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CREST BUILDER HOLDINGS BERHAD (573382-P)

ANNUAL REPORT 2018

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CORPORATE SECTION

FINANCIAL SECTION

CORPORATE **PROFILE**

Crest Builder Holdings Berhad ("CBHB") was incorporated in Malaysia under the Companies Act 1965 on 9 March 2002 as a public limited company. CBHB is principally an investment holding company and had successfully undertaken a Corporate and Debt Restructuring Scheme which involved taking over the listing status of MGR Corporation Berhad. CBHB was listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities") on 12 June 2003.

The CBHB Group was founded in 1983 by the late Mr. Yong Soon Chow. What started out as a small timer of less than 10 staff has grown to a strong corporation of over 300 staff under its stable. Over the past 35 years, the CBHB Group has carved a strong foothold in the local construction industry. With in-depth industry experience, the CBHB Group has a proven and established track record in the sector – especially in the commercial, residential and institutional building construction. The Group counts top branded developers and international property players amongst its clientele.

With a good blend of experience and vibrant protégés in its management team, the CBHB Group has moved along the supply chain and diversified beyond purely construction into other construction-related activities, such as property development, Mechanical & Electrical Engineering ("M&E") services and project management – and upon completion of our RM300 million maiden development namely 3 Two Square, the Group has also diversified into property management as well as car park management.

The Group has also completed various developments, including the UNITAR Campus at Tierra Crest, and a series of residential and commercial projects, i.e. Alam Idaman, Avenue Crest and Alam Sanjung in Shah Alam. The Group also manages a concession of the 5,000 student capacity UiTM Tapah campus which ends in 2034. Together with the conventional developments, the Group has also secured the privatisation and the redevelopment of Dang Wangi LRT station, Kelana Jaya LRT station as well as a Malaysian Rubber Board land along Jalan Ampang, Kuala Lumpur.

With the vision to be the *'Preferred'* organisation of choice by the partners and customers, the Group aspires to achieve distinction in the industry through prudent cost management, highest standards of quality and complete customer satisfaction.

NOTICE OF
17TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 17th annual general meeting will be held

Venue	Sime Darby Convention Centre 1A, Jalan Bukit Kiara 1 60000 Kuala Lumpur
Day, date and time	Wednesday, 12 June 2019 at 10:00 a.m.

AGENDA

Ordinary business

1. **Laying of audited financial statements and reports**

   To receive and adopt the duly audited financial statements consisting of the consolidated statement of comprehensive income, the consolidated statement of financial position, the Reports of the Directors and Auditors for the financial year ended 31 December 2018, in compliance with Section 340(1)(a) and 266(1)(a) of the Companies Act 2016 respectively. ***Resolution 1***

2. **Declaration of dividend**

   THAT the payment for a first and final single tier dividend of 4.5 Sen per ordinary share in respect of the financial year ended 31 December 2018 be hereby approved. ***Resolution 2***

3. **Election of director**

   THAT re-election of the Executive Director, Madam Koh Hua Lan who retires in accordance with Article 79 of the Company's Constitution, be hereby approved. ***Resolution 3***

4. **Election of director**

   THAT re-election of the Independent Non-Executive Director, Mr. Kam Yong Kan, who retires in accordance with Article 79 of the Company's Constitution, be hereby approved. ***Resolution 4***

5. **Appointment of auditors**

   THAT the appointment of Messrs Baker Tilly Monteiro Heng PLT, Chartered Accountants, as the auditors in accordance with Article 57 of the Company's Constitution and pursuant to Section 271(4)(a) of the Companies Act 2016 for the ensuing financial year ending 31 December 2019 be confirmed and that the directors be authorised to fix the remuneration of the auditors pursuant to Section 274(1)(a) of the Companies Act 2016 be hereby approved. ***Resolution 5***

Special business

6. **Approval for fees for directors pursuant to Section 230(1)(a) of the Companies Act 2016** ***Resolution 6***

   THAT the payment of RM198,000 as fees for directors for the financial year ended 31 December 2018 (2017: RM188,371) in accordance with Article 88 of the Company's Constitution be hereby approved.

NOTICE OF 17TH ANNUAL GENERAL MEETING (cont'd)

7. **Allotment of shares or grant of rights with the Company approval pursuant to Section 76 of the Companies Act 2016**

Resolution 7

THAT pursuant to Section 76 of the Companies Act 2016 and subject to the approval of all relevant authorities being obtained, the directors be empowered for the purposes of Section 75(1) of the Companies Act 2016 to issue shares in the Company at any time and 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 issued pursuant to this resolution does not exceed 10% of the issued and paid up capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next annual general meeting be hereby approved.

8. **Proposed renewal of share buy-back authority of up to ten percent (10%) of the issued and paid-up share capital**

Resolution 8

THAT subject to Section 127 of the Companies Act 2016 and rules, regulations or orders made pursuant to the Companies Act 2016, provisions of the Company's Constitution and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the directors of the Company be and are hereby authorised to make purchases of ordinary shares comprised in the Company's issued and paid-up ordinary share capital, such purchases to be made through Bursa Securities subject further to the following:

(i) the aggregate number of ordinary shares in Crest Builder Holdings Berhad ("CBHB Shares") which may be purchased or held by the Company shall not exceed ten per cent (10%) of the issued and paid-up ordinary share capital of the Company ("Proposed Share Buy-Back"), subject to the restriction that the issued and paid-up ordinary share capital of CBHB does not fall below the minimum share capital requirements of the Listing Requirements of Bursa Securities ("Listing Requirements") applicable to a company listed on the Main Market of Bursa Securities and that the listed issuer continues to maintain a shareholding spread that is in compliance with the requirements of the Listing Requirements after the share purchase;

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing the CBHB Shares under the Proposed Share Buy-Back shall not exceed the retained earnings account of the Company for the time being which stood at RM30,918,864 as at 31 December 2018 based on the latest audited financial statements of CBHB for the financial year ended 31 December 2018;

(iii) the authority conferred by this resolution to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this ordinary resolution and will continue to be in force until:

(a) the conclusion of the next annual general meeting ("AGM") of the Company at which such resolution was passed at the time which the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or

(b) the expiration of the period within the next AGM of the Company after that date is required by the Companies Act 2016 to be held; or

(c) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

NOTICE OF
17TH ANNUAL GENERAL MEETING
(cont'd)

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company of the CBHB Shares before the aforesaid expiry date and, made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and

(iv) upon completion of the purchase(s) of the CBHB Shares by the Company, the directors of the Company be and are hereby authorised to retain the CBHB Shares so purchased as treasury shares, which may be distributed as dividends to shareholders, cancel and/or resold on Bursa Securities, in the manner as prescribed by the Companies Act 2016, rules, regulations and orders made pursuant to the Companies Act 2016 and the requirements of Bursa Securities and any other relevant authority for the time being in force,

AND THAT the directors of the Company be and hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to effect the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the said directors may deem fit and expedient in the best interest of the Company to give effect to and to complete the purchase of CBHB Shares.

9. Continuing in office as Independent Non-Executive Directors

9.1 **THAT** approval be and is hereby given to Encik Mohd Khasan bin Ahmad who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company. ***Resolution 9***

9.2 **THAT** approval be and is hereby given to Mr. Kam Yong Kan who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company. ***Resolution 10***

NOTICE OF DIVIDEND ENTITLEMENT

Further NOTICE is hereby given that a first and final single tier dividend of 4.5 Sen per ordinary share in respect of the financial year ended 31 December 2018 if approved by shareholders, will be paid on 2 August 2019 to depositors registered in the Record of Depositors at the close of business on 12 July 2019.

A depositor shall qualify for entitlement only in respect of:

(a) share transferred into the depositor's securities account before 4:00 noon on 12 July 2019 in respect of ordinary transfers; and

(b) shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By order of the Board

Company Secretary
Heng Chiang Pooh FCIS
(MAICSA 7009923)

Dated: 29 April 2019

NOTICE OF 17TH ANNUAL GENERAL MEETING (cont'd)

Notes

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint anyone to attend and vote in his stead as his proxy without limitation and the provisions of Section 334 of the Companies Act 2016 shall apply.*

2. *If a corporation is a member of the Company, the corporation may by resolution of its Board or other governing body authorise a person or persons to act as its representative or representatives at any meeting of members of the Company. A certificate of authorisation by a corporate member shall be prima facie evidence of the appointment or the revocation of the appointment, as the case may be, of a representative pursuant to Section 333 of the Companies Act 2016.*

3. *Shareholders' attention is hereby drawn to the Listing Requirements of the Bursa Malaysia Securities Berhad, which allows a member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, to 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.*

4. *A member may appoint more than one (1) proxy provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.*

5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office situated at No. 62-2, Jalan 2A/27A, Section 1, Wangsa Maju, 53300 Kuala Lumpur, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.*

6. *In respect to the deposited securities, only members whose name appear in the Record of Depositors on 31 May 2019 shall be eligible to attend the meeting or to appoint proxy to attend and/or vote on his behalf.*

STATEMENT ACCOMPANYING NOTICE OF **17TH ANNUAL GENERAL MEETING**

1. VOTING BY WAY OF POLL

Pursuant to paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this notice shall be put to vote by way of poll.

2. ORDINARY BUSINESS – RESOLUTION 1

The Board had proposed that Resolution 1 be recommended for consideration at the annual general meeting to receive and adopt the duly audited financial statements consisting of the consolidated statement of comprehensive income, the consolidated statement of financial position, the Reports of the Directors and Auditors for the financial year ended 31 December 2018. However, the same matters had been formally approved by the Board in compliance with the provisions of the Companies Act 2016.

3. ORDINARY BUSINESS – RESOLUTION 2

The directors now recommend a first and final single tier dividend of 4.5 Sen (RM0.045) per each ordinary share held in respect of the financial year ended 31 December 2018.

4. ORDINARY BUSINESS – RESOLUTION 3 & 4

The particulars of the retiring directors who are standing for re-election are set out in the relevant pages of the Annual Report as follows.

Name of Directors	Directors' Profile	Directors' Shareholdings
Madam Koh Hua Lan (Executive Director)	Page 11	Page 185
Mr. Kam Yong Kan (Independent Non-Executive Director)	Page 11	Page185

Details of directors' attendance at Board Meetings are set out in the Statement of overview on Corporate Governance on Page 30 of the Annual Report.

5. ORDINARY BUSINESS – RESOLUTION 5

Pursuant to Section 273(b) of the Companies Act 2016, an auditor shall cease to hold office at the conclusion of the annual general meeting next following his appointment, unless the auditor is re-appointed.

6. SPECIAL BUSINESS – RESOLUTION 6

This authorisation by the general meeting would enable the payment of directors' remuneration in accordance with Article 88 of the Company's Constitution as follows:

Article 88 - Directors' Remuneration

The directors shall be paid by way of remuneration for their services such fixed sums (if any) as shall from time to time be determined by the Company in general meeting, and such remuneration shall be divided among the directors in such proportion and manner as the directors may determine. Provided always that:

(a) fees payable to directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;

(b) salaries payable to directors who do hold an executive office in the Company may not include a 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 such as agreed between herself and the director nominating her shall be paid out of the remuneration of the latter.

STATEMENT ACCOMPANYING NOTICE OF 17TH ANNUAL GENERAL MEETING (cont'd)

7. SPECIAL BUSINESS – RESOLUTION 7

The Company had during its 16th annual general meeting held on 20 June 2018, obtained its shareholders' approval for the general mandate pursuant to Section 76 of the Companies Act 2016 and subject to the approval of all relevant authorities being obtained, the directors be empowered for the purposes of Section 75(1) of the Companies Act 2016 to issue shares in the Company at any time and 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 issued pursuant to this resolution does not exceed 10% of the issued and paid up capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next annual general meeting be hereby approved. The Company did not issue any shares pursuant to the said mandate.

This Proposed Resolution 7 which is an Ordinary Resolution, if passed, will grant a renewed general mandate which will provide flexibility for the Company and will empower the directors to issue new shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the purpose of funding current and/or future investment projects, working capital, and/or strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied at a general meeting, will be valid until the conclusion of 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 sought, the Company shall make an announcement in respect thereof.

8. SPECIAL BUSINESS – RESOLUTION 8

The Proposed Share Buy-Back of up to ten percent (10%) of the issued and paid-up share capital, if approved by the shareholders of the Company, will enable the Company to make purchases of ordinary shares comprised in the Company's issued and paid-up ordinary share capital. Further information can be obtained in the accompanying Circular dated 29 April 2019.

9. SPECIAL BUSINESS – RESOLUTION 9 & 10

With reference to our Corporate Governance Report on disclosures made pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements and in compliance with the Malaysian Code on Corporate Governance 2017, the next Resolution 9 and Resolution 10 are with respect to approval sought for each independent director who had served since 2003.

As stated under Practice 4.2 in the Corporate Governance Report, the Board had in reviewing the independent status, considered that it is necessary to focus not only on whether a director's background and current activities qualify him as being independent but also whether the director can act independently of management.

In the application of best practice, if the Board continues to retain an independent director after the twelfth year, the Board should seek annual shareholders' approval through a two-tier voting process.

- Tier 1: Only the Large Shareholder(s) of the Company votes; and
- Tier 2: Shareholders other than Large Shareholders votes.

From the records, the only large shareholder is SC Yong Holdings Sdn. Bhd. with 66,622,000 shares or 39.92% of the equity capital, who shall be voting under Tier 1.

The rest of the shareholders shall vote under Tier 2.

The resolution is deemed passed only if both Tier 1 and Tier 2 voted in support of the proposed resolution.

STATEMENT ACCOMPANYING NOTICE OF **17TH ANNUAL GENERAL MEETING**
(cont'd)

The Board of Directors has via the Nomination Committee assessed the independence of Encik Mohd Khasan bin Ahmad and Mr. Kam Yong Kan who each has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications.

(i) each of them fulfils the criteria of an Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
(ii) each of them is familiar with the Company's business operations as each has been with the Company for more than nine (9) years;
(iii) each of them has devoted sufficient time and attention to his responsibilities as an Independent Non-Executive Director of the Company; and
(iv) each of them has exercised due care during his tenure as an Independent Director of the Company and carried out his duty in the interest of the Company and shareholders.

The proposed Resolutions 9 and 10, if passed respectively, will enable Encik Mohd Khasan bin Ahmad and Mr. Kam Yong Kan to continue in office as Independent Non-Executive Directors.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah
- *Non-Executive Chairman*

Yong Shang Ming
- *Managing Director*

Koh Hua Lan (f)
- Executive Director

Mohd Khasan Bin Ahmad
- *Independent Non-Executive Director*

Kam Yong Kan
- *Independent Non-Executive Director*

Lim Boon Teng
- *Independent Non-Executive Director*

Yong Tiok Keng (f)
- *Alternate Director to Koh Hua Lan (f)*

AUDIT COMMITTEE

Mohd Khasan Bin Ahmad, Chairman
Kam Yong Kan
Lim Boon Teng

REMUNERATION COMMITTEE

Lim Boon Teng, Chairman
Mohd Khasan Bin Ahmad
Kam Yong Kan

NOMINATION COMMITTEE

Kam Yong Kan, Chairman
Mohd Khasan Bin Ahmad
Lim Boon Teng

COMPANY SECRETARY

Heng Chiang Pooh FCIS (MAICSA 7009923)

REGISTERED OFFICE

No. 62-2, Jalan 2A/27A
Section 1, Wangsa Maju
53300 Kuala Lumpur
Tel : 03-4148 1888
Fax : 03-4149 1888

PRINCIPAL PLACE OF BUSINESS

Penthouse, The Crest
3 Two Square
No. 2, Jalan 19/1
46300 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7841 6000
Fax : 03-7841 6088
Email : corporate@crestbuilder.com.my

SHARE REGISTRAR

ShareWorks Sdn. Bhd.
No. 10-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Tel : 03-6201 1120
Fax : 03-6201 3121

AUDITORS

Baker Tilly Monteiro Heng PLT
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel : 03-2297 1000
Fax : 03-2282 9980

PRINCIPAL BANKERS

Hong Leong Bank Berhad
AmBank (M) Berhad
United Overseas Bank (Malaysia) Bhd.
RHB Bank Berhad
Bank Islam Malaysia Berhad

STOCK EXCHANGE LISTING

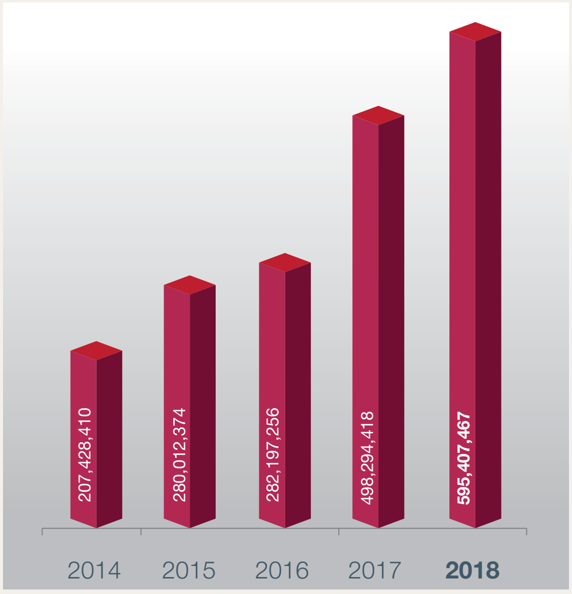
Bursa Malaysia Securities Berhad - Main Market
Sector : Construction

FINANCIAL HIGHLIGHTS

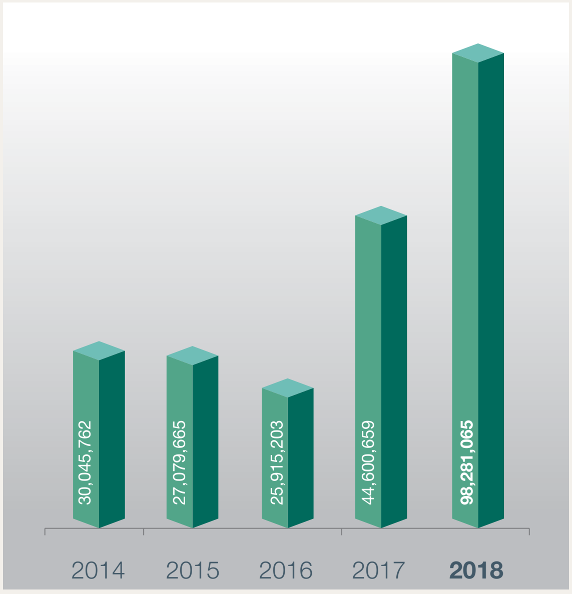
Financial Year Ended	2014 RM	2015 RM	2016 RM	2017 RM	2018 RM
Revenue	207,428,410	280,012,374	282,197,256	498,294,418	**595,407,467**
Profit Before Tax	30,045,762	27,079,665	25,915,203	44,600,659	**98,281,065**
Profit for the Financial Year	19,978,473	11,998,183	14,988,214	30,380,456	**72,180,738**
Profit attributable to Owners of the Company	20,756,458	9,686,023	13,212,158	28,057,245	**70,335,634**
Total Equity attributable to Owners of the Company	385,176,664	398,856,660	403,211,580	424,441,163	**487,266,134**
Net Assets per Share (RM)	2.35	2.30	2.36	2.49	**2.87**
Total Number of Shares (net of Treasury Shares)	163,906,105	173,363,657	170,691,557	170,691,557	**169,909,457**
Basic Earnings per Share (sen)	12.79	5.74	7.73	16.44	**41.21**
Diluted Earnings per Share (sen)	11.78#	5.74	7.73	16.44	**41.21**
Gross Dividend (%)	3.75*	4.00*	4.00*	4.00*	**4.50***

\# *After full conversion of Warrants and ESOS*
* *Single Tier Dividend*

REVENUE (RM)

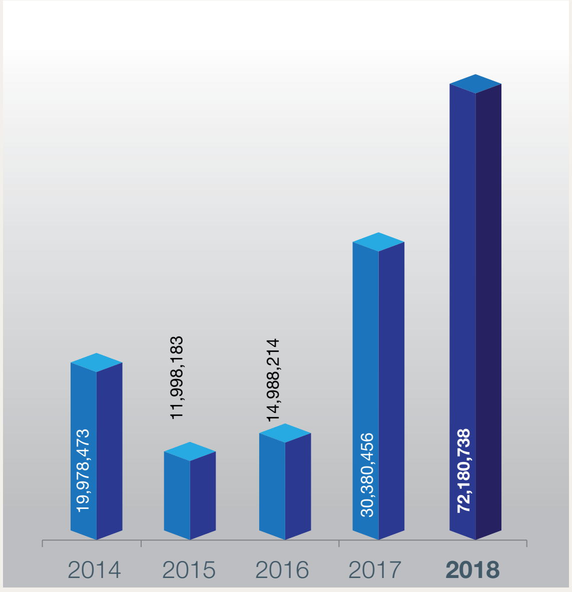


PROFIT BEFORE TAX (RM)

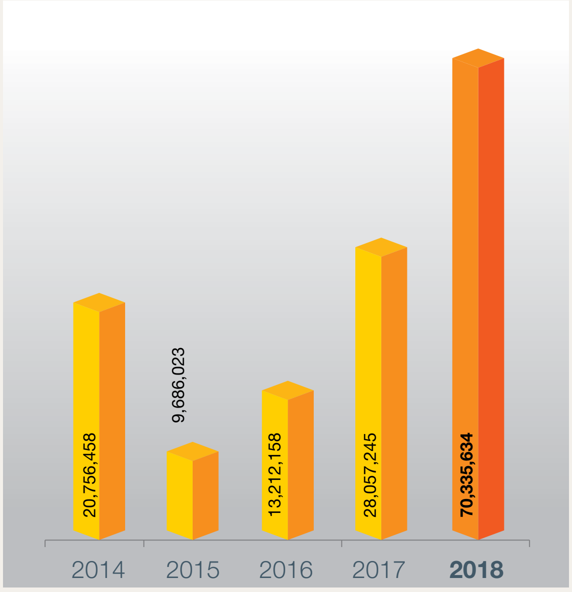


FINANCIAL **HIGHLIGHTS** (cont'd)

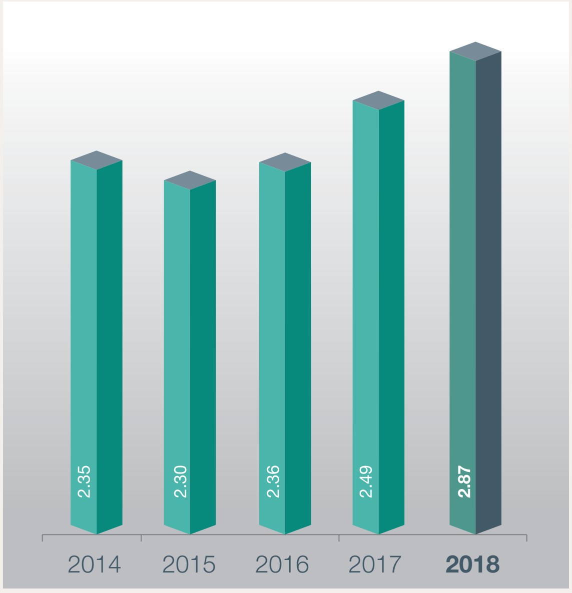
PROFIT FOR THE FINANCIAL YEAR (RM)



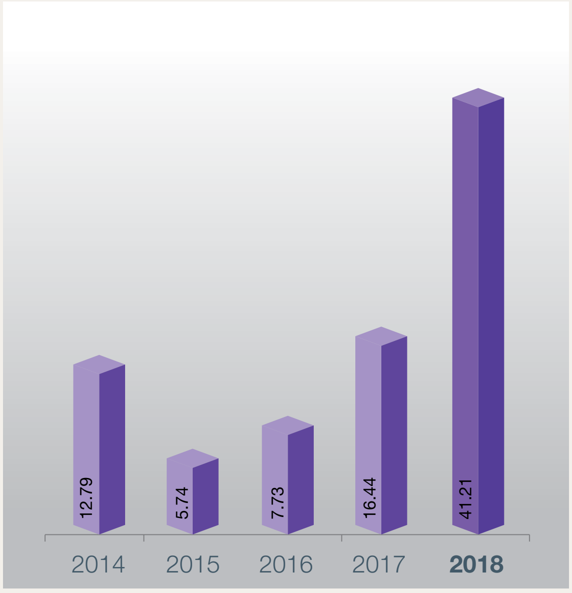
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)



NET ASSETS PER SHARE (RM)



BASIC EARNINGS PER SHARE (SEN)



DIRECTORS' **PROFILE**

TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH

Non-Executive Chairman
aged 63

Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah was appointed to the Board on 26 February 2003 as Executive Chairman and he was re-designated as the Non-Executive Chairman with effect from 1 March 2005. Tengku Dato' Sulaiman Shah has over 30 years of experience in the construction, printing, advertising, freight industries and health products. He was appointed as the "Orang Besar Istana" in year 1996 with the bestowed title of "Tengku Setia". In year 2007, he was awarded "Dato Sultan Sharafuddin Idris Shah" (D.S.I.S). He is primarily responsible for the orderly conduct and working of the Board and the public relation and communication affairs of the Group. He attended all of the five (5) Board meetings held during the financial year ended 31 December 2018.

YONG SHANG MING

Managing Director
aged 36

Yong Shang Ming was appointed to the Board on 31 January 2008. He graduated from City University, London with a Honours Degree in Civil Engineering. He joined the Group in June 2003 as the Special Assistant to the former Group Managing Director. He is involved in the project procurement and implementation as well as the business development ventures of the Group. He is also involved in the project planning, development and marketing operations of the Group's property development projects. He attended all of the five (5) Board meetings held during the financial year ended 31 December 2018.

KOH HUA LAN (F)

Executive Director
aged 67

Koh Hua Lan (f) * was appointed to the Board on 26 February 2003. Madam Koh is a co-founder of Crest Builder Sdn. Bhd. and she has more than 35 years of experience in financial and administration management. She is principally responsible for the administration, human resource and management support services of the Group. She attended all of the five (5) Board meetings held during the financial year ended 31 December 2018.

MOHD KHASAN BIN AHMAD

Independent Non-Executive Director
aged 58

Mohd Khasan Bin Ahmad was appointed to the Board on 25 February 2003 and is the Chairman of the Audit Committee, member of the Nomination Committee and member of the Remuneration Committee. He graduated from Universiti Teknologi MARA with a degree in Accountancy. He is a member of the Malaysian Institute of Accountants. He served in Bank Negara Malaysia for a period of about 7 years, the last 2 years of which he was seconded to the then Capital Issues Committee as its Principal Assistant Secretary. Subsequently, he joined the Securities Commission for a period of about 6 years and his last capacity was as an Assistant Manager in its Issues and Investment Division. During the tenure of his above appointments, he was involved in various corporate exercises ranging from initial public offerings, mergers and acquisitions, reverse take-overs, issuance of bonds and other capital raising exercises. He then joined the private sector in 1997 and held various senior management positions. He is also the director of Sinmah Capital Berhad, Homeritz Corporation Berhad and LYC Healthcare Berhad (formerly known as Mexter Technology Berhad). He attended all of the five (5) Board meetings held during the financial year ended 31 December 2018.

KAM YONG KAN

Independent Non-Executive Director
aged 60

Kam Yong Kan * was appointed to the Board on 26 February 2003 and also the Chairman of the Nomination Committee, member of the Audit Committee and member of the Remuneration Committee. He is an ex-fellow member of the Association of Chartered Certified Accountants, United Kingdom, an ex-member of the Malaysian Institute of Accountants and an associate member of the Malaysian Institute of Taxation. He has over 30 years experience in audit, finance, corporate finance, tax and treasury functions in property related industries. He was attached to a listed property group from 1991 to 2000 and held the position of a Finance Director during the last 4 years of his tenure in the property group. He attended all of the five (5) Board meetings held during the financial year ended 31 December 2018.

DIRECTORS' **PROFILE** (cont'd)

LIM BOON TENG

Independent Non-Executive Director
aged 48

Lim Boon Teng was appointed to the Board on 18 August 2017 and also the Chairman of the Remuneration Committee, member of the Audit Committee and member of the Nomination Committee. He graduated from Universiti Malaya with a Bachelor Degree in Accountancy. He is a member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants. He has more than 20 years of experience in the field of accounting, auditing and corporate finance. He worked in Ernst & Young Malaysia and CIMB Investment Bank Berhad before working in Ernst & Young China for 12 years, 3 years of which was as an audit partner. He joined Deloitte Malaysia in 2012 and worked as audit partner for 4 years. He is currently managing his accounting practices. He attended all of the five (5) Board meetings held during the financial year ended 31 December 2018.

YONG TIOK KENG (F)

Alternate Director to Koh Hua Lan (f)
aged 40

Yong Tiok Keng (f) was appointed to the Board on 25 May 2009. She holds a B. Sc in Accounting & Finance from London School of Economics in 2001. She has over 15 years of experience in the fields of accounting and corporate finance activities and she is currently the Corporate Affairs Manager of Crest Builder Holdings Berhad. She is principally responsible for the Corporate Affairs and financial policies of the Group. She attended all of the five (5) Board meetings held during the financial year ended 31 December 2018.

Further information

All the directors are Malaysian.

Except for certain recurrent related party transaction of revenue nature or trading nature which are necessary for the day to day operation of the Group and for which Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah is deemed to be interested as disclosed in page 37.

Yong Shang Ming is the son to Koh Hua Lan. Yong Tiok Keng is the daughter to Koh Hua Lan. Saved as disclosed herein, there are no family relationships between the directors and/or major shareholders of the Company, or any personal interest or conflict of interest in any business arrangement involving the Group.

The securities holdings of the directors are disclosed on page 185. By virtue of their interests in shares of the Company and under Section 8 of the Companies Act 2016, Koh Hua Lan is deemed to be interested in the shares of all the subsidiary companies to the extent the Company has an interest.

None of the directors has been convicted of any offence within the past five years other than traffic offences, if any.

Note:

* *Indicates directors who retire according to the Company's Constitution and are eligible to offer themselves for re-election.*

KEY MANAGEMENT **PERSONNEL'S PROFILE**

TEH HOCK HUA

Chief Executive Officer (Construction Division)
aged 46

Teh Hock Hua, a Malaysian, graduated from Universiti Malaya, with a Bachelor in Civil Engineering with a First Class Honours in 1998 and joined Crest Builder Sdn. Bhd. in the same year as a Project Engineer. As a young apprentice, he quickly rose up the ranks; being promoted to Project Manager, General Manager, Executive Director of Crest Builder Sdn. Bhd. and also the overall Head of the Construction Division of the Group. He was re-designated as the Chief Executive Officer of Construction Division with effect from 1 August 2017. Some of his more notable completed projects includes the prestigious 40 storey Northshore Gardens in Desa ParkCity, the Menara Bank Islam along Jalan Perak, Menara Worldwide along Jalan Bukit Bintang as well as Scott Sentral, off Jalan Istana. He is the overall person in charge in the Construction Division, and oversees the day to day operations, including the Contracts, M&E and other departments under the Construction Division.

