall bear the meanings set opposite to them respectively in the second column thereof:-

<b>WORDS</b>	<b>MEANINGS</b>
Act	The Companies Act 2016 and any statutory modification, amendment or re-enactment thereof for the time being in force.
Authorised Nominee	A person who is authorised to act as nominee as specified under the Rules of the Depository.
beneficial owner	The ultimate owner of the shares and does not include a nominee of any description.
Board	The board of directors for the time being of the Company.
Books Closing Date	The specified time and date set by the Company for the purpose of determining persons entitled to dividends, interest, or new securities, or rights to a priority of application for issues of securities.
Bursa Depository	Bursa Malaysia Depository Sdn. Bhd. (Company No. 165570-W) including any further change of name.
Central Depositories Act	Securities Industry (Central Depositories) Act 1991, and any statutory modification, amendment or re-enactment thereof for the time being in force.
Clause	Clauses of this Constitution as originally framed or altered from time to time by Special Resolution.
CMSA	Capital Markets and Services Act 2007, and any statutory modification, amendment or re-enactment thereof for the time being in force.
Constitution	This Constitution as originally framed or as altered from time to time by Special Resolution and this "Constitution" means any one of them.
Company	Menang Corporation (M) Berhad (Company No. 5383-K).
Deposited Security	A security in the Company standing to the credit of a Securities Account of a Depositor and includes securities in the Securities Account that is in suspense subject to the provisions of the Central Depositories Act and the Rules.
Depositor	A holder of a Securities Account as defined in Section 2 of the Central Depositories Act.
Directors	The directors for the time being of the Company as defined in Section 2(1) of the CMSA.
electronic address	Any address or number used for the purpose of sending or receiving documents or information by electronic means.

electronic communication	A document or information is sent or supplied by electronic communication if it is sent initially, and received at its destination by means of electronic equipment for the processing (which expression includes digital compression) or storage of data, and entirely transmitted, conveyed and received by wire, by radio, by optical means or by other electromagnetic means.
electronic form	Document or information sent or supplied in electronic form are those sent by “electronic communication” or by any other means while in an electronic form whereby a recipient of such document or information would be able to retain a copy.
Exchange	Bursa Malaysia Securities Berhad (Company No. 635998-W) and / or any other Exchange on which the Company is listed.
Exempt Authorised Nominee	An authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.
Listing Requirements	Bursa Malaysia Securities Berhad Main Market Listing Requirements including any amendments thereto that may be made from time to time.
Market Day	A day on which the stock market of the Exchange is open for trading in securities.
member	Unless otherwise expressed to the contrary, any person(s) for the time being holding one or more shares in the Company and whose name(s) appears in the Register of Members and includes a Depositor who shall be treated as if he were a member pursuant to Section 35 of the Central Depositories Act but excludes the Bursa Depository in its capacity as a bare trustee member.
Office	The registered office for the time being of the Company.
Record of Depositors	A record provided by the Bursa Depository to the Company or its registrar(s) under Chapter 24.0 of the Rules.
Register	The register of members to be kept pursuant to the Act, and unless otherwise expressed to the contrary, includes the Record of Depositors.
Registrar	Such person, firm or company which for the time being maintains in Malaysia, the register of securities holders.
Rules	The Rules of the Bursa Depository and any appendices thereto, as amended, modified and supplemented from time to time.
Rules of the Depository	The rules as defined in Section 2 of the Central Depositories Act.

Seal	The Common Seal of the Company or in appropriate case the official seal.
Secretary	Any person or persons appointed to perform the duties of the Secretary of the Company and shall include any person(s) who is a member of a professional body, or any other body, which has for the time being been prescribed by the Minister by notification published in the <i>Gazette</i> .
securities	As defined in Section 2(1) of the CMSA.
Securities Account	An account established by the Bursa Depository for a Depositor for the recording of deposit or withdrawal of Securities and for dealing in such Securities by the Depositor as permitted under the Central Depositories Act and / or the Rules.
share	Issued share capital of a corporation and includes stock except where a distinction between stock and shares is expressed or implied.

Writing shall include printing and lithography and any other mode or modes of representing or reproducing words, symbols or other information which may be displayed in a visible form, whether in a physical document or in an electronic communication or form or otherwise howsoever.

Words importing the singular number only shall include the plural number and vice versa and the masculine shall include the feminine and neuter genders and vice versa.

Words importing persons shall include corporations and companies.

Subject as aforesaid, words or expressions contained in these Clauses shall be interpreted in accordance with the provisions of the Interpretation Acts, 1948 and 1967 of Malaysia, as amended from time to time and any re-enactment thereof.

## **BUSINESS**

8. Any branch or kind of business which the Company is either expressly or by implication authorised to undertake may be undertaken by the Directors at such time or times as they shall think fit, and further may be suffered by them to be in abeyance whether such branch or kind of business may have been actually commenced or not so long as the Directors may deem it expedient not to commence or proceed with such branch or kind of business.

## **EFFECT OF THE LISTING REQUIREMENTS**

9. (a) Notwithstanding anything contained in this Constitution, if the Listing Requirements prohibit an act being done, the act shall not be done.
- (b) Nothing contained in this Constitution prevents an act being done that the Listing Requirements require to be done.



- (c) If the Listing Requirements require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be).
- (d) If the Listing Requirements require this Constitution to contain a provision and it does not contain such a provision, this Constitution is deemed to contain that provision.
- (e) If the Listing Requirements require this Constitution not to contain a provision and it contains such a provision, this Constitution is deemed not to contain that provision.
- (f) If any provision of this Constitution is or becomes inconsistent with the Listing Requirements, this Constitution is deemed not to contain that provision to the extent of the inconsistency.
- (g) Notwithstanding anything contained in this Constitution, nothing herein contained shall prevent the Directors from applying to the Exchange for a waiver from compliance or observance of any of the Listing Requirements. In the event the compliance or observance of such Listing Requirements are waived by the Exchange, the Company shall not be required to comply with any of the Clauses relating to those Listing Requirements in respect of which compliance or observance has been waived by the Exchange.
- (h) The provisions of this Clause 9 shall only apply so long as any of the securities of the Company are listed on the Exchange.

#### **SHARE CAPITAL AND VARIATION OF RIGHTS**

- 10. Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the Company may be issued with such preferred, deferred or other special rights or such restrictions whether in regard to dividend voting, return of capital or otherwise as the Company may from time to time by Ordinary Resolution determine.
- 11. Subject to the provisions of this Constitution, the Act and the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:-
  - (a) in the case of shares of a class, other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution and in the resolution creating the same;
  - (b) every issue of shares or options to employees shall be approved by members in general meeting and such approval shall specifically detail the amount of shares or options to be issued to such employees;

- (c) except in the case of an issue of securities on a pro rata basis to shareholders or pursuant to a back-to-back placement undertaken in compliance with the Listing Requirements, a Director of the Company shall not participate, directly or indirectly, in an issue of ordinary shares or other securities with rights of conversion to ordinary shares or in a share issuance scheme unless the shareholders of the Company in general meeting have approved the specific allotment to be made to the Director and the Director has abstained from voting on the relevant resolution;
  - (d) without limiting the generality of Section 76 of the Act, the Company must not issue any ordinary shares or other securities with rights of conversion to ordinary shares if those shares or securities, when aggregated with any such shares or securities which the Company has issued during the preceding twelve (12) months, exceeds ten per centum (10%) of the issued and paid-up capital (excluding treasury shares, if any) of the Company, except where the shares or securities are issued with the prior shareholders' approval in a general meeting of the precise terms and conditions of the issue; and;
  - (e) in working out the number of shares or securities that may be issued by the Company, if the security is a convertible security, each such security is counted as the maximum number of shares into which it can be converted or exercised.
12. Subject to the Act, any preference shares may with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed on such terms and in such manner as the Company before the issue of the shares may by Special Resolution determine.
13. Whenever the share capital of the Company is divided into different classes of shares the members of each class shall have an equal right to receive notices, reports and audited financial statements; to attend general meetings of the Company; to vote at any meeting convened for the purpose of reducing the capital, or winding up, or sanctioning a sale of the undertaking; or to vote at any meeting where it is proposed to submit a proposition which will directly affect their rights and privileges. In cases where one (1) class of shares carries a right to a fixed or preferential dividend and that dividend is more than six (6) months in arrears, the members of that class shall have the same voting rights as ordinary shareholders.
14. The holder of a preference share shall be entitled to a right to vote in each of the following circumstances:-
- (a) when the dividend or part of the dividend on the share is in arrears for more than six (6) months;
  - (b) on a proposal to reduce the Company's share capital;
  - (c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
  - (d) on a proposal that affects rights attached to the share;
  - (e) on a proposal to wind up the Company; and

(f) during the winding-up of the Company.

The holder of a preference share shall be entitled to the same rights as a holder of an ordinary share in relation to receiving notices, reports and audited financial statements and attending meetings.