YONG TIOK NEE

Head of Construction Solutions & Property Management
aged 31

Yong Tiok Nee, a Malaysian, was appointed as the Head of Construction Solutions and Property Management of Crest Builder Holdings Berhad in September 2015. She is the holder of Bachelor Degree of Planning and Design (Property and Construction) and Bachelor Degree of Property and Construction (Honours), both from University of Melbourne, Australia. She started her career in the Group as a Head of Contracts Solutions and Facility Management. During her tenure with the Group, she gained numerous experience in the area of building maintenance, building management which includes financial budgeting and cash flow management. She currently leads the Construction Solutions and Property Management divisions.

IR. DR. SIEW WOH HON

Chief Operating Officer (M&E Division)
aged 45

Ir. Dr. Siew Woh Hon, a Malaysian, graduated his BSc in Electrical Engineering from USA (1995), MSC in Construction Management from UK (2008) and PhD in Construction Management from USA (2014). He is a registered Professional Engineer with Practicing Certificate (PEPC) with Board of Engineers Malaysia. He has accumulated 20 years of experience in field of M&E and engineering design. He has vast experience of managing technically complex projects and possesses a forward-thinking approach to the management of clients and assignments. He has a long track record of delivering complex projects with a global reach and is able to manage the project delivery team through entire life-cycle, from clients' enquiry to invoice. He has led the teams on commercial, industrial, education and health projects where the highest standards are routinely demanded.

SZE TO PAUI KHAY

Chief Operating Officer (Property Division)
aged 53

Sze To Paui Khay, a Malaysian, graduated from National Cheng Kung University with a Bachelor Degree in Civil Engineering in 1989. He has over 29 years of experience in the field of consultancy, turnkey contractor and property development. He started his tenure in CB Land Sdn. Bhd. as a Project Director since 2013 and promoted to Chief Operating Officer (Property) in 2017. His primary roles in the Crest Builder group of companies as relationship management across internal business and expand the network with notable industry players, as well as execute organisation strategy to ensure good integration within the companies.

CHAIRMAN'S STATEMENT

South Brooks, Desa Park City (Construction)

Dear Valued Shareholders,

On behalf of the Board of Directors ("the Board"), I proudly present to you the Annual Report and Audited Financial Statements of Crest Builder Holdings Berhad ("CBHB" or "the Group") for the financial year ended 31 December 2018 ("FYE2018").

The Malaysian economy remained strong, registering a GDP growth of 4.7% in 2018 (2017: 5.9%). Like in previous years, private sector activities were the main driver for growth. Malaysia also experienced a rebound in exports of both goods and services. This contributed towards the positive growth of net exports. The higher net exports growth was achieved despite a stronger ringgit in 2018 with the currency averaging within the range of RM4.10 to RM4.15 to the US dollar in contrast to 2017's average of approximately RM4.25. The services sector was similarly well supported by the strong consumer spending, particularly in the retail segment. Moving into 2019, Malaysia economy's steady growth path is expected to persist.

Whilst the overall economy continues to grow, despite a lower growth rate compared to 2017, I am proud to reveal that the Group again managed to deliver a set of commendable results.

CHAIRMAN'S STATEMENT (cont'd)

FINANCIAL PERFORMANCE

2018 has been a delightful year for CBHB. The Group recorded a year-on-year growth in revenue of 19.5% and net profit attributable to shareholders ("NPATS") of 150.2%. The Group recorded a full year revenue of RM595.4 million and NPATS of RM70.3 million as compared to its preceding year's revenue and NPATS of RM498.3 million and RM28.1 million respectively.

The Group achieved this record set of results despite challenging times, especially the market conditions faced by the construction sector. The Group managed to outperform the construction sector which grew by only 4.5% in 2018.

In line with the Group's commitment to reward shareholders, the Board has proposed a first and final single-tier dividend of 4.5 sen per ordinary share. The total payout works out to RM7.6 million.

DBKL Carparks, Taman Mulia, Kuala Lumpur (Construction)

REVIEW ON OPERATIONAL ACTIVITIES

CBHB is principally involved in construction and property development, followed by property investment & management and concession arrangement. Despite challenging conditions such as volatile building material prices and labour cost, the Group managed to outperform market expectations and delivered record revenue and earnings, mainly backed by its various ongoing construction and property development projects.

Industry Prospects and Economic Outlook

The International Monetary Fund ("IMF") projected a lower global economic growth of 3.6% for 2019 due to carryover from softer momentum in the second half of 2018 and weakening sentiments in the financial markets. As for Malaysia, the IMF projected the economy to grow by 4.5% to 5% in 2019.

2019 is expected to be another challenging year due to various unfavourable factors such as the ongoing US-China trade war, geopolitical concerns in the Middle East, global monetary tightening and oil price fluctuations.

Going forward, the construction sector's growth is expected to be slower in 2019 due to revision of several mega projects as well as the expected global construction sector's slowdown. Nonetheless, we remain optimistic over the future economic landscape and confident that we can sail through any challenging times as proven in 2018. The construction sector remains very positive as the Government has revived the mega projects such as the East Coast Rail Line ("ECRL") and the Bandar Malaysia project.

DBKL Carparks, Taman Mulia, Kuala Lumpur (Construction)

CHAIRMAN'S **STATEMENT** (cont'd)

Appreciation

On behalf of the Board, I would like to take this opportunity to express my heartfelt thanks to all our employees for their hard work and dedication, contributing towards to the Group's success. I would also like to thank the Board members for their invaluable advice and undivided support.

To all our valued shareholders, customers, suppliers, bankers, business associates, government agencies and regulatory authorities, thank you for giving us the opportunities and more importantly the trust, allowing us to achieve the splendid results in 2018. Your continued support and trust in CBHB are greatly appreciated.

We look forward to your unwavering support and an even better financial year 2019.

Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah
Non-Executive Chairman

Quarza Mall and Residences, KL East (Construction)

MANAGEMENT DISCUSSION **AND ANALYSIS**

Dear Valued Shareholders,

The Board of Directors of the Company and Management are pleased to present the Management Discussion and Analysis to offer you an overview and assessment of the financial and operational performance of Crest Builder Holdings Berhad ("CBHB" or "the Group") for the financial year ended 31 December 2018, and our take on the prospects for the coming years.

OVERVIEW

We are a registered Class A Contractor with the Ministry of Entrepreneurial Development and a Category G7 with the Construction Industry Development Board. With these registrations, we are qualified to tender and carry out all categories of both government and private construction contracts. Armed with the necessary expertise, we are capable of serving a broad spectrum across the construction industry including property development, property management, M&E services, project management and car park management. With over 35 years of industry expertise, we are well established in the area of construction works, construction related activities and property development.

Our construction division is largely focused on the infrastructure and building works of residential developments, healthcare amenities, infrastructure, leisure amenities, educational facilities and commercial developments. Our infrastructure services and engineering cover all elements, which include design, construction, completion and maintenance of roads, bridges and other basic facilities.

Our construction division comprehensively supports our property development division; hence enabling us to achieve an integrated operation benefit under one roof. Our property development division is supported by our own in-house team of experts, hence we are able to be involved in all aspects of the real estate business, from planning submission to the completion of interior furnishing of our own developments.

On top of our extensive experience in construction and property development, two of our key property development projects, namely The Crest and Tierra Crest that are currently contributing recurring rental income, forms part of our investment in properties under our investment holding division.

Over the years, we have continuously built our expertise and capacity of our team, who has helped us drive and achieve our growth objectives. As such, with our solid foundation, this has escalated our position as a premier player in the industry.

OBJECTIVES & STRATEGIES

1. Operational excellence and timely delivery

CBHB's objective is to provide superior quality products for our customers on the back of timely delivery and within budget. Our focus on operational efficiency enables us to minimise on errors whilst ensuring that our quality and timeliness are of top priority. Our extensive track record and successes are evidenced by the various landmark projects completed and delivered by the Group over the years.

2. Environmental, Safety and Health

The Group places the well-being of our workers as a key component of our success throughout the years. The Group continuously engages in various training initiatives to ensure that all our processes take into consideration the environment, safety and health aspects of the workers. We do not pursue profit at the expense of our workers' well-being.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

OBJECTIVES & STRATEGIES (CONTINUED)

3. Training and upskilling of the workforce

CBHB constantly invests in training to upskill and educate our growing workforce as we keep up with the most current developments in the construction industry. We believe that workers that are equipped with the latest knowledge will ultimately contribute to better results for the Group.

4. Innovation and technology

CBHB is a proponent of embracing technology in our processes as we seek to reduce human error and reliance on labour. We constantly innovate and adopt Industrialised Building System to increase operational efficiency and improve the quality of our final products for our clients.

PERFORMANCE REVIEW

Revenue and Profitability

For financial year ended 31 December 2018 ("FYE2018"), CBHB delivered yet again another set of commendable financial results, achieving a record net profit attributable to shareholders ("NPATS") of RM70.3 million on the back of record revenue totalling RM595.4 million. This translates to an increase of 150.2% and 19.5% as compared to its corresponding period's NPATS of RM28.1 million and revenue of RM498.3 million respectively. The significant increase was mainly due to higher revenue contribution from our construction and property development divisions. In FYE2018, our construction and property development division accounted for 48.6% and 41.0% of our revenue respectively. The remaining balance was contributed by concession arrangement and investment holding divisions.

Meanwhile, our other income doubled by 111.3% to RM20.5 million from RM9.7 million in financial year ended 31 December 2017 ("FYE2017") mainly due to reversal of impairment losses on trade and other receivables collected from previously impaired debtors. On another note, administrative expenses increased by 76.0% to RM64.4 million as compared to RM36.6 million in FYE2017 mainly due to higher sales commission incurred for increasing sales of properties and net fair value loss on investment properties amounting to RM5.0 million recognised during the financial year. Our finance costs decreased by 10.3% to RM40.0 million from RM44.6 million in FYE2017 due to interest savings from lower outstanding loans and borrowings upon repayment. Income tax expense was higher by 83.8% to RM26.1 million from RM14.2 million in FYE2017 which is in line with higher taxable profits generated during the financial year under review and adjustment for increase in rate of Real Property Gain Tax on fair value surplus of investment properties.

On the back of higher revenue and other income and lower finance costs, offset by higher administrative expenses and income tax expense, we achieved a record NPATS of RM70.3 million for FYE2018. This translates to an improved return on equity ratio ("ROE") of 14.4% in contrast to FYE2017's 6.6%.

Construction

CBHB's principal activity is the construction of high rise buildings. In 2018, the Group completed several projects, namely Celcom Tower project and Anggun Service Apartment project. As at 31 December 2018, the construction division contributed 48.6% of the Group's revenue.

During FYE2018, the construction division reported a revenue of RM289.5 million as compared to its preceding year's RM322.8 million, representing a 10.3% decline. The profit before tax ("PBT") amounted to RM12.8 million as compared to RM12.0 million in the corresponding year, registering a 6.7% growth. Several projects contributed to the construction's revenue, namely Anggun Service Apartment project, Quarza Mall and Residences KL East project, DBKL Carparks project, Capri Hotel project, South Brooks project and New Ocean Convention Centre project. The recognition of a one-off loss of the material litigation amounting to RM30.4 million has adversely impacted the Group's construction revenue.

The Group secured a total contract wins of approximately RM625.9 million in 2018 which will provide earnings visibility for the coming financial years and puts the Group in a good position to continue delivering sustainable earnings growth.

MANAGEMENT DISCUSSION **AND ANALYSIS** (cont'd)

PERFORMANCE REVIEW (CONTINUED)

Property Development

The property development division reported a higher revenue and PBT of RM244.0 million and RM74.7 million respectively in FYE2018 as compared to RM112.4 million and RM21.8 million in FYE2017, translating to an increase of 117.1% and 242.7% respectively. The significant increase was due to higher sales generated from a development project, Residensi Hijauan, with 305 units of property sold as compared to 175 units in FYE2017.

Concession Arrangement

Our concession arrangement division registered a revenue of RM46.0 million and PBT of RM10.1 million as compared to its preceding period of RM46.9 million and RM9.8 million respectively. This represents a decrease of 1.9% and an increase of 3.1% correspondingly. The revenue decline was attributed to lower finance income recognised while the increase in PBT was due to savings in finance costs with repayment of Sukuk Murabahah.

Investment Holding

The investment holding division reported a revenue and a PBT of RM15.9 million and RM0.7 million respectively in FYE2018 as compared to RM16.2 million and RM1.0 million respectively in FYE2017. This represents a decrease of 1.9% and 30.0% respectively. The decrease in revenue and PBT was mainly due to marginal decrease in occupancy rate for certain investment properties.

Statements of Financial Position

As at 31 December 2018, our total equity recorded was RM505.0 million as compared to RM440.4 million in the previous financial year. The Group reported a lower total assets of RM1.5 billion along with total liabilities of RM968.6 million. Our gearing ratio improved from 0.55 times to 0.46 times as at 31 December 2018 as compared to previous financial year.

During the financial year, our investment properties decreased by 1.6% from RM304.3 million to RM299.3 million due to net fair value loss on investment properties of RM5.0 million recognised. As at 31 December 2018, inventories decreased by 17.0% from RM385.2 million to RM319.8 million mainly due to decrease in land held for development by 71.3% from RM9.4 million to RM2.7 million; property under development by 12.5% from RM338.0 million to RM295.6 million; and completed properties by 43.1% from RM37.8 million to RM21.5 million. The decrease in land held for development was due to disposal of a parcel of freehold land measuring approximately 1.189 hectares in area and bearing postal address at Off Jalan Kiara 5, Mont' Kiara, Kuala Lumpur for a cash consideration of RM34.0 milion. The decrease in property under development was due to accumulated costs of Residensi Hijauan recognised in profit or loss, while the decrease in completed properties was due to 38 units and 67 units of Alam Sanjung and Avenue Crest, were sold during the financial year.

As at 31 December 2018, trade and other receivables decreased by 12.5% from RM244.6 million to RM214.1 million mainly due to prompt payment from customers and additional impairment losses on trade and other receivables of RM3.1 million recognised. The contract assets as at 31 December 2018 increased by 51.4% from RM85.8 million to RM129.9 million as compared to previous financial year due to timing difference in issuance of progress billings and largely contributed by active construction projects undertaken like DBKL Carparks project, Capri Hotel project, South Brooks project and New Ocean Convention Centre project.

On the other hand, cash and bank balances together with short term investments and fixed deposits placed with licensed banks increased by 8.7% from RM114.0 million to RM123.9 million in FYE2018. Despite repayment of loans and borrowings and utilisation of funds for working capital, the Group managed to sustain a healthy cash level.

For FYE2018, total loans and other bank borrowings amounted to RM558.3 million as compared to previous financial year of RM657.9 million. The decrease of 15.1% was mainly due to our repayment of term loans and Sukuk Murabahah. Overall, our total debts to total equity ratio improved significantly from 1.55 times as at 31 December 2017 to 1.15 times as at 31 December 2018. Whilst our trade and other payables decreased by 7.0% from RM396.7

MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)

million to RM369.1 million, this is mainly due to prompt payment made to suppliers.

All in all, our financial position remains fundamentally strong which enables us to execute more construction and property development projects and continue to create immense value for our shareholders in future.

PROJECT DEVELOPMENTS

No.	Project	Description	Contract value RM	Gross Development Value RM	Status
	Construction				
1.	Quarza Mall and Residences, KL East	36 storey towers and 6 storey mall	438.3m	–	99% complete
2.	DBKL Carparks	5 DBKL carparks	84.3 m	–	100% complete
3.	Capri Hotel	1 block of 44 storey hotel and car park podium	149.5 m	–	22% complete
4.	South Brooks	2 blocks of 40 storey residential apartments and car park podium	328.8 m	–	24% complete
5.	Rumah Selangorku	118 units of type C residences and 50 units of type D residences	29.8 m	–	10% complete
6.	New Ocean Convention Centre	6 storey office, factory and car parks	117.8 m	–	29% complete
7.	Media City Angkasapuri	Mechanical and electrical engineering services	16.3 m	–	22% complete
8.	Techvance Hotel	26 storey hotel with 7 storey car park	99.6 m	–	New project secured in 2019
	Property development				
9.	Residensi Hijauan	646 units of medium cost condominium	140.1 m#	330.0 m	Completed in Q1 2019
10.	Latitud8, Dang Wangi	Retail, SOFO suites and office suites	350.0 m*#	1.1 b	Commenced main building works
11.	The GALLERIA, Jalan Ampang	Retail, SOFO suites, office suites and serviced apartments	–	1.3 b	Pending Development Order
12.	Kelana Jaya LRT	Retail, office suites and residential	–	1.0 b	Pending Development Order
	Total		**1.8 b**	**3.7 b**	

These are internal awarded construction contracts that will be eliminated at group.
* *Estimated contract value*

In FYE2018, we secured construction contracts worth RM625.9 million which bring our order book to approximately RM1.2 billion. In the first quarter of year 2019, we have secured a new contract amounting to RM99.6 million.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

CORPORATE DEVELOPMENTS

On 18 January 2018, the Group was awarded a contract by Mega Capital Development Sdn. Bhd. for the construction of main buildings works that consist of one block of 44 storey hotel and car park podium at Lot 790, 791, 792 & 793, Jalan Imbi, Seksyen 67, Kuala Lumpur for a contract sum of RM149.5 million.

On 23 January 2018, the Group was awarded a contract by Perdana ParkCity Sdn. Bhd. for the construction of main buildings works that consist of two blocks 40 storey residential apartments and car park podium at part of Lot 64577, Jalan Daun Inai 20, Desa Parkcity, Mukim Batu, Kuala Lumpur for a contract sum of RM328.8 million.

On 20 March 2018, the Group was awarded a contract by Toyoma Aluminium Foil Packaging Sdn. Bhd. for the construction of main buildings works that consist of a 6 storey office, factory and car parks at Jalan 19/1, Seksyen 19, Mukim Bandar Petaling, Daerah Petaling, Selangor Darul Ehsan for a contract sum of RM117.8 million.

On 28 June 2018, the Group proposed a disposal of a 1.189 hectare parcel of freehold land for a total cash consideration of RM34.0 million to a wholly owned subsidiary company of UEM Sunrise Berhad.

On 31 January 2019, the Group was awarded a contract by Techvance Properties Management Sdn. Bhd. for the construction of a 26 storey hotel located at Lot 1153, Seksyen 57, Lorong P Ramlee, Kuala Lumpur for a contract sum of RM99.6 million.

ANTICIPATED OR KNOWN RISKS

CBHB remains cognisant of the various businesses, financial and operational risks that may have a material effect on our operations. Thus, the Group has adopted adequate measures to manage and mitigate these risks in order to maximise results and provide quality values to our shareholders and stakeholders alike.

The Group competes with other major contractors in the competitive construction business, rising risks such as lower-than-expected contract wins, delay in construction progress and lower construction margins. In addition, contributing factors to this risk is the fluctuation of the currency which directly impacts the raw material prices as well as the increase in labour cost. Hence, the Group strategically employs pricing management, attractive proposals and other necessary approaches when bidding for projects.

External factors also greatly impact the performance of the Group. Namely ongoing US-China trade war, geopolitical concerns in the Middle East, global monetary tightening and swings in oil prices.

CBHB's construction division enters into contracts, with different clients and different types of contracts, that carry a variety of risks. Additionally, construction companies are dependent on the quantum of new contracts secured to sustain its operational earnings. Nonetheless, the Group is optimistic in securing its targeted number of contract wins for the year to replenish our outstanding order book. This no doubt will continue to provide clear earnings visibility for the next few years.

MOVING FORWARD

The growth of the construction sector in Malaysia is expected to slow down amid the challenging conditions such as reassessment of several major infrastructure projects as well as property overhang due to mismatch between supply and demand. The Government has taken imperative measurements to resolve the following issues by providing more affordable housing and suspended development of residential properties priced over RM1 million in prime areas since November 2017. Nonetheless, the sector in 2019 is expected to grow by 4.9%, backed by an increase in new planned supply in affordable homes and industrial segments.

On the other hand, the property sector has been lacklustre over the past few years due to the challenging economic landscape. Other factors contributing to the sluggish growth of this sector include stringent housing loan approvals and oversupply of properties. Having said that, we remain cautiously optimistic as developers shift their project offerings to target the low to middle income group and focus on affordability as well as quality.

MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)

MOVING FORWARD (CONTINUED)

In spite of the negative outlook of the market, we will continuously work hard and adapt to the challenging conditions with strategic planning and effective execution to deliver across all our business divisions. Building on a strong execution track record, our proficient management team will ensure all our ongoing projects are carried out within expectations and will contribute favourably to the Group's top and bottom line going forward.

As at 31 December 2018, our construction order book stands at approximately RM1.2 billion with total contract wins in FYE2018 amounting to RM625.9 million. Our order book value is four times FYE2018 construction revenue of RM289.5 million. This should be sufficient to provide attractive earnings visibility for the next few financial years.

2019 is expected to be filled with challenges and uncertainties. With that in mind, the Group will continue to adopt a prudent approach in our tenders and executions of our construction jobs as well as in our strategic planning and pricing for our property development projects to maintain a sustainable growth. Additionally, the Group will also sharpen and broaden our internal proficiencies and capacities to add more value to our clients and maintain a competitive edge within the increasingly challenging industry. Nevertheless, the Board envisage CBHB to perform better.

DIVIDEND

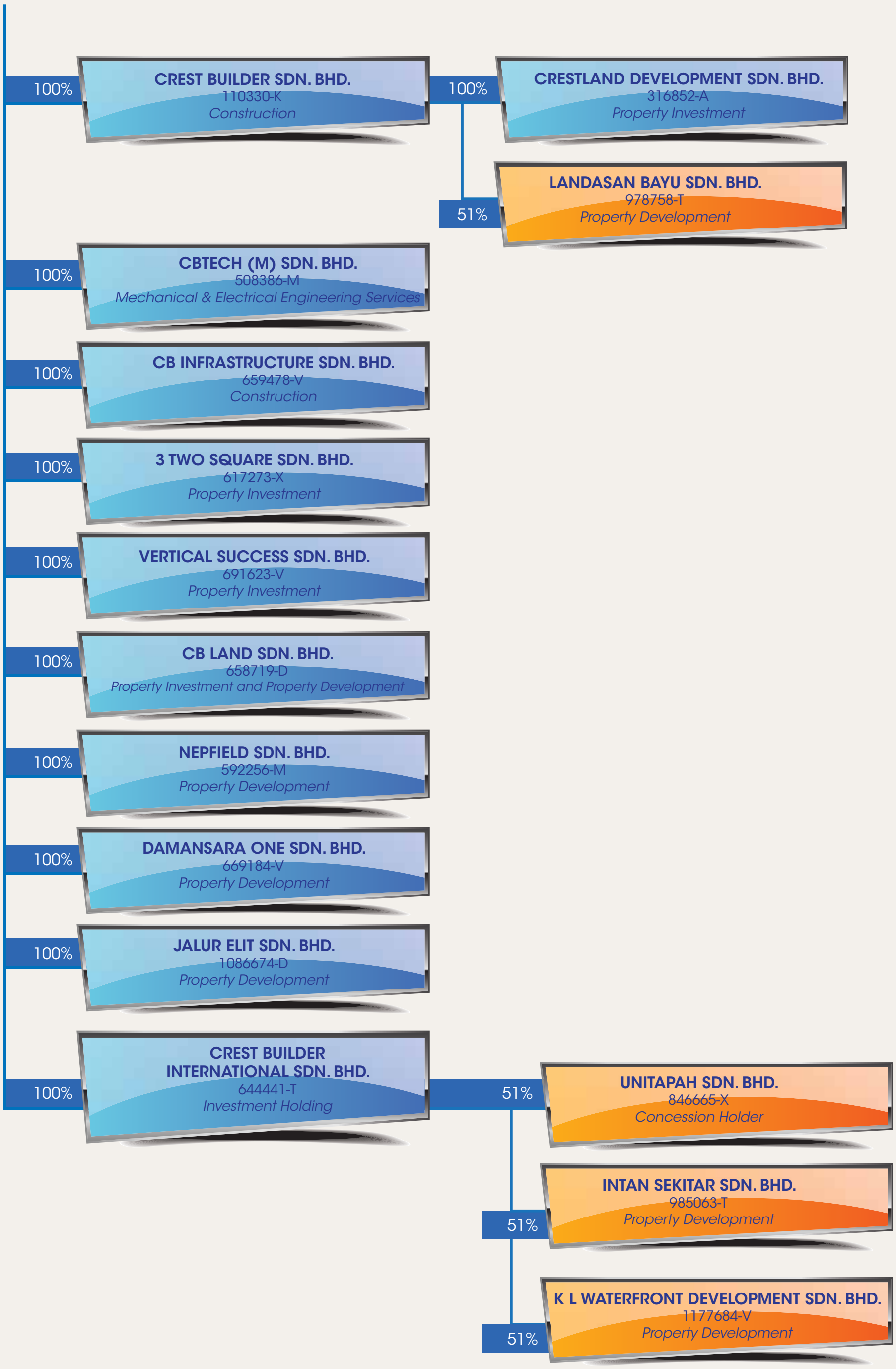
No dividend policy has been established by the Group. Thus, the payment of dividend is made at the sole discretion of the Board based on performance of the Group. Historically, the Group has been paying dividend ranging from 3.75 to 4 sen per ordinary share over the past 5 years.

In line with the Group's commitment to reward shareholders, the Board is recommending a first and final tier dividend of 4.5 sen per ordinary share for FYE2018, subject to shareholders' approval at the forthcoming AGM.

Residensi Hijauan (The Greens), Subang West (Property Development)

CORPORATE **STRUCTURE**

CREST BUILDER HOLDINGS BERHAD
(573382-P)
Investment Holding



REPORT OF THE AUDIT COMMITTEE

COMPOSITION AND MEMBERS

The current Audit Committee ("the Committee") comprises three (3) members of the Board of Directors ("the Board") who are all Independent Non-Executive Directors. Among the Independent Non-Executive Directors, Mohd Khasan Bin Ahmad and Lim Boon Teng are members of the Malaysian Institute of Accountants. Below are the members of the Committee during the financial year:

Directors	Status
1. Mohd Khasan Bin Ahmad - Chairman	Independent Non-Executive Director
2. Kam Yong Kan	Independent Non-Executive Director
3. Lim Boon Teng	Independent Non-Executive Director

TERMS OF REFERENCE

The Committee is governed by the following terms of reference:

1. Composition

(i) The Committee shall be appointed by the Board from amongst the directors excluding Alternate Directors; shall consist of not less than three members, where all members are Independent Non-Executive Directors; and at least one member of the Committee:

(a) must be a member of the Malaysian Institute of Accountants; or

(b) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:

(aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or

(bb) he must be a member of one of the associations of accountants specified in Part 11 of the 1st Schedule of the Accountants Act, 1967; and

(c) fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad or approved by the Securities Commission.

The Chairman shall be an Independent Non-Executive Director elected by the members of the Committee.

(ii) In the event of any vacancy in the Committee resulting in the non-compliance of paragraph (i) above, the Board must fill the vacancy within 3 months.

(iii) In the event that a former key audit partner is appointed as a member of the Committee, a cooling-off period of at least 2 years is required to observe prior his/her appointment.

(iv) The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

2. Authority

The Committee is granted the authority to investigate any activity of the Company and its subsidiary companies within its terms of reference, and all employees are directed to co-operate as requested by members of the Committee. The Committee is empowered to obtain independent professional or other advice and retain persons having special competence as necessary to assist the Committee in fulfilling its responsibility.

REPORT OF THE AUDIT COMMITTEE (cont'd)

TERMS OF REFERENCE (CONTINUED)

3. Responsibility

The Committee is to serve as a focal point for communication between non-Committee directors, the external auditors, internal auditors and the management on matters in connection with financial accounting, reporting and controls. The Committee is to assist the Board in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and all subsidiary companies and the sufficiency of auditing relative thereto. It is to be the Board's principal agent in assuring the independence of the Company's external auditors, the integrity of the management and the adequacy of disclosures to shareholders.

If the Committee is of the view that a matter reported to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements, the Committee shall promptly report such matter to the Exchange.

4. Functions

The functions of the Committee are as follows:

(i) review with the external auditors, their audit plan;

(ii) review with the external auditors, their evaluation of the system of internal control;

(iii) review with the external auditors, their audit report;

(iv) review the assistance given by the Company's officers to the external auditors;

(v) review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

(vi) review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

(vii) review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:

- (a) changes in or implementation of major accounting policy changes;
- (b) significant and unusual events;
- (c) significant adjustments arising from the audit;
- (d) compliance with accounting standards and other legal requirements;
- (e) compliance with Bursa Securities; and
- (f) the going concern assumption.

(viii) review any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity; and

(ix) consider the nomination, appointment and re-appointment of external auditors, their audit fees, and any questions on resignation or removal.

REPORT OF THE AUDIT COMMITTEE (cont'd)

TERMS OF REFERENCE (CONTINUED)

5. Meetings

(i) The Committee is to meet at least four times a year and as many times as the Committee deems necessary.

(ii) In order to form a quorum for any meeting of the Committee, two (2) of the members must be presented and all present must be Non-Executive Directors and majority must be Independent Directors.

(iii) The meetings and proceedings of the Committee are governed by the provisions of the Company's Constitution regulating the meetings and proceedings of the Board so far as the same are applicable.

(iv) The director/person responsible for the financial management of Crest Builder Holdings Berhad and the head of internal audit shall normally attend meetings of the Committee. The presence of a representative of the external auditors will be requested if required.

(v) Upon request by the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matters the external auditors believe should be brought to the attention of the directors or members of the Company.

(vi) At least twice a year, the Committee shall meet with the external auditors without the presence of other directors and employees of the listed issuer whenever deemed necessary.

6. Secretary and minutes

The secretary of the Committee shall be the Company Secretary. Minutes of each meeting are to be prepared and sent to the Committee members, and the Company's directors who are not members of the Committee.