15. Notwithstanding the provision contained in the Constitution, the repayment of preference share capital other than redeemable preference capital or any other alteration of preference shareholder's rights, may only be made pursuant to a special resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing, if obtained from not less than 75% of the total voting rights of the preference shareholders within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.
16. Subject to the provisions of Sections 71 and 91 of the Act, if at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the sanction of a special resolution passed at a separate meeting of the shareholders of that class. Where necessary majority of such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of not less than 75% of the total voting rights of the shareholders of that class within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting. To every such separate general meeting, the provisions of this Constitution relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two (2) persons who are shareholders present in person or represented by proxy holding at least one-third (1/3) of the number of issued shares of the class, excluding any shares of that class held as treasury shares and that any holder of shares of the class present in person or by proxy may demand a poll. For adjourned meeting, quorum is one person present holding shares of such class. To every such special resolution, the provisions of Section 292 of the Act shall with such adaptations as are necessary, apply.
17. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed not to be varied by the creation or issue of further shares ranking pari passu therewith. The rights attached to shares of a class other than ordinary shares shall be expressed.
18. The Company may pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the Company PROVIDED THAT (i) the rate in percentage or the amount of the commission paid or agreed to be paid shall not exceed the rate of ten per centum (10%) of the price at which such shares are issued, or an amount equivalent to such percentage of that price, whichever is the lesser; and (ii) the requirements of Section 80 of the Act shall be observed. Subject to the provisions of Section 78 of the Act, such commission may be satisfied by the payment of cash or allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

19. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings, or the provision of any plant which cannot be made profitable for a long period, the Company may pay interest on so much of such share capital as is for the time being paid up for the period and subject to the conditions and restrictions mentioned in Section 130 of the Act, and may charge the same to capital as part of the cost of the construction of any works or buildings or the provision of any plant.
20. The Company shall not issue shares to transfer a controlling interest in the Company without the prior approval of the members duly signified at a general meeting called for that purpose.
21. Except as required by this Constitution or by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognise (even with notice thereof) any equitable, contingent, future or partial interest in any share or any unit of share or any other right in respect of any shares, except an absolute right to the entirety thereof in the registered holder.

#### **ISSUE OF SECURITIES**

22. The Company must not cause or authorise its Registrar to cause the Securities Accounts of the allottees to be credited with the additional securities until after the Company has filed with the Exchange an application for listing of such additional securities and has been notified by the Exchange that they have been authorised for listing.
23. The Company must ensure that all new issues of securities for which listing is sought are made by way of crediting the Securities Accounts of the allottees with such Securities save and except where they are specifically exempted from compliance with Section 38 of the Central Depositories Act, in which event they shall so similarly be exempted from compliance with Listing Requirements. For this purpose, the Company must notify the Bursa Depository of the names of the allottees and all such particulars required by the Bursa Depository, to enable the Bursa Depository to make the appropriate entries in the Securities Accounts of such allottees.
24. Subject to the provisions of the Act, the Listing Requirements, the Central Depositories Act, and the Rules, the Company must allot securities and despatch notices of allotment to the allottees within the stipulated time frame as prescribed under the Listing Requirements or such other period as may be prescribed by the Exchange.
25. Every certificate shall be under the seal and shall be signed by one (1) Director and countersigned by the Secretary or some other person nominated by the Directors for the purpose. All such signatures shall be autographic unless the Directors shall by a resolution otherwise determine.

#### **LIEN**

26. Where a call remains unchanged, the Company shall have a first and paramount lien on every share, not fully paid, registered in the name of a member for all

moneys, (whether presently payable or not) due by him or his estate, to the Company in respect of the unpaid calls and instalments, and for such amounts as the Company may be called upon by law to pay and has paid in respect of the shares of the member or deceased member. The Directors may at any time declare any share to be wholly or in part exempt from the provision of this Constitution. The Company's lien, if any, on a share shall extend to all dividends payable thereon.

27. The Directors may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sales shall be made unless a sum in respect as which the lien exists is presently payable, nor until the expiration of fourteen (14) days after notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled thereto by reason of his death or bankruptcy.
28. To give effect to any such sale the Directors may authorise some person to transfer the shares sold to the purchaser and may enter the purchaser's name in the register as holder of the shares, and the purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity in invalidity in the proceedings in reference to the sale.
29. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale or his executors, administrators or assignees or as he directs.

#### **CALL ON SHARES**

30. The Directors may, subject to the Act and the provisions of the Listing Requirements, from time to time make calls upon the members in respect of any money unpaid on their shares and not by the conditions of allotment thereof made payable at fixed times, provided that no calls shall exceed one-fourth of the issued price of the share or be payable at less than thirty days from the date fixed for the payment of the last preceding call, and each member shall (subject to receiving at least fourteen (14) days' notice specifying the date, time or times and place of payment) pay to the Company at the time or times and place so specified, the amount called on his shares. A call may be revoked or postponed as the Directors may determine.
31. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be required to be paid by instalments.
32. If a sum called in respect of shares is not paid before or on the day appointed for payment thereof, the person from whom the sum is due, shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate not exceeding eight per centum (8%) per annum or such other rate as the Directors may determine, but the Directors shall be at liberty to waive payment of the interest, wholly or in part.

33. Any sum which by the terms of issue of a share is payable on allotment or at any fixed date, shall, for the purposes of this Constitution be deemed to have been duly called for and shall be payable on the date on which by the terms of issue such sum becomes payable, and in case of non-payment, all the relevant provisions of this Constitution in respect of payment of interest and expenses, forfeiture or otherwise, shall apply as if the sum had become payable by virtue of a call duly made and notified.
34. The Directors may, on the issue of shares, differentiate between the holders as to the amount of a call to be paid and the times of payment.
35. The Directors may, if they think fit, receive from any member willing to advance all or any part of the money uncalled and unpaid upon any shares held by him, and upon all or any part of the money so advanced may (until the same would, but for the advance, become payable) pay interest at such rate not exceeding (unless the Company in general meeting shall otherwise direct) eight per centum (8%) per annum as may be agreed upon between the Directors and the member paying the sum in advance. No such sum paid in advance of calls shall entitle the member paying such sum to any portion of a dividend declared in respect of any period prior to the date upon which sum would, but for such payment, become presently payable, nor confer a right to participate in profits.
36. No member shall be entitled to receive any dividend or to be present or to vote on any question, either personally or by proxy, at any general meeting, or upon a poll, or to be reckoned in a quorum whilst any call or other sum shall be due and payable to the Company in respect of any of the shares held by him.
37. On the trial or hearing of any action for the recovery of any money due for any call, it shall be sufficient to prove that the name of the Member sued is entered in the register as the holder or one (1) of the holders of the shares in respect of which such debt accrued, that the resolution making the calls is duly recorded in the minute book, and that notice of such call was duly given to the member sued in pursuance of this Constitution; and it shall not be necessary to prove the appointment of the Directors who made such call, nor that the meeting at which any call was made was duly convened and constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

#### **TRANSFER OF SECURITIES**

38. Subject to the Central Depositories Act and the Rules, the instrument of transfer of any securities shall be executed by or on behalf of the transferor, and the transferor shall be deemed to remain the holder of the securities until the transfer is registered and the name of the transferee is entered in the Register and/or the Record of Depositors as the case may be in respect thereof.
39. Subject to this Constitution, the Rules, the Central Depositories Act, and the Listing Requirements, any member may transfer all or any of his securities by instruments in writing in the form prescribed and approved by the Exchange, the Act, and/or the Central Depositories Act on which the Company's securities are listed and quoted.

40. The transfer of any listed securities of the Company, which have been deposited with the Bursa Depository shall be by way of book entry by the Bursa Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148 of the Act and any exemption that may be made from compliance with Section 148 of the Act, the Company shall be precluded from registering and affecting any transfer of such securities.
41. The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine not exceeding thirty (30) days in aggregate in any calendar year. Ten (10) market days' (or such other period of notice as may be prescribed under the Listing Requirements by the Bursa Malaysia Securities Berhad from time to time) notice of intention to close the Register shall be published in a daily newspaper circulating in Malaysia and also be given to the Bursa Malaysia Securities Berhad. In relation to the closure, the Company shall give written notice in accordance with the Rules to the Bursa Depository to prepare the appropriate Record of Depositors.
42. The Directors may decline to register the transfer of a security (not being fully paid security) on which the Company has a lien.

The Bursa Depository may refuse to register any transfer of Deposited Security that does not comply with the Central Depositories Act and the Rules. No securities shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

43. Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.
44. Subject to any law in Malaysia for the time being in force, neither the Company nor the Directors nor any of its officers shall incur any liability for the act of the Bursa Depository in registering or acting upon a transfer of securities apparently made by a member or any person entitled to the securities by reason of death, bankruptcy or insanity of a member although the same may, by reason of any fraud or other causes not known to the Company or the Directors or the Bursa Depository or other officers, be legally inoperative or insufficient to pass the property in the securities proposed or professed to be transferred, and although the transfer may, as between the transferor and the transferee, be liable to be set aside and notwithstanding that the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor in the blank as to the name of the transferee, of the particulars of the securities transferred or otherwise in defective manner. And in every case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such securities and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

#### **DISPOSAL OF SHARES OF MEMBERS WHOSE WHEREABOUTS UNKNOWN**

45. Where by the exercise of reasonable diligence, the Company is unable to discover the whereabouts of a member for a period of not less than ten (10) years, the Company may cause an advertisement to be published in a newspaper circulating in the place shown in the Register or the Record of Depositors as the

address of the member stating that the Company, after expiration of thirty (30) days from the date of the advertisement, intends to transfer the shares to the Minister charged with responsibility for finance.

46. If after the expiration of thirty (30) days from the date of the advertisement the whereabouts of the member remains unknown, the Company may transfer the shares held by the member to the Minister charged with the responsibility for finance and for that purpose may execute for and on behalf of such member, a transfer of those shares to the Minister charged with the responsibility for finance.

### **TRANSMISSION OF SHARES**

47. In case of the death of a member, the legal representatives of the deceased, shall be the only person recognised by the Company as having any title to his interest in the securities, but nothing herein contained shall release the estate of a deceased member from any liability in respect of any security held by him.
48. Any person becoming entitled to a security in consequence of the death or bankruptcy of a member may upon such evidence being produced as may from time to time properly be required by the Bursa Depository and subject as hereinafter provided, elect either to be registered himself as the holder of the security or to have some person nominated by him registered as the transferee thereof by the Bursa Depository, shall in either case, have the same right, to decline or suspend registrations as they would have had in the case of a transfer of the security by that member before his death or bankruptcy, as the case may be. Provided always that where the security is a Deposited Security, subject to the Rules a transfer or withdrawal of the security may be carried out by the person becoming so entitled.
49. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Bursa Depository a notice in writing signed by him stating that he so elects. Provided that where the security is a Deposited Security and the person becoming entitled elects to have the security transferred to him, the aforesaid notice must be served by him on the Bursa Depository. If he shall elect to have another person registered, he shall testify his election by executing to that person a transfer of the security. All the limitations, restrictions and provisions of the Bursa Depository relating to the right of transfer and the registration of transfer of securities shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer executed by that member.
50. A person becoming entitled to a security by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the security, except that he shall not, before being registered as a member in respect of the security, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company. Provided always that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the security, and if the notice is not complied with within ninety (90) days the Directors may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the security until the requirements of the notice have been complied with.



51. Where:-

- (a) the securities of the Company are listed on another stock exchange; and
- (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be under the Rules in respect of such securities.

The Company shall, upon the request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the Registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the Registrar of the Company in Malaysia and vice versa subject to the following conditions:-

- (i) there shall be no change in the ownership of such securities; and
- (ii) the transmission shall be executed by causing such securities to be credited directly into the Securities Accounts of such securities holder.

#### **FORFEITURE OF SHARES**

- 52. If any member fails to pay the whole or any part of any call or instalment of a call on or before the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him or on the person entitled to the share by transmission, requiring payment of so much of the call or instalment as is unpaid, together with any interest or compensation at the rate of eight per centum (8%) per annum or at such rate as the Directors shall determine and any expenses that may have accrued by reason of such non-payment.
- 53. The notice shall name a further day (not earlier than the expiration of fourteen (14) days from the date of service of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.
- 54. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares, and not actually paid before the forfeiture.
- 55. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit.
- 56. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall remain liable to pay to the Company all monies which, at the date of forfeiture, was payable by him to the Company in respect of the shares (together with interest at the rate of eight per centum (8%)

per annum from the date of forfeiture on the money for the time being unpaid if the Directors think fit to enforce payment of such interest), but his liability shall cease if and when the Company receives payment in full of all such money in respect of the shares.

57. A statutory declaration in writing that the declarant is a Director or Secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration, if any, given for the share on any sale re-allotment or other disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold re-allotted or otherwise disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale re-allotment or disposal of the share.
58. If any shares are forfeited and sold, any residue after the satisfaction of the unpaid calls and accrued interest and expenses, shall be paid to the person whose shares have been forfeited, or his executors, administrators or assignees or as he directs.
59. When any share shall have been so forfeited, notice of the forfeiture shall be given to the holder of the share, or to the person entitled to the share by transmission, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register, but no forfeiture shall be invalidated by any failure to give such notice or make such entry as aforesaid.

#### **CONVERSION OF SHARES INTO STOCK**

60. The Company may by Ordinary Resolution convert any paid-up shares into stock, and reconvert any stock into paid-up shares of any denomination.
61. The holders of stock may transfer the same or any part thereof in the same manner, and subject to the same regulations, as and subject to which the shares from which the stock arose might previously to conversion have been transferred, or as near thereto as circumstances admit; and the Directors may from time to time fix the minimum amount of stock transferable.
62. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, but no such privileges or advantages (except participation in the dividends and profits of the Company and in the assets on a winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred such privileges or advantages.
63. Such Clauses of the Constitution as are applicable to paid-up shares shall apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder".

### **INCREASE OF CAPITAL**

64. The Company may from time to time by Ordinary Resolution increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.
65. Unless otherwise determined by the Company in general meeting any original shares or securities for the time being unissued and not allotted as provided in this Constitution and any new shares or securities from time to time to be created shall, before they are issued, be offered to the members in proportion, as nearly as may be, to the number of shares or securities held by them. Such offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of such time on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of the same in such manner as they think fit most beneficial to the Company. The Directors may, in like manner dispose of any such new or original shares or securities as aforesaid, which, by reason of the proportion borne by them to the number of persons entitled to such offer as aforesaid, or by reason of any other difficulty in apportioning the same, cannot in the opinion of the Directors be conveniently offered in manner herein before provided.
66. Notwithstanding this Constitution, the Company may apply to the Exchange for waiver of convening Extraordinary General Meetings to obtain shareholders' approval for further issues of shares (other than bonus or rights issues) where the aggregate issues of which in any one (1) financial year do not exceed ten per centum (10%) of the issued capital.
67. Except so far as otherwise provided by the conditions of issue or by this Constitution, any capital raised by the creation of new shares shall be considered part of the original capital, and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, surrender, and otherwise. Unless otherwise provided in accordance with this Constitution the new shares shall be Ordinary Shares.

### **ALTERATION OF CAPITAL**

68. The Company may from time to time by Ordinary Resolution:-
  - (a) increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe; or
  - (b) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the shares from which the subdivided share is derived; or
  - (c) convert all or any of its paid-up shares into stock and may reconvert that stock into paid-up shares; or
  - (d) subdivide its share capital or any part thereof, whatever is in the subdivision, the proportion between the amount paid and the amount, if

any, unpaid on each subdivided share shall be the same as it was in the case of the shares from which the subdivided share is derived; or

- (e) cancel any shares which at the date of the passing of the resolution which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.
69. Subject to and in accordance with the provisions of the Act and the requirements of the Exchange and such other relevant law, regulation or guideline, the Company is allowed and shall have power, to the fullest extent permitted, to purchase its own shares. Any shares in the Company so purchased by the Company shall be dealt with as provided by the Act, the requirements of the Exchange and any other relevant authorities in respect thereof.
70. The Company may reduce its share capital by:-
- (a) a special resolution and confirmation by the Court in accordance with Section 116 of the Act; or
  - (b) a special resolution supported by a solvency statement in accordance with Section 117 of the Act.

#### **GENERAL MEETINGS**

71. A general meeting shall be held once in every year at such time and place as may be appointed by the Directors, but so that not more than fifteen (15) months shall elapse between the holding of any two (2) successive meetings.
72. The abovementioned general meetings shall be called annual general meetings. All other general meetings shall be called extraordinary general meetings.
73. Such meeting of its members may be held at more than one venue using any technology or method that allows all members of the Company to participate and to exercise the members' rights to speak and vote at the meeting, and using any available technology to provide notice, conduct and record or facilitate voting at that meeting or any adjournment of that meeting of members subject to rules, regulations and laws prevailing. The main venue of the meeting shall be in Malaysia and the Chairman shall be present at the main venue of the meeting.
74. The Directors may, whenever they so decide by resolution, convene an extraordinary general meeting of the Company. In addition, an extraordinary general meeting shall be convened on such requisition as is referred to in Section 311 of the Act, or if the Company makes default in convening a meeting in compliance with a requisition received pursuant to Section 312 of the Act, a meeting may be convened by the requisitionists themselves in the manner provided in Section 313 of the Act.
75. (1) Twenty-one (21) days' notice in writing at the least of every meeting convened for the purpose of passing a Special Resolution and of annual general meeting and fourteen (14) days' notice at the least of every other general meeting and twenty-eight (28) days' notice at the least of every resolution which by the Act special notice is required of a resolution

proposed to be passed at a general meeting shall be given in manner hereinafter mentioned to the Auditors and to all members other than such as are not, under this Constitution, entitled to receive such notices from the Company; Provided that a general meeting, notwithstanding that it has been called by a shorter notice than that specified above, shall be deemed to have been duly called if it is so agreed:-

- (a) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and
  - (b) in the case of an extraordinary general meeting by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than ninety-five per centum (95%) in the number of the shares giving that right.
- (2) Subject to the Act, Listing Requirements, laws, rules or regulations, notice of a meeting of members shall be in writing and shall be given to the members either:-
- (a) in hard copy;
  - (b) in electronic form; or
  - (c) partly in hard copy and partly in electronic form.
- (3) A notice:-
- (a) given in hard copy shall be sent to any member either personally or by post to the address supplied by the member to the Company for such purpose; or
  - (b) given in electronic form shall be transmitted to the electronic address provided by the member to the Company for such purpose or by publishing on a website.
- (4) A notice of a meeting of members shall not be validly given by the Company by means of a website unless a notification to that effect is given in accordance with Section 320 of the Act.
- (5) The Company shall notify a member of the publication of the notice on the website and such notifications shall be in writing and shall be given in hard copy or electronic form stating:-
- (a) that it concerns a meeting of members;
  - (b) the place, date and time of the meeting; and
  - (c) whether the meeting is an annual general meeting.
- (6) The notice shall be made available on the website throughout the period beginning from the date of the notification referred to in paragraph (5) of this Clause until the conclusion of the meeting.
76. At least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any Special Resolution is proposed or where it is the annual general meeting, of every such meeting must be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to the Exchange upon which the Company is listed.