MEETINGS

The Audit Committee convened five (5) meetings in respect of financial year ended 31 December 2018. The attendance for the meetings were as follows:

Members	Number of meetings attended	Number of meetings held during tenure
1. Mohd Khasan Bin Ahmad - Chairman	5	5
2. Kam Yong Kan	5	5
3. Lim Boon Teng	5	5

REPORT OF THE AUDIT COMMITTEE (cont'd)

SUMMARY OF ACTIVITIES

For the financial year under review, the Audit Committee carried out its duties as set out in the terms of reference. The Committee convened five (5) meetings to review the following:

- the annual financial statements prior to submission to the Board for consideration and approval;
- the unaudited Quarterly Financial Results for four quarters in year 2018 for the release to the Bursa Malaysia Securities Berhad and Securities Commission Malaysia;
- the Recurrent Related Party Transactions and Related Party Transactions of the Company;
- the Statement of overview on Corporate Governance and Statement on Risk Management and Internal Control for disclosure in Annual Report 2017;
- review of the internal audit reports for financial year 2017 & 2018 including internal controls and implementation of recommendations;
- the internal and external audit planning memorandums and programmes of the internal and external auditors for the following year as well as the recommendation of their respective fees to the Board;
- consider and recommend to the Board the appointment of external and internal auditors; and
- the recommendations by the external auditors in respect of control weaknesses noted during the course of their audit.

The meetings were appropriately structured through the use of agendas and meeting papers, which were distributed to members 5 business days in advance before the meetings.

INTERNAL AUDIT FUNCTION

The Company has an outsourcing arrangement with an independent professional firm to provide internal audit services which assists the Audit Committee in discharging its functions. The internal auditors, Ernst & Young Advisory Services Sdn. Bhd., provide independent and objective reports on the organisation's management records, accounting policies and controls directly to the Audit Committee. Such audits/reviews also ensure instituted controls are appropriate and are effectively applied to achieve acceptable risks exposures. The internal audit function is carried out in accordance with a recognised framework guided by International Standards for the Professional Practice of Internal Auditing. In terms of resources allocated for each of their visit, the team with a size of 4 to 5 members is assigned and headed by the Engagement Partner. The internal auditors are free from any relationship or conflict of interest with the Group, which could impair their objectivity and independence in carrying out their duties.

During the financial year, the internal auditors conducted independent reviews and evaluated risk exposures relating to the Group's governance, operations and information system as follows:

- reliability and integrity of financial and operational information;
- effectiveness and efficiency of operations;
- safeguarding of assets; and
- compliance with policies and procedures, laws, regulations and contracts i.e. reasonably ensuring conformity and adherence to these matters.

The internal auditors also established follow-up audits/reviews to monitor and to ensure that internal audit's recommendations have been effectively implemented. Reports, including where relevant, action plans agreed with the operational level management, are circulated to senior management and are tabled at the Audit Committee Meeting. Internal audit fees of RM110,000 was paid to the outsourced internal auditors for the financial year ended 31 December 2018.

During the financial year, the internal audit activities have been carried out according to the internal audit plan which has been approved by the Audit Committee.

STATEMENT OF OVERVIEW ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") remains committed to achieving and maintaining the highest standards of corporate governance throughout the Group. The Board views corporate governance as synonymous with four key concepts; namely transparency, accountability, integrity as well as corporate performance.

Measures and efforts have and shall be taken to ensure as far as practicable the adoption and implementation of the Principles and Recommendations set out in the Malaysian Code on Corporate Governance 2017 ("the Code") and in the Main Market Listing Requirements ("MMLR") of the Bursa Malaysia Securities Berhad ("Bursa Securities").

Set out below is a description of how the Group has applied the Principles of the Code and how the Board has complied with the Recommendations set out in the Code throughout the financial year ended 31 December 2018.

SECTION A – BOARD OF DIRECTORS

The Board

The Group recognises the importance of role played by the Board in the stewardship of its direction and operations and ultimately the enhancement of long term shareholder value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, acquisition and divestment policy, approval of major capital expenditure projects and significant financial matters. The schedule ensures that the governance of the Group is in its hands.

Duties and Responsibilities of the Board

The responsibilities of the Board of the Company are as follows:

- reviewing and adopting a strategic plan for the Group which will enhance the future growth of the Group;
- overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- identifying principal risks of the business and ensure the implementation of appropriate systems to manage these risks;
- succession planning;
- overseeing the development and implementation of shareholder communications policy for the Company; and
- reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board has formalised and adopted a Board Charter which serves as a source of reference for directors. The Board Charter comprises, amongst others, the duties and responsibilities of the Board and the management, Board composition, Board Committees, Board meetings, Directors' Code of Business Conduct and Ethics, Directors' training, Directors' remuneration as well as communication between the Board and shareholders.

The Board Charter approved by the Board is reviewed regularly to ensure that new laws, regulations or relevant developments having an impact on the discharge of the Board's responsibilities are taken into account.

The Board Charter is available on the Company's website at www.crestbuilder.com.my.

STATEMENT OF OVERVIEW **ON CORPORATE GOVERNANCE** (cont'd)

SECTION A – BOARD OF DIRECTORS (CONTINUED)

Board Balance & Independence of Directors

As at the date of this statement, the Board has seven (7) members, comprising four (4) Non-Executive Directors, two (2) Executive Directors and one (1) Alternate Director. Three (3) of the seven (7) Directors are Independent Non-Executive Directors. A brief profile of each director is presented on pages 11 and 12 of this Annual Report.

There is a clear division of responsibility between the Chairman and the Managing Director of the Group in order to provide for balance of power and authority. The Chairman is responsible for ensuring the Board effectiveness and conduct whilst the Managing Director has an overall responsibility over the operating units, organisational effectiveness and implementation of the Board's policies and decisions.

All the Independent Non-Executive Directors are independent of management and are free from any business or other relationship that could materially interfere with the exercise of their independent judgement. They have the calibre to ensure that the strategies proposed by the management are fully deliberated and examined in the long-term interest of the Group, as well as shareholders, employees and customers.

One of the recommendations of the Code states that the tenure of an Independent Director should not exceed a cumulative term of 9 years. If the Board intends to retain an Independent Director beyond 9 years, it should justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the 12 years, the Board should seek annual shareholders' approval through a two-tier voting process. The Nomination Committee and the Board have upon their annual assessment, concluded that each of the 2 Independent Non-Executive Directors, Encik Mohd Khasan Bin Ahmad and Mr. Kam Yong Kan continue to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them continues to fulfil the definition of independence as set out in the MMLR. In addition, the Company has sought shareholders' approval at the Annual General Meeting for both to continue to serve as Independent Directors of the Board. The approval was obtained by shareholders through a two-tier voting process at the last Annual General Meeting held on 20 June 2018. The length of their service on the Board does not in any way interfere with their exercise of independent judgement and ability to act in the best interest of Crest Builder Holdings Berhad.

Although the Company does not have a formal Board Diversity Policy, the Board is actively working towards promotion of corporate culture that embraces diversity in its recruitment process. The Board has achieved Boardroom diversity in terms of gender, age and ethnicity. As of to-date, 16.7% of Board members is represented by woman director (exclude Alternate Director).

Code of Conduct

The Company has issued and implemented a Code of Business Conduct and Ethics that applies to all directors and employees of the Group. Directors and employees are required to read, understand and abide by the Code of Business Conduct and Ethics. The Code of Business Conduct and Ethics is effectively communicated via the Company's Employee Handbook and is subject to regular review and updates. The Code of Business Conduct and Ethics lays out the ethical, business and lawful conduct of the Company, include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Company has a formalised whistleblower policy. The whistleblower policy is planned as a tool to manage non-compliance to the Group's Code of Business Conduct and Ethics and its future improvement. The whistleblower is advised to report and provide appropriate information of any improper conduct to any of the Risk Management Committee members for further action.

STATEMENT OF OVERVIEW ON CORPORATE GOVERNANCE (cont'd)

SECTION A – BOARD OF DIRECTORS (CONTINUED)

Board Meetings

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the financial year, the Board met on five (5) occasions, where it deliberated upon and considered a variety of matters including the Group's financial results, major investments and strategic decisions, the business direction of the Group and corporate governance matters.

Details of the attendance of the directors at the Board Meetings are as follows:

Directors	Number of meetings attended in 2018
(i) Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah	5/5
(ii) Yong Shang Ming	5/5
(iii) Koh Hua Lan (f)	5/5
(iv) Mohd Khasan Bin Ahmad	5/5
(v) Kam Yong Kan	5/5
(vi) Lim Boon Teng	5/5
(vii) Yong Tiok Keng (f) (Alternate to Koh Hua Lan)	5/5

Where a potential of conflict arises in the Group's investment, projects or any transactions involving director's interest, such director is required to declare his interest and abstain from further discussion and the decision-making process.

Board Committees

Where appropriate, matters have been delegated to Board Committees, all of which have written constitutions and terms of reference to assist the Board in discharging its duties and responsibilities. The Board will then receive the reports of their proceedings and deliberations in its scheduled Board meetings.

(i) Audit Committee

The Audit Committee whose composition meets the MMLR, i.e. All members are Non-Executive Directors and at least one member is a qualified accountant. The primary objective of the Audit Committee is to assist the Board in fulfilling its responsibilities relating to accounting and reporting practices of the Group. The Report of the Audit Committee is set out on page 24. The Audit Committee is empowered to obtain external professional advice and to invite outsiders with relevant experience to attend its meeting when necessary.

(ii) Nomination Committee

The Nomination Committee has been charged with identifying and recommending new nominees to the Board as well as committees of the Board of Crest Builder Holdings Berhad. However, the Board makes all decisions on appointments after considering the recommendations of the Committee.

The Committee periodically reviews the required mix of skills, experience and other qualities including core competencies which Non-Executive Directors should bring to the Board.

STATEMENT OF OVERVIEW ON CORPORATE GOVERNANCE (cont'd)

SECTION A – BOARD OF DIRECTORS (CONTINUED)

Board Committees (Continued)

(ii) Nomination Committee (Continued)

All the members of the Nomination Committee are Independent Non-Executive Directors. The members of the Nomination Committee and the details of their attendance are as follows:

Directors	Number of meetings attended in 2018
Kam Yong Kan (Chairman)	1/1
Mohd Khasan Bin Ahmad	1/1
Lim Boon Teng	1/1

(iii) Remuneration Committee

The Remuneration Committee is responsible for developing the Group's remuneration policy and determining the remuneration packages of the directors of the Group. The Remuneration Committee proposes, subject to the approval of the Board, the remuneration and terms and conditions of service and the remuneration to be paid to each director for his services as a member of the Board as well as Committee of the Board.

The members of the Remuneration Committee and the details of their attendance are as follows:

Directors	Number of meetings attended in 2018
Lim Boon Teng (Chairman)	1/1
Mohd Khasan Bin Ahmad	1/1
Kam Yong Kan	1/1

Supply of Information

The Board is supported by a qualified and competent Company Secretary who is accountable to the Board and is responsible in advising the Board on issues relating to corporate governance with the relevant laws, rules, and regulations affecting the Group and the Company as well as ensuring compliance with the statutory requirements of the Companies Act 2016, the MMLR and other regulatory bodies.

All scheduled meetings held during the financial year were preceded with a formal agenda issued by the Company Secretary in consultation with the Chairman and the Managing Director. The agenda for each meeting was accompanied by the minutes of preceding meetings of the Board and Board Committees, reports on Group's financial performance, industry trends, business plans and proposals, quarterly result announcements and other relevant information. The Board papers are comprehensive and encompass all material aspects of the matters being considered, enabling the Board to look at both quantitative and qualitative factors so that informed decisions are made. All the Board papers are distributed 5 business days in advance of the meetings to ensure directors are well informed and prepared for the meetings.

All directors have access to the advice and services of the Company Secretary. Directors are informed and aware that they may take independent professional advice, if necessary and appropriate in furtherance of their duties, at the expense of the Group.

STATEMENT OF OVERVIEW **ON CORPORATE GOVERNANCE** (cont'd)

SECTION A – BOARD OF DIRECTORS (CONTINUED)

Appointments and Re-elections to the Board

The Nomination Committee is responsible for making recommendations for any appointments to the Board. In making these recommendations, the Nomination Committee considers the required mix of skills and experience which the directors should bring to the Board.

In accordance with the Company's Constitution, all directors who are appointed by the Board are subject to re-election by rotation by shareholders at the first opportunity after their appointments. The Constitution also provides that at least 1/3 of the remaining directors be subject to re-election by rotation at each Annual General Meeting, provided that all directors including the Managing Director shall retire from office at least once every three years but shall be eligible for re-election.

Annual Evaluation

The Board has undertaken a formal and objective annual evaluation to determine the effectiveness of the Board, its committees and each individual director. Every year, directors are required to complete the Directors' Self-Performance Evaluation Form covering a series of key success factors, namely integrity & ethics, governance, strategic perspective, business acumen, judgement and decision making, teamwork, communication and leadership. Directors are also given opportunity to provide feedback on the performance of the Board and the Company and suggestion for improvement.

Directors' Training

All the directors of the Company have attended the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities for directors of public listed companies.

The Board encourages directors to participate in ongoing education, as well as participation in accredited director education programmes.

During the financial year 2018, all directors had attended various training programmes, conferences, seminars and workshops which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as directors. The directors had attended/participated in one or more of the following training programmes/conferences/seminars/workshops in 2018:

- MFRS 15 and MFRS 9 (Expected Credit Loss Model) for Property Development and Construction Industries
- Advocacy Program: Evolution of Future Chief Financial Officers ("CFOs")
- Sustainability Engagement Series for Directors/Chief Executive Officers
- Smart & Sustainable Township
- Independent Directors Programme: The Essence of Independence
- Updates of the 2017 & 2018 MFRS - Preparing MFRS-complicant Financial Statements
- 2019 Budget Seminar
- ESH Awareness Training
- ISO 9001:2015 Quality Management System Awareness

The directors are also kept informed of the various requirements and updates issued by regulatory authorities.

STATEMENT OF OVERVIEW ON CORPORATE GOVERNANCE (cont'd)

SECTION B – DIRECTORS' REMUNERATION

The objectives of the Group's remuneration policy are to attract and retain the directors required to lead and control the group effectively. Generally, the remuneration of each director reflects the level of responsibility and commitment that goes with the Board Committee membership. In the case of Executive Directors, the component parts of the remuneration are structured so as to link rewards to individual and the Group's performance.

The Remuneration Committee reviews and recommends directors' fees for the Board's approval.

Disclosure

The Board has considered disclosure of details of the remuneration of each director. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to directors' remuneration are appropriately served by the "band disclosure" as required by the MMLR and the Code.

The remuneration/fees received by the directors (including Alternate Director) from the Group for the financial year ended 31 December 2018 as follows:

Salary Band (RM)	Directors' name	Executive Director (Number of directors)	Non-Executive Director (Number of directors)
Less than 50,000	(i) Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah (ii) Mohd Khasan Bin Ahmad (iii) Kam Yong Kan (iv) Lim Boon Teng	–	4
550,001 to 600,000	(i) Koh Hua Lan	1	–
600,001 to 650,000	(i) Yong Tiok Keng	1	–
650,001 to 700,000	–	–	–
700,001 to 750,000	–	–	–
750,001 to 800,000	(i) Yong Shang Ming	1	–

Aggregate remuneration of directors is categorised into appropriate components:

	Directors' fees (RM)	Salaries and/or other emoluments (RM)	Total (RM)
Executive Directors	–	1,971,528	1,971,528
Non-Executive Directors	198,047	–	198,047
Total	198,047	1,971,528	2,169,575

STATEMENT OF OVERVIEW ON CORPORATE GOVERNANCE (cont'd)

SECTION B – DIRECTORS' REMUNERATION (CONTINUED)

Disclosure (Continued)

On top of the above, the top five senior management's remuneration paid during the financial year ended 31 December 2018 are as follows:

No.	Name	Salaries, bonuses, overtime and allowances RM	Defined contribution plan RM	Estimated benefits-in-kind RM	Total RM
	Executive Directors (including Alternate Director)				
1)	Yong Shang Ming (Managing Director)	667,923	80,040	23,950	771,913
2)	Yong Tiok Keng (f) (Alternate Director to Koh Hua Lan)	540,223	64,716	17,400	622,339
3)	Koh Hua Lan (f) (Executive Director)	568,576	–	8,700	577,276
	Key Management Personnel				
4)	Teh Hock Hua (Chief Executive Officer (Construction Division))	593,673	71,130	23,950	688,753
5)	Ir. Dr. Siew Woh Hon (Chief Operating Officer (M&E Division))	399,023	47,772	–	446,795

SECTION C – SHAREHOLDERS

Dialogue between the Company and Investors

The Company values communication with its shareholders and investors and does this through the Annual Report, Annual General Meeting and Corporate Announcements. All enquiries made are normally dealt with as promptly as practicable.

The Company also holds briefings with research analysts, fund managers and investors to explain the Group's strategies, performance and major developments and the Board plans to conduct regular dialogues with institutional investors, fund managers and analysts with the aim of fostering mutual understanding of the Group's objectives.

The Annual General Meeting

The Company has used the Annual General Meeting as a forum of communication with its shareholders. The Board encourages participation from shareholders by having a question and answer session during the Annual General Meeting whereby the directors are available to discuss aspects of the Group's performance and its business activities. Each item of special business included in the notice of the meeting is accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman declares the number of proxies received, both for and against each separate resolution, where appropriate.

STATEMENT OF OVERVIEW **ON CORPORATE GOVERNANCE** (cont'd)

SECTION D – ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of results to shareholders as well as the Chairman's Statement and Management Discussion and Analysis in the Annual Report.

The directors consider that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. All accounting standards which the Board considers to be applicable have been complied with.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Internal Control

The Board acknowledges responsibility for maintaining a sound internal control system and for reviewing its adequacy and integrity. The internal control system is designed to safeguard the shareholders' investments and the Group's assets, by its nature can only manage rather than eliminate risk of failure to achieve business objectives and inherently can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board regards risk management as an integral part of the business operations. During the year, managers in the Group have attended a series of briefings on risk management which were facilitated by external consultants to raise the level of knowledge of risk management amongst managers to enhance their understanding of the risks which potentially affect the achievement of their respective operating unit's business objectives.

Information on the Group's internal control is presented in the Statement on Risk Management and Internal Control laid out on pages 38 to 39 of this Annual Report.

Relationship with Auditors

Through the Audit Committee, the Group has established a transparent and appropriate relationship with the Group's auditors, both external and internal, in ensuring compliance with the accounting standards in Malaysia. In relation to the Financial Statements, the role of the Audit Committee in relation to the external auditors are contained in the Report of Audit Committee set out on pages 24 to 27 of this Annual Report.

The Audit Committee met the external auditors twice a year on 27 February 2018 and 28 August 2018 without the presence of the Executive Directors and the management to exchange independent views on matters which require the Audit Committee's attention.

The Audit Committee had assessed the suitability, objectivity and independence of the external auditors. In its assessment, the Audit Committee considered several factors such as competency and scope of audit and level of non-audit services rendered by Baker Tilly Monteiro Heng PLT for financial year 2018.

Baker Tilly Monteiro Heng PLT confirmed that they will continuously comply with the relevant ethical requirements regarding independence with respect to the audit of the financial statements of the Group and of the Company for financial year ended 31 December 2018 in accordance with *By-Laws (on Professional Ethics Conduct and Practice)* of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountant's *Code of Ethics for Professional Accountants*.

Being satisfied with Baker Tilly Monteiro Heng PLT's performance, technical competency and audit independence, the Audit Committee recommended the re-appointment of Baker Tilly Monteiro Heng PLT as external auditors for financial year ending 31 December 2019, which was concurred by the Board for it to be proposed for shareholders' approval at the forthcoming Annual General Meeting.

STATEMENT OF OVERVIEW **ON CORPORATE GOVERNANCE** (cont'd)

ADDITIONAL COMPLIANCE INFORMATION

In conformance with Bursa Securities Listing Requirements, the following information is provided:

1. Utilisation of Proceeds

The Company did not implement any fund raising proposal, whether involving the issue of securities or otherwise during the financial year.

2. Share Buy-Back

Details of the ordinary shares purchased during the financial year ended 31 December 2018 are set out below:

Month	No. of ordinary shares purchased Unit	Minimum price paid for each share purchased RM	Maximum price paid per each share purchased RM	Total consideration RM
December	782,100	0.855	0.895	683,001

All the ordinary shares re-purchased during the financial year ended 31 December 2018 were held as treasury shares. There was no resale nor cancellation or distribution of treasury shares during the financial year.

As at 31 December 2018, 7,012,200 shares were held as treasury shares.

3. Exercise of Options, Warrants or Convertible Securities

There was no exercise of options, warrants or convertible securities during the financial year.

4. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR Programme during the financial year.

5. Imposition of Sanctions/Penalties

There were no sanctions/penalties imposed on the Company and/or its subsidiary companies, directors or management arising from any significant breach of rules/guidelines/legislations by the relevant regulatory authorities.

6. Non-Audit Fees

Non-audit fees amounting to RM13,500 were paid/payable to the external auditors for the financial year ended 31 December 2018.

7. Profit Estimate, Forecast or Projection

The Company did not announce any profit estimate, forecast or projection during the financial year.

STATEMENT OF OVERVIEW **ON CORPORATE GOVERNANCE** (cont'd)

8. Profit Guarantee

There was no profit guarantee given by the Company during the financial year.

9. Material Contracts

There were no material contracts entered into by the Company and its related parties which involved directors' and major shareholders' interests during the financial year.

10. Recurrent Related Party Transactions

The recurrent related party transactions during the financial year ended 31 December 2018 are as follows:

Related party	Contracting party	Nature of transaction	Transacted value for financial year ended 31 December 2018 RM
Farima Sdn. Bhd. (company connected to Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah)	Crestland Development Sdn. Bhd.	Rental expense	24,000

11. Revaluation Policy

The revaluation policy on landed properties of the Company and its subsidiary companies is disclosed in Note 3.4 to the Financial Statements.

12. Variation in Results

There was no significant variation in results (differ by 10% or more) from any profit estimation/forecast/projection/unaudited result announced.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

THE BOARD'S RESPONSIBILITIES

Pursuant to the requirements under the Malaysian Code on Corporate Governance for companies listed on Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Board of Directors ("the Board") acknowledges their responsibilities under the Bursa Malaysia Listing Requirements to:

- identify principal business risks and ensure implementation of appropriate control measures to manage the risk; and
- review the adequacy and integrity of the internal control system, management information system and system for compliance with applicable laws, regulations, rules, directives and guidelines.

It should be noted that a risk management and internal control system is designed to manage risks rather than eliminate them, and can provide only reasonable but not absolute assurance against any material misstatement or loss.

The Board confirms that there is an ongoing risk management process established to identify, evaluate, and manage significant risks to effectively mitigate the risks that may impede the achievement of Crest Builder Group of Companies ("the Group") business and corporate objectives. The Board reviews the process on a regular basis to ensure proper management of risk and that measures are taken to mitigate any weaknesses in the control environment.

RISK MANAGEMENT FRAMEWORK

The enterprise risk management framework of the Group was set up in 2003 with the assistance of a professional firm of consultants. The formalisation of the enterprise risk management framework involved developing the risk profile where principal business risks, which could affect the achievement of the strategic business objective of the Group, are systematically identified, evaluated and mitigated.

A risk management committee was established in 2006. The committee is dedicated to meet its obligations and fiduciary responsibilities to stakeholders of the Group. It is actively reviewing the framework to enhance the identification, evaluation and communication of the overall risk process to ensure critical risks (present and potential) are managed systematically and communicated to the Board on a timely basis. The committee also would ensure the framework is relevant and adaptive to changes in the business environment from time to time.

INTERNAL CONTROL

The Board through the Audit Committee and Management Committee reviews and monitors, as an ongoing process, the adequacy and integrity of the internal control system.

Audit Committee

The Audit Committee received reports from the internal auditors at least twice a year. The Group has an outsourcing arrangement with an independent professional firm in relation to its internal audit function. The internal audit function adopts a risk-based approach which focuses on the principal risks affecting the key business processes of the Group. Periodic scheduled internal audit visits have been carried out in accordance with the approved internal audit plan.

The internal audit function is responsible for undertaking regular and systematic review of the internal controls to provide the Audit Committee and the Board with sufficient assurance that the system of internal control is effective in addressing the risks identified. On a half yearly basis, internal auditors submit audit reports and plan status for review and approval by the Audit Committee. Included in the reports are recommended corrective measures on risks identified, if any, for implementation by the management.

As required by paragraph 15.23 of Bursa Securities Listing Requirements, the external auditors have conducted a limited assurance engagement on this Statement on Risk Management and Internal Control. Their limited assurance engagement was performed in accordance with ISAE3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and Audit and Assurance Practice Guide 3 (previously RPG 5 (Revised 2015)) ("AAPG 3"), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control*.

STATEMENT ON RISK MANAGEMENT **AND INTERNAL CONTROL** (cont'd)

INTERNAL CONTROL (CONTINUED)

Audit Committee (Continued)

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement is not prepared, in all material aspects, in accordance with disclosure required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls: *Guidance for Directors of Listed Issuers* to be set out, nor is factually inaccurate. AAPG 3 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and management thereon. The external auditors also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

Management Committee

The Management Committee oversees the day-to-day operations and conduct of the Group's businesses. Scheduled meetings are held at operational and management levels to identify, discuss and resolve business and operational issues. These include scheduled management meetings at Group and individual subsidiary company levels, project managers meetings and site meetings. Minutes of these meetings and management reports are escalated to the relevant Executive Directors on a timely basis. The meetings are held as part of an ongoing process to review and assess the adequacy and effectiveness of the Group's risk management and internal control system and to ensure that any shortcomings identified are addressed on a timely basis.

Other Features of the Group's Internal Control System

Other features of the Group's internal control system include the following:

- Quality Policy and Quality Objectives which clearly outlined the Group's direction
- Clear organisation structure with delineated reporting lines
- Systematic performance appraisal for all employees of the Group
- Continuous training provided to maintain high competency and capabilities levels
- Clearly defined objectives and term of reference of the various Committees are established by the Board
- Frequent visits to the job sites by Executive Directors and senior management
- Process and procedures in accordance with the requirements of MS ISO 9001:2015 certification are implemented
- Staff Handbook is available for reference
- Project Budget and controls

REVIEW

The Board has received assurance from Managing Director and Head of Finance that the Group's risk management and internal control system are operating adequately and effectively.

For the financial year under review, the Board is satisfied with the adequacy and effectiveness of the risk management, and the review and monitoring of the internal control system gives reasonable assurance that the internal controls in place are adequate. Where exceptions were noted, they were not material in the context of this report and corrective actions have been taken.

The Board recognises that the Group operates in a dynamic business environment and that the Group's internal control system must be responsive to changes in the business environment and continuously evolves to support its business objectives. The review of all control procedures was continuously carried out throughout the period under review and up to the date of approval of this statement for inclusion in the annual report to ensure an effective and efficient system of internal control. The Board remains committed towards continuous improvements and enhancements of its system of internal control and will, when necessary, put in place action plans to ensure that there is increased certainty of the achievement of business objectives, thus enhancing shareholders' value.

This Statement is made in accordance with the resolution of the Board dated 10 April 2019.

SUSTAINABILITY REPORT

Sustainability Table of Contents

Scope & Boundary of Report

Crest Builder Holdings Berhad ("CBHB", "Crest Builder", "the Company" or "the Group") has been building Malaysia's future landscape as a Main Market-listed construction group since its incorporation in 2002. Part of the Group's commitment to value creation and a sustainable future for its stakeholders and society at large is its adoption of the goals set by Bursa Malaysia's Economic, Environmental and Social ("EES") pillars for Sustainability disclosure and reporting.

Based on the principles set out in the Main Market Listing Requirements on Sustainability Reporting issued by Bursa Malaysia Securities Berhad ("Bursa" or "Bursa Malaysia") in October 2015, we have prepared this inaugural Sustainability Report as a foundation to our future activities and reporting ahead.

This Report is prepared considering Bursa Malaysia's Second Edition of its Sustainability Reporting Guide (2018), which is addition to adherence to the Global Reporting Initiative ("GRI") 4 guidelines also recommends consideration of UN's Sustainable Development Goals ("SDG" or "UN SDG") and recommendations set by the Task Force of Climate-related Financial Disclosures ("TCFD").

Referring to the Group's corporate structure (page 23) of this Annual Report, this inaugural Sustainability Report will only cover the revenue-generating entities within the Group. These are defined as the holding company's offices and properties owned and managed by the Group; the top two wholly-owned subsidiary companies reflecting the Group's core business activity of construction, namely Crest Builder Sdn. Bhd. and CB Land Sdn. Bhd.; and the wholly-owned CBTech (M) Sdn. Bhd. that provides mechanical and electrical engineering services for both in-house and contracted works.

Selection of these business entities for the first-year of reporting is to reflect the main business activity of the Group and does not include subsidiary companies with development rights despite the 51% (or more ownership) where CBHB is the turnkey contractor. In the following years, perhaps all active subsidiary companies will be considered.

As a pure Malaysian-play construction counter, disclosure in this report will be focused on local sites within the Greater Klang Valley and does not include our concessions on our maiden project in Tapah, Perak due to its longer time horizon to recognise revenue to the Group's top line. Following the financial disclosures within this Annual Report, this Sustainability Report will cover the Group's activities that has taken place within the calendar year of 1 January 2018 – 31 December 2018.

SUSTAINABILITY **REPORT** (cont'd)

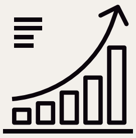
Strategy & Roadmap

To begin our sustainability journey, we have considered how the different stakeholders would impact the long-term sustainability of Crest Builder's vision and mission. The five key stakeholder groups are:


Customers


Suppliers & Vendors


Senior Management

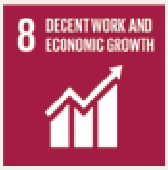

Investors & Shareholders


Employees

Each stakeholder group is engaged differently and discussion on this matter will be in the section Stakeholder Engagement (page 43) of this report.

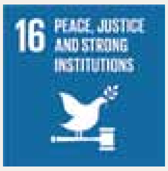
As part of Malaysia's ratification of the UN SDGs on September 2015, the 17 SDGs are a cornerstone for the achievement of the 2030 Agenda for Sustainable Development. For the long-term sustainability of the Group, CBHB has identified four out of the 17 UN SDGs which are highly relevant to the Group's sustainability agenda. They are:

Gender Equality



Decent Work and Economic Growth

Responsible Consumption and Production



Peace, Justice and Strong Institutions

The roadmap to the Group's sustainability efforts include scoping to the main revenue-generating subsidiary companies with a view on expansion to all active subsidiary companies in the following year. Using guidance provided by Bursa Malaysia, our journey is represented in Diagram 1.0 below:

SUSTAINABILITY **REPORT** (cont'd)

- Scope: Holding company & Top 3 revenue-generating subsidiary companies
- Material EES Indicators
- GRI relevant disclosures for Construction & Property Development
- UN SDG focus indentified

- Scope: All active subsidiary companies
- Material EES Indicators
- GRI relevant disclosures for Construction & Property Development
- UN SDG embedment & report

Diagram 1.0: Crest Builder Holdings Berhad's Sustainability Roadmap

Sustainability Governance & Structure

The Board of Directors ("the Board") are cognisant of the latest developments in sustainability issues both as a global megatrend for business success and the need to embed sustainability as part of doing business as usual going forward.