77. (a) The Company shall request the Bursa Depository in accordance with the Rules, to prepare a Record of Depositors to whom notices of general meetings shall be given by the Company.
- (b) The Company shall request the Bursa Depository in accordance with the Rules, to prepare a Record of Depositors as at the latest date which is reasonably practicable which shall in any event be not less than three (3) Market Days before the general meeting (hereinafter referred to as the "General Meeting Record of Depositors").
- (c) Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations, 1996 (where applicable) and notwithstanding any provision in the Act, a Depositor shall not be regarded as a member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.
78. All business shall be deemed special that is transacted at an extraordinary general meeting, and also all business that is transacted at an annual general meeting, with the exception of the laying of the audited financial statements and the reports of the Directors and Auditors, the election of Directors in place of those retiring and the appointment of, and the fixing of the remuneration of the Auditors.
79. In every notice calling a meeting of the Company there shall appear with reasonable prominence, a statement that a member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote in his stead.
80. The accidental omission to give notice of meeting to, or the non-receipt of notice of a meeting, by any person entitled to receive such notice shall not invalidate any resolution passed or the proceedings at any such meeting.

#### **PROCEEDINGS AT GENERAL MEETING**

81. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as otherwise provided, two (2) members present in person or represented by proxy shall be a quorum. For the purposes of constituting a quorum:-
- (i) one or more representatives appointed by a corporation shall be counted as one member; or
- (ii) one or more proxies appointed by a person shall be counted as one member.
82. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day be a public holiday then to the next business day following that public holiday) at the same time and place or to such other day and at such other time and place as the Directors may determine, but if a quorum is not present within half an hour at any adjourned meeting, the meeting shall be dissolved. For the purpose of this Clause, "business day" means a day (not being a Saturday, Sunday or public holiday) on which licensed financial institutions are open for general banking business in Kuala Lumpur.

83. The Chairman, if any, of the Board of Directors shall preside as Chairman at every general meeting of the Company, or if there is no such Chairman, or if he shall not be present within fifteen (15) minutes after the time appointed for the holding of the meeting or is unwilling to act, the Directors present shall elect one (1) of their number to be Chairman of the meeting, or if no Director be present, or if all the Directors present decline to take the chair, the members present shall choose one (1) of their number to be Chairman of the meeting.
84. The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. Any poll duly demanded on the election of a Chairman of a meeting or on a question of adjournment shall be taken forthwith at the meeting and without adjournment. A poll demanded on any other question shall be taken either forthwith or at such time and place as the Chairman of the meeting directs. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made. When a meeting is adjourned for fourteen (14) days or more, seven (7) clear days' notice at the least of the adjourned meeting shall be given specifying the place and the time of the meeting as in the case of an original meeting, but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
85. Without prejudice to any other power which the Chairman may have under the provisions of this Constitution or at common law and subject to the Act and the Listing Requirements, the Chairman may take such action as he thinks fit to promote the orderly conduct of the business of all general meetings as specified in the notice of such meetings and the Chairman's decision on matters of procedure or arising incidentally from the business of such meetings shall be final, as shall be his determination as to whether any matter is of such a nature. The Chairman may also at his discretion and in accordance with applicable laws, decides whether to admit new business at a general meeting.
86. Subject to the Listing Requirements, any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting shall be voted by poll. Notwithstanding the above, a poll may be demanded in writing:-
- (a) by the Chairman of the meeting;
  - (b) by at least three (3) members present in person or by proxy or by attorney or in the case of a corporation by a representative;
  - (c) by any member or members present in person or by proxy or by attorney or in the case of a corporation by a representative and representing not less than one-tenth (1/10) of the total voting rights of all the members having the right to vote at the meeting, excluding any voting rights attached to shares in the Company held as treasury shares; or
  - (d) by a member or members present in person or by proxy or by attorney or in the case of a corporation by a representative holding shares in the

Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid-up equal to not less than one-tenth (1/10) of the total paid-up on all the shares conferring that right, excluding any voting rights attached to shares in the Company held as treasury shares.

Unless a poll is so demanded, a declaration by the Chairman of the meeting that a resolution has been carried or has not been carried by a particular majority or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

87. (1) A poll shall be taken in such manner as the Chairman of the meeting directs and at least one (1) scrutineer must be appointed to validate the votes cast at the general meeting. The appointed scrutineer must not be an officer of the Company or its related corporation, and must be independent of the person undertaking the polling process. The Chairman of the meeting may fix a time and place for declaring the results of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

The poll may be conducted manually using voting slips or electronically using various forms of electronic devices. Such votes shall be counted by the poll administrator, and verified by the scrutineer, as may be appointed by the Chairman of the meeting for the purpose of determining the outcome of the resolution(s) to be decided on poll.

- (2) The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded. The Chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may in addition to the powers of adjourning meetings contained in this Constitution, adjourn the meeting to some place and time fixed for the purpose of declaring the result of the poll.

- (3) If:-
- (a) any objection shall be raised as to the qualification of any voter; or
  - (b) any votes have been counted which ought not to have been counted or which might have been rejected; or
  - (c) any votes are not counted which ought to have been counted;

the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless the same is raised or pointed out at the meeting or the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the Chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the Chairman decides that the same is of sufficient magnitude to vitiate the resolution or may otherwise have affected the decision of the meeting. The decision of the Chairman of the meeting on such matters shall be final and conclusive.



88. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.
89. Subject the Listing Requirements and any special rights or restrictions as to voting for the time being attached to any shares or classes of shares in accordance with this Constitution, a holder of ordinary shares or preference shares who is present in person or by proxy or a member's representative or attorney and if a corporation is present by a duly authorised representative or by proxy or attorney entitled to vote shall on a show of hands be entitled to one vote on any question at any general meeting and in the case of a poll every member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for every share held by him. A proxy shall be entitled to vote on a show of hands or on a poll, on any question, at any general meeting. In a voting by poll, each proxy shall be entitled to such number of votes equal to the proportion of the member's shareholdings represented by such proxy. A proxy may only vote as directed in the proxy form. However, if the appointor or representative attend and vote on a resolution, the proxy or attorney must not vote.
90. Where the capital of the Company consists of shares of different monetary denominations, voting rights shall be prescribed in such manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable.
91. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis, or other persons in the nature of a committee, receiver, curator bonis or other person appointed by such Court, and such committee, receiver or curator bonis appointed by such Court may on a poll vote by proxy, provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the office of the Company not less than forty-eight (48) hours before the time for holding meeting or adjourned meeting at which the right to vote is to be exercised. If this is not done, the right to vote shall not be exercisable.
92. No person shall be entitled to be present or to vote on any resolution either as a member or otherwise as a proxy or attorney or representative for a corporation at any general meeting or demand a poll or be reckoned in the quorum in respect of any shares upon which calls are due and unpaid.
93. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive.
94. (1) A member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint more than one (1) proxy to attend and vote in his stead at the meeting, and that a proxy may but need not be a member. There shall be no restriction as to the qualification of the proxy. Where a member appoints more than one (1) proxy, he shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid. A proxy appointed to attend and vote at a

meeting of the Company shall have the same rights as the member to speak at the meeting.

- (2) Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
  - (3) Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
95. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or, if the appointer is a corporation, either under seal, or under the hand of an officer or attorney duly authorised. A proxy need not be a member of the Company. An instrument appointing a proxy to vote shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointer. Members not resident in Malaysia may appoint and revoke proxies by cable.
96. Where it is desired to afford members an opportunity of voting for or against a resolution, the instrument appointing a proxy shall be in the following form or a form as near thereto as circumstances admit or in such other form as the Directors may approve or in any particular case, may accept:-

**MENANG CORPORATION (M) BERHAD**

I/We,----- NRIC No./Company No. -----of ----- and telephone no./ email address ----- being a member/ members of Menang Corporation (M) Berhad (the “Company”), hereby appoint ----- NRIC No.----- of ----- or failing him/her, ----- NRIC No.----- of ----- or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the [Annual or Extraordinary, as the case may be] General Meeting of the Company, to be held at ----- on ----- or at any adjournment thereof. I/We indicate with an “x” in the spaces below how I/we wish my/our vote to be cast.

Agenda	For	Against

Subject to the abovestated voting instructions, my/our proxy may vote or abstain from voting on any resolutions as \*he/\*she/\*they may think fit.

The proportion of my/our shareholdings to be represented by my/our proxies are as follows:-

First Proxy	%
Second Proxy	%
	100%

If appointment of proxy is under hand ..... Signed by *individual member/*officer or attorney of member/*authorised nominee of ..... (beneficial owner)	No. of shares held: ..... Securities Account No.: ..... (CDS Account No.) (Compulsory) Date :
If appointment of proxy is under seal  The Common Seal of .....was hereto affixed in accordance with its Constitution in the presence of:-  ..... Director                      Director/Secretary  in its capacity as *member/*attorney of member/*authorised nominee of .....(beneficial owner)	Seal  No. of shares held: ..... Securities Account No.: ..... (CDS Account No.) (Compulsory) Date :

Signed this                      day of                      , 20\_\_

\*Strike out whichever is not desired.

[Unless otherwise instructed, the proxy may vote as he thinks fit.]

**Notes:**

*A proxy may but need not be a member.*

*To be valid, this form, duly completed must be deposited at the Office of the Company not less than forty eight (48) hours before the time for holding the meeting PROVIDED that in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his / their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).*

*A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

*Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*

*If the appointor is a corporation this form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.*

97. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the Office or at such other place within Malaysia as is specified for that purpose in the notice convening the meeting, not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting as the case may be, at which the person named in the instrument proposes to vote, and in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid. The Company may specify a fax number and may specify an electronic address in the notice of meeting, for the

purpose of receipt of proxy appointments subject to the Rules, regulations and laws at that time specified therein.

98. (1) Subject to the Act and the Listing Requirements, the Directors or any agent of the Company so authorised by the Directors, may accept the appointment of proxy received by electronic communication on such terms and subject to such conditions as they consider fit. The appointment of proxy by electronic communication shall be in accordance with this Constitution.
- (2) For the purpose of this Clause, the Directors may require such reasonable evidence they consider necessary to determine:-
- (a) the identity of the member and the proxy; and
  - (b) where the proxy is appointed by a person acting on behalf of the member, the authority of that person to make the appointment.
- (3) Without prejudice to this Clause, the appointment of proxy by electronic communication must be received at the electronic address specified by the Company in any of the following sources and shall be subject to any terms, conditions or limitations specified therein:-
- (a) Notice calling the meeting;
  - (b) Instrument of proxy sent out by the Company in relation to the meeting; or
  - (c) Website maintained by or on behalf of the Company.
- (4) An appointment of proxy by electronic communication must be received at the electronic address specified by the Company pursuant to this Clause not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the form of appointment of proxy proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
- (5) An appointment of proxy by electronic communication which is not made in accordance with this Clause shall be invalid.
99. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at the Office before the commencement of the meeting or adjourned meeting at which the proxy is used.
100. A corporation whether a company within the meaning of the Act or not which is a member of this Company may, by resolution of its directors or other governing body, authorise any person to act as its representative at any meeting of this Company. Such representative shall be entitled to exercise the same powers on behalf of the corporation which he represents as if he were an individual member, including power when personally present, to vote on a show of hands. Notice of the appointment of such representative may be given in writing or by telegram or by cable.

If the corporation authorises more than one person as its representative, every one of the representative is entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if every one of the representative was an individual member of the Company.

If the corporation authorises more than one person and more than one of the representatives purport to exercise the power on the above:-

- (a) where the representatives purport to exercise the power in the same way, the power is treated as exercised in that way; or
- (b) where the representatives do not purport to exercise the power in the same way, the power is treated as not exercised.

### **DIRECTORS: APPOINTMENT, REMOVAL, ETC**

- 101. Unless otherwise determined by the Company in general meeting and subject to the Listing Requirements, the number of Directors shall not be less than two (2) nor more than nine (9).
- 102. Unless otherwise determined by the Company in general meeting, by the Rules or under law, at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, shall be independent Directors. If the number of Directors is not three (3) or multiple of three (3), then the number nearest one-third (1/3) shall be used for the purpose of determining the requisite number of independent Directors.
- 103. At the first annual general meeting of the Company, all of the Directors shall retire from the office and at the annual general meeting in every subsequent year one-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election provided always that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.
- 104. The Directors to retire at the annual general meeting in every year shall be the Directors who have been longest in office since their last election. As between Directors of equal seniority, the Directors to retire shall in the absence of agreement, be elected from among them by lot. A retiring Director shall be eligible for re-election and shall act as a Director throughout the meeting at which he retires.
- 105. No person, not being a retiring Director, shall be eligible for election to the office of Director at any general meeting unless a member intending to propose him has at least eleven (11) clear days before the meeting, left at the Office of the Company a notice in writing duly signed by the nominee, giving consent to the nomination and either signifying his candidature for the office, or signifying the intention of such member to propose him, provided that in the case of a person recommended by the Directors for election, nine (9) clear days' notice only shall be necessary. Notice of each and every candidature for election to the Board of Directors shall be served on the registered holders of shares at least seven (7) days prior to the meeting at which the election is to take place. The cost of serving the notice to propose the election of a Director where the nomination is made by a member or members, shall be borne by the member or members making the nomination.

106. The Company at the meeting at which a Director retires under any provision of this Constitution may by Ordinary Resolution fill up the vacated office by electing thereto the retiring Director or some other person eligible for appointment. In default the retiring Director shall be deemed to have been re-elected, unless:-
- (a) At such meeting it is expressly resolved not to fill up such vacated office, or a resolution for the re-election of such Director is put to the meeting and lost; or
  - (b) Such Director has given notice in writing to the Company that he is unwilling to be re-elected; or
  - (c) The default is due to the moving of a resolution in contravention to the next following Clause.
107. A motion for the appointment of two (2) or more persons as Directors by a single resolution shall not be made at any general meeting unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it; and any resolution moved in contravention of this provisions shall be void.
108. The Company may from time to time by Ordinary Resolution increase or reduce the number of Directors, and may make the appointments necessary for effecting any such increase, and may determine in what rotation such increased or reduced number shall go out of office.
109. The Company may by Ordinary Resolution of which special notice has been given to the Company in accordance with the provisions of the Act remove any Director before the expiration of his period of office and may by an Ordinary Resolution appoint another person in his stead. The person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director.
110. The Directors shall have powers at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors shall not at any time exceed the number fixed in accordance with this Constitution. Any Director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.
111. The shareholding qualification for Directors may be fixed by the Company in general meeting, and unless and until so fixed no such qualification shall be required.

#### **REMUNERATION OF DIRECTORS**

112. The fees and any benefits payable to the Directors of the Company and its subsidiaries including any compensation for loss of employment of Director or former Director shall from time to time be determined by the Company in general meeting and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine PROVIDED ALWAYS that:-

- (a) fee payable to Non-Executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
  - (b) salaries and other emoluments (including bonus, benefits or any other elements) payable to Executive Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover. Nothing herein shall prejudice the powers of the Directors to appoint any of their members to be the employee or agent of the Company at such remuneration and upon such terms as they think fit provided that such remuneration shall not include commission on or percentage of turnover;
  - (c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting;
  - (d) any fee paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and
  - (e) the fees and / or benefits payable to non-executive Directors who is also Director of the subsidiaries includes fees, meeting allowances, travelling allowances, benefits, gratuity and compensation for loss of employment of Director or former Director of the Company provided by the Company and subsidiaries, but does not include insurance premium or any issue of securities.
113. The Directors may be paid all travelling, hotel and other expenses, properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general or other meetings of the Company or in connection with the business of the Company.
114. The Directors may grant special remuneration to any Member of Board who, being called upon, shall be willing to render any special or extra services to the Company, or to go or reside outside Malaysia or outside his country of origin as the case may be in connection with the conduct of any of the affairs of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by a lump sum or by way of salary, or by a percentage of profits, or by any or all of those modes but shall not include a commission on or percentage of turnover.

#### **DISQUALIFICATION OF DIRECTORS**

115. (1) The office of a Director shall become vacant if the Director:-
- (a) is an undischarged bankrupt;
  - (b) has been convicted of an offence relating to the promotion, formation or management of a corporation;

- (c) has been convicted of an offence involving bribery, fraud or dishonesty;
  - (d) becomes disqualified from being a Director by reason of any order made under the Act or has been convicted of an offence under Sections 213, 217, 218, 228 and 539 of the Act;
  - (e) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder during his term of office;
  - (f) is absent from more than fifty percent (50%) of the total Board meetings held during a financial year unless an exemption or waiver is obtained from the Exchange;
  - (g) resigns from his office by notice in writing to the Company and deposited at the Office of the Company;
  - (h) is removed from his office of Director by resolution of the Company in general meeting of which special notice has been given;
  - (i) has retired in accordance with the Act or the Constitution of the Company but is not re-elected; or
  - (j) otherwise vacate his office in accordance with the Act or the Constitution of the Company.
- (2) The circumstances referred to in paragraphs (1)(a), (b) and (c) shall be applicable to circumstances in or outside Malaysia.

### **POWERS AND DUTIES OF DIRECTORS**

116. The business and affairs of the Company shall be managed by Directors or under the direction of the Board who may pay all expenses incurred in promoting and registering the Company. The Board has all the powers necessary for managing and for directing and supervising the management of the business and affairs of the Company and exercise all such powers of the Company as are not by this Constitution or by the Act required to be exercised by the Company in general meeting, subject nevertheless, to any of this Constitution, to the provisions of the Act, and to such regulations, not being inconsistent with this Constitution or the provisions of the Act as may be prescribed by the Company in general meeting but no regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.
117. The Directors shall not without the prior approval of the Company in general meeting:-
- (a) exercise any power of the Company to issue shares unless otherwise permitted under the Act;



- (b) arrange or enter or carry into effect any proposal or execute any transaction for the acquisition of an undertaking or property of a substantial value, or the disposal of a substantial portion of or controlling interest in the Company's undertaking or property (includes the whole or substantially the whole of the rights, including developmental rights and benefits);
  - (c) subject to Sections 228(2) and 229 of the Act, enter or carry into effect any arrangement or transaction with a Director or a substantial shareholder of the Company or its holding Company, or its subsidiary or with a person connected with such a Director or substantial shareholder to acquire from or dispose to such Director or substantial shareholder or person connected with such a Director any shares or non-cash assets of the requisite value as stated in the Act; or
  - (d) issue any securities on such terms and subject to such conditions which confer a right to subscribe for new shares of the Company.
118. The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company and its related companies as defined under the Act.
119. The Directors shall not borrow any money or mortgage or charge any of the Company or the subsidiaries' undertaking, property, or any uncalled capital, or issue debentures and other securities (whether outright or as security) for any debt, liability or obligation of an unrelated third party.
120. The Directors shall have power, and be deemed always to have had power, to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to or to any person in respect of any Director or ex-Director who may hold or have held any executive office or any office of profit under the Company or any subsidiary company and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.
121. The Directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under this Constitution) and for such period and subject to such conditions as they may think fit, and any such powers of attorneys may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.
122. All cheques, promissory notes, drafts, bills of exchange and other negotiable or transferable instruments, and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Directors shall from time to time by resolution determine.