CBHB is in the process of aligning sustainability standards with its business strategies and as of 2018 has elected an Officer for Sustainability ("the Officer") to carry out the Company's initial sustainability agenda into its operations. During the inaugural year of reporting, the Officer reported the activities and initiatives carried out to set-up a Sustainability structure within the Company to the convened Board during the final presentation of material matters for the Group's Annual Report.

Thereafter, the Board decided to the set-up of a Sustainability Committee ("the Committee") to carry out routine reporting at least once a year and no more than four times a year corresponding to the financial matters tabled at the quarterly Board Meetings. The proposed Committee to be formed in 2019 includes the Heads of Departments from:

- Finance/Internal Audit,
- Procurement,
- Group Human Resource,
- Operations Manager, and
- Facilities Manager (Property Management/Investment)

The Report prepared by the Officer and subsequently, the Committee, includes a review of the material risks discussed by the Group Managing Director in this Annual Report's Management Discussion and Analysis (pages 17 to 22). The review ensures the Risk Management framework feeds into the Materiality Assessment process seamlessly. Some of the risks mitigated include:

a. Updating Company policies for new regulatory compliance measures,

b. Relooking at the tender book for new revenue generators, and

c. Management of raw materials pricing.

SUSTAINABILITY **REPORT** (cont'd)

Stakeholder Engagement

As per earlier mention in Strategy & Roadmap (page 41), the Officer identified five groups of stakeholders that are highly relevant in the day-to-day operations of the Group's business. The ways and frequency these groups are engaged are captured in the following table:

Stakeholders	Engagement	Frequency
Customers	CRM – Customer Relationship Management (Form/Process) Facilities Management Review	Annually Monthly/When required
Senior Management	Performance Review Forecasting/Budgeting Review Departmental Heads Operational Meetings	Quarterly/Annually Weekly/Fortnightly
Employees	Internal Departmental Meetings In-house Newsletter/other internal communications programmes Annual Dinner	Weekly/Monthly Monthly/Quarterly Annually
Suppliers & Vendors	Supplier/Vendor Audit Review	Annually
Investors & Shareholders	Analyst Briefings Monthly Updates Quarterly Financial Results Annual Report & Annual General Meetings	Ad hoc/When required Monthly Quarterly Annually

Table 1.0: Crest Builder Holdings Berhad's Stakeholder Engagement

SUSTAINABILITY REPORT
(cont'd)

Identification & Prioritisation of Material Matters

Identification of sustainability matters was initially done through a discussion with the Officer based on guidance by Bursa Malaysia's suggested sustainability themes and indicators. This provided a basis for the Officer to consider matters that faced all sectors and those faced particularly by the construction and property development sector. Further to that, certain matters that were deemed irrelevant to the Group were removed from further consideration.

The list of material sustainability matters was categorised by stakeholder groups in the following table:

No	Stakeholders	Material Sustainability Matter	Indicators
1	Customers 	Product & Services Responsibility	- Environmental impact of products and services during their lifecycle - Innovation to reduce impact - Feedback loop on complaints and customer relationship management - No. of cyberattacks per annum
2	Senior Management 	Anti-Corruption	- Policies developed to educate and inform workforce against corruption
		Anti-Competitive Behaviour	- Policies developed to educate and inform workforce on anti-competitive behaviour
		Procurement	- Percentage of budget spent on local suppliers
		Indirect Economic Impact	- Consequences of direct investment/financial transactions between CBHB and stakeholders
		Waste & Effluent	- Total volume of effluent generated
		Water	- Total volume of water used - Organisation's water management plans and water-related impacts to operations
		Energy	- Total volume of electricity used - Amount of reduction from conservation and efficiency initiatives
		Compliance (Environmental)	- Total monetary value of fines, total non-monetary sanctions for non-compliance with environmental laws & regulations

3	Employees	Diversity	- Diversity in the board, management and workforce by gender, age, ethnicity and disability - Ratio of foreign to local hires of low-skilled workers - Employment arrangement local and foreign
		Occupational Safety & Health	- Percentage of workers undergoing occupational safety and health training per annum - Total and rate of work-related injuries, fatalities, accident frequency and severity per annum
		Labour Practices	- Average training hours per employee per annum by category - Total and rate of employee turnover by age, gender and disability - Employee benefits
4	Suppliers & Vendors	Supply Chain Management	- Results of supplier and vendor audit against operational excellence - Supplier and vendor management in non-compliance matters
5	Investors & Shareholders	Community Investment	- Total amount spent on external beneficiaries

Table 2.0: Crest Builder Holdings Berhad's List of Material Sustainability Matters

The material sustainability matters were then prioritised according to the weighted average method for the importance to different stakeholder groups and an internal scale developed by the Officer for the importance to the Group's EES impacts. This resulted in the Group's Materiality Matrix being produced.

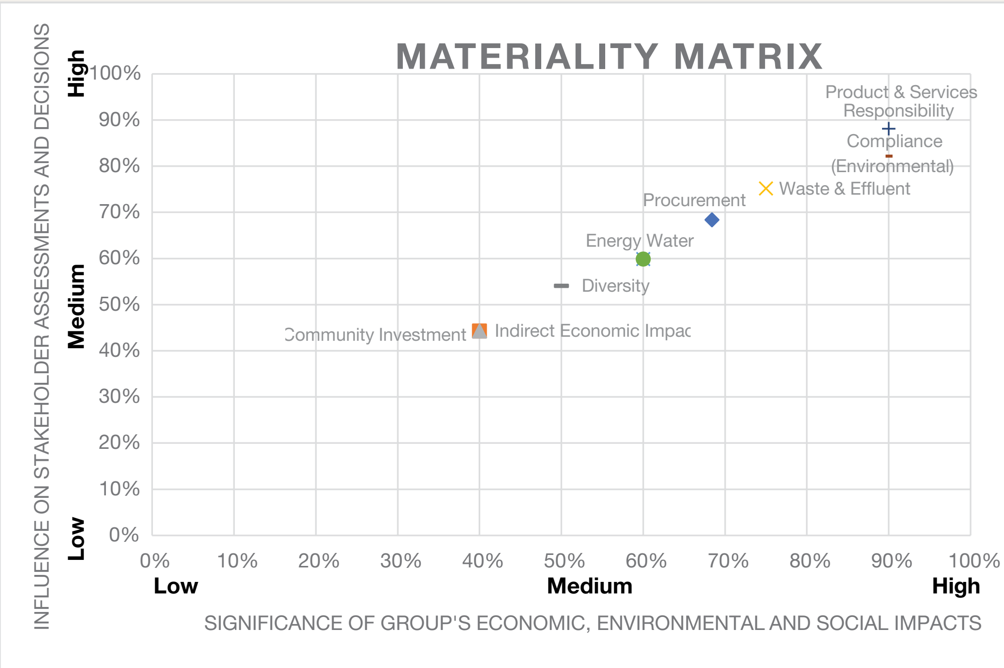


Chart 1.0: Crest Builder Holdings Berhad's Materiality Matrix

SUSTAINABILITY **REPORT**
(cont'd)

Sustainability Themes

Customers

As Crest Builder is engaged mostly in construction and M&E engineering works, the relationship with customers is very important in a highly competitive market space. The Company places a high value on customers and their well-being, safety and satisfaction.

Product & Services Responsibility

Among the material considerations for this stakeholder group is Product and Services Responsibility where both environmental and social impacts are taken into consideration.

Environmental Impact

During the construction of any property project there are industry safeguards that the Company adheres to, including site management to prepare a safe workplace for its employees and adequate waste disposal facilities. As there are no hazardous waste that is not contained, elimination of construction debris and waste is further discussed in Waste & Effluent section on this report (page 47). Consumption of Water and Energy is also discussed in their relevant sections in page 48 of this report.

Among innovations used by the Company is using Construction Industry Development Board (CIDB)'s Industrialised Building System (IBS). This pre-fabricated method reduces wastage by accurate quantity surveying and a construction or development is assessed with the IBS Content Scoring System (IBS Score) based on Construction Industry Standard 18 (2018), (CIS 18:2018).

In the Property Management arm, the Company adheres to the standard codes issued by the Federal and State governments as well as local council codes.

Social Impact – Customers

As part of the Company's consideration, Customer Satisfaction is an important ingredient in the success and continuation of business for the Group. The Company derives feedback from a specialised Customer Relationship Management (CRM) matrix, which covers the Property Management business as well. In its main engagement with customers during the annual review, the outcomes of the review are recorded in the CRM Form. This feedback identifies outliers and areas of improvement for the Company to continue providing excellent service.

Similarly, the Property Management arm undergoes a monthly Facilities Management Review or when the clients, who lease the property, call the Management for a meeting. In the year under the review, there were 75 cases of customer complaints that were fielded, answered and managed successfully. At the closure of a case, a report is logged under the CRM system and reviewed annually to give the Company a bigger picture of the building's overall health and maintenance.

Social Impact - Cybersecurity

In terms of Customer Data Privacy & Security, the Company views this seriously as a matter of principle and the number of cyber attacks in a year has been managed by sending the Company's Information Technology (IT) personnel for training and the software upgrades that are consistently done throughout the year.

In 2018, there was only one recorded ransomware attack which was immediately contained and managed by IT. There being good practices in place by the Company, such as instituting the IT Audit, usage of authorised software and constant monitoring of firewalls, prevent other incidences of breaches in cybersecurity.

Senior Management

The Senior Management team is a group of individuals tasked with the responsibility of steering the Company towards its goals. Within this section of the report, considerations for EES matters encompass both policy and framework as well as execution of the policies carried out at operational level.

Anti-Competitive Behaviour

While there have been no legal action pending or completed taken against the Company, employees of the Group are trained on anti-competitive behaviour during their orientation and given reference to the Code of Conduct and the Code of Ethics from the Employee Handbook. Further to this, the Group does not partake in anti-competitive behaviour during the tender process or in submitting bids for new contracts.

Anti-Corruption

Similarly, anti-corruption is an issue that is taken seriously and 100% of employees in the Group undergo internal training on anti-corruption during their orientation. The Code of Conduct and the Code of Ethics in the Employee Handbook specifically makes mention to the Group's No Gift Policy, which is in place to discourage graft and bribery.

While none of the operations have been assessed so far for corruption risks, the Group's strong Internal Audit practices and the Board's Audit Committee have been vigilant against corruption in all the years that the Company has been in operation.

Procurement

As Crest Builder is a pure Malaysian-play construction counter, usage of local raw materials and local expertise, where possible, is a very important indicator of the Group's operations. To ensure a cost-effective solution for customers, 100% of the Group's procurement budget is spent on local suppliers, ensuring the Group's control on the quality, cost and timeliness of delivery from suppliers.

There are parts of the business that engage third party local suppliers for delivery of outsourced goods and services. However, there is no exposure to foreign sources of suppliers for the Company.

Indirect Economic Impact

As a result of the direct investment of financial transactions between the Group and its stakeholders, goodwill and trust is developed over time. The Group is fortunate that its good track record of delivery and quality has managed to engage the loyalty of its customers as well as generate a long-term partnership with its clients.

As an Employer, the Crest Builder brand is among one of the renowned construction firms in Malaysia and instils respect and trust among its employees, a relationship that enables the Company to grow and attract even more top talent.

Waste & Effluent

While most of the machines in the Company's construction sites are now powered by electricity, there is a small proportion of diesel-powered machines, which the Company is gradually phasing out. The main consideration for the company is the impact on the environment and how the Company can continue to reduce its carbon footprint. In 2018, 1,191,645 litres (l) of diesel was consumed in 12 of the work sites operated by the Company, costing the Company approximately RM2.74million in operating expenses.

Where possible, the Company practices a Zero Waste policy, which among initiatives include recycling materials headed for scrapyards and effective garbage disposal policies worked out with its third-party vendors specialising in the disposal of construction waste. In 2018, a total of 24,430.95 m^3 was disposed from a total of 7 sites and properties owned or managed by the Company. This number is not representative of the amount disposed in landfills as the third-party vendors have other methods of managing construction debris.

SUSTAINABILITY REPORT (cont'd)

Water

Water usage within the Group will mention the Group's headquarters in Dataran 3 Two Square as well as the Group's water management plans in its sites. In 2018, a total of 391 m^3 of water was consumed amounting to RM1,822.56 in the Group's headquarters.

The different project sites have various ways of managing their water consumption, including the drilling and drawing of well water or ground water in some of the sites with a stable water table within the project's perimeters. In addition to that, the Company purchases water in what is known as a temporary water provision to its workers who live on-site and is used to support the daily operations of the site.

In terms of water conservation, the Company has site policies that prevent water wastage and loss through vigilant monitoring by its site manager. The Company endeavours to study other ways to increase its efficiency in water usage in the upcoming year.

Energy

Energy usage within the Group will track the Group's headquarters in Dataran 3 Two Square as well as the Group's energy management plans in its sites. In 2018, a total of 146,871 kWh of electricity was consumed amounting to RM90,475.38 in the Group's headquarters. The Group has set up energy conservation and efficiency initiatives by monitoring the usage of HVAC or air-conditioning units, switching to energy efficient lighting in all common areas and having a Switch Off policy, where the electricity is switched off in the office after working hours.

In terms of site management, energy efficiency is one of the matters driving conservation efforts at the different sites owned and operated by the Company. Of particular note is the changing way the Crest Builder is operating its machines. Older diesel-fed machines are being phased out and replaced with electric-driven ones. This is to reduce both carbon footprint and cost to the business as newer machines will ramp up production rates on sites.

In addition to this, each site has its own Energy Management Plan (EMP), where the purchase of temporary energy supply from the national power grid allays concerns of blackouts or temporary energy disruptions. This plan also details the back-up power supply and when to engage usage of it, if and when, necessary. The total amount of savings will only be disclosed within the following year as conservation efforts at sites began only late 2018.

Compliance (Environmental)

The Group is compliant to all local land codes, both Federal and State Governments and the local councils, including those covering site safety, health and management. One of the aspects that the Company strives to provide is a healthy working environment that is free from disease-carrying vectors or insects. Hence, one of the situations that cause the Management to take tougher stance on site conditions was when two of the sites were fined due to the presence of the dengue-causing Aedes mosquito.

After the fines were paid, a new set of policies to manage the workflow of disposing empty vessels that could be the breeding ground for the vectors were implemented. At the end of 2018, the Group is pleased to report that there had been no reports or fines after the policies had taken place and the situation is under control.

SUSTAINABILITY REPORT (cont'd)

Employees

A good team is a business' surety that the Company grow from strength to strength and on this basis, employees are a valuable business capital or asset and part of the Crest Builder family. Within the scope of this report are the Company's direct employees under the Company's payroll and will not include those under the minority stake of subsidiary companies in which the Group holds development right to (despite 51% or more ownership). Most of the employee engagement is done from the Group's Human Resources Department and consists of internal department meetings held on weekly or monthly basis, internal communications materials such as the in-house Newsletter and memos and the Annual Dinner held to gather the workforce together.

Diversity

Diversity in the workforce considers the composition of the Company by gender, age, ethnicity and disability. This is measured across the Board of Directors, Management and Administrative staff within the Group. As at 31 December 2018, the Group's headcount comprised of 4 Directors, 212 Management and 13 Administrative staff bringing the Group total to 229 pax.

At board level, the directors are aware of the initiative to introduce more female representation to the boardroom and are potentially looking at increasing the female representation should the right director be found. Meanwhile, at the management and administrative level, there are no foreigners hired and talent is sourced from online job platforms or internal recommendations. As for foreigners hired in the blue-collar segment or low-skilled end, most of Group's employees are in the Management category and require a significant amount of training to be graduates of professional and technical programmes.

Meanwhile, for persons with disabilities, the Group has yet to hire any, however, as an equal-opportunity employer, there is no limitation or obstacle for persons with disabilities to join the Group as long as it does not interfere with the natural job functions that would otherwise require the skills of the able-bodied.

The following depict the composition of the Group's human capital in 2018.

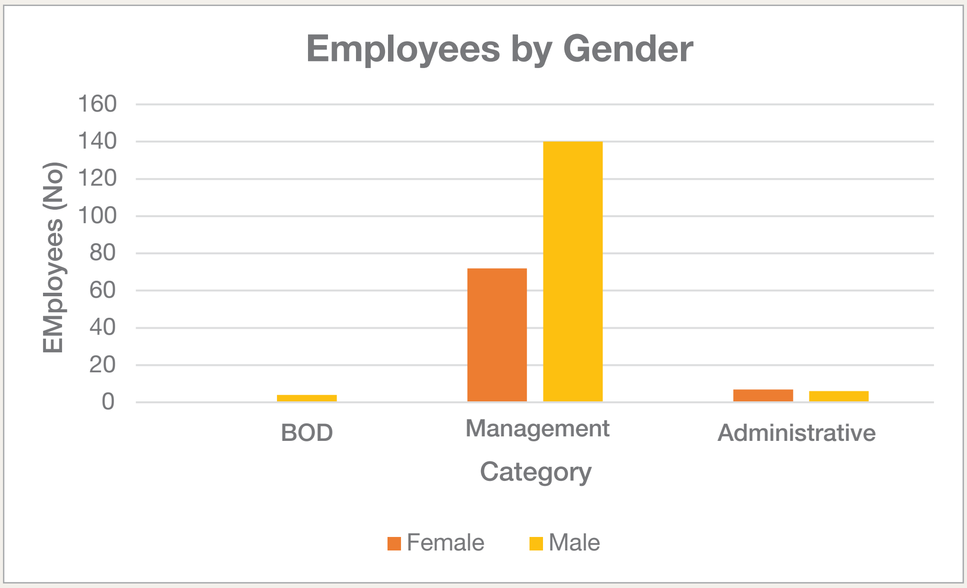


Chart 2.0: Employee diversity by Gender

SUSTAINABILITY REPORT
(cont'd)

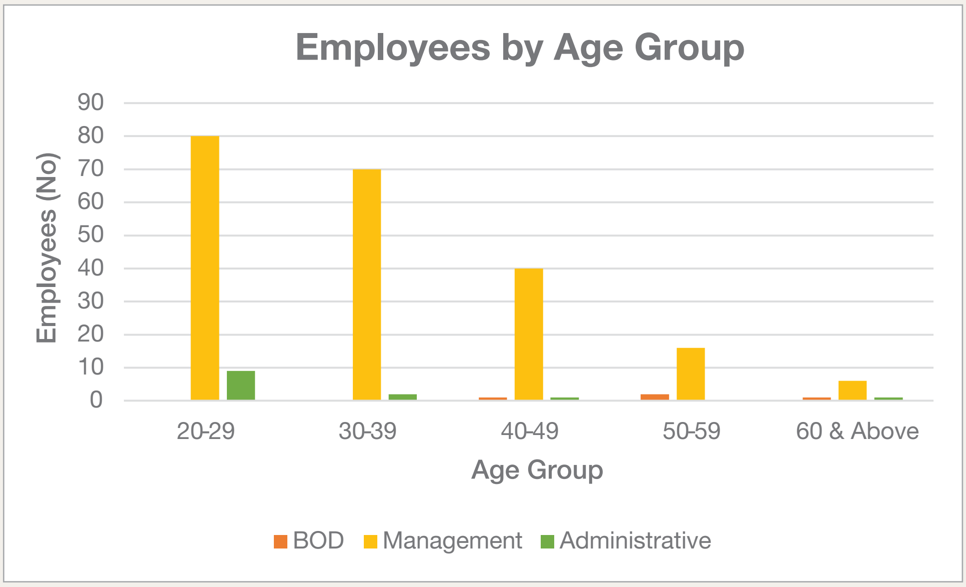


Chart 3.0: Employee diversity by Age Group

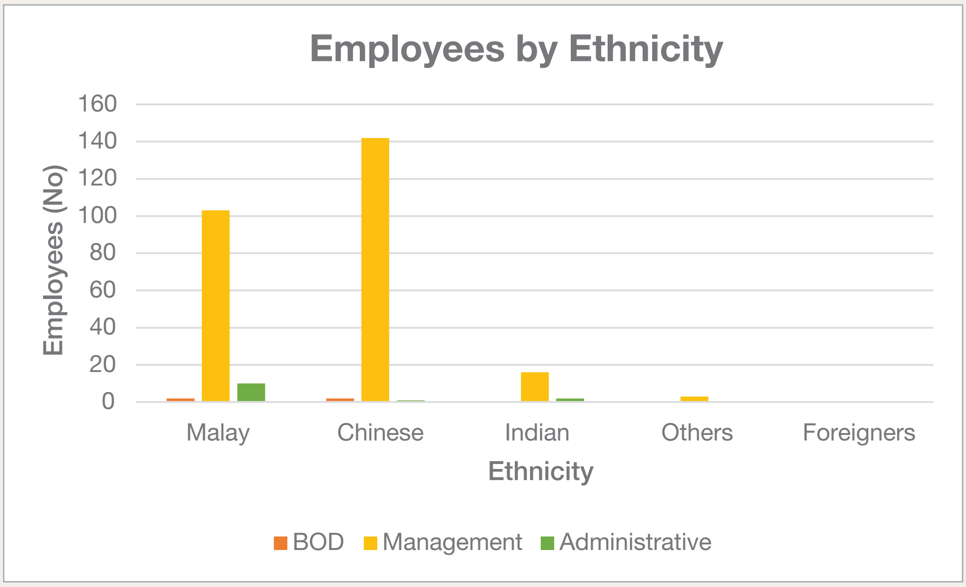


Chart 4.0: Employee diversity by Ethnicity

Occupational Safety & Health

Malaysia's Occupational Safety and Health Act (OSHA) 1994 is the main framework on which the Company's Occupational Safety & Health provisions are based upon. In 2018, the Group sent 9 Safety & Health personnel for OSHA related training amounting to 21 days or 168 manhours. Crest Builder remains an accident-free workplace in the entire year under review.

SUSTAINABILITY **REPORT** (cont'd)

Labour Practices

As part and parcel of providing employees with stable work environment, the Company respects all aspects of human rights and have recorded no discrimination, child or forced labour or grievances on human rights in 2018. Although no employee has undergone training on human rights, suppliers vetted for human rights policies and practices nor agreements undergone human rights screening in 2018, the Company is looking to implement a safeguard against human rights issues in the following reporting year.

The Group believes in supporting the rights of employees to be treated with dignity, ensuring adequate rest and leisure through its employee benefits of capping of work hours and provision of periodic leave and there is no barrier to the employees right to freedom of association.

Furthermore, the Group's employee benefits are above the minimum statutory requirements and include dental and healthcare benefits, insurance coverage and adequate leaves on a buildable scale based on length of service.

Employee Engagement – Training & Talent Development

For an employee to be fully engaged in the workplace, training and development is essential in keeping the employee's skill sets relevant and sharp. In 2018, Crest Builder's staff underwent a total of 623 mandays or 4,984 manhours of training. Below is the categorical breakdown by department.

Diagram 2.0: Crest Builder's Training & Development in Mandays

SUSTAINABILITY **REPORT** (cont'd)

Besides training the in-house communications takes place through an internal staff memo and a quarterly newsletter and annually, the Management appreciates the hard work of their colleagues during the Group's Annual Dinner.

Employee Turnover

The Company has putting effort in managing employee turnover, the movement in the workforce is best reflected below:

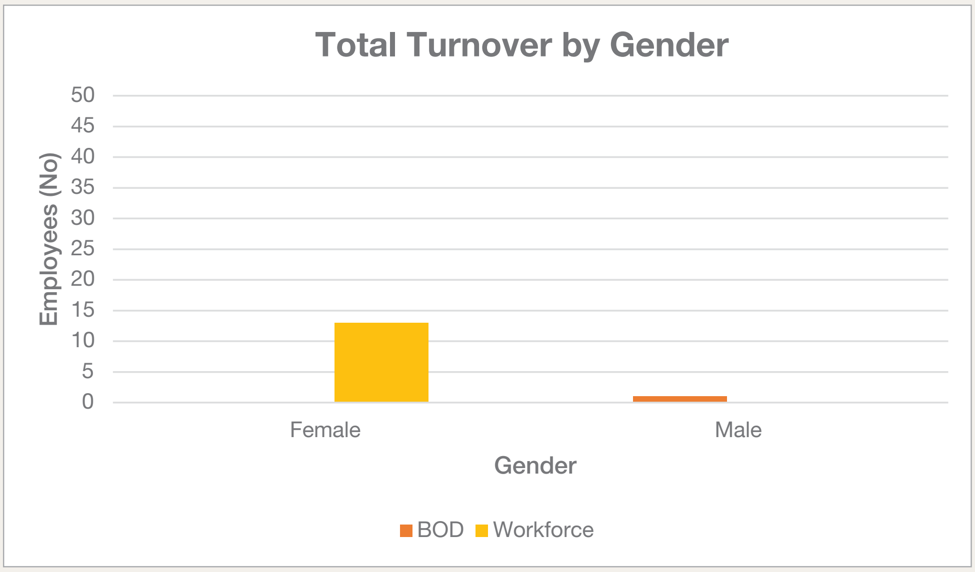


Chart 5.0: Total employee turnover by Gender

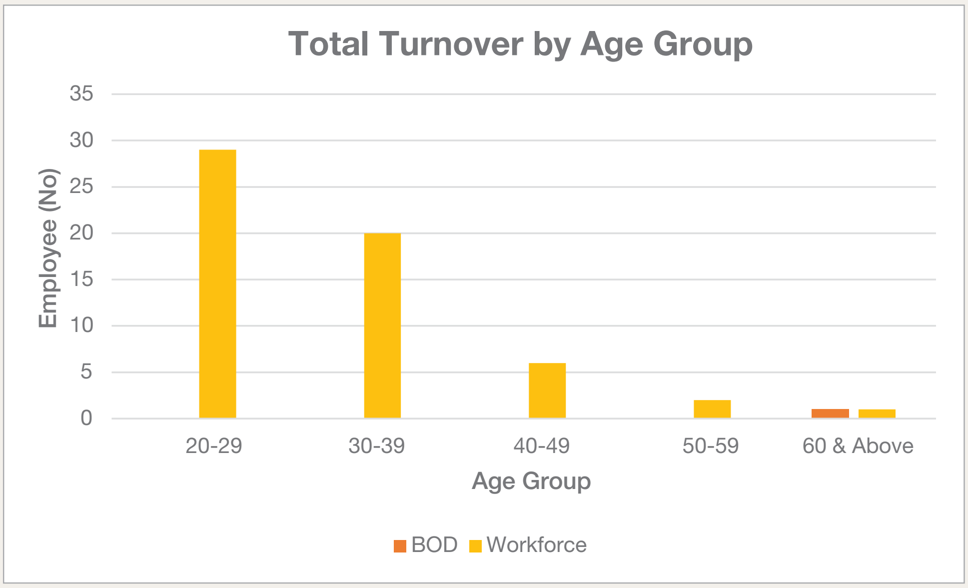


Chart 6.0: Total employee turnover by Age Group

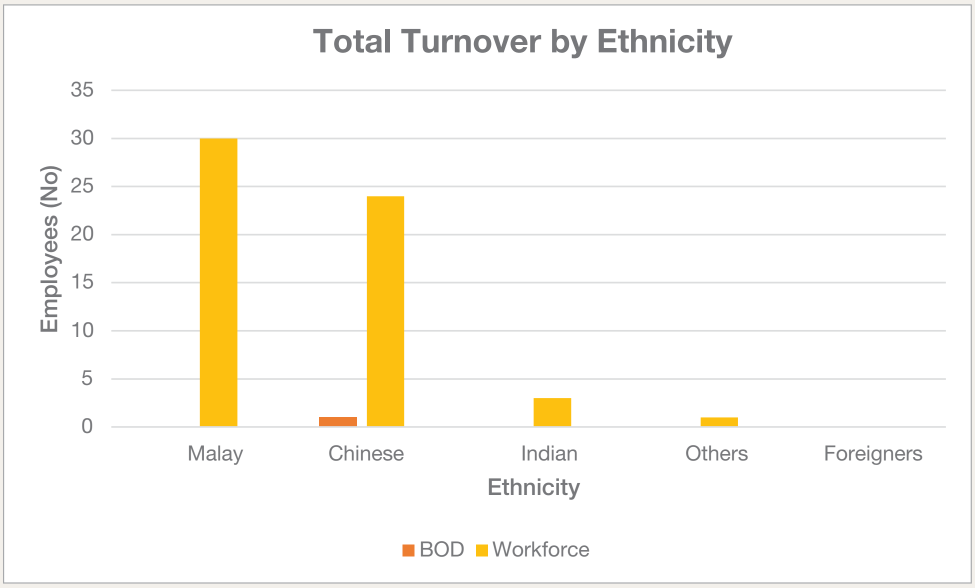


Chart 7.0: Total employee turnover by Ethnicity

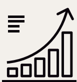
Suppliers & Vendors

Supply Chain Management

The main material matter regarding this stakeholder group involves identifying suitable suppliers and vendors to fit the expectations of service and product excellence for the Company. In Table 1.0 (page 43), new suppliers and vendors are identified by the Procurement Department, which issues a New Supplier/Vendor Form, after the assessment of fit with the Group's business goals and targets.

A discussion with the Sustainability Officer identified that environmental surveillance would be added to the Form to identify that no new supplier or vendor would have any environmental issues outstanding or in their track record.

Meanwhile, existing suppliers and vendors undergo a supplier/vendor annual audit in which the operational issues are addressed. If the supplier or vendor is found to be in breach of any codes during the service period, non-compliance may result in termination of contract or loss of business opportunity going forward. Engagement with this stakeholder group that shows satisfactory performance will be renewed and any feedback to them will be taken onboard to improve service and product delivery.



Investors & Shareholders

The Group's main engagement with investors and stakeholders is done through quarterly briefings and one-on-one analyst briefings which are held when required. The monthly updates done to the investment community are part of maintaining a good relationship particularly with institutional investors.

The management and Board of Directors present the full year operational and financial reports through this Annual Report and at the Annual General Meeting once a year at the conclusion of the financial year.

SUSTAINABILITY **REPORT**
(cont'd)

SUSTAINABILITY **REPORT**
(cont'd)

STATEMENT ON DIRECTORS' RESPONSIBILITY

As required under the Companies Act 2016, the directors of Crest Builder Holdings Berhad have made a statement expressing an opinion on the financial statements. The Board of Directors ("the Board") is of the opinion that the financial statements have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company for the financial year ended 31 December 2018.

In the process of preparing these financial statements, the directors have reviewed the accounting policies and practices to ensure that they were consistently applied throughout the financial year. In cases where judgement and estimates were made, they were based on reasonableness and prudence.

Additionally, the directors have relied on the system of internal control to ensure that the information generated for the preparation of the financial statements from the underlying accounting records is accurate and reliable.