123. Unless prohibited by the rules and / or requirements of the Exchange, any Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for his or his firm's professional services as if he was not a Director, provided that nothing herein contained shall authorise a Director or his firm to act as auditor of the Company and provided further that such professional services shall be provided at normal commercial terms.

#### **PROCEEDINGS OF DIRECTORS**

124. The Directors or any committee of Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the Chairman except when only two (2) directors are present or when only two (2) Directors are competent to vote on the question at issue shall have a second or casting vote.
125. A Director may, and the Secretary on the requisition of a Director, shall at any time summon a meeting of Directors. All meetings of the Directors shall be held in Malaysia or in such other place as the Directors shall from time to time appoint.
126. Unless otherwise determined by the Directors from time to time, notice of all Directors' meetings shall be given and circulated to all Directors and their alternates by facsimile, telex, telegram or electronic mail or other communication modes / equipment. Except in the case of an emergency, reasonable notice of every Directors' meeting shall be given in writing. The majority of the Board may waive notice of any meeting and any such waiver may be retroactive.
127. The quorum necessary for the transaction of business of the Directors shall be two (2) and a meeting of the Director for the time being at which a quorum is present shall be competent to exercise all or any of the powers, authorities and discretion by or under this Constitution vested in or exercisable by the Directors generally.
128. Notwithstanding any provisions to the contrary contained in this Constitution, any Directors may participate at a meeting of Directors by way of telephone or video conferencing or by means of other communication equipment whereby all persons participating in the meeting are able to hear each other, and such Directors shall be deemed to be physically present at the meeting whether for the purposes of this Constitution or otherwise. A Director participating in a meeting in the manner aforesaid may also be taken into account in ascertaining the presence of a quorum at the meeting. Any meeting held in such manner shall be deemed to be held at such place as shall be agreed upon by the Directors attending the meeting provided that at least one (1) of the Directors present at the meeting was at such place for the duration of that meeting.
129. A meeting at which one or more of the Directors attends by electronic means is deemed to be held at such place as the Directors shall at the said meeting resolve. In the absence of a resolution as aforesaid, the meeting shall be deemed to be held at the place, if any, where a majority of the Directors attending the meeting are physically present, or in default of such a majority, the place at which the Chairman of the meeting is physically present.

130. Subject to the Act, all business transacted in the manner provided above by electronic means shall for the purpose of this Constitution be deemed to be validly and effectively transacted at a meeting of the Board PROVIDED that at least one (1) of the Directors present at the meeting was at such place as resolved or deemed (as the case may be) pursuant to this Constitution for the duration of the meeting. All information and documents must be made equally available to all participants prior to or at / during the meeting.
131. The Directors or any committee of Directors may from time to time elect a Chairman, who shall preside at their meeting, but if no such Chairman be elected, or if at any meeting the Chairman be not present within five (5) minutes after the time appointed for holding the same, a substitute for that meeting shall be appointed by such meeting from among the Directors present.
132. The continuing Directors at any time may act, notwithstanding any vacancy, in their body, but if and so long as their number is reduced below the minimum number fixed by or pursuant to this Constitution of the Company, the continuing Directors may, except on an emergency, act only for the purpose of increasing the number of Directors to such minimum number, or to summon a general meeting of the Company.
133. A Director (or alternate Director) or any firm of which he is a member, may contract or be interested in any contract or arrangement with the Company or any other company in which the Company may be interested and he may hold any office or place of profit (other than the office of Auditor of the Company or a subsidiary Company) in the Company and he or any firm of which he is a member may act in a professional capacity for the Company or any other such company, and (unless otherwise agreed) he may retain for his own absolute use and benefit all profits and advantages accruing to him therefrom.
134. A Director shall not participate in any discussion or vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest (and if he shall do so his vote shall not be counted).
135. A Director notwithstanding his interest may, provided that none of the other Directors present disagree, be counted in the quorum present at any meeting whereat any decision is taken upon any contract or proposed contract or arrangement in which he is in any way interested PROVIDED ALWAYS that he has complied with Section 221 and all other relevant provisions of the Act and this Constitution.
136. A Director may vote in respect of:-
  - (a) any arrangement for giving the Director himself or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; and
  - (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part, under a guarantee or indemnity or by the deposit of a security.

137. A Director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such Directors shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of, or from his interest in, such other company unless the Company otherwise directs.

#### **ALTERNATE DIRECTOR**

138. (1) A Director may from time to time nominate any person to act as his alternate Director and at his discretion remove such alternate Director, but the appointment of such alternate Director shall not take effect until approved by a majority of the other Directors PROVIDED ALWAYS that any fee paid by the Company to an alternate Director shall be deducted from that Director's remuneration.
- (2) An alternate Director shall (except as regards the power to appoint an alternate Director and remuneration) be subject in all respects to the terms and conditions existing with reference to the other Directors, and shall be entitled to receive notices of all meetings of the Directors and to attend, speak and vote at any such meeting at which his appointor is not present.
- (3) A Director may at any time by writing revoke the appointment of any alternate appointed by him, and appoint another person approved as aforesaid. An alternate Director shall ipso facto vacate office if the Director appointing him vacates office as director or removes the alternate Director from office. Any appointment or removal of an alternate Director may be made and communicated by his appointor to the Office by cable, telegram or radiogram, telex or in any other manner approved by the Directors. Any cable, telegram or radiogram shall be confirmed as soon as possible by letter, but may be acted upon by the Company in the meantime.
- (4) If a Director making any such appointment as aforesaid shall cease to be a Director (otherwise than by reason of vacating his office at a meeting of the Company at which he is re-elected), the person appointed by him shall thereupon cease to have any power or authority to act as an alternate Director.
- (5) An alternate Director shall not be taken into account in reckoning the minimum or maximum number of Directors allowed for the time being but he shall be counted for the purpose of reckoning whether a quorum is present at any meeting of the Directors attended by him at which he is entitled to vote.
- (6) No Director may act as an alternate director and a person may not act as an alternate director for more than one director.
- (7) Every person acting as an alternate Director shall be deemed to be an officer of the Company, and shall alone be responsible to the Company for his own acts and defaults, and he shall not be deemed to be an agent of or for the Director appointing him.

### **MANAGING AND / OR EXECUTIVE DIRECTORS**

139. The Directors may from time to time appoint one (1) or more of their body to any executive office including the office of Chairman or Deputy Chairman, Chief Executive, Managing Director, Deputy Managing Director or Executive Director upon such terms as they think fit except that any appointment of Managing Director for a fixed term shall not exceed three (3) years. The appointment may entrust to and confer upon the Directors holding such executive office, any powers exercisable by them as Directors generally as they may think fit, but such Chief Executive, Managing Director, Deputy Managing Director or Executive Director shall be subject to the control of the Board. The Board may from time to time (subject to any provisions of any contract between him and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or appoint a substitute during his or their absence from illness or any other cause and in case of any breach of any agreement his or their remedy against the Company shall be in damages only and he or they shall have no right or claim to continue in such office contrary to the will of the Directors or of the Company in general meeting.
140. The appointment of any Director to the office of Chairman or Deputy Chairman or Managing or Joint or Assistant Managing Director shall be automatically determined if he ceases from any cause to be a Director, unless the contract or resolution under which he holds office shall expressly state otherwise, but without prejudice to any claim he may have for damages for breach of any contract of service between him and the Company.
141. The Directors may entrust to and confer upon a Director holding any executive office any of the powers exercisable by them as Directors upon such terms and conditions and with such restrictions as they think fit, and may from time to time revoke, withdraw, alter or vary all or any of such powers, provided that such executive Directors shall be subject to the control of the Board.

### **COMMITTEES OF DIRECTORS**

142. The Directors may delegate any of their powers, other than the powers to borrow and make calls, to committees consisting of such members of their body as they think fit. Any committee so formed shall in the exercise of the power so delegated conform to any regulations that may from time to time be imposed upon them by the Board.
143. Subject to any rules and regulations made pursuant to this Constitution, a committee may meet and adjourn as it thinks proper and questions arising at any meeting shall be determined by a majority of votes of the members of such committee present and in the case of any equality of votes, the Chairman shall have a second or casting vote.
144. A committee may elect a Chairman of its meetings. If no such Chairman is elected or if at any meeting the Chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting, the members of the committee present may choose one (1) of their number to be Chairman of the meeting.

145. Notwithstanding any provisions to the contrary contained in this Constitution, any member of a committee may participate at a committee meeting by way of telephone and video conferencing or by means of other communication equipment whereby all persons participating in the meeting are able to hear each other, in which event such member shall be deemed to be physically present at the meeting whether for the purposes of this Constitution or otherwise. A member participating in a meeting in the manner aforesaid may also be taken into account in ascertaining the presence of a quorum at the meeting. Any meeting held in such manner shall be deemed to be held at such place as shall be agreed upon by the members attending the meeting PROVIDED that at least one (1) of the members present at the meeting was at such place for the duration of that meeting.

#### **VALIDATION OF ACTS OF DIRECTORS**

146. All acts bona fide done by any meetings of Directors, or by a committee of Directors, or by any person acting as a Director, shall notwithstanding it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid if every such person had been duly appointed and was qualified to be a Director.
147. The Directors shall not have power to sell or dispose of a substantial portion of the Company's main undertaking without approval by shareholders in general meeting.