This statement is made in accordance with a resolution of the Board dated 10 April 2019.

FINANCIAL STATEMENTS

FINANCIAL SECTION

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged as an investment holding company. The principal activities of its subsidiary companies are as disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	72,180,738	8,478,337
Attributable to:		
Owners of the Company	70,335,634	8,478,337
Non-controlling interests	1,845,104	–
	72,180,738	8,478,337

DIVIDENDS

Since the end of the previous financial year, the Company paid a single tier first and final dividend of 4 sen per ordinary share amounting to RM6,827,662 in respect of financial year ended 31 December 2018 on 3 August 2018.

At the forthcoming Annual General Meeting, a single tier first and final dividend of 4.5 sen per ordinary share based on the number of outstanding ordinary shares in issue (net of treasury shares) as at 31 December 2018 of 169,909,457 ordinary shares amounting to RM7,645,926 in respect of the current financial year ended 31 December 2018, will be proposed for the shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

RESERVES OR PROVISIONS

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

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 had 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 require the writing off of bad debts or 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 item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

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

DIRECTORS' **REPORT**
(cont'd)

TREASURY SHARES

As at 31 December 2018, the Group and the Company held 7,012,200 treasury shares out of its 176,921,657 issued and paid-up ordinary shares.

The directors of the Company are committed to enhance the value of the Company and its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 782,100 of its issued ordinary shares from the open market on Bursa Malaysia Securities Berhad. The average price paid for the shares repurchased was approximately RM0.88 per share including transaction costs.

The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia. The Company has the right to reissue or to cancel these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended. None of the treasury shares repurchased has been sold or cancelled during the financial year.

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:

Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah *
Koh Hua Lan *
Yong Shang Ming *
Mohd Khasan Bin Ahmad
Kam Yong Kan
Lim Boon Teng
Yong Tiok Keng (Alternate director to Koh Hua Lan) *

* *Directors of the Company and of certain subsidiary companies*

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

Firdaus Bin Tajuddin
Khoo Kheng Kiat
Sri Rahayu Binti Tajuddin
Teh Hock Hua
Vignesh Naidu A/L Kuppusamy Naidu
Yong Tiok Nee

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 in the Company and its related corporations during the financial year were as follows:

Interest in the Company

	Number of ordinary shares			
	At 1.1.2018	**Bought**	**Sold**	**At 31.12.2018**
Indirect interests:				
Koh Hua Lan #	66,622,000	–	–	66,622,000
Yong Shang Ming #	66,622,000	–	–	66,622,000
Yong Tiok Keng # ^	66,622,000	–	–	66,622,000

Shares held through a company in which the director has substantial interests
^ *Alternate director to Koh Hua Lan*

By virtue of her interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Koh Hua Lan is deemed to have an interest in the ordinary shares of the subsidiary companies to the extent that the Company has an interest.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or debentures 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 emoluments received or due and receivable, by the directors as disclosed in Note 33 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, other than any deemed benefits which may arise from transactions as disclosed in Note 35(b) to the financial statements.

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.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and officers of the Company were RM5,000,000 and RM12,000 respectively.

SUBSIDIARY COMPANIES

The details of the Company's subsidiary companies are disclosed in Note 7 to the financial statements.

The auditors' reports on the financial statements of the subsidiary companies did not contain any qualification.

DIRECTORS' REPORT
(cont'd)

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 29 to the financial statements.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT (converted from a conventional partnership, Baker Tilly Monteiro Heng on 5 March 2019), have expressed their willingness to continue in office.

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

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

TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH
Director

YONG SHANG MING
Director

Kuala Lumpur

Date: 10 April 2019

CONSOLIDATED STATEMENT **OF FINANCIAL POSITION**
AS AT 31 DECEMBER 2018

	Note	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
ASSETS				
Non-current assets				
Property, plant and equipment	5	35,894,312	33,093,045	33,232,381
Investment properties	6	299,327,612	304,327,612	304,327,612
Golf club membership	8	54,000	54,000	54,000
Inventories	9	2,678,549	9,425,698	6,747,149
Goodwill	10	33,608,137	33,608,137	33,608,137
Operating financial asset	11	299,336,837	307,094,771	313,989,757
Deferred tax assets	12	6,212,872	6,343,282	9,445,303
Trade and other receivables	13	4,851,000	18,008,645	–
Total non-current assets		681,963,319	711,955,190	701,404,339
Current assets				
Inventories	9	317,114,824	375,750,598	170,890,665
Operating financial asset	11	7,756,682	6,893,860	6,127,015
Trade and other receivables	13	209,289,675	226,562,915	281,369,158
Contract assets	15	129,918,902	85,807,652	53,103,372
Current tax assets		3,603,627	5,002,009	8,800,936
Short term investments	16	24,015,163	20,356,336	28,020,520
Fixed deposits placed with licensed banks	17	78,278,715	71,475,930	83,309,309
Cash and bank balances	18	21,640,883	22,165,775	10,807,466
Total current assets		791,618,471	814,015,075	642,428,441
TOTAL ASSETS		1,473,581,790	1,525,970,265	1,343,832,780

CONSOLIDATED STATEMENT **OF FINANCIAL POSITION**
AS AT 31 DECEMBER 2018
(cont'd)

	Note	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	19	181,190,804	181,190,804	176,921,657
Share premium	20	–	–	4,269,147
Treasury shares	21	(6,478,293)	(5,795,292)	(5,795,292)
Reserves	22	312,553,623	249,045,651	227,816,068
		487,266,134	424,441,163	403,211,580
Non-controlling interests		17,756,589	15,911,485	13,517,869
TOTAL EQUITY		505,022,723	440,352,648	416,729,449
Non-current liabilities				
Loans and borrowings	23	395,342,951	428,750,410	469,371,431
Deferred tax liabilities	12	24,901,616	16,718,870	13,913,579
Trade and other payables	24	10,552,722	10,610,972	–
Total non-current liabilities		430,797,289	456,080,252	483,285,010
Current liabilities				
Loans and borrowings	23	162,995,853	229,154,333	206,723,971
Current tax liabilities		3,037,450	461,184	804,074
Trade and other payables	24	358,522,121	386,112,376	228,288,661
Contract liabilities	15	13,206,354	13,809,472	8,001,615
Total current liabilities		537,761,778	629,537,365	443,818,321
TOTAL LIABILITIES		968,559,067	1,085,617,617	927,103,331
TOTAL EQUITY AND LIABILITIES		1,473,581,790	1,525,970,265	1,343,832,780

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

CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM	2017 RM
Revenue	25	595,407,467	498,294,418
Cost of sales	26	(419,380,789)	(382,958,470)
Gross profit		176,026,678	115,335,948
Other income		20,519,332	9,666,572
Administrative expenses		(64,380,943)	(36,636,357)
Net reversal of/(impairment losses on) receivables		3,141,364	(2,115,287)
Operating profit		135,306,431	86,250,876
Finance income	27	2,943,923	2,905,317
Finance costs	28	(39,969,289)	(44,555,534)
Profit before tax	29	98,281,065	44,600,659
Income tax expense	30	(26,100,327)	(14,220,203)
Profit for the financial year		72,180,738	30,380,456
Other comprehensive income, net of tax		–	–
Total comprehensive income for the financial year		72,180,738	30,380,456
Profit attributable to:			
Owners of the Company		70,335,634	28,057,245
Non-controlling interests		1,845,104	2,323,211
		72,180,738	30,380,456
Total comprehensive income attributable to:			
Owners of the Company		70,335,634	28,057,245
Non-controlling interests		1,845,104	2,323,211
		72,180,738	30,380,456
Earnings per share (sen):	31		
- basic		41.21	16.44
- diluted		41.21	16.44

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Attributable to owners of the Company							
	Note	Share capital RM	Share premium RM	Treasury shares RM	Share option reserves RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 January 2017		176,921,657	4,269,147	(5,795,292)	1,554,074	226,261,994	403,211,580	13,517,869	416,729,449
Total comprehensive income for the financial year		–	–	–	–	28,057,245	28,057,245	2,323,211	30,380,456
Transactions with owners:									
Dividends on ordinary shares	32	–	–	–	–	(6,827,662)	(6,827,662)	–	(6,827,662)
ESOS lapsed		–	–	–	(1,554,074)	1,554,074	–	–	–
Arising from increase in share capital in a subsidiary company		–	–	–	–	–	–	73,500	73,500
Subscription of shares in a subsidiary company by a non-controlling shareholder	7	–	–	–	–	–	–	(3,095)	(3,095)
Transition to no-par value regime	19, 20	4,269,147	(4,269,147)	–	–	–	–	–	–
Total transactions with owners		4,269,147	(4,269,147)	–	(1,554,074)	(5,273,588)	(6,827,662)	70,405	(6,757,257)
At 31 December 2017		181,190,804	–	(5,795,292)	–	249,045,651	424,441,163	15,911,485	440,352,648

CONSOLIDATED STATEMENT **OF CHANGES IN EQUITY**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(cont'd)

		← Attributable to owners of the Company →					
	Note	**Share capital RM**	**Treasury shares RM**	**Retained earnings RM**	**Total RM**	**Non-controlling interests RM**	**Total equity RM**
At 1 January 2018		181,190,804	(5,795,292)	249,045,651	424,441,163	15,911,485	440,352,648
Total comprehensive income for the financial year		–	–	70,335,634	70,335,634	1,845,104	72,180,738
Transactions with owners:							
Dividends on ordinary shares	32	–	–	(6,827,662)	(6,827,662)	–	(6,827,662)
Purchase of treasury shares	21	–	(683,001)	–	(683,001)	–	(683,001)
Total transactions with owners		–	(683,001)	(6,827,662)	(7,510,663)	–	(7,510,663)
At 31 December 2018		181,190,804	(6,478,293)	312,553,623	487,266,134	17,756,589	505,022,723

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM	2017 RM
Cash flows from operating activities			
Profit before tax		98,281,065	44,600,659
Adjustments for:			
Amortisation of discount on Sukuk Murabahah	28	3,247,588	3,519,168
Depreciation of property, plant and equipment	5	4,182,288	3,263,838
Finance income from concession contract	25	(36,841,806)	(37,608,778)
Gain on disposal of property, plant and equipment		(183,987)	(514,303)
Impairment losses on:			
- trade receivables		1,818,589	3,002,835
- other receivables		14,633,913	–
Income from short term investments		(636,728)	(835,816)
Interest expense		36,721,701	41,036,366
Interest income from banks		(2,992,316)	(3,028,114)
Net fair value loss on investment properties	6	5,000,000	–
Property, plant and equipment written off		1,821	–
Reversal of impairment losses on:			
- trade receivables		(11,161,763)	(5,044,427)
- other receivables		(2,149,375)	(73,695)
Operating profit before changes in working capital		109,920,990	48,317,733
Changes in working capital:			
Operating financial asset		43,736,918	43,736,919
Inventories		65,384,767	(207,023,266)
Trade and other receivables		27,289,521	38,912,885
Contract assets		(44,111,250)	(32,704,280)
Trade and other payables		(23,581,805)	173,243,150
Contract liabilities		(603,118)	5,807,857
Cash generated from operations		178,036,023	70,290,998
Income tax paid		(13,812,523)	(5,126,480)
Income tax refunded		–	269,626
Interest received	25	131,936	122,797
Net cash from operating activities		164,355,436	65,556,941

CONSOLIDATED STATEMENT **OF CASH FLOWS**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

	Note	2018 RM	2017 RM
Cash flows from investing activities			
Interest received		2,860,380	2,905,317
Acquisition of a subsidiary company	7(c)(ii)	–	1,442
Proceeds from disposal of property, plant and equipment		462,472	530,283
Proceeds from disposal of short term investments		38,477,901	8,500,000
Placement of short term investments		(41,500,000)	–
Purchase of property, plant and equipment	(a)	(1,723,168)	(840,938)
Fixed deposits pledged		(81,638)	(75,301)
Net decrease in bank balances maintained in an escrow account		8,058	57,020
Net cash (used in)/from investing activities		(1,495,995)	11,077,823
Cash flows from financing activities	**(b)**		
Dividends paid	32	(6,827,662)	(6,827,662)
Interest paid		(36,723,545)	(41,551,582)
Arising from increase in share capital in a subsidiary company		–	73,500
Purchase of treasury shares		(683,001)	–
Repayment of term loans		(26,375,485)	(25,505,253)
Payment of finance lease liabilities		(3,088,747)	(1,625,997)
Repayment of Sukuk Murabahah		(25,000,000)	(30,000,000)
(Repayment)/Drawdown of bankers' acceptances		(26,961,096)	35,433,063
Repayment of revolving credits		(9,946,052)	(6,184,817)
Net cash used in financing activities		(135,605,588)	(76,188,748)
Net increase in cash and cash equivalents		27,253,853	446,016
Cash and cash equivalents at the beginning of the financial year		61,817,734	61,371,718
Cash and cash equivalents at the end of the financial year		89,071,587	61,817,734
Analysis of cash and cash equivalents			
Fixed deposits placed with licensed banks	17	78,278,715	71,475,930
Cash and bank balances	18	21,640,883	22,165,775
		99,919,598	93,641,705
Less:			
Bank overdrafts	23	(7,003,990)	(28,053,530)
Fixed deposits pledged with licensed banks	17	(3,109,503)	(3,027,865)
Bank balances maintained in an escrow account	18	(734,518)	(742,576)
		89,071,587	61,817,734

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

(a) Purchase of property, plant and equipment:

	Group 2018 RM	Group 2017 RM
Purchase of property, plant and equipment	7,263,861	3,140,482
Financed by finance lease arrangements	5,540,693	2,299,544
Cash payments on purchase of property, plant and equipment	1,723,168	840,938

(b) Reconciliation of liabilities arising from financing activities:

	As at 1.1.2018 RM	Cash flows RM	Non-cash Acquisition RM	Non-cash Addition RM	Non-cash Amortisation of discount RM	As at 31.12.2018 RM
Term loans	49,031,296	(26,375,485)	–	–	–	22,655,811
Finance lease liabilities	7,664,779	(3,088,747)	5,540,693	4,066,700	–	14,183,425
Sukuk Murabahah	422,394,099	(25,000,000)	–	–	3,247,588	400,641,687
Bankers' acceptances	63,032,200	(26,961,096)	–	–	–	36,071,104
Revolving credits	87,728,839	(9,946,052)	–	–	–	77,782,787
Bank overdrafts	28,053,530	(21,049,540)	–	–	–	7,003,990
	657,904,743	(112,420,920)	5,540,693	4,066,700	3,247,588	558,338,804

	As at 1.1.2017 RM	Cash flows RM	Non-cash Acquisition RM	Non-cash Other payables RM	Non-cash Amortisation of discount RM	As at 31.12.2017 RM
Term loans	74,536,549	(25,505,253)	–	–	–	49,031,296
Finance lease liabilities	2,178,232	(1,625,997)	2,299,544	4,813,000	–	7,664,779
Sukuk Murabahah	448,874,931	(30,000,000)	–	–	3,519,168	422,394,099
Bankers' acceptances	27,599,137	35,433,063	–	–	–	63,032,200
Revolving credits	93,913,656	(6,184,817)	–	–	–	87,728,839
Bank overdrafts	28,992,897	(939,367)	–	–	–	28,053,530
	676,095,402	(28,822,371)	2,299,544	4,813,000	3,519,168	657,904,743

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

STATEMENT OF **FINANCIAL POSITION**
AS AT 31 DECEMBER 2018

	Note	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
ASSETS				
Non-current assets				
Property, plant and equipment	5	–	–	–
Investment in subsidiary companies	7	106,365,270	106,365,270	97,365,270
Amount due from subsidiary companies	14	116,601,059	121,886,057	67,574,150
Total non-current assets		222,966,329	228,251,327	164,939,420
Current assets				
Amount due from subsidiary companies	14	33,164,964	26,591,960	82,883,600
Prepayments		18,817	19,896	17,916
Current tax assets		–	170,992	642,686
Short term investments	16	23,940,302	18,787,117	20,100,783
Fixed deposits placed with licensed banks	17	3,080,593	2,999,860	2,925,380
Cash and bank balances	18	115,012	115,012	115,075
Total current assets		60,319,688	48,684,837	106,685,440
TOTAL ASSETS		283,286,017	276,936,164	271,624,860
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	19	181,190,804	181,190,804	176,921,657
Share premium	20	–	–	4,269,147
Treasury shares	21	(6,478,293)	(5,795,292)	(5,795,292)
Reserves	22	30,918,864	29,268,189	27,940,490
TOTAL EQUITY		205,631,375	204,663,701	203,336,002
Non-current liability				
Loans and borrowings	23	–	8,002,000	16,714,000
Total non-current liability		–	8,002,000	16,714,000
Current liabilities				
Loans and borrowings	23	8,383,702	11,401,943	13,007,075
Current tax liabilities		388,824	–	–
Other payables	24	458,534	314,168	328,138
Amount due to subsidiary companies	14	68,423,582	52,554,352	38,239,645
Total current liabilities		77,654,642	64,270,463	51,574,858
TOTAL LIABILITIES		77,654,642	72,272,463	68,288,858
TOTAL EQUITY AND LIABILITIES		283,286,017	276,936,164	271,624,860

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM	2017 RM
Revenue	25	15,964,908	11,565,262
Cost of sales		–	–
Gross profit		15,964,908	11,565,262
Other income		1,630	344,109
Administrative expenses		(920,599)	(972,611)
Other expenses		(4,026,697)	–
Operating profit		11,019,242	10,936,760
Finance costs	28	(1,272,435)	(2,011,527)
Profit before tax	29	9,746,807	8,925,233
Income tax expense	30	(1,268,470)	(769,872)
Profit for the financial year		8,478,337	8,155,361
Other comprehensive income, net of tax		–	–
Total comprehensive income for the financial year		8,478,337	8,155,361

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

STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Attributable to owners of the Company					
	Note	**Share capital RM**	**Share premium RM**	**Treasury shares RM**	**Share option reserves RM**	**Retained earnings RM**	**Total equity RM**
At 1 January 2017		176,921,657	4,269,147	(5,795,292)	1,554,074	26,386,416	203,336,002
Total comprehensive income for the financial year		–	–	–	–	8,155,361	8,155,361
Transactions with owners:							
Dividends on ordinary shares	32	–	–	–	–	(6,827,662)	(6,827,662)
ESOS lapsed		–	–	–	(1,554,074)	1,554,074	–
Transition to no-par value regime	19, 20	4,269,147	(4,269,147)	–	–	–	–
Total transactions with owners		4,269,147	(4,269,147)	–	(1,554,074)	(5,273,588)	(6,827,662)
At 31 December 2017		181,190,804	–	(5,795,292)	–	29,268,189	204,663,701
Total comprehensive income for the financial year		–	–	–	–	8,478,337	8,478,337
Transactions with owners:							
Dividends on ordinary shares	32	–	–	–	–	(6,827,662)	(6,827,662)
Purchase of treasury shares	21	–	–	(683,001)	–	–	(683,001)
Total transactions with owners		–	–	(683,001)	–	(6,827,662)	(7,510,663)
At 31 December 2018		181,190,804	–	(6,478,293)	–	30,918,864	205,631,375

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	2018 RM	2017 RM
Cash flows from operating activities		
Profit before tax	9,746,807	8,925,233
Adjustments for:		
Dividend income	(8,500,000)	(5,000,000)
Effect of revision of estimated receipt of amount due from subsidiary companies	4,026,697	(344,109)
Income from short term investments	(553,185)	(686,334)
Interest expense	1,272,435	2,011,527
Interest income from banks	(131,936)	(122,797)
Interest income from subsidiary companies	(6,779,787)	(5,756,131)
Operating loss before changes in working capital	(918,969)	(972,611)
Changes in working capital:		
Prepayments	1,079	(1,980)
Other payables	144,366	(13,970)
Cash used in operations	(773,524)	(988,561)
Dividends received	8,500,000	5,000,000
Income tax paid	(708,654)	(298,178)
Interest received	6,911,723	5,878,928
Net cash from operating activities	13,929,545	9,592,189
Cash flows from investing activities		
Subscription of ordinary shares in a subsidiary company	–	(9,000,000)
Proceeds from disposal of short term investments	16,900,000	2,000,000
Placement of short term investments	(21,500,000)	–
(Advances to)/Repayment from subsidiary companies	(5,314,703)	2,323,842
Fixed deposits pledged	(80,733)	(74,480)
Net cash used in investing activities	(9,995,436)	(4,750,638)

STATEMENT OF **CASH FLOWS**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(cont'd)

	Note	2018 RM	2017 RM
Cash flows from financing activities	**(a)**		
Dividends paid	32	(6,827,662)	(6,827,662)
Interest paid		(1,272,435)	(2,011,527)
Repayment of term loan		(8,771,879)	(8,771,733)
Purchase of treasury shares		(683,001)	–
Advances from subsidiary companies		15,869,230	14,314,707
Net cash used in financing activities		(1,685,747)	(3,296,215)
Net increase in cash and cash equivalents		2,248,362	1,545,336
Cash and cash equivalents at the beginning of the financial year		(2,451,261)	(3,996,597)
Cash and cash equivalents at the end of the financial year		(202,899)	(2,451,261)
Analysis of cash and cash equivalents			
Fixed deposits placed with licensed banks	17	3,080,593	2,999,860
Cash and bank balances	18	115,012	115,012
		3,195,605	3,114,872
Less:			
Bank overdrafts	23	(317,911)	(2,566,273)
Fixed deposits pledged with licensed banks	17	(3,080,593)	(2,999,860)
		(202,899)	(2,451,261)

(a) Reconciliation of liabilities arising from financing activities

Changes in liabilities arising from financing activities are changes arising from cash flows.

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Crest Builder Holdings Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 62-2, Jalan 2A/27A, Section 1, Wangsa Maju, 53300 Kuala Lumpur.

The principal place of business of the Company is located at Penthouse, The Crest, 3 Two Square, No. 2, Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan.

The Company is principally engaged as an investment holding company. The principal activities of its subsidiary companies are as disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these principal 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 on 10 April 2019.

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 Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Explanation of transition to MFRSs and change in accounting policy

(a) Transition to MFRSs

The financial statements of the Group and of the Company for the financial year ended 31 December 2018 are the first set of financial statements prepared in accordance with MFRSs, including MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*. For periods up to and including the financial year ended 31 December 2017, the Group and the Company prepared their financial statements in accordance with Financial Reporting Standards ("FRSs") in Malaysia.

In preparing these financial statements, the Group's and the Company's opening MFRSs statements of financial position were prepared as at 1 January 2017 (the date of transition to MFRSs).

The Group and the Company have consistently applied the same accounting policies in the preparation of the financial statements of the Group and of the Company for the financial year ended 31 December 2018, the comparative financial statements for the financial year ended 31 December 2017, and the opening MFRSs statements of financial position as at 1 January 2017, other than those as discussed below.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(a) Transition to MFRSs (Continued)

Following the adoption of MFRSs framework, the Group and the Company also have adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that are mandatory for the current financial year:

New MFRSs	
MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
Amendments/Improvements to MFRSs	
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 4	Insurance Contracts
MFRS 128	Investments in Associates and Joint Ventures
MFRS 140	Investment Property
New IC Int	
IC Int 22	Foreign Currency Transactions and Advance Consideration

The transition to the MFRSs framework does not have any significant effect on the financial statements of the Group and of the Company except for those discussed below.

(i) MFRS 3 Business Combination

MFRS 1 provides the option to apply MFRS 3 *Business Combinations*, prospectively from the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

For the acquisition before date of transition i.e. 1 January 2017, the Group has elected to apply MFRS 3 prospectively from the date of transition. In addition, the Group has also applied the exemption for MFRS 10 *Consolidated Financial Statements*.

(ii) MFRS 9 Financial Instruments

MFRS 9 replaced the guidance of MFRS 139 *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and liabilities, on impairment of financial assets, and on hedge accounting.

The Group and the Company have opted to adopt the short-term exemption from the requirement to restate the comparative information for MFRS 9 where the comparative information in the Group's and the Company's first MFRS financial statements need not comply with MFRS 7 *Financial Instruments: Disclosure* or the completed version of MFRS 9, to the extent that the disclosures required by MFRS 7 relate to items within the scope of MFRS 9. The date of transition to MFRS 7 and MFRS 9 is the beginning of the first MFRS reporting period (1 January 2018).

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(a) Transition to MFRSs (Continued)

(ii) MFRS 9 Financial Instruments (Continued)

(a) Classification and measurement

The following are the changes in the classification of the Group's and the Company's financial assets:

Loans and receivables classified as amortised cost

Trade and other receivables and other financial assets, including refundable deposits previously classified as Loans and Receivables under MFRS 139 as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Accordingly, these financial assets are classified and measured as debt instruments at amortised cost beginning 1 January 2018.

In summary, the Group and the Company had the following required reclassifications as at 1 January 2018:

		MFRS 9 measurement category
MFRS 139 measurement category		**Amortised cost**
	RM	**RM**
Financial assets		
Group		
Loans and receivables		
Operating financial asset	313,988,631	313,988,631
Trade and other receivables *	224,019,265	224,019,265
Fixed deposits placed with licensed banks	71,475,930	71,475,930
Cash and bank balances	22,165,775	22,165,775
	631,649,601	631,649,601
Company		
Loans and receivables		
Amount due from subsidiary companies	148,478,017	148,478,017
Fixed deposits placed with licensed banks	2,999,860	2,999,860
Cash and bank balances	115,012	115,012
	151,592,889	151,592,889

* *exclude advances made to suppliers and sub-contractors, deposits for development projects, prepayments and GST refundable*

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(a) Transition to MFRSs (Continued)

(ii) MFRS 9 Financial Instruments (Continued)

(b) Impairment

In previous financial years, trade and other receivables are impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the receivables (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the receivables ("incurred loss model"). Upon adoption of MFRS 9, the Group is recording expected credit losses on all its trade and other receivables, contract assets and other financial assets either on a 12-month or lifetime basis. Upon adoption of MFRS 9, the Group assessed that no additional expected credit losses are required to be recognised on its trade and other receivables, contract assets and other financial assets.

(iii) 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; and
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

The Group and the Company have applied MFRS 15 using the full retrospective method of adoption. The effect of the transition on the current period has not been disclosed as permitted under the standard. The Group has elected the practical expedients as follows:

- to apply the standard only to contracts that are not completed as at 1 January 2017 and those contracts begin and end within the same annual reporting period;
- not to restate contracts that are modified as at 1 January 2017; and
- not disclosing the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue for the comparative period.

The adoption of MFRS 15 resulted in changes in accounting policies which have been disclosed in Note 3 to the financial statements. Other than the enhanced new disclosures relating to contracts with customers, which the Group and the Company have complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(a) Transition to MFRSs (Continued)

(iii) MFRS 15 Revenue from Contracts with Customers (Continued)

(a) Presentation of contract assets and contract liabilities

The Group has changed the presentation of certain amounts in the statements of financial position to reflect the terminology of MFRS 15:

(i) Contract assets recognised in relation to property development contracts which were previously presented as accrued billings as part of trade and other receivables.

(ii) Contract liabilities recognised in relation to deferred income in respect of a fund contributed by a customer for the purpose of periodic major repairs or capital replacements which was previously presented as part of trade and other payables.

(iii) Contract liabilities/assets recognised in relation to construction contracts which were previously presented as amount due to/from contract customers.

(b) Presentation of land held for property development and property development costs

The Group has reclassified the land held for property development and property development costs to inventories measured at lower of cost and net realisable value.

(iv) MFRS 123 Borrowing Costs

In the previous financial years, under FRSs framework, borrowing costs incurred on property under development were capitalised in property development costs. In March 2019, the IFRS Interpretations Committee ("IFRIC") has issued an agenda decision concluding that receivable, contract asset and inventory (work-in-progress) for unsold units under construction are not qualifying assets in relation to the construction of a residential multi-unit real estate development (building). Accordingly, an entity does not capitalise borrowing costs on those assets in accordance to the principle and requirements of IAS 23 *Borrowing Costs*. Upon adoption of MFRSs framework, the Group changed its accounting policy to not capitalise borrowing costs incurred on property under development when the properties are ready for their intended sale in their current condition. The change in accounting policy was applied retrospectively from the date of transition as permitted in MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*. The Group elected to apply the optional exemption to not restate the borrowing costs that were capitalised under FRSs framework and that were included in the carrying amount of the assets at the date of transition and shall account for borrowing costs, incurred on or after that date in accordance with MFRS 123 *Borrowing Costs*, including those borrowing costs incurred on or after that date on qualifying assets already under construction. The effects of the initial application of MFRS 123 were immaterial and accordingly, no adjustment was made to the opening retained earnings as at 1 January 2017 and the comparative information for the financial year ended 31 December 2017.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(b) Reclassification

During the current financial year, the Group determined that certain office units under investment properties are owner-occupied and as such, have reclassified them as property, plant and equipment. Accordingly, the comparative figures also have been restated in the consolidated statement of financial position as at 31 December 2017 and 1 January 2017.