#### **DIRECTORS' CIRCULAR RESOLUTIONS**

148. A resolution in writing signed, approved or assented by letter, electronic mail or facsimile by a majority of the Directors for the time being present in Malaysia entitled to receive notice of a meeting of the Directors shall be valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted provided that where a Director is not so present but has an alternate who is so present, then such resolution must also be signed by such alternate. Any such resolution may consist of several documents in like form (prepared and circulated by facsimile, telex, telegram or electronic mail or other communication modes / equipment), each signed by one (1) or more Director or their alternates. An approval by letter or other written means of a proposed resolution in writing (which has been prepared and circulated as aforesaid) signed by a Director and sent by him by facsimile, telex or telegram or electronic mail or other communication modes / equipment shall be deemed to be a document signed by him for the purposes of the foregoing provisions. Any such document may be accepted as sufficiently signed by a Director or his alternate if transmitted to the Company by any technology purporting to include a signature and / or electronic or digital signature of the Director or his alternate.

#### **AUTHENTICATION OF DOCUMENTS**

149. Any Director or the Secretary shall have power to authenticate any documents affecting the Constitution of the Company and any resolution passed by the Company or the Directors and any books, records, documents and accounts

relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts.

Where any books, records, documents or accounts are kept elsewhere than in the Office, the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid.

150. A document purporting to be a copy of a resolution of the Directors or any extract from the minutes of a meeting of the Directors which is certified by person having powers to authenticate the documents as such in accordance with the provisions of this Constitution, shall be conclusive evidence in favour of all persons dealing with the Company on the faith that such resolution has been duly passed or that such extract is a true and accurate record of a duly constituted meeting of the Directors, as the case may be.

### **MINUTES AND REGISTERS**

151. The Directors shall cause minutes to be made in books provided for the purposes:-
- (a) of all appointments of officers made by the Directors;
  - (b) of the names of the Directors present at each meeting of the Directors and of any committee of the Directors;
  - (c) of all resolutions and proceedings at all meetings of the Company, and of the Directors, and of committees of Directors;

and every Directors present at any meeting of Directors or committee of Directors shall sign his name in a book to be kept for that purpose (and any such minutes of such a meeting if purporting to be signed by the Chairman thereof, or by the Chairman of the next succeeding meeting of the same body, shall be sufficient evidence without any further proof of the facts therein stated).

152. The Company shall in accordance with the provisions of the Act keep at the Office, a register containing such particulars with respect to the Directors, Manager and Secretaries of the Company as are required by the Act, and shall from time to time notify the Registrar of Companies of any change in such register and of the date of change in the manner prescribed by the Act.

### **SECRETARY**

153. The Secretary or Secretaries and Assistant Secretary or Assistant Secretaries shall in accordance with the Act be appointed by the Directors for such term, at such remuneration, and upon such conditions as they may think fit; and any Secretary and Assistant Secretary so appointed may be removed by them.

### **SEAL**

154. The Directors shall provide for the safe custody of the seal, which shall only be used by the authority of the Directors or of a committee of the Directors authorised

by the Directors in that behalf, and (subject always to the provisions of any trust deed or other instrument constituting any debentures, debenture stock or other securities of the Company) every instrument to which the seal shall be affixed shall be signed by a Director and shall be countersigned by a Director or by the Secretary. All such signatures shall be autographic unless the Directors shall by resolution otherwise determine.

### **ACCOUNTS**

155. The Directors shall cause proper accounting and other records to be kept and shall distribute copies of financial statements and other documents as required by the Act and shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounting and other records of the Company or any of them shall be open to the inspection of members not being Directors, and no member (not being a Director) shall have any right of inspecting any account or book or paper of the Company except as conferred by statute or authorised by the Board. Subject always to Section 245 of the Act, the books of account or records of operations shall be kept at the Office or at such other place as the Directors think fit.
156. At least once in every year and at intervals of not more than fifteen (15) months, the Directors shall lay before the Company in general meeting a statement of financial position made up to a date not more than six (6) months before such meeting together with a statement of profit or loss for the period since the date of the preceding financial statements and ending on the date of the statement of financial position, and such other reports or financial statements as may be required by the Act.
157. Unless otherwise provided in the Listing Requirements or the Constitution, a copy of each of such document (which may be in printed form or in CD-ROM form or in such other form of electronic media) shall not less than twenty-one (21) days before the date of the meeting be sent to every member and to every holder of debentures of the Company under the provisions of the Act or of this Constitution. The requisite number of copies of each such document shall at the same time be sent to the Exchange. Provided that this Constitution shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.

### **AUDIT**

158. Once at least in every year the accounts of the Company shall be examined, and the correctness of the statement of profit or loss and statement of financial position ascertained by one (1) or more Auditor or Auditors.
159. Auditors shall be appointed and their duties regulated in accordance with the Act.
160. A Director or officer of the Company, or a partner in any business with or an employee of a Director or officer of the Company, shall not be capable of being appointed or of acting as Auditor of the Company.



## **DIVIDENDS AND RESERVES**

161. (1) The Directors may from time to time declare dividend. No dividend shall be payable otherwise than out of profits available of the Company or shall bear interest against the Company. The Directors may, if they think fit, from time to time declare and pay to the members such interim dividends as appear to them to be justified by the position of the Company, and may also from time to time, if in their opinion such payment is so justified, pay any preferential dividends which by the terms of issue of any share are made payable on fixed dates.
- (2) The Directors may authorise a distribution of dividend at such time and in such amount as the Directors consider appropriate, if the Directors are satisfied that the Company will be solvent within twelve (12) months after the distribution is made.
- (3) No higher dividend shall be paid than is authorised by the Directors, and the declarations of the Directors as to the distribution shall be conclusive.
162. The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves, which shall, at the discretion of the Directors, be applicable for any purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company, or be invested in such investments (other than shares of the Company), as the Directors may from time to time think fit. The Directors may also without placing the same to reserve carry forward any profits which they may think prudent not to divide.
163. Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but no amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Constitution as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
164. The Directors may deduct from any dividend payable to any member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.
165. The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
166. No dividend or other moneys payable on or in respect of a share shall bear interest against the Company.
167. All dividends unclaimed for one (1) year after having been declared shall be dealt with by the Company in accordance with prevailing laws relating to the unclaimed moneys.

168. With the sanction of a general meeting any dividend may be paid wholly or in part by the distribution of specific assets and in particular of paid-up shares or debentures of any other company or in any one or more of such ways. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient, and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members upon the footing of the value so fixed, in order to adjust the rights of all members, and may vest any such specific assets in trustees upon trust for the members entitled to the dividend as may seem expedient to the Directors.
169. (1) Any dividend, interest, or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the person whose name appear in the Register or Record of Depositors or to such person and to such address as the holder may in writing direct or by way of telegraphic transfer or electronic transfer or remittance to such account as designated by such holder or the person entitled to such payment. Every such cheque or warrant or telegraphic transfer or electronic transfer or remittance shall be made payable to the order of the person to whom it is sent and the payment of any such cheque or warrant or telegraphic transfer or electronic transfer or remittance shall operate as a good and full discharge to the Company in respect of the payment represented thereby, notwithstanding that in the case of payment by cheque or warrant, it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant or telegraphic transfer or electronic transfer or remittance shall be sent at the risk of the person entitled to the money thereby represented.
- (2) Whenever the Directors or the Company in general meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary shares of the Company, the Directors may further resolve that members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:-
- (i) the basis of any such allotment shall be determined by the Directors;
  - (ii) the Directors shall determine the manner in which members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to members, providing for forms of election for completion by members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise

make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Constitution;

- (iii) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of the election has been accorded provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and
  - (iv) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the "Elected Ordinary Shares") and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the Elected Ordinary Shares on the basis of allotment determined as aforesaid and for such purpose (notwithstanding any provision of the Constitution to the contrary), the Directors shall (i) capitalise and apply the amount standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the Elected Ordinary Shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of Elected Ordinary Shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the Elected Ordinary Shares on such basis.
- (3) (i) The ordinary shares allotted pursuant to the provisions of paragraph (2) of this Clause shall rank *pari passu* in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.
- (ii) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (2) of this Clause, with full power to make such provisions as they think fit in the case of fractional entitlements to ordinary shares (including, notwithstanding any provision to the contrary in this Clause, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down, or whereby the benefit of fractional entitlements accrues to the Company rather than the members).

- (4) The Directors may, on any occasion when they resolve as provided in paragraph (2) of this Clause, determine that the rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register or the Record of Depositors, as the case may be, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of this Constitution shall be read and construed to such determination.
- (5) The Directors may, on any occasion when they resolve as provided in paragraph (2) of this Clause, further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to members whose registered addresses entered in the Register or the Record of Depositors, as the case may be, is outside Malaysia or to such other members or class of members as the Directors may in their sole discretion decide and in such event the only entitlements of the members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.
- (6) Notwithstanding the foregoing provisions of this Constitution, if at any time after the Directors' resolution to apply the provisions of paragraph (2) of this Clause in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that, by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever, it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and as they deem fit in the interest of the Company, cancel the proposed application of paragraph (2) of this Clause.