(c) (i) Consolidated statement of financial position

	As previously reported (Under FRSs) RM	Effect of MFRS adjustments RM	Reclassification RM	As restated (Under MFRSs) RM
At 1 January 2017				
Property, plant and equipment	16,759,993	–	16,472,388	33,232,381
Investment properties	320,800,000	–	(16,472,388)	304,327,612
Land held for property development	6,747,149	(6,747,149)	–	–
Property development cost	104,533,885	(104,533,885)	–	–
Inventories:				
- property held for development	–	6,747,149	–	6,747,149
- property under development	–	104,533,885	–	104,533,885
Trade and other receivables:				
- non-current	11,467,293	(11,467,293)	–	–
- current	281,078,014	291,144	–	281,369,158
Amount due from contract customers	41,927,223	(41,927,223)	–	–
Amount due to contract customers	1,230,245	(1,230,245)	–	–
Trade and other payables:				
- non-current	13,145,667	(13,145,667)	–	–
- current	221,914,364	6,374,297	–	228,288,661
Contract assets	–	53,103,372	–	53,103,372
Contract liabilities	–	8,001,615	–	8,001,615

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(c) (i) Consolidated statement of financial position (Continued)

	As previously reported (Under FRSs) RM	Effect of MFRS adjustments RM	Reclassification RM	As restated (Under MFRSs) RM
At 31 December 2017				
Property, plant and equipment	16,620,657	–	16,472,388	33,093,045
Investment properties	320,800,000	–	(16,472,388)	304,327,612
Land held for property development	9,425,698	(9,425,698)	–	–
Property development cost	337,932,147	(337,932,147)	–	–
Inventories:				
- property held for development	–	9,425,698	–	9,425,698
- property under development	–	337,932,147	–	337,932,147
Trade and other receivables:				
- non-current	42,156,563	(24,147,918)	–	18,008,645
- current	206,539,963	20,022,952	–	226,562,915
Amount due from contract customers	81,682,686	(81,682,686)	–	–
Amount due to contract customers	4,734,026	(4,734,026)	–	–
Trade and other payables:				
- non-current	27,551,168	(16,940,196)	–	10,610,972
- current	378,247,626	7,864,750	–	386,112,376
Contract assets	–	85,807,652	–	85,807,652
Contract liabilities	–	13,809,472	–	13,809,472

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(c) (ii) Reconciliation of consolidated statement of cash flows

	As previously reported (Under FRSs) RM	Effect of MFRS adjustments RM	As restated (Under MFRSs) RM
At 31 December 2017			
Changes in working capital:			
Land held for property development	(2,678,549)	2,678,549	–
Property development costs	(232,883,046)	232,883,046	–
Inventories	28,538,329	(235,561,595)	(207,023,266)
Accrued billings in respect of property development	7,051,183	(7,051,183)	–
Amount due from contract customers	(39,755,463)	39,755,463	–
Trade and other payables	175,547,226	(2,304,076)	173,243,150
Amount due to contract customers	3,503,781	(3,503,781)	–
Contract assets	–	(32,704,280)	(32,704,280)
Contract liabilities	–	5,807,857	5,807,857

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

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

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2021#
MFRS 2	Share-based Payment	1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 7	Financial Instruments: Disclosures	1 January 2021#
MFRS 9	Financial Instruments	1 January 2019
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 15	Revenue from Contracts with Customers	1 January 2021#
MFRS 101	Presentation of Financial Statements	1 January 2020*
MFRS 107	Statements of Cash Flows	1 January 2021#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (Continued)

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

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs (Continued)		
MFRS 112	Income Taxes	1 January 2019
MFRS 116	Property, Plant and Equipment	1 January 2021#
MFRS 119	Employee Benefits	1 January 2019
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2019/ Deferred
MFRS 132	Financial instruments: Presentation	1 January 2021#
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 136	Impairment of Assets	1 January 2021#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*
MFRS 138	Intangible Assets	1 January 2020*
MFRS 140	Investment Property	1 January 2021#
New IC Int		
Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IC Int		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 32	Intangible Assets – Web Site Costs	1 January 2020*

* *Amendments to References to the Conceptual Framework in MFRS Standards*

\# *Amendments as to the consequence of effective of MFRS 17 Insurance Contract*

(a) The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that may be relevant to the Group and the Company are summarised below.

MFRS 16 Leases

Currently under MFRS 117 *Leases*, leases are classified either as finance leases or operating leases. A lessee recognises on their statements 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.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (Continued)

MFRS 16 Leases (Continued)

On initial adoption of MFRS 16, there may be impact on the accounting treatment for leases, which the Group as a lessee currently accounts for as operating leases. On adoption of this standard, the Group will be required to capitalise its rented premises on the statements of financial position by recognising them as "rights-of-use" assets and their corresponding lease liabilities for the present value of future lease payments.

The Group and the Company plan to adopt this standard when it becomes effective in the financial year beginning 1 January 2019 by applying the transitional provisions and include the required additional disclosures in their financial statements of that year. The Group is likely electing the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under MFRS 16.

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 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 MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (Continued)

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 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.

Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a *revised Conceptual Framework for Financial Reporting* and amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information need to assess management's stewardship of the entity's economic resources.

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 32.

(b) The analysis on the financial effects from adoption of the above new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are currently still being assessed by the Group and the Company.

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.

2. BASIS OF PREPARATION (CONTINUED)

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 to the financial statements.

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and 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 Group's and the Company's financial statements are disclosed in Note 4 to the financial statements.

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 subsidiary companies. The financial statements of the subsidiary companies 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) Subsidiary companies and business combination

Subsidiary companies 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 subsidiary companies 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(a) Subsidiary companies and business combination (Continued)

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.

The accounting policy for goodwill is set out in Note 3.6 to the financial statements.

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.

Upon the loss of control of a subsidiary company, the Group derecognises the assets and liabilities of the former subsidiary company, any non-controlling interests and the other components of equity related to the former subsidiary company 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 company, 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 or other investments.

Changes in the Group's ownership interest in a subsidiary company 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 subsidiary companies not attributable, directly or indirectly, to owners of the Company are presented separately in the consolidated statement of financial position within equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(b) Non-controlling interests (Continued)

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

(c) 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.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiary companies 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 3.12(b) to the financial statements.

3.3 Property, plant and equipment

(a) Recognition and measurement

Property, 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 3.12(b) to the financial statements.

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 3.16 to the financial statements.

The building-in-progress of the Group relates to properties under construction.

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

Subsequent to initial recognition, property, plant and equipment, except for freehold land and building-in-progress, are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is stated at cost less any accumulated impairment losses.

(b) Subsequent costs

The cost of replacing a part of an item of property, 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 the profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment (Continued)

(c) Depreciation

Freehold land has an indefinite useful life and therefore is not depreciated. Building-in-progress is stated at cost unless in the opinion of the directors there is a permanent diminution in value. Depreciation on building-in-progress commences when the asset is ready for its intended use.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives. The depreciable amount is determined after deducting the residual value. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

Buildings	2 – 20%
Equipment, furniture and fittings	10 – 20%
Light equipment	20%
Motor vehicles	20%
Plant and machineries	20 – 33%

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(d) Derecognition

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

3.4 Investment properties

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

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in fair value of investment properties are recognised in profit or loss for the period in which they arise.

Cost includes purchase price and any directly attributable costs incurred to bring the properties to their present location and condition intended for use as investment properties. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.16 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Investment properties (Continued)

Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Alternatively, the fair value of the investment properties are performed by using discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or for both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

An investment property is derecognised on its 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.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

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 asset.

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 property, plant and equipment or investment property.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (Continued)

(a) Lessee accounting (Continued)

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.

Any upfront lease payments are classified as land use rights within intangible assets.

(b) Lessor accounting

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements 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 Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

3.7 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.

<u>Accounting policies applied from 1 January 2018</u>

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(a) Subsequent measurement

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

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when, and only when, their business models for managing those assets change.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- **Amortised cost**

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.12(a) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(a) Subsequent measurement (Continued)

(i) Financial assets (Continued)

Debt instruments (Continued)

- **Fair value through profit or loss (FVPL)**

  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition if, and only if, the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability at fair value through profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(a) Subsequent measurement (Continued)

(ii) Financial liabilities (Continued)

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and 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 amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(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 shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to 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.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive cash flows from the financial asset expire, or

(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) 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 expired. 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.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (Continued)

Accounting policies applied until 31 December 2017

Financial instruments

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.

(a) Subsequent measurement

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

(i) Financial assets

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial assets are either held for trading or are designated into this category upon initial recognition. Financial assets held for trading are financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial asset at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current or non-current based on the settlement date.

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 3.12(a) to the financial statements. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (Continued)

Accounting policies applied until 31 December 2017 (Continued)

Financial instruments (Continued)

(a) Subsequent measurement (Continued)

(i) Financial assets (Continued)

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group and the Company have the positive intention and ability to hold them to maturity.

Subsequent to initial recognition, held-to-maturity investments 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 3.12(a) to the financial statements. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

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

As at the end of the reporting period, there were no financial assets classified under this category.

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

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

As at the end of reporting period, there were no financial assets classified under this category.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (Continued)

Accounting policies applied until 31 December 2017 (Continued)

Financial instruments (Continued)

(a) Subsequent measurement (Continued)

(i) Financial assets (Continued)

Unquoted equity instruments carried at cost

Investments in equity instruments 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 3.12(a) to the financial statements.

(ii) Financial liabilities

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

(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 period and the amount initially recognised less cumulative amortisation.

(c) Regular way purchase or sale of financial assets

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

(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 expired. 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (Continued)

Accounting policies applied until 31 December 2017 (Continued)

Financial instruments (Continued)

(e) Offsetting of financial instruments

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

3.8 Operating financial asset

The Group constructs or upgrade infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time. These arrangements may include infrastructure used in public-to-private service concession arrangement for its entire concession period. Under the concession arrangement, the grantor controls the significant residual interest in the infrastructure at the end of the concession period.

The Group accounts for its service concession arrangement under the financial asset model. The financial asset model is used when the Group has an unconditional contractual right to receive cash or other financial asset from or at the direction of the grantor for the construction services.

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

Any asset carried under concession arrangement using financial asset model is derecognised when the contractual rights to the financial asset expire.

3.9 Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Group's future performance).

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a) to the financial statements.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

3.10 Inventories

Inventories comprising properties held for sale are valued at the lower of cost and net realisable value.

Completed properties

Cost of unsold completed properties comprises costs associated with the acquisition of land, direct development costs and appropriate proportions of common costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Inventories (Continued)

Land held for development

Land held for 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. Cost includes cost of land and attributable development expenditures.

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

Property under development

Cost includes:

- freehold and leasehold rights for land
- amounts paid to contractors for construction
- borrowing costs, planning and design costs, costs for site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

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.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3.11 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances and deposits (other than deposits pledged with licensed banks). Cash and cash equivalents are presented net of bank overdrafts and exclude deposits pledged to secure banking facilities.

3.12 Impairment of assets

(a) Impairment of financial assets and contract assets

Accounting policies applied from 1 January 2018

Financial assets measured at amortised cost, lease receivables, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

Accounting policies applied from 1 January 2018 (Continued)

For trade receivables, contract assets and lease receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or

- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

Accounting policies applied from 1 January 2018 (Continued)

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired may include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain (or loss).

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

Accounting policies applied until 31 December 2017

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiary companies) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

Accounting policies applied until 31 December 2017 (Continued)

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 no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company may 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 that was recognised, the previously recognised impairment loss is then 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.

Loans and receivables 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 uses its 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

Accounting policies applied until 31 December 2017 (Continued)

Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets, deferred tax assets and investment properties measured at fair value) 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 goodwill that has an indefinite useful life, the recoverable amount is estimated at each reporting date.

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 exceeds 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. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Share capital

(a) Ordinary shares

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. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(b) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3.14 Revenue and other income

The Group recognises revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue recognition of the Group are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group applies revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics in the property development business if the Group reasonably expects that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

The Group measures revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group uses the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group expects to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group estimates it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group has assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Revenue and other income (Continued)

Financing components

The Group has applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group expects that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(a) Property development

The Group develops and sells residential and commercial properties. Contracts with customers may include multiple distinct promises to customers and therefore accounted for as separate performance obligations. If the contract with customer contains more than one performance obligation, when the stand-alone selling price are not directly observable, they are estimated based on expected cost plus margin.

Revenue from residential and commercial properties are recognised as and when the control of the asset is transferred to the customer. Based on the terms of the contract and the laws that apply to the contract, control of the asset is transferred over time as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of property development costs incurred for work performed to date bear to the estimated total property development costs (an input method).

Revenue from sale of completed properties is recognised at a point in time when the control of the properties has been transferred to the customers.

The consideration is due based on the scheduled payments in the contract therefore, no element of financing is deemed present. When a particular milestone is reached in excess of the scheduled payments, a contract asset will be recognised for the excess of revenue recognised to date under the input method over the progress billings to-date and include deposits or advances received from customers. When the progress billings to-date and deposits or advances received from customers exceeds revenue recognised to date then the Group recognises a contract liability for the difference.

Consistent with market practice, the Group collects deposit from customers for sale of properties. A contract liability is recognised for the customer deposits as the Group has obligations to transfer the goods or services to the customer in respect of deposits received. Customer deposits would be recognised as revenue upon transfer of goods or services to the customer.

Based on the Group's customary business practice, the customers' legal fees are borne by the Group. Revenue is recognised based on the transaction price agreed in the contracts, net of the customers' legal fees. The Group uses its experience in estimating the legal fees to be incurred. The Group uses the expected value method because it is the method that the Group expects to better predict the amount of consideration to which they will be entitled. The amount of revenue recognised does not include any customers' legal fees which is constrained.

For residential properties, as part of the statutory requirements, the Group's obligations to repair and made good of any defect, shrinkage or other faults in the building or in the common property which have become apparent within a period of 24 months after the customer takes vacant possession of the building are recognised as a provision, if determined to be significant.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Revenue and other income (Continued)

(b) Construction contracts

The Group constructs commercial, residential and industrial properties under long-term contracts with customers. Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control of the commercial, residential and industrial properties is transferred over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

Sales are made with a credit term of 30 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers for construction of commercial, residential and industrial properties based on achieving a series of performance-related milestones.

The Group recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group recognises a contract liability for the difference.

(c) Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the lease.

(d) Maintenance income

Revenue is recognised over time using time elapsed (output method) to measure progress towards complete satisfaction of the service because the customer simultaneously receives and consumes the benefits provided by the Group.

(e) Finance income from concession contract

Finance income from concession contract is recognised as it accrues using the effective interest method in profit or loss. The notional interest income resulting from the accretion of its financial asset using effective interest method is recognised in the profit or loss.

(f) Dividend income

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

(g) Interest income

Interest income is recognised using the effective interest method.

(h) Income from short term investments

Income from short term investments is recognised when the right to receive payment is established.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 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 and the Company.

(b) Defined contribution plans

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

(c) Employees' share option scheme

Employees of the Group and of the Company receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employees' share option reserve over the vesting period. The cumulative expense recognised at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's and the Company's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employees' share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employees' share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by reissuance of treasury shares.

3.16 Borrowing 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 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.

(a) 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.

(b) 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, unabsorbed capital allowances and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unutilised tax losses, unabsorbed capital allowances 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. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiary companies, 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.

Where investment properties are carried at fair value in accordance with the accounting policy as disclosed in Note 3.4 to the financial statements, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Income tax (Continued)

(b) Deferred tax (Continued)

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.

(c) Goods and services tax

Revenue, 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.

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

The GST in Malaysia was abolished and replaced by the sales and services tax effective from 1 September 2018.

(d) Sales and services tax

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

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

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

3.18 Earnings per share

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

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential ordinary shares, which comprise bonus issue and share options granted to employees.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Operating segment

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

3.20 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.

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.

3.21 Contingencies

A contingent liability is a possible obligation 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.22 Contract costs

(a) Recognition and measurement

Contract costs include costs of obtaining and fulfilling a contract.

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as part of contract costs when the Group expects those costs are recoverable.

The costs incurred in fulfilling a contract with a customer which are not within the scope of another MFRSs, such as MFRS 102 *Inventories*, MFRS 116 *Property, Plant and Equipment* or MFRS 138 *Intangible Assets*, are recognised as part of contract costs when all of the following criteria are met:

(a) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;

(b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

(b) Amortisation

The costs of obtaining and fulfilling a contract are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates, i.e. in accordance with the pattern of transfer of goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimate and Errors*.

(c) Impairment

Impairment loss is recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

(a) the remaining amount of consideration that the entity expects to receive in exchange for the goods or services to which the asset relates; less

(b) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Before an impairment loss is recognised for contract costs, the Group shall recognise any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group shall include the resulting carrying amount of the contract costs in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136 *Impairment of Assets* to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

The Group has applied the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity would have recognised is one year or less.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.23 Provisions

Provisions are recognised when the Group and the Company have 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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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:

4.1 Fair value of investment properties (Note 6)

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. Significant judgement is required in estimating the fair value which may be derived based on different valuation method determined to be appropriate and the use of key assumptions. In making the judgement, the Group engaged an external independent valuer to determine the fair value as at end of the reporting period.

4.2 Impairment of receivables and contract assets (Notes 13 and 15)

The provisions of expected credit losses for receivables and contract assets are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the expected credit losses ("ECL") calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group individually and collectively assessed ECL for its receivables and contract assets. The individually assessed ECL may be based on indicators such as changes in financial capability of the receivable, payment trends of receivable and default or significant delay in payments. The provision rates are depending on the number of days that a trade receivable is past due. The collective assessment is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forward-looking estimates and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the receivables and contract assets. The Group's assessment of the indicators, historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

4.3 Property development revenue and expenses (Notes 25 and 26)

The Group recognised property development revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the property development costs incurred, the estimated total property development revenue and expenses, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

4.4 Construction revenue and expenses (Notes 25 and 26)

The Group recognised construction revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction revenue and expenses, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

4.5 Transfer of control in property development (Note 9)

The Group's property development comprises "sell and build" model. For the purpose of revenue recognition, management uses its judgement to determine whether control of residential and commercial properties under development is transferred to customers over time or at a point in time. The Group uses the criterion of control from the perspective of a customer, judged in relation to the customer's ability to obtain economic benefits of the asset under development. The Group considers that if the asset under development has been assigned to a customer and the asset has no alternative use to the Group and the Group has enforceable rights to payments, control of the asset is transferred over time to the customer. Revenue is recognised over time based on the progress towards complete satisfaction of performance obligation.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings RM	Equipment, furniture and fittings RM	Light equipment RM	Motor vehicles RM	Plant and machineries RM	Building-in-progress RM	Total RM
2018								
Cost								
At 1 January (as previously reported)	3,044,094	4,882,862	7,010,563	2,561,110	4,118,408	21,223,182	–	42,840,219
Reclassified from investment properties (Note 6)	–	16,472,388	–	–	–	–	–	16,472,388
At 1 January (as restated)	3,044,094	21,355,250	7,010,563	2,561,110	4,118,408	21,223,182	–	59,312,607
Additions	–	365,178	454,350	337,100	612,973	4,952,300	541,960	7,263,861
Disposals	–	–	(32,350)	(18,500)	(1,056,080)	(862,000)	–	(1,968,930)
Written off	–	–	(2,360)	(111,900)	–	(2,589,424)	–	(2,703,684)
At 31 December	3,044,094	21,720,428	7,430,203	2,767,810	3,675,301	22,724,058	541,960	61,903,854
Accumulated depreciation								
At 1 January	–	1,765,705	5,406,512	2,486,112	2,028,153	14,533,080	–	26,219,562
Depreciation for the financial year	–	886,702	544,930	35,613	590,062	2,124,981	–	4,182,288
Disposals	–	–	(32,350)	(18,500)	(777,595)	(862,000)	–	(1,690,445)
Written off	–	–	(539)	(111,900)	–	(2,589,424)	–	(2,701,863)
At 31 December	–	2,652,407	5,918,553	2,391,325	1,840,620	13,206,637	–	26,009,542
Carrying amount at 31 December 2018	3,044,094	19,068,021	1,511,650	376,485	1,834,681	9,517,421	541,960	35,894,312

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM	Buildings RM	Equipment, furniture and fittings RM	Light equipment RM	Motor vehicles RM	Plant and machineries RM	Total RM
2017							
Cost							
At 1 January (as previously reported)	3,044,094	4,771,302	6,616,998	4,750,700	3,360,109	23,777,931	46,321,134
Reclassified from investment properties (Note 6)	–	16,472,388	–	–	–	–	16,472,388
At 1 January (as restated)	3,044,094	21,243,690	6,616,998	4,750,700	3,360,109	23,777,931	62,793,522
Additions	–	111,560	393,565	9,700	1,264,807	1,360,850	3,140,482
Disposals	–	–	–	(180,000)	(506,508)	(1,980,467)	(2,666,975)
Written off	–	–	–	(2,019,290)	–	(1,935,132)	(3,954,422)
At 31 December	3,044,094	21,355,250	7,010,563	2,561,110	4,118,408	21,223,182	59,312,607
Accumulated depreciation							
At 1 January	–	1,022,408	4,870,530	4,669,824	1,996,741	17,001,638	29,561,141
Depreciation for the financial year	–	743,297	535,982	15,578	521,940	1,447,041	3,263,838
Disposals	–	–	–	(180,000)	(490,528)	(1,980,467)	(2,650,995)
Written off	–	–	–	(2,019,290)	–	(1,935,132)	(3,954,422)
At 31 December	–	1,765,705	5,406,512	2,486,112	2,028,153	14,533,080	26,219,562
Carrying amount at 31 December 2017	3,044,094	19,589,545	1,604,051	74,998	2,090,255	6,690,102	33,093,045
Carrying amount at 1 January 2017	3,044,094	20,221,282	1,746,468	80,876	1,363,368	6,776,293	33,232,381

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Equipment, furniture and fittings RM
2018	
Cost	
At 1 January/31 December	14,465
Accumulated depreciation	
At 1 January/31 December	14,465
Carrying amount at 31 December 2018	–
2017	
Cost	
At 1 January/31 December	14,465
Accumulated depreciation	
At 1 January/31 December	14,465
Carrying amount at 31 December 2017	–
Carrying amount at 1 January 2017	–

(a) Assets under finance lease

The carrying amount of property, plant and equipment acquired under finance lease arrangements are as follows:

		Group	
	31.12.2018 RM	**31.12.2017 RM**	**1.1.2017 RM**
Motor vehicles	1,649,702	1,824,348	1,039,217
Plant and machineries	9,414,803	6,549,600	1,680,000
	11,064,505	8,373,948	2,719,217

(b) Assets pledged as security

The leased assets are pledged as security for the related finance lease liabilities as disclosed in Note 23 to the financial statements.

6. INVESTMENT PROPERTIES

	Group 2018 RM	2017 RM
At fair value:		
At 1 January (as previously reported)	320,800,000	320,800,000
Reclassified to property, plant and equipment (Note 5)	(16,472,388)	(16,472,388)
At 1 January (as restated)	304,327,612	304,327,612
Net loss arising from fair value adjustment	(5,000,000)	–
At 31 December	299,327,612	304,327,612

(a) Included in the investment properties are:

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
At fair value:			
Freehold land and building	192,800,000	192,800,000	192,800,000
Leasehold land and building with unexpired lease period of more than 50 years	106,527,612	111,527,612	111,527,612
At 31 December	299,327,612	304,327,612	304,327,612

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

	Group 2018 RM	2017 RM
Rental income from investment properties	15,231,206	15,449,915
Direct operating expenses on income generating investment properties	(5,049,415)	(6,479,213)

(c) Investment properties of the Group with fair value of RM276,127,612 (31.12.2017: RM281,127,612; 1.1.2017: RM281,127,612) are pledged for credit facilities granted to the Group as disclosed in Note 23 to the financial statements.

(d) The investment properties are stated at fair value, which has been determined based on valuations at the end of the reporting period. Valuations are performed by an independent accredited valuer as at 31 December 2018, 31 December 2017 and 1 January 2017. The fair value of the investment properties has been determined using the comparison method.

6. INVESTMENT PROPERTIES (CONTINUED)

(e) Fair value of investment properties is categorised as follows:

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31.12.2018				
Office, retails, shoplots and car parks	–	299,327,612	–	299,327,612
31.12.2017				
Office, retails, shoplots and car parks	–	304,327,612	–	304,327,612
1.1.2017				
Office, retails, shoplots and car parks	–	304,327,612	–	304,327,612

Level 2 fair value

Level 2 fair value of properties have been derived using the comparison method that reflects recent transaction prices for similar properties in close proximity and where necessary, adjusted for location, accessibility, visibility, time, terrain, size, tenure and other differences. The most significant input into this valuation approach is price per square foot of comparable properties.

Highest and best use

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Policy on transfer between levels

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

Transfer between Level 1 and Level 2

There is no transfer between Level 1 and Level 2 fair values during the financial year ended 31 December 2018 and 31 December 2017.

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2018 RM	2017 RM
Unquoted shares, at cost		
At 1 January	106,365,270	97,365,270
Additions	–	9,000,000
At 31 December	106,365,270	106,365,270

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

The details of the subsidiary companies, all of which are incorporated in Malaysia are as follows:

Name of company	Effective ownership interest and voting interest 31.12.2018 %	31.12.2017 %	1.1.2017 %	Principal activities
Direct subsidiary companies				
3 Two Square Sdn. Bhd.	100	100	100	Property investment and property development
CB Land Sdn. Bhd.	100	100	100	Property investment and property development
CBTech (M) Sdn. Bhd.	100	100	100	Mechanical and electrical engineering services
Crest Builder International Sdn. Bhd.	100	100	100	Investment holding
Crest Builder Sdn. Bhd. (Note 7(a))	100	100	100	Construction
CB Infrastructure Sdn. Bhd.	100	100	100	Construction
Damansara One Sdn. Bhd.	100	100	100	Property investment and property development
Nepfield Sdn. Bhd.	100	100	100	Property investment and property development
Vertical Success Sdn. Bhd.	100	100	100	Property investment and property development
Jalur Elit Sdn. Bhd.	100	100	100	Property investment and property development
Held through Crest Builder Sdn. Bhd.				
Crestland Development Sdn. Bhd.	100	100	100	Property investment and property development
Landasan Bayu Sdn. Bhd.	51	51	51	Property investment and property development

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

The details of the subsidiary companies, all of which are incorporated in Malaysia are as follows (Continued):

Name of company	Effective ownership interest and voting interest 31.12.2018 %	31.12.2017 %	1.1.2017 %	Principal activities
Held through Crest Builder International Sdn. Bhd.				
Unitapah Sdn. Bhd.	51	51	51	Concession holder
Intan Sekitar Sdn. Bhd. (Note 7(b))	51	51	51	Property investment and property development
K L Waterfront Development Sdn. Bhd. (Note 7(c))	51	51	–	Property investment and property development

(a) In 2017, the Company subscribed for additional 9,000,000 ordinary shares for a cash consideration of RM9,000,000, representing 100% of total issued and paid up share capital of Crest Builder Sdn. Bhd..

(b) In 2017, a wholly-owned subsidiary company, Crest Builder International Sdn. Bhd. subscribed for additional 76,500 ordinary shares for a cash consideration of RM76,500, representing 51% of total issued and paid up share capital of Intan Sekitar Sdn. Bhd..

(c) Acquisition of a subsidiary company

(i) On 16 October 2017, a wholly-owned subsidiary company, Crest Builder International Sdn. Bhd. acquired 510 ordinary shares, representing 51% of the total issued and paid-up share capital of K L Waterfront Development Sdn. Bhd. ("K L Waterfront") for a cash consideration of RM510. As a result, K L Waterfront became a subsidiary company of the Group.

(ii) The acquisition of K L Waterfront did not constitute a business. As such, the purchase consideration had been allocated to the individual identifiable assets and liabilities of K L Waterfront on the basis of their relative fair values at the date of acquisition. The transaction did not give rise to any goodwill.

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(c) Acquisition of a subsidiary company (Continued)

(ii) The identifiable assets and liability of K L Waterfront at the date of acquisition are:

	K L Waterfront RM
Assets	
Cash and bank balances	1,952
Other receivables	3,731
	5,683
Liability	
Other payables	(8,268)
Net identifiable liabilities acquired	(2,585)
Non-controlling interest	3,095
Purchase consideration for the acquisition	510

The effect of the acquisition on cash flows is as follows:

	2017 RM
Total cost of the acquisition	510
Less: Cash and cash equivalent of a subsidiary company acquired	(1,952)
Net cash inflow on acquisition	(1,442)

(d) Non-controlling interests in subsidiary companies

The financial information of the Group's subsidiary companies that have non-controlling interests ("NCI") are as follows:

	31.12.2018				
	Unitapah Sdn. Bhd. RM	Landasan Bayu Sdn. Bhd. RM	Intan Sekitar Sdn. Bhd. RM	Other immaterial subsidiary companies RM	Total RM
NCI percentage of ownership interest and voting interest	49%	49%	49%	49%	
Carrying amount of NCI	14,434,733	4,588,474	(1,499,104)	232,486	17,756,589
Profit/(Loss) allocated to NCI	2,130,078	(28,795)	(250,121)	(6,058)	1,845,104

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(d) Non-controlling interests in subsidiary companies (Continued)

The financial information of the Group's subsidiary companies that have non-controlling interests ("NCI") are as follows (Continued):

Summarised financial information before intra-group elimination:

	Unitapah Sdn. Bhd. RM	Landasan Bayu Sdn. Bhd. RM	Intan Sekitar Sdn. Bhd. RM
Summarised statement of financial position as at 31 December 2018			
Non-current assets	420,181,853	–	2,896,877
Current assets	84,565,625	33,331,125	273,241,157
Non-current liabilities	(435,576,727)	–	(16,682,332)
Current liabilities	(35,712,112)	(23,966,892)	(262,515,098)
Net assets/(liabilities)	33,458,639	9,364,233	(3,059,396)
Summarised statement of comprehensive income for the financial year ended 31 December 2018			
Revenue	46,031,485	–	–
Profit/(Loss) for the financial year	4,347,098	(58,765)	(510,452)
Total comprehensive income/(loss)	4,347,098	(58,765)	(510,452)
Summarised of cash flows information for the financial year ended 31 December 2018			
Cash from/(used in) operating activities	45,889,039	(5,367,878)	(7,543,973)
Cash from/(used in) investing activities	1,906,766	100,000	(201,057)
Cash (used in)/from financing activities	(50,497,993)	5,367,772	7,745,041
Net (decrease)/increase in cash and cash equivalents	(2,702,188)	99,894	11
Dividends paid to NCI	–	–	–

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(d) Non-controlling interests in subsidiary companies (Continued)

The financial information of the Group's subsidiary companies that have non-controlling interests ("NCI") are as follows (Continued):

	31.12.2017				
	Unitapah Sdn. Bhd. RM	Landasan Bayu Sdn. Bhd. RM	Intan Sekitar Sdn. Bhd. RM	Other immaterial subsidiary companies RM	Total RM
NCI percentage of ownership interest and voting interest	49%	49%	49%	49%	
Carrying amount of NCI	12,304,655	4,617,269	(1,248,983)	238,544	15,911,485
Profit/(Loss) allocated to NCI	3,768,330	(119,803)	(1,324,405)	(911)	2,323,211

Summarised financial information before intra-group elimination:

	Unitapah Sdn. Bhd. RM	Landasan Bayu Sdn. Bhd. RM	Intan Sekitar Sdn. Bhd. RM
Summarised statement of financial position as at 31 December 2017			
Non-current assets	430,082,838	115,000	3,672,438
Current assets	86,829,082	27,903,276	267,008,695
Non-current liabilities	(455,157,984)	–	(14,754,809)
Current liabilities	(32,642,395)	(18,595,278)	(258,475,268)
Net assets/(liabilities)	29,111,541	9,422,998	(2,548,944)
Summarised statement of comprehensive income for the financial year ended 31 December 2017			
Revenue	46,866,716	–	–
Profit/(Loss) for the financial year	7,690,469	(244,495)	(2,702,867)
Total comprehensive income/(loss)	7,690,469	(244,495)	(2,702,867)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(d) Non-controlling interests in subsidiary companies (Continued)

The financial information of the Group's subsidiary companies that have non-controlling interests ("NCI") are as follows (Continued):

Summarised financial information before intra-group elimination (Continued):

	Unitapah Sdn. Bhd. RM	Landasan Bayu Sdn. Bhd. RM	Intan Sekitar Sdn. Bhd. RM
Summarised of cash flows information for the financial year ended 31 December 2017			
Cash from/(used in) operating activities	42,668,994	(4,496,835)	(15,016,327)
Cash from/(used in) investing activities	4,494,384	–	(87,462)
Cash (used in)/from financing activities	(56,886,898)	4,496,772	16,053,866
Net (decrease)/increase in cash and cash equivalents	(9,723,520)	(63)	950,077
Dividends paid to NCI	–	–	–

	1.1.2017			
	Unitapah Sdn. Bhd. RM	Landasan Bayu Sdn. Bhd. RM	Other immaterial subsidiary companies RM	Total RM
NCI percentage of ownership interest and voting interest	49%	49%	49%	
Carrying amount of NCI	8,536,325	4,737,072	244,472	13,517,869
Profit/(Loss) allocated to NCI	1,906,546	(97,693)	(32,797)	1,776,056

Summarised financial information before intra-group elimination:

	Unitapah Sdn. Bhd. RM	Landasan Bayu Sdn. Bhd. RM
Summarised statement of financial position as at 1 January 2017		
Non-current assets	313,989,772	175,000
Current assets	220,478,742	23,579,843
Non-current liabilities	(478,640,737)	(14,070,813)
Current liabilities	(34,406,705)	(16,537)
Net assets	21,421,072	9,667,493

8. GOLF CLUB MEMBERSHIP

	Group 2018 RM	2017 RM
At cost		
At 1 January/31 December	54,000	54,000

9. INVENTORIES

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Non-current			
Land held for development			
- Freehold land	–	6,200,000	6,200,000
- Development costs	2,678,549	3,225,698	547,149
	2,678,549	9,425,698	6,747,149
Current			
Property under development			
- Freehold land	7,547,626	7,547,626	7,547,626
- Leasehold land	217,746,564	217,807,352	–
- Development costs	70,353,166	112,577,169	96,986,259
Completed properties	21,467,468	37,818,451	66,356,780
	317,114,824	375,750,598	170,890,665
	319,793,373	385,176,296	177,637,814

(a) The Group's cost of inventories recognised as an expense in cost of sales during the financial year amounting to RM126,268,451 (2017: RM70,659,714).