#### **CAPITALISATION OF PROFITS**

170. The Company in general meeting may upon the recommendation of the Directors resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's Reserve Funds or to the credit of the Income Statement or otherwise available for distributions, and accordingly that such sums be set free for distribution amongst the member who would have been entitled thereto if distributed by the way of dividend and in the same proportions on condition that the same be not paid in cash but he applied either in or towards paying up any amounts for the time being unpaid on any shares held by such members respectively or paying in full unissued shares or debentures of the Company to be allotted and distributed credited as fully paid up to and amongst such members in the proportion aforesaid, or partly in the one way and partly in the other, and the Directors shall give effect to such Resolution: Provided that a share premium account and a capital redemption reserve fund may, for the purposes of this Constitution only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.
171. Whenever such a resolution as aforesaid shall have been passed the Directors shall make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give

effect thereto, with full power to the Directors to make such provisions by the issue of fractional shares or by payment in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions and also to authorise any person to enter on behalf of all members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up of any further shares or debentures to which they may be entitled upon such capitalisation and any agreement made under such authority shall be effective and binding on all such members.

## NOTICES

172. (1) Any notice or other document, if served personally or sent by post, shall be deemed to have been served or delivered at the time personally or when the letter containing the same is put into the post, and in proving such service or sending it shall be sufficient to prove that the letter containing the notice or document was properly addressed and put into the post office as a pre-paid letter. Any notice or other document given in electronic form shall be transmitted to the electronic address provided by the member for such purpose or by publishing on the website. Every person who, by operation of law, transfer, transmission or other means whatsoever, becomes entitled to any share, shall be bound by every notice which have been duly served to the person from whom he derives the title of such shares, prior to his name and address being entered in the Register or Record of Depositors as the registered holder of such shares. The contact details (including electronic address) of the member are as set out in the Record of Depositors shall be deemed the last known address provided by the member to the Company for purposes of communication with the member.
- (2) Where a notice, or any other document or information is served, sent or supplied by electronic communication:-
- (a) to the current address of member, shall be deemed to have been duly given, sent, or served at the time of transmission of the electronic communication by the email server or facility operated by the Company or its service provider to the current address of members (notwithstanding any delayed receipt, non-delivery or "returned mail" reply message or any other error message indicating that the electronic communication was delayed or not successfully sent).
  - (b) by making it available on a website, it shall be deemed to have been duly given, sent or served on the date on which the notice or document is first made available on the website, or unless otherwise provided under laws.
- (3) A notice, document or information served, sent or supplied by means of a website is deemed to have been given to or received by the intended recipient when the material was first made available on the website and the Company notifying the member in the following manner in writing:-
- (a) the publication of the notice, document or information on the website;  
and

- (b) the designated website link or address where a copy of the notice, document or information may be downloaded.
  - (4) A member shall be implied to have agreed to receive such notice or document or information by way of such electronic communications. However, members are given a right to request for a hard copy of such notice, document or information and the Company shall forward a hard copy of such notice or document or information to the member within the prescribed period specified under the Listing Requirements.
  - (5) The Directors may, at their discretion, at any time give a member an opportunity to elect within a specified period of time whether to receive such notice, document or information by way of electronic communications or as a physical copy, and such member shall be deemed to have consented to receive such notice, document or information by way of electronic communications if he was given such an opportunity and he failed to make an election within the specified time, and he shall not in such an event have right to receive a physical copy of such notice, document or information.
173. Where a given number of days' notice or notice extending over any other period is required to be given, the day of service shall be counted in such number of days or other period but the day for which it is given shall be excluded.
174. A notice including notice given in electronic form or any other document, may be given by the Company to the person entitled to a share in consequence of the death or bankruptcy of a member by sending it through representatives of the deceased or assignee of the bankrupt or by any like description, at the address, if any, within Malaysia supplied for the purpose by the person claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred. Every person who shall become entitled to any share by operation of law, transfer, transmission or other means whatsoever, shall be bound by every notice in respect of such share, which prior to his name and address being entered in the Register or Record of Depositors as the registered holder of such shares, shall have been duly given to the person from whom he derives the title to such share.
175. (1) Notice of every general meeting shall be given in a manner herein before specified to:-
- (a) every Director with a registered address in Malaysia or an address for service of notices in Malaysia;
  - (b) every member with a registered address in Malaysia or an address for service of notices in Malaysia;
  - (c) every person entitled to a share in consequence of the death or bankruptcy of a member who, but for his death or bankruptcy, would be entitled to receive notice of the meeting;
  - (d) the Auditors for the time being of the Company; and

- (e) every Exchange on which the Company is listed and any other relevant authorities.
- (2) Except as aforesaid no other person shall be entitled to receive notices of general meetings.
- (3) Whenever any notice is required to be given under the provisions of the laws of Malaysia or of this Constitution, waiver or the shortening of the period of such notice, may be effectively given by complying with Section 316(4) of the Act.

### **RECONSTRUCTION**

176. On any sale of the undertaking of the Company, the Directors or the Liquidators on a winding up may, if authorised by a Special Resolution, accept fully paid or partly paid up shares, debentures or securities of any other company, whether incorporated in Malaysia or foreign, either then existing or to be formed for purchase in whole or in part of the property of the Company, and the Directors (if the profits of the Company permit) may distribute such shares or securities or any other property of the Company amongst the members without realisation, or vest the same in trustees for them, and any Special Resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefits or property otherwise than in accordance with the strict legal rights of the members or contributories of the Company, and for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorised and waive all rights in relation thereto, save only in case the Company is proposed to be or is in the course of being wound up, such statutory rights (if any) under the provisions of the Act as are incapable of being varied or excluded by this Constitution.

### **WINDING UP**

177. If the Company shall be wound up, the Liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Act, divide amongst the members in species or kind the whole or any part of the assets of the Company (whether they shall consist of property of same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The Liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the Liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.
178. If the Company shall be wound up, the members of each class of shareholders shall be entitled to participate equally in direct proportion to the number of the shares. Provided that if the share capital of the Company is divided into different classes, the rights of each class in a liquidation shall be in accordance with the terms of the issue of the shares of the class.

179. On the voluntary liquidation of the Company, no commission or fee shall be paid to a liquidator unless it shall have been approved by members. The amount of such payment shall be notified to all members at least seven (7) days prior to the meeting at which it is to be considered.

#### **SECRECY CLAUSE**

180. Save as may be provided by the Act, no member shall be entitled to enter into or inspect any premises or property of the Company or to require disclosure of any information in respect of any detail of the Company's trading, manufacturing or any matter which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the members to communicate to the public.

#### **INDEMNITY**

181. Every member of the Board, whether holding an executive office pursuant to this Constitution or not, Auditor, Secretary and other officer for the time being of the Company shall be indemnified out of the assets of the Company (including effect of insurance) in accordance with the Act.

#### **ALTERATION OF CONSTITUTION**

182. Subject to the Act and to the provisions of the Listing Requirements (if any), the Company may by Special Resolution delete, alter or add to this Constitution.



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**Menang Corporation (M) Berhad (5383-K)**  
Incorporated in Malaysia

CDS account no. of authorised nominee
No. of shares held

**PROXY FORM**

I/We\* .....  
(name of shareholder as per NRIC, in capital letters)

IC No./ ID No./ Company No.....

of .....  
(full address)

being a member/members\* of MENANG CORPORATION (M) BERHAD, hereby appoint.....

.....IC No. ....  
(name of proxy as per NRIC, in capital letters)

of .....  
(full address)

or failing him/her\*, .....IC No. ....  
(name of proxy as per NRIC, in capital letters)

of .....  
(full 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 Fifty-Third Annual General Meeting of the Company or at any adjournment thereof to be held at the Cornerstone, Level 2, North Block, Wisma Selangor Dredging, 142D Jalan Ampang, 50450 Kuala Lumpur, Malaysia on Wednesday, 29 November 2017 at 10.00 a.m..

No.	Resolution	For	Against
Ordinary Resolution 1	Approval of payment of Directors' Fees of RM35,000/- for the financial year ended 30 June 2017 and benefit payable of RM117,000/- to the Directors for the period from 1 February 2017 to 30 June 2017.		
Ordinary Resolution 2	Approval of Directors' Fees and benefit payable of up to RM500,000/- to the Directors of the Company for the financial year ending 30 June 2018 and up to the date of the next Annual General Meeting, to be paid monthly in arrears.		
Ordinary Resolution 3	Re-election of Mr Too Kok Leng as a Director retiring under the Constitution of the Company.		
Ordinary Resolution 4	Re-election of Mr Chiam Tau Meng as a Director retiring under the Constitution of the Company.		
Ordinary Resolution 5	Re-election of Ms Marianna Binti Aly Shun as a Director retiring under the Constitution of the Company.		
Ordinary Resolution 6	Re-appointment of Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 7	Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares.		
Ordinary Resolution 8	Retention of Mr Chiam Tau Meng as an Independent Non-Executive Director, in accordance with the Malaysian Code on Corporate Governance.		
Special Resolution	Proposed Adoption of New Constitution of the Company.		

\* Strike out whichever is not desired.

[Please indicate with a cross (x) in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy may vote or abstain as he thinks fit.]

.....  
Signature or Common Seal  
of Member/(s)

Dated this ..... day of.....2017



**Notes:**

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint any person as proxy to attend and vote in his stead at the same meeting. A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar.
2. Where a member of the Company appoints two (2) proxies, the member shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointments shall be invalid.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

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.

4. If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy shall be signed by the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or notarially certified copy of that power of attorney or authority, shall be deposited at the Company’s Share Registrar’s Office at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice of meeting will be put to vote by way of poll.
8. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available a Record of Depositors as at **21 November 2017** and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.
9. The Audited Financial Statements in Agenda 1 is meant for discussion only as approval from shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act 2016. Hence, this Agenda is not put forward for voting by shareholders of the Company.

**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 pursuant to Personal Data Protection Act, 2010.

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Stamp

Registrar of Menang Corporation (M) Berhad (5383-K)  
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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