(b) Freehold land included in properties under development with carrying amount of RM7,547,626 (31.12.2017: RM7,547,626; 1.1.2017: RM7,547,626) is pledged to financial institutions for credit facilities as disclosed in Note 23 to the financial statements.

10. GOODWILL

	Group 2018 RM	2017 RM
At 1 January/31 December	33,608,137	33,608,137

10. GOODWILL (CONTINUED)

(a) Impairment test of goodwill

Goodwill arising from business combination is allocated to the following Group's CGUs which are also the reportable operating segments, which represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

The carrying amount of goodwill allocated to the CGU are as follows:

	Construction RM	Investment holding RM	Property development RM	Total RM
31.12.2018	33,561,766	32,988	13,383	33,608,137
31.12.2017	33,561,766	32,988	13,383	33,608,137
1.1.2017	33,561,766	32,988	13,383	33,608,137

(b) Key assumptions used in value-in-use calculations

The goodwill allocated to investment holding and property development segments are not significant in comparison with the Group's total carrying amount of goodwill.

The recoverable amount of CGU has been determined based on value-in-use calculations using cash flow projections based on financial forecasts approved by the directors for the next three years. The same method has also been used in the previous financial year. The key assumptions used for value-in-use calculations are:

	31.12.2018		31.12.2017		1.1.2017	
	Discount rate %	Gross profit margin %	Discount rate %	Gross profit margin %	Discount rate %	Gross profit margin %
Construction	16	9	16	11	14	12

The following describes each key assumption on which the directors have used in the cash flows projections for the purposes of impairment testing of goodwill:

(i) Discount rate – based on the industry weighted average cost of capital of the CGU. The discount rate applied to the cash flow projections is pre-tax and reflects management's estimate of the risk specific to the CGU at the date of assessment.

(ii) Gross profit margin – based on the range of forecasted margin for projects.

(c) Sensitivity to changes in assumptions

Based on the sensitivity analysis performed, the directors believe that there is no reasonably possible change in key assumptions that would cause the carrying value of the CGU to exceed its recoverable amounts. As a result of the analysis, the management did not identify any impairment for this CGU.

11. OPERATING FINANCIAL ASSET

The Group had entered into a concession agreement with the Government of Malaysia and Universiti Teknologi MARA ("UiTM") on 4 May 2010 to design, develop, construct of the Facilities and Infrastructure and the maintenance works for a period of 23 years comprising 3 years of construction works and 20 years of maintenance works ("Maintenance Period"). Upon expiry of the concession period, the Group is required to handover the Facilities and Infrastructure at no cost to UiTM in a well-maintained condition, fair wear and tear.

		Group	
	31.12.2018 RM	**31.12.2017 RM**	**1.1.2017 RM**
Non-current	299,336,837	307,094,771	313,989,757
Current	7,756,682	6,893,860	6,127,015
	307,093,519	313,988,631	320,116,772

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 asset arising from the above concession agreements represents the fair value of the consideration receivable for the construction services delivered during the stage of construction. It carries interest rate of 11.85% (31.12.2017: 11.85%; 1.1.2017: 11.85%) per annum and repayable in the form of availability charges upon fulfilment of the terms and conditions in the concession agreements.

12. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets/(liabilities) relates to the following:

Group	**At 1 January 2017 RM**	**Recognised in profit or loss RM**	**At 31 December 2017 RM**	**Recognised in profit or loss RM**	**At 31 December 2018 RM**
Deferred tax assets					
Allowance for impairment losses	46,269	(46,269)	–	(544,236)	(544,236)
Property development	8,174,366	(2,284,880)	5,889,486	(395,329)	5,494,157
Unabsorbed capital allowances	13,103,417	761,234	13,864,651	483,949	14,348,600
Unutilised tax losses	2,809,781	(1,449,011)	1,360,770	488,447	1,849,217
	24,133,833	(3,018,926)	21,114,907	32,831	21,147,738

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Deferred tax assets/(liabilities) relates to the following (Continued):

	At 1 January 2017 RM	Recognised in profit or loss RM	At 31 December 2017 RM	Recognised in profit or loss RM	At 31 December 2018 RM
Deferred tax liabilities					
Property, plant and equipment	(274,135)	102,379	(171,756)	33,917	(137,839)
Investment properties	(6,073,645)	–	(6,073,645)	(5,573,644)	(11,647,289)
Operating financial asset	(22,254,329)	(2,990,765)	(25,245,094)	(2,806,260)	(28,051,354)
	(28,602,109)	(2,888,386)	(31,490,495)	(8,345,987)	(39,836,482)
	(4,468,276)	(5,907,312)	(10,375,588)	(8,313,156)	(18,688,744)

	Group 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Presented after appropriate off-setting as follows:			
Deferred tax assets	6,212,872	6,343,282	9,445,303
Deferred tax liabilities	(24,901,616)	(16,718,870)	(13,913,579)
	(18,688,744)	(10,375,588)	(4,468,276)

The availability of unutilised tax losses for offsetting against future taxable profits of the respective subsidiary companies in Malaysia are subject to requirements under the Income Tax Act 1967 and guidelines issued by the tax authority.

Pursuant to Section 11 of the Act 812, special provision relating to Section 43 & 44 of Income Tax Act 1967, a time limit has been imposed on the unutilised tax losses, to be carried forward for a maximum of 7 consecutive years of assessment with effect from the year of assessment 2019 and subsequent years of assessment.

Any unutilised tax losses brought forward from year of assessment 2018 can be carried forward for another 7 consecutive years of assessment (i.e. from year of assessments 2019 to 2025).

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Deductible temporary differences	22,071,348	29,272,121	31,521,148

13. TRADE AND OTHER RECEIVABLES

	Note	Group 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Non-current:				
Trade	(a)			
Trade receivables from contract with customers		–	14,774,645	–
Non-trade	(b)			
Other receivables		4,851,000	3,234,000	–
Total trade and other receivables (non-current)		4,851,000	18,008,645	–
Current:				
Trade	(a)			
Trade receivables from contract with customers		101,316,944	136,389,158	184,390,080
Retention sums on contracts		53,973,677	46,501,782	43,511,353
		155,290,621	182,890,940	227,901,433
Less: Allowance for impairment losses		(20,265,558)	(29,608,732)	(31,681,223)
		135,025,063	153,282,208	196,220,210
Non-trade	(b)			
Other receivables		65,897,250	54,435,377	59,571,096
Less: Allowance for impairment losses		(17,208,804)	(4,724,266)	(4,797,961)
		48,688,446	49,711,111	54,773,135
GST refundable		837,842	421,639	348,366
Advances made to suppliers and sub-contractors		2,355,833	1,840,643	1,481,176
Deposits		20,039,167	20,414,898	27,903,159
Prepayments		2,343,324	892,416	643,112
		74,264,612	73,280,707	85,148,948
Total trade and other receivables (current)		209,289,675	226,562,915	281,369,158
Total trade and other receivables (non-current and current)		214,140,675	244,571,560	281,369,158

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 7 to 90 days (31.12.2017: 7 to 90 days; 1.1.2017: 14 to 90 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

Included in trade receivables of the Group is an amount of RM13,245,251 (31.12.2017: RM18,214,979; 1.1.2017: RM23,014,979) due from a company in which a director has interest. In the previous financial years, the Group had entered into an agreement with this company to settle the balance over the next six years.

Included in the trade receivables and retention sums of the Group are amounts of RM14,749,849 (31.12.2017: RM27,502,516; 1.1.2017: RM27,502,516) due from customers for contracts under disputes. The details are as follows:

(i) A subsidiary company of the Company, Crest Builder Sdn. Bhd. ("CBSB") is a claimant in an arbitration case against an employer in respect of a construction project. CBSB is claiming RM51,398,443 for workdone, variation work, retentions money and prolongation costs. The employer filed a defence counterclaim which includes claims of RM65,109,486 for damages for delay and cost of rectification of defective works.

During the financial year, the Tribunal awarded an amount of RM31,343,846 in favour of CBSB for balance payment of work done, nominated subcontractor's claims and variation orders. On the other hand, the employer was awarded with liquidated and ascertained damages ("LAD") and defects rectification of RM21,850,000 and RM8,514,912 respectively. The LAD and defects rectification were recognised in revenue and cost of sales of the Group respectively upon settlement of the legal case during the financial year.

(ii) A dispute arose between the parties wherein CBSB was employed by an employer as the main contractor to complete a project. Due to, amongst others, the failure by the employer to make timely payment to CBSB, CBSB contended that the employer had repudiated the contract and thereby, terminating the contract by accepting the repudiation in September 2011. Subsequently, the employer issued a Notice of Reference of Arbitration on 8 May 2012 to refer the disputes to arbitration.

A preliminary meeting was held on 14 September 2015 where parties were directed to file their respective pleadings, documents and witness statements by agreed datelines. The employer is claiming against CBSB the total sum of RM94,685,625 including liquidated damages of RM6,580,000. CBSB contested all of the employer's claims and in turn counterclaims against the employer for the sum of RM31,084,048 and interest thereon and costs. On 10 January 2017, the Arbitrator delivered his decision allowing CBSB's amendment application. The parties have filed their respective documents and witnesses' statements (including CBSB's Expert Reports). The hearings then commenced on 6 and 7 November 2017, 30 and 31 July 2018, 2 and 3 August 2018, 12 to 14 November 2018, 7 to 9 January 2019 as well as 25 and 27 March 2019 whereby seven out of nine witnesses of the employer had completed their evidence taking process. Subsequently, the arbitration has been fixed for continued hearing from 27 to 31 May 2019 and 20 to 26 July 2019.

No allowance or provision has been made in the financial statements of the Group as the directors have been advised by their solicitor that CBSB has reasonable prospect of success in this claim and in resisting the employer's claim.

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Non-trade

Included in other receivables (non-current and current) of the Group are:

(i) amounts of RM49,073,500 (31.12.2017: RM49,073,500; 1.1.2017: RM49,000,000) due from non-controlling shareholders of subsidiary companies which are non-trade in nature, interest free, repayable on demand and are expected to be settled in cash; and

(ii) an amount of RM2,018,625 (31.12.2017: RM2,422,824; 1.1.2017: RM2,422,824) due from a company in which a director has interest. In the previous financial years, the Group had entered into an agreement with this company to settle the balance over the next six years. The amount is non-trade in nature, unsecured and interest free.

Included in deposits is an amount of RM17,397,597 (31.12.2017: RM17,397,597; 1.1.2017: RM23,914,553) placed with Prasarana Malaysia Berhad and Lembaga Getah Malaysia for the development projects prior to the fulfilment of condition precedents as stated in the agreements. Once the condition precedents are fulfilled, the amount will be recognised as land cost in inventories.

14. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

The amount due from subsidiary companies is non-trade in nature, unsecured, interest free, repayable on demand and is expected to be settled in cash, except for an amount of RM81,165,991 (31.12.2017: RM75,821,052; 1.1.2017: RM58,666,306) which bears an effective interest rates ranging from 8.20% to 8.54% (31.12.2017: 8.20% to 8.29%; 1.1.2017: 8.20% to 8.45%) per annum.

The non-current amount due from subsidiary companies is not expected to be settled within the next twelve months and includes an amount of RM35,435,068 (31.12.2017: RM46,065,005; 1.1.2017: RM8,907,844) measured at amortised cost at imputed rate of 8.20% to 8.54% (31.12.2017: 8.20% to 8.29%; 1.1.2017: 8.20% to 8.35%) per annum.

The amount due to subsidiary companies are non-trade in nature, unsecured, interest free, repayable on demand and is expected to be settled in cash.

15. CONTRACT ASSETS/(LIABILITIES)

		Group	
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Contract assets relating to construction service contracts	69,640,698	81,682,686	41,927,223
Contract assets relating to property development contracts	60,278,204	4,124,966	11,176,149
Total contract assets	129,918,902	85,807,652	53,103,372
Contract liabilities relating to concession contract	11,379,522	9,075,446	6,771,370
Contract liabilities relating to construction service contracts	1,826,832	4,734,026	1,230,245
Total contract liabilities	13,206,354	13,809,472	8,001,615

15. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

Included in contract assets of the Group is an amount of RM Nil and RM16,334,200 (31.12.2017: RM12,264,871 and RM16,334,200; 1.1.2017: RM12,264,871 and RM16,334,200) respectively, relating to contracts under dispute with customers as disclosed in Notes 13(a)(i) and 13(a)(ii) to the financial statements.

Contract liabilities relating to concession contract represent fund contributed by a customer for the purpose of periodic major repairs or capital replacements for the Facilities and Infrastructure of UiTM Campus to be incurred in the following financial years.

Significant changes in contract balances

Group	31.12.2018 Contract assets Increase/ (Decrease) RM	31.12.2018 Contract liabilities Increase/ (Decrease) RM	31.12.2017 Contract assets Increase/ (Decrease) RM	31.12.2017 Contract liabilities Increase/ (Decrease) RM
Revenue recognised that was included in contract liabilities at the beginning of the financial year	–	3,842,228	–	1,230,245
Increases due to progress billing and cash received, but revenue not recognised	–	(3,239,110)	–	(7,038,102)
Increases due to revenue recognised during the period, but no right to consideration	120,339,874	–	69,773,675	–
Transfers from contract assets recognised at the beginning of the period to receivables	(76,228,624)	–	(37,069,395)	–

16. SHORT TERM INVESTMENTS

The short term investments are in respect of investment in quoted unit trust funds placed with fund management companies and are redeemable with one day notice.

17. FIXED DEPOSITS PLACED WITH LICENSED BANKS

(a) The fixed deposits placed with licensed banks of the Group and of the Company earn interest rates ranging from 1.58% to 3.40% (31.12.2017: 1.58% to 3.65%; 1.1.2017: 1.64% to 3.40%) and 1.58% to 1.73% (31.12.2017: 1.58% to 1.63%; 1.1.2017: 1.64% to 1.78%) per annum respectively.

(b) Included in fixed deposits of the Group amounting to RM28,910 (31.12.2017: RM28,005; 1.1.2017: RM27,184), which is pledged for the purpose as a guarantee for performance bonds issued in favour of third parties in respect of projects undertaken by a subsidiary company.

(c) Included in fixed deposits of the Group and of the Company amounting to RM3,080,593 and RM3,080,593 (31.12.2017: RM2,999,860 and RM2,999,860; 1.1.2017: RM2,925,380 and RM2,925,380) respectively, which are pledged for the purpose as a debt services reserve for term loan of the Group and of the Company as disclosed in Note 23 to the financial statements.

(d) Included in fixed deposits of the Group are amounts of RM59,104,990 (31.12.2017: RM68,448,065; 1.1.2017: RM80,356,745), set aside as part of security arrangements of Sukuk Murabahah, and therefore restricted from use in other operations.

18. CASH AND BANK BALANCES

(a) Included in cash and bank balances of the Group is an amount of RM3,653,506 (31.12.2017: RM7,253; 1.1.2017: RM300,733), set aside as part of security arrangements of Sukuk Murabahah, and therefore restricted from use in other operations.

(b) Included in cash and bank balances of the Group is an amount of RM1,894,760 (31.12.2017: RM1,225,927; 1.1.2017: RM604,575) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 in Malaysia and therefore restricted from use in other operations.

(c) Included in cash and bank balances of the Group is an amount of RM734,518 (31.12.2017: RM742,576; 1.1.2017: RM799,596) which was maintained in an escrow account.

19. SHARE CAPITAL

	Group and Company					
	31.12.2018		31.12.2017		1.1.2017	
	Number of ordinary shares Unit	RM	Number of ordinary shares Unit	RM	Number of ordinary shares Unit	RM
Issued and fully paid up:						
At 1 January	176,921,657	181,190,804	176,921,657	176,921,657	176,921,657	176,921,657
Transfer pursuant to Section 618(2) of Companies Act 2016	–	–	–	4,269,147	–	–
At 31 December	176,921,657	181,190,804	176,921,657	181,190,804	176,921,657	176,921,657

The new Companies Act 2016 (the "Act") which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account of RM4,269,147 becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM4,269,147 for purposes as set out in Section 618(3) of the Act.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

CBHB – ESOS

On 14 March 2007, approval was granted by the shareholders at the Extraordinary General Meeting held for the establishment of the Crest Builder Holdings Berhad Employees' Share Option Scheme ("CBHB – ESOS"). The CBHB – ESOS is governed by the By-Laws approved by the shareholders at the Extraordinary General Meeting. The CBHB – ESOS was implemented on 19 April 2007 and was in force for a period of five (5) years and expired on 18 April 2012.

On 16 April 2012, the Company announced the extension of CBHB – ESOS which would have expired on 18 April 2012 for another five (5) years until 18 April 2017. The extension is in accordance with the terms of the ESOS By-Laws.

The ESOS Committee appointed by the Board of Directors to administer the CBHB – ESOS, may from time to time grant options to eligible employees of the Group to subscribe for new ordinary shares in the Company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

19. SHARE CAPITAL (CONTINUED)

CBHB – ESOS (Continued)

On 18 April 2014, the ESOS Committee had made the decision to grant 5,616,000 additional Options under the existing CBHB – ESOS at an exercise price of RM1.40 each. The Options granted can be exercised over three (3) years from the date of ESOS granted but not later than 18 April 2017.

The salient features of the ESOS are as follows:

(a) the total number of shares to be offered shall not exceed in aggregate 15% of the issued and fully paid-up share capital of the Company at any point of offer during the duration of the CBHB – ESOS;

(b) eligible persons for the CBHB – ESOS are full time confirmed employees of the Group who have been employed for a period of at least six (6) months, and directors of the Group who have been appointed for a period of at least three (3) months and the entitlement has been approved by the shareholders of the Company in general meeting;

(c) subject to paragraph (d) below, no option shall be granted for less than 100 shares;

(d) in the event of any alteration in the capital structure of the Company except for certain exemptions, adjustments will be made to the option price and/or the number of shares in respect of options granted but not exercised, such that the grantee will be entitled to the same proportion of the issued and paid-up share capital of the Company prior to the event giving rise to such alteration;

(e) the price at which the grantee is entitled to subscribe for each new ordinary share shall be the higher of the following:

    (i) at a discount of not more than 10% from the weighted average market price of the ordinary shares for the 5 market days as shown in the daily official list issued by the Bursa Malaysia Securities Berhad immediately preceding the date of offer; or

    (ii) the par value of the ordinary shares; and

(f) the option granted may be exercised at any time within a period of five (5) years from 19 April 2007. On 16 April 2012, the option was further extended for another five (5) years upon the initial expiry date.

Information in respect of the number of share options granted under the CBHB – ESOS is as follows:

	Number of share options 2018 Unit	2017 Unit
At 1 January	–	5,268,400
Lapsed	–	(5,268,400)
At 31 December	–	–

The ESOS, which was expired on 18 April 2012 has been granted with the extension for another five (5) years until 18 April 2017.

On 18 April 2017, ESOS of the Company had expired and consequently, the remaining 5,268,400 unexercised options were entirely lapsed on the expiry date.

19. SHARE CAPITAL (CONTINUED)

CBHB – ESOS (Continued)

The fair value of share options granted was estimated using the Binomial Option Pricing Model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	19 April 2014
Fair value of share granted (RM)	0.4179
Share price (RM)	1.550
Exercised price (RM)	1.400
Expected volatility (%)	35.41%
Expected lives (years)	3
Risk free rate (%)	3.40%
Expected dividend yield (%)	3.23%

The expected lives of share options was based on historical data and was not necessarily indicative of exercise patterns that may occur. The expected volatility reflected the assumption that the historical volatility was an indicative of future trends, which may also not necessarily be the actual outcome. No other feature of the option was incorporated into the measurement of fair value.

20. SHARE PREMIUM

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. Pursuant to Section 618(2) of the Act, the amount of RM4,269,147 standing to the credit of the Company's share premium account has been transferred and became part of the Company's share capital as disclosed in Note 19 to the financial statements.

21. TREASURY SHARES

As at 31 December 2018, the Group and the Company held 7,012,200 treasury shares out of its 176,921,657 issued and paid-up ordinary shares.

The directors of the Company are committed to enhance the value of the Company and its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 782,100 of its issued ordinary shares from the open market on Bursa Malaysia Securities Berhad. The average price paid for the shares repurchased was approximately RM0.88 per share including transaction costs.

The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia. The Company has the right to reissue or cancel these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended. None of the treasury shares repurchased has been sold or cancelled during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

22. RESERVES

	Group 31.12.2018 RM	Group 31.12.2017 RM	Group 1.1.2017 RM	Company 31.12.2018 RM	Company 31.12.2017 RM	Company 1.1.2017 RM
Share option reserves	–	–	1,554,074	–	–	1,554,074
Retained earnings	312,553,623	249,045,651	226,261,994	30,918,864	29,268,189	26,386,416
Total reserves	312,553,623	249,045,651	227,816,068	30,918,864	29,268,189	27,940,490

Share option reserves

The share option reserves represent the equity-settled share options granted to employees. This reserve is made-up of the cumulative value of services received from employees recorded on grant share options.

On 18 April 2017, ESOS of the Company had expired and consequently, the remaining share option reserves were transferred to retained earnings.

23. LOANS AND BORROWINGS

	Note	Group 31.12.2018 RM	Group 31.12.2017 RM	Group 1.1.2017 RM	Company 31.12.2018 RM	Company 31.12.2017 RM	Company 1.1.2017 RM
Non-current							
Term loans	(a)	6,940,496	22,513,928	48,797,310	–	8,002,000	16,714,000
Sukuk Murabahah	(b)	378,669,687	400,641,295	419,079,632	–	–	–
Finance lease liabilities	(c)	9,732,768	5,595,187	1,494,489	–	–	–
		395,342,951	428,750,410	469,371,431	–	8,002,000	16,714,000
Current							
Term loans	(a)	15,715,315	26,517,368	25,739,239	8,065,791	8,835,670	8,895,403
Sukuk Murabahah	(b)	21,972,000	21,752,804	29,795,299	–	–	–
Finance lease liabilities	(c)	4,450,657	2,069,592	683,743	–	–	–
Bankers' acceptances	(d)	36,071,104	63,032,200	27,599,137	–	–	–
Revolving credits	(d)	77,782,787	87,728,839	93,913,656	–	–	–
Bank overdrafts	(d)	7,003,990	28,053,530	28,992,897	317,911	2,566,273	4,111,672
		162,995,853	229,154,333	206,723,971	8,383,702	11,401,943	13,007,075
Total loans and borrowings							
Term loans	(a)	22,655,811	49,031,296	74,536,549	8,065,791	16,837,670	25,609,403
Sukuk Murabahah	(b)	400,641,687	422,394,099	448,874,931	–	–	–
Finance lease liabilities	(c)	14,183,425	7,664,779	2,178,232	–	–	–
Bankers' acceptances	(d)	36,071,104	63,032,200	27,599,137	–	–	–
Revolving credits	(d)	77,782,787	87,728,839	93,913,656	–	–	–
Bank overdrafts	(d)	7,003,990	28,053,530	28,992,897	317,911	2,566,273	4,111,672
		558,338,804	657,904,743	676,095,402	8,383,702	19,403,943	29,721,075

23. LOANS AND BORROWINGS (CONTINUED)

(a) Term loans

	Group			Company		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Current						
- not later than one year	15,715,315	26,517,368	25,739,239	8,065,791	8,835,670	8,895,403
Non-current						
- later than one year but not later than two years	6,940,496	15,573,424	26,283,424	–	8,002,000	8,712,000
- later than two years but not later than five years	–	6,940,504	22,513,886	–	–	8,002,000
	6,940,496	22,513,928	48,797,310	–	8,002,000	16,714,000
	22,655,811	49,031,296	74,536,549	8,065,791	16,837,670	25,609,403

The term loans of the Group and of the Company are denominated in Ringgit Malaysia.

Term loan 1 of the Company of RM8,065,791 (31.12.2017: RM16,837,670; 1.1.2017: RM25,609,403) bears interest ranging from 8.29% to 8.54% (31.12.2017: 8.20% to 8.29%; 1.1.2017: 8.20% to 8.45%) per annum and is repayable by monthly instalments of RM726,000 over ten years commencing from the day of first drawdown and is secured as follows:

(i) Loan agreement and third party Deed of Assignment of a leasehold investment property of the Group as disclosed in Note 6 to the financial statements;

(ii) Corporate guarantee by a subsidiary company, Crest Builder Sdn. Bhd.;

(iii) Third party Deed of Assignment of rental proceeds from the property; and

(iv) Charge over the monies in the Debt Services Reserve Account as disclosed in Note 17 to the financial statements.

Term loan 2 of a subsidiary company of RM Nil (31.12.2017: RM10,000,000; 1.1.2017: RM19,104,440) borne interest ranging from Nil (31.12.2017: 6.18% to 6.45%; 1.1.2017: 5.85% to 6.45%) per annum and was repayable by quarterly instalments of RM2,500,000 over two years commencing from 18 months after the first disbursement and was secured as follows:

(i) Legal charge under the National Land Code over the Project Land, i.e. Alam Sanjung Project and six retail units at Avenue Crest;

(ii) Charge and assignment over residual proceeds of the accounts set up pursuant to the Housing Development Account under Alam Sanjung Project;

(iii) Assignment of all rights, titles and benefits of the Company under the construction contract, insurance policies and performance bonds and assignment over proceeds and/or collections from the car park;

(iv) Corporate guarantee by the Company; and

(v) Legal charge and assignment over the Designated Accounts.

23. LOANS AND BORROWINGS (CONTINUED)

(a) Term loans (Continued)

Term loan 3 of a subsidiary company of RM14,590,020 (31.12.2017: RM22,193,626; 1.1.2017: RM29,822,706) bears interest ranging from 6.29% to 6.55% (31.12.2017: 6.27% to 6.29%; 1.1.2017: 6.24% to 6.53%) per annum and is repayable by monthly instalments of RM630,952 over seven years commencing from the day of first drawdown and is secured as follows:

(i) First party legal charge over investment property as disclosed in Note 6 to the financial statements;

(ii) Assignment by way of charge over all the interest, titles, rights and benefits to all insurance on the investment property;

(iii) Assignment by way of charge over all rents and other monies payables and all the subsidiary company's rights, remedies and benefits under the tenancies executed and/or to be executed in respect of the investment property;

(iv) A limited debenture by way of fixed and floating charge over the investment property;

(v) A first legal charge over the rental/car park proceeds account to be opened and maintained by the subsidiary company; and

(vi) Corporate guarantee by the Company.

(b) Sukuk Murabahah

On 12 December 2014, Unitapah Sdn. Bhd. issued a sukuk facility based on the Shariah principles of Murabahah via a Tawarruq arrangement ("Sukuk Murabahah") of RM510 million in nominal value. The remaining tenure of the sukuk ranges from 0.5 to 15.5 years (31.12.2017: 0.5 to 16.5 years; 1.1.2017: 0.5 to 17.5 years) with profit rate of 6.01% to 7.65% (31.12.2017: 5.90% to 7.65%; 1.1.2017: 5.78% to 7.65%) per annum over nominal value.

		Group	
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
Current			
- not later than one year	21,972,000	21,752,804	29,795,299
Non-current			
- later than one year but not later than two years	22,184,917	21,972,391	24,623,685
- later than two years but not later than five years	67,734,763	67,149,069	72,702,110
- more than five years	288,750,007	311,519,835	321,753,837
	378,669,687	400,641,295	419,079,632
	400,641,687	422,394,099	448,874,931

23. LOANS AND BORROWINGS (CONTINUED)

(b) Sukuk Murabahah (Continued)

The Sukuk Murabahah is secured by the following:

(i) Debenture evidencing a fixed and floating charge over a subsidiary company's present and future assets;

(ii) First ranking charge and assignment of the Designated Accounts and the credit balances therein; and

(iii) First ranking assignment of takaful policies, if any, in relation to the Concession Agreement with the Security Trustee designated as loss payee/mortgagee.

(c) Finance lease liabilities

Finance lease facilities bear interest rates ranging from 1.88% to 3.20% (31.12.2017: 1.88% to 3.20%; 1.1.2017: 2.38% to 3.20%) per annum.

Future minimum lease payments under finance leases together with the present value of minimum lease payments are as follows:

	Group		
	31.12.2018 RM	**31.12.2017 RM**	**1.1.2017 RM**
Minimum lease payments:			
- not later than one year	5,087,190	2,457,111	796,822
- later than one year but not later than five years	10,447,487	6,046,341	1,656,556
	15,534,677	8,503,452	2,453,378
Less:			
Future finance charges	(1,351,252)	(838,673)	(275,146)
Present value of minimum lease payments	14,183,425	7,664,779	2,178,232
Represented by:			
Current			
- not later than one year	4,450,657	2,069,592	683,743
Non-current			
- later than one year but not later than five years	9,732,768	5,595,187	1,494,489
	14,183,425	7,664,779	2,178,232

The finance lease liabilities of the Group are secured by the property, plant and equipment as disclosed in Note 5 to the financial statements.

23. LOANS AND BORROWINGS (CONTINUED)

(d) Bankers' acceptances, revolving credits and bank overdrafts

The other bank borrowings of the Group and of the Company are denominated in Ringgit Malaysia and bear interest rates ranging from 3.61% to 8.70% (31.12.2017: 3.61% to 8.70%; 1.1.2017: 3.58% to 8.45%) and 8.29% to 8.54% (31.12.2017: 8.20% to 8.29%; 1.1.2017: 8.20% to 8.45%) per annum respectively.

Other bank borrowings of the Group and of the Company are secured by:

(i) Legal charge over Project Land of Residensi Hijauan Project;

(ii) Facility agreement together with interest, commission and all other charges thereon;

(iii) Second ranking legal charge over Project Land of Alam Sanjung Project;

(iv) A first party second fixed charge over investment properties as disclosed in Note 6 to the financial statements;

(v) Supplement Agreement to extend the Assignment of Rental Proceeds executed between borrower and bank;

(vi) Second legal charge over the designated escrow account;

(vii) Corporate guarantee provided by the Company;

(viii) Specific debenture on the Residensi Hijauan Project; and

(ix) Any other securities as may be advised by the bank's solicitors.

24. TRADE AND OTHER PAYABLES

	Note	Group 31.12.2018 RM	Group 31.12.2017 RM	Group 1.1.2017 RM	Company 31.12.2018 RM	Company 31.12.2017 RM	Company 1.1.2017 RM
Non-current							
Non-trade							
Landowner's entitlement	(a)	10,552,722	10,610,972	–	–	–	–
Current							
Trade							
Trade payables	(b)	76,357,749	126,787,672	149,782,447	–	–	–
Retention sums		49,242,176	41,346,819	45,976,728	–	–	–
		125,599,925	168,134,491	195,759,175	–	–	–
Non-trade							
Other payables		18,737,400	8,457,030	8,129,624	234,434	98,597	61,238
Landowner's entitlement	(a)	200,676,886	200,679,424	–	–	–	–
GST payable		205,788	1,118,398	1,458,651	–	–	–
Deposits received		3,403,924	3,626,789	3,640,457	–	–	–
Accruals	(c)	9,777,287	3,912,249	18,987,986	224,100	215,571	266,900
Deferred rental income		120,911	183,995	312,768	–	–	–
		358,522,121	386,112,376	228,288,661	458,534	314,168	328,138
Total trade and other payables		369,074,843	396,723,348	228,288,661	458,534	314,168	328,138

(a) Landowner's entitlement

Landowner's entitlement represents cost payable for land development right pursuant to the Joint Land Development Agreement entered into with the landowner. Included in landowner's entitlement is an amount of RM13,956,608 (31.12.2017: RM14,017,396; 1.1.2017: RM Nil) to be settled in cash and is measured at amortised cost at imputed rate of 8.54% (31.12.2017: 8.29%; 1.1.2017: Nil) per annum.

(b) Trade payables

The Group's normal trade credit terms granted ranging from 30 to 60 days (31.12.2017: 30 to 60 days; 1.1.2017: 30 to 60 days).

(c) Accruals

Included in the accruals of the Group are:

(i) an amount of RM214,566 (31.12.2017: RM314,307; 1.1.2017: RM13,260,996) related to development costs of completed development projects; and

(ii) an amount of RM Nil (31.12.2017: RM504,536; 1.1.2017: RM515,319) related to construction costs of investment properties.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

25. REVENUE

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Revenue from contract with customers:				
Construction contracts	289,490,207	322,763,781	–	–
Property development	178,342,458	59,537,405	–	–
Sales of completed properties	31,660,950	52,867,470	–	–
Sales of land held for development	34,000,000	–	–	–
Maintenance income	9,189,679	9,257,938	–	–
	542,683,294	444,426,594	–	–
Revenue from other sources:				
Rental income from investment properties	15,197,246	15,449,915	–	–
Interest income	131,936	122,797	6,911,723	5,878,928
Income from short term investments	553,185	686,334	553,185	686,334
Dividend income from subsidiary companies	–	–	8,500,000	5,000,000
Finance income from concession contract	36,841,806	37,608,778	–	–
	52,724,173	53,867,824	15,964,908	11,565,262
	595,407,467	498,294,418	15,964,908	11,565,262

25. REVENUE (CONTINUED)

(a) Disaggregation of revenue

The Group reports the following segments: construction, concession arrangement, investment holding and property development in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure of disaggregation of revenue, it disaggregates revenue into major goods or services and timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

Group - 2018	Construction RM	Concession arrangement RM	Property development RM	Total RM
Major goods or services				
Construction services	285,655,405	–	–	285,655,405
Mechanical and engineering services	3,834,802	–	–	3,834,802
Sales of commercial properties	–	–	14,249,210	14,249,210
Sales of residential properties	–	–	17,411,740	17,411,740
Property under development	–	–	178,342,458	178,342,458
Sales of land held for development	–	–	34,000,000	34,000,000
Maintenance income	–	9,189,679	–	9,189,679
	289,490,207	9,189,679	244,003,408	542,683,294
Timing of revenue recognition:				
At a point in time	–	–	65,660,950	65,660,950
Over time	289,490,207	9,189,679	178,342,458	477,022,344
	289,490,207	9,189,679	244,003,408	542,683,294
Group - 2017				
Major goods or services				
Construction services	322,738,285	–	–	322,738,285
Mechanical and engineering services	25,496	–	–	25,496
Sales of commercial properties	–	–	15,203,010	15,203,010
Sales of residential properties	–	–	37,664,460	37,664,460
Property under development	–	–	59,537,405	59,537,405
Maintenance income	–	9,257,938	–	9,257,938
	322,763,781	9,257,938	112,404,875	444,426,594
Timing of revenue recognition:				
At a point in time	–	–	52,867,470	52,867,470
Over time	322,763,781	9,257,938	59,537,405	391,559,124
	322,763,781	9,257,938	112,404,875	444,426,594

25. REVENUE (CONTINUED)

(b) Transaction price allocated to the remaining performance obligation

As of 31 December 2018, the aggregate amount of the transaction price allocated to the remaining performance obligation is RM290.3 million and the Group will recognise this revenue as the properties or construction are completed, which is expected to occur over the next 3 years.

In accordance with the transitional provisions in paragraph D34 of MFRS 1, the Group has applied the practical expedient in paragraph C5(d) of MFRS 15 and, for all reporting periods presented before the beginning of the first MFRS reporting period, do not disclose the amount of the transaction price allocated to the remaining performance obligations.

As at 31 December 2018, the Group has unsatisfied performance obligations to be rendered in respect of its maintenance of facilities and infrastructure services for the remaining contract period of the concession agreement. The Group had applied the practical expedient to not disclose the related unsatisfied performance obligations as the Group has the right to invoice the customer based on the period for the services completed as of the reporting date.

26. COST OF SALES

	Group	
	2018 RM	2017 RM
Costs of construction contracts	272,680,667	297,469,302
Costs of property development	113,241,184	42,121,385
Costs of sales of completed properties	13,027,267	28,538,329
Costs of disposal of land held for development	6,747,149	–
Costs of maintenance of investment properties	5,039,149	6,479,213
Costs of maintenance of facilities and infrastructure	8,645,373	8,350,241
	419,380,789	382,958,470

27. FINANCE INCOME

	Group	
	2018 RM	2017 RM
Income from short term investments	83,543	149,482
Interest income from banks	2,860,380	2,905,317
	2,943,923	3,054,799

28. FINANCE COSTS

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Interest expense on:				
- bank overdrafts	1,250,773	1,677,939	182,853	236,018
- bankers' acceptances	2,206,856	2,642,804	–	–
- finance lease	534,394	398,191	–	–
- revolving credits	5,419,153	5,126,540	–	–
- Sukuk Murabahah	24,147,993	26,869,304	–	–
- term loans	2,613,573	4,321,588	1,089,582	1,775,509
- others	548,959	–	–	–
Amortisation of discount on Sukuk Murabahah	3,247,588	3,519,168	–	–
	39,969,289	44,555,534	1,272,435	2,011,527

29. PROFIT BEFORE TAX

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

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Auditors' remuneration				
- statutory audit:				
- current year	232,000	230,000	50,000	50,000
- (over)/under provision in prior years	(2,000)	(5,400)	(4,000)	10,000
- non-audit services	13,500	13,500	4,000	4,000
Depreciation of property, plant and equipment (Note 5)	4,182,288	3,263,838	–	–
Effect of revision of estimated receipt of amount due from subsidiary companies	–	–	4,026,697	(344,109)
Employee benefits expenses (Note 33)	16,089,481	16,558,573	198,047	188,371
Gain on disposal of property, plant and equipment	(183,987)	(514,303)	–	–
Hire of plant and machineries	2,697,373	5,273,458	–	–
Impairment losses on:				
- trade receivables	1,818,589	3,002,835	–	–
- other receivables	14,633,913	–	–	–
Net fair value loss on investment properties (Note 6)	5,000,000	–	–	–
Property, plant and equipment written off	1,821	–	–	–
Rental expense	89,265	20,600	–	–
Reversal of impairment losses on:				
- trade receivables	(11,161,763)	(5,044,427)	–	–
- other receivables	(2,149,375)	(73,695)	–	–

30. INCOME TAX EXPENSE

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Current income tax				
- current year	16,847,858	8,594,091	1,355,490	1,029,008
- under/(over) provision in prior years	939,313	(281,200)	(87,020)	(259,136)
	17,787,171	8,312,891	1,268,470	769,872
Deferred tax				
- current year	8,356,105	6,460,131	–	–
- over provision in prior years	(42,949)	(552,819)	–	–
	8,313,156	5,907,312	–	–
	26,100,327	14,220,203	1,268,470	769,872

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2017: 24%) of the estimated assessable profit for the financial year.

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

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Profit before tax	98,281,065	44,600,659	9,746,807	8,925,233
Tax at Malaysian statutory income tax rate of 24% (2017: 24%)	23,587,456	10,704,158	2,339,234	2,142,056
Tax effects arising from:				
- non-taxable income	(8,913,641)	(2,224,600)	(2,040,000)	(1,282,586)
- non-deductible expenses	7,667,527	7,114,434	1,056,256	169,538
- deferred tax not recognised previously	(1,728,186)	(539,770)	–	–
- change in Real Property Gain Tax rate on fair value surplus of investment properties	5,573,644	–	–	–
- reduced tax rate	(982,837)	–	–	–
- under/(over) provision of current and deferred tax in prior years	896,364	(834,019)	(87,020)	(259,136)
Income tax expense	26,100,327	14,220,203	1,268,470	769,872

31. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year, adjusted for treasury shares held.

	Group	
	2018 RM	**2017 RM**
Profit attributable to owners of the Company (RM)	70,335,634	28,057,245
Number of shares in issue as of 1 January	170,691,557	170,691,557
Effect of purchase of treasury shares	(18,997)	–
Weighted average number of ordinary shares in issue	170,672,560	170,691,557
Basic earnings per share (sen)	41.21	16.44

(b) Diluted earnings per share

The Group has no dilutive potential ordinary shares. At such, there is no dilutive effect on the earnings per share of the Group.

32. DIVIDENDS ON ORDINARY SHARES

	Group and Company	
	2018 RM	**2017 RM**
First and final 4 sen single tier dividend in respect of financial year ended 31 December 2017	6,827,662	–
First and final 4 sen single tier dividend in respect of financial year ended 31 December 2016	–	6,827,662
	6,827,662	6,827,662

At the forthcoming Annual General Meeting, a single tier first and final dividend of 4.5 sen per ordinary share based on the number of outstanding ordinary shares in issue (net of treasury shares) as at 31 December 2018 of 169,909,457 ordinary shares amounting to RM7,645,926 in respect of the current financial year ended 31 December 2018, will be proposed for the shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

33. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries, bonus, overtime and allowances	14,134,361	14,520,568	198,047	188,371
Defined contribution plan ("EPF")	1,564,129	1,583,629	–	–
Other staff related expenses	390,991	454,376	–	–
	16,089,481	16,558,573	198,047	188,371

Included in employee benefits expenses are directors' remuneration as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Executive Directors (including Alternate Director)				
- Salaries and other emoluments (included estimated benefits-in-kind)	1,971,528	1,759,132	–	–
Non-Executive Directors				
- Fees	198,047	188,371	198,047	188,371
Total directors' remuneration	2,169,575	1,947,503	198,047	188,371

34. OPERATING LEASE ARRANGEMENTS

(a) The Group as lessee

The Group has entered into a tenancy agreement for the rental of land, resulting in future rental commitment which may, subject to certain terms in the agreement, be revised accordingly or upon its expiry based on prevailing market rates.

The Group leases a land under non-cancellable operating lease agreement. The Group is required to give a one-month notice for the termination of the agreement.

The future minimum rental payable under the non-cancellable operating lease at the reporting date is as follows:

	Group	
	2018 RM	2017 RM
Not later than one year	110,014	116,615

34. OPERATING LEASE ARRANGEMENTS (CONTINUED)

(b) The Group as lessor

The Group has entered into non-cancellable operating lease agreements on its investment properties portfolio. These leases have remaining non-cancellable lease terms of between one to four years.

The future minimum rental receivable under non-cancellable operating lease contracted for as at the end of the reporting period but not recognised as receivables are as follows:

	Group	
	2018 RM	**2017 RM**
Not later than one year	3,978,871	9,150,688
Later than one year but not later than five years	119,963	4,109,834
	4,098,834	13,260,522

A few operating lease arrangements are bearing an option to renew for the subsequent one to three years after the contract period.

35. RELATED PARTIES

(a) Identification 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 operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) Subsidiary companies;
(ii) Companies in which directors have substantial financial interest;
(iii) Corporate shareholders of subsidiary companies; and
(iv) Key management personnel comprise persons (including the directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

35. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions and balances

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

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Transactions with:				
Subsidiary companies				
Dividends received/receivable	–	–	8,500,000	5,000,000
Interest income received/ receivable	–	–	6,779,787	5,756,131
Companies in which directors of the Company have interest				
Rental received/receivable	24,000	24,000	–	–
Reversal of impairment losses on trade and other receivables	5,252,625	4,800,000	–	–

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Note 13 and Note 14 to the financial statements.

(c) Key management personnel remuneration

The remuneration of the key management personnel during the financial year is as follows:

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Directors of the Company and subsidiary companies				
Directors' fees	198,047	188,371	198,047	188,371
Short-term employment benefits (included estimated benefits-in-kind)	3,443,715	3,051,482	–	–
Defined contribution plan ("EPF")	335,472	283,305	–	–
	3,977,234	3,523,158	198,047	188,371

Executive Directors of the Group and of the Company (included Alternate Director) and other members of key management have been granted the following number of options under CBHB – ESOS:

	Group and Company 2018 RM	Group and Company 2017 RM
At 1 January	–	2,000,000
Lapsed	–	(2,000,000)
At 31 December	–	–

36. SEGMENT REPORTING

The information reported to the Chairperson of Group Executive Committee, as the Group's chief operating decision maker, in making decisions to allocate resources to segments and to assess their performance is based on the nature of the industry (business segments) of the Group.

Measurement of reportable segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Segment statements of comprehensive income are profit earned or loss incurred by each segment with allocation of central administrative costs, non-operating investment revenue, finance costs, tax expense and other non-cash expenses. There are no significant changes from previous financial year in the measurement methods used to determine reported segment statements of comprehensive income.

There are varying levels of integration among Investment holding segment with Construction segment and Property development segment. This integration includes rental of properties, corporate support and provision of construction, mechanical and electrical engineering services. Inter-segment pricing is determined on a negotiated basis.

All the Group's assets are allocated to reportable segments.

All the Group's liabilities are allocated to reportable segments.

Business segments

For management purposes, the Group is organised into business units based on their products and services provided. The Group is organised into four main business segments as follows:

(a) Construction – general construction, mechanical and electrical engineering services;

(b) Concession arrangement – construction and maintenance of facilities and infrastructure;

(c) Investment holding – investment in shares, properties and other investment activities; and

(d) Property development – development of residential and commercial properties.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Geographical segments

No information is prepared on the geographical segment as the Group principally operates within Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

36. SEGMENT REPORTING (CONTINUED)

2018	Construction RM	Concession arrangement RM	Investment holding RM	Property development RM	Adjustments and eliminations RM	Note	Group RM
Revenue							
Revenue from external customers	289,490,207	46,031,485	15,882,367	244,003,408	–		595,407,467
Inter-segment revenue	134,834,665	–	16,447,837	–	(151,282,502)	(a)	–
Total revenue	424,324,872	46,031,485	32,330,204	244,003,408	(151,282,502)		595,407,467
Results							
Segment results	11,520,360	36,382,333	32,598,816	50,966,124	15,980,284	(b)	147,447,917
Depreciation of property, plant and equipment	(2,992,636)	–	(89,826)	(1,299,468)	199,642	(b)	(4,182,288)
Finance costs	(5,606,975)	(31,766,632)	(9,110,666)	(3,941,710)	10,456,694	(b)	(39,969,289)
Gain on disposal of property, plant and equipment	183,987	–	–	–	–		183,987
Impairment losses on:							
- trade receivables	(1,818,589)	–	–	–	–		(1,818,589)
- other receivables	–	–	–	(14,633,913)	–		(14,633,913)
Income from short term investments	81,022	–	2,521	–	–		83,543
Interest income from banks	58	2,784,767	919	74,636	–		2,860,380
Net fair value loss on investment properties	–	–	(5,000,000)	–	–		(5,000,000)
Property, plant and equipment written off	(1,821)	–	–	–	–		(1,821)
Reversal of impairment losses on:							
- trade receivables	11,126,856	–	34,907	–	–		11,161,763
- other receivables	2,149,375	–	–	–	–		2,149,375
Income tax expense	(1,175,258)	(3,053,370)	(8,726,906)	(11,956,327)	(1,188,466)	(b)	(26,100,327)
Consolidated profit for the financial year							72,180,738

36. SEGMENT REPORTING (CONTINUED)

2018	Construction RM	Concession arrangement RM	Investment holding RM	Property development RM	Adjustments and eliminations RM	Note	Group RM
Assets							
Segment assets	353,503,953	504,747,478	699,440,252	482,512,612	(610,101,141)	(c)	1,430,103,154
Golf club membership	54,000	–	–	–	–		54,000
Goodwill	33,561,766	–	32,988	13,383	–		33,608,137
Deferred tax assets	954,832	–	–	602,881	4,655,159	(c)	6,212,872
Current tax assets	2,688,016	–	42	915,569	–		3,603,627
Total assets	390,762,567	504,747,478	699,473,282	484,044,445	(605,445,982)		1,473,581,790
Liabilities							
Segment liabilities	187,251,474	13,671,769	260,429,361	371,723,013	(450,794,420)	(d)	382,281,197
Loans and borrowings	71,091,216	445,641,686	61,496,697	25,109,205	(45,000,000)		558,338,804
Deferred tax liabilities	2,069	11,907,041	12,936,436	56,070	–		24,901,616
Current tax liabilities	261,605	68,344	784,401	1,923,100	–	(d)	3,037,450
Total liabilities	258,606,364	471,288,840	335,646,895	398,811,388	(495,794,420)		968,559,067

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

36. SEGMENT REPORTING (CONTINUED)

2017	Construction RM	Concession arrangement RM	Investment holding RM	Property development RM	Adjustments and eliminations RM	Note	Group RM
Revenue							
Revenue from external customers	322,763,781	46,866,716	16,259,046	112,404,875	–		498,294,418
Inter-segment revenue	107,760,653	–	11,924,181	–	(119,684,834)	(a)	–
Total revenue	430,524,434	46,866,716	28,183,227	112,404,875	(119,684,834)		498,294,418
Results							
Segment results	28,047,016	39,191,635	24,729,058	11,159,953	(16,392,020)	(b)	86,735,642
Depreciation of property, plant and equipment	(2,130,269)	–	(145,950)	(1,220,085)	232,466	(b)	(3,263,838)
Finance costs	(7,041,484)	(31,738,472)	(8,180,070)	(3,574,506)	5,978,998	(b)	(44,555,534)
Gain on disposal of property, plant and equipment	514,303	–	–	–	–		514,303
Impairment losses on trade receivables	(2,790,000)	–	(212,835)	–	–		(3,002,835)
Income from short term investments	147,125	–	2,357	–	–		149,482
Interest income from banks	66	2,580,382	887	323,982	–		2,905,317
Reversal of impairment losses on:							
- trade receivables	5,039,027	–	5,400	–	–		5,044,427
- other receivables	73,695	–	–	–	–		73,695
Income tax expense	(4,936,740)	(2,343,076)	(2,919,950)	(2,059,557)	(1,960,880)	(b)	(14,220,203)
Consolidated profit for the financial year							30,380,456

36. SEGMENT REPORTING (CONTINUED)

2017	Construction RM	Concession arrangement RM	Investment holding RM	Property development RM	Adjustments and eliminations RM	Note	Group RM
Assets							
Segment assets	383,646,308	516,911,919	693,656,397	513,612,134	(626,863,921)	(c)	1,480,962,837
Golf club membership	54,000	–	–	–	–		54,000
Goodwill	33,561,766	–	32,988	13,383	–		33,608,137
Deferred tax assets	–	–	–	499,657	5,843,625	(c)	6,343,282
Current tax assets	3,371,789	–	299,554	1,330,666	–		5,002,009
Total assets	420,633,863	516,911,919	693,988,939	515,455,840	(621,020,296)		1,525,970,265
Liabilities							
Segment liabilities	182,640,954	10,795,599	243,755,998	405,760,851	(432,420,582)	(d)	410,532,820
Loans and borrowings	119,080,872	467,394,099	81,326,347	35,103,425	(45,000,000)	(d)	657,904,743
Deferred tax liabilities	61,676	9,516,689	7,072,655	67,850	–		16,718,870
Current tax liabilities	160,539	93,992	206,653	–	–		461,184
Total liabilities	301,944,041	487,800,379	332,361,653	440,932,126	(477,420,582)		1,085,617,617

36. SEGMENT REPORTING (CONTINUED)

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

(a) Inter-segment revenue are eliminated on consolidation;

(b) Inter-segment transactions are eliminated on consolidation;

(c) Inter-segment assets are eliminated on consolidation; and

(d) Inter-segment liabilities are eliminated on consolidation.

Information about major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	Revenue		Segment
	2018 RM	2017 RM	
Customer A	–	93,771,007	Construction
Customer B	185,750,690	144,411,318	Construction
Customer C	–	66,121,283	Construction

37. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

From 1 January 2018:
(i) Fair value through profit or loss ("FVPL")
(ii) Amortised cost

On or before 31 December 2017:
(i) Loans and receivables ("L&R")
(ii) Fair value through profit or loss ("FVPL")
- Held for trading ("HFT")
(iii) Other financial liabilities ("FL")

37. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

	Carrying amount RM	Amortised cost RM	FVPL RM
At 31 December 2018			
Financial assets			
Group			
Operating financial asset	307,093,519	307,093,519	–
Trade and other receivables *	191,206,079	191,206,079	–
Short term investments	24,015,163	–	24,015,163
Fixed deposits placed with licensed banks	78,278,715	78,278,715	–
Cash and bank balances	21,640,883	21,640,883	–
	622,234,359	598,219,196	24,015,163
Financial liabilities			
Trade and other payables #	171,475,144	171,475,144	–
Finance lease liabilities	14,183,425	14,183,425	–
Bankers' acceptances	36,071,104	36,071,104	–
Term loans	22,655,811	22,655,811	–
Revolving credits	77,782,787	77,782,787	–
Bank overdrafts	7,003,990	7,003,990	–
Sukuk Murabahah	400,641,687	400,641,687	–
	729,813,948	729,813,948	–

37. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

	Carrying amount RM	L&R RM	FVPL RM	FL RM
At 31 December 2017				
Financial assets				
Group				
Operating financial asset	313,988,631	313,988,631	–	–
Trade and other receivables *	224,019,265	224,019,265	–	–
Short term investments	20,356,336	–	20,356,336	–
Fixed deposits placed with licensed banks	71,475,930	71,475,930	–	–
Cash and bank balances	22,165,775	22,165,775	–	–
	652,005,937	631,649,601	20,356,336	–
Financial liabilities				
Trade and other payables #	198,147,955	–	–	198,147,955
Finance lease liabilities	7,664,779	–	–	7,664,779
Bankers' acceptances	63,032,200	–	–	63,032,200
Term loans	49,031,296	–	–	49,031,296
Revolving credits	87,728,839	–	–	87,728,839
Bank overdrafts	28,053,530	–	–	28,053,530
Sukuk Murabahah	422,394,099	–	–	422,394,099
	856,052,698	–	–	856,052,698
At 1 January 2017				
Financial assets				
Group				
Operating financial asset	320,116,772	320,116,772	–	–
Trade and other receivables *	254,981,951	254,981,951	–	–
Short term investments	28,020,520	–	28,020,520	–
Fixed deposits placed with licensed banks	83,309,309	83,309,309	–	–
Cash and bank balances	10,807,466	10,807,466	–	–
	697,236,018	669,215,498	28,020,520	–
Financial liabilities				
Trade and other payables #	226,517,242	–	–	226,517,242
Finance lease liabilities	2,178,232	–	–	2,178,232
Bankers' acceptances	27,599,137	–	–	27,599,137
Term loans	74,536,549	–	–	74,536,549
Revolving credits	93,913,656	–	–	93,913,656
Bank overdrafts	28,992,897	–	–	28,992,897
Sukuk Murabahah	448,874,931	–	–	448,874,931
	902,612,644	–	–	902,612,644

37. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

	Carrying amount RM	Amortised cost RM	FVPL RM
At 31 December 2018			
Financial assets			
Company			
Amount due from subsidiary companies	149,766,023	149,766,023	–
Short term investments	23,940,302	–	23,940,302
Fixed deposits placed with licensed banks	3,080,593	3,080,593	–
Cash and bank balances	115,012	115,012	–
	176,901,930	152,961,628	23,940,302
Financial liabilities			
Amount due to subsidiary companies	68,423,582	68,423,582	–
Other payables	458,534	458,534	–
Term loan	8,065,791	8,065,791	–
Bank overdraft	317,911	317,911	–
	77,265,818	77,265,818	–

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

37. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

	Carrying amount RM	L&R RM	FVPL RM	FL RM
At 31 December 2017				
Financial assets				
Company				
Amount due from subsidiary companies	148,478,017	148,478,017	–	–
Short term investments	18,787,117	–	18,787,117	–
Fixed deposits placed with licensed banks	2,999,860	2,999,860	–	–
Cash and bank balances	115,012	115,012	–	–
	170,380,006	151,592,889	18,787,117	–
Financial liabilities				
Amount due to subsidiary companies	52,554,352	–	–	52,554,352
Other payables	314,168	–	–	314,168
Term loan	16,837,670	–	–	16,837,670
Bank overdraft	2,566,273	–	–	2,566,273
	72,272,463	–	–	72,272,463
At 1 January 2017				
Financial assets				
Company				
Amount due from subsidiary companies	150,457,750	150,457,750	–	–
Short term investments	20,100,783	–	20,100,783	–
Fixed deposits placed with licensed banks	2,925,380	2,925,380	–	–
Cash and bank balances	115,075	115,075	–	–
	173,598,988	153,498,205	20,100,783	–
Financial liabilities				
Amount due to subsidiary companies	38,239,645	–	–	38,239,645
Other payables	328,138	–	–	328,138
Term loan	25,609,403	–	–	25,609,403
Bank overdraft	4,111,672	–	–	4,111,672
	68,288,858	–	–	68,288,858

* *exclude advances made to suppliers and sub-contractors, deposits for development projects, prepayments and GST refundable*

\# *exclude deferred rental income, GST payable and landowner's entitlement*

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management

The Group and the Company seek to manage effectively the various risks namely credit risk, liquidity risk and interest rate risk, to which the Group and the Company are exposed to in their operations. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders.

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are discussed below:

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's exposure to credit risk primarily arises from its operating financial asset, trade receivables and contract assets while the Company's exposure to credit risk primarily arises from amount due from subsidiary companies. The maximum risk associated with recognised financial assets are the carrying amounts as presented in the statements of financial position.

Credit risk of the Group is controlled by the application of credit approvals, limits and monitoring procedures. Credit risk is minimised and monitored strictly by limiting the Group's association to business partners with high creditworthiness. If necessary, the Group may obtain collaterals from counter-parties as a mean of mitigating losses in the event of default.

Operating financial asset, trade receivables and contract assets

Other than the trade receivables and contract assets arising from the sale of development properties, the carrying amount of operating financial asset, trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In respect of trade receivables and contract assets arising from the sale of development properties, the Group mitigates its credit risk by withholding the transfer of registered ownership of the development properties until full settlement by the purchaser of the self-financed portion of the purchase consideration or upon undertaking of end-financier by the purchaser's end-financier. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a mean of mitigating the risk of financial loss from defaults.

In managing credit risk, the Group periodically reviews the Group's credit risk exposure in respect of its trade receivables and takes appropriate actions to recover long overdue balances. At each reporting date, the Group assesses whether any of the trade receivables are credit impaired. A financial asset is credit-impaired when one or more events have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Credit risk concentration profile

The Group determines the credit risk concentration of its operating financial asset, trade receivables and contract assets by industry sector profile on an ongoing basis. The credit risk concentration profile of the Group's operating financial asset, trade receivables and contract assets at the reporting date are as follows:

Operating financial asset:

	Group					
	31.12.2018		31.12.2017		1.1.2017	
	RM	%	RM	%	RM	%
Concession arrangement	307,093,519	100%	313,988,631	100%	320,116,772	100%

Trade receivables:

	Group					
	31.12.2018		31.12.2017		1.1.2017	
	RM	%	RM	%	RM	%
Construction	109,352,632	81%	130,881,904	78%	176,682,108	90%
Property development	21,275,338	16%	35,166,305	21%	18,379,597	9%
Others	4,397,093	3%	2,008,644	1%	1,158,505	1%
	135,025,063	100%	168,056,853	100%	196,220,210	100%

Contract assets:

	Group					
	31.12.2018		31.12.2017		1.1.2017	
	RM	%	RM	%	RM	%
Construction	69,640,698	54%	81,682,686	95%	41,927,223	79%
Property development	60,278,204	46%	4,124,966	5%	11,176,149	21%
	129,918,902	100%	85,807,652	100%	53,103,372	100%

The Group applies the simplified approach to provide for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss ("ECL") allowance for all operating financial asset, trade receivables and contract assets. To measure the impairment losses, trade receivables may be grouped based on shared credit risk characteristics and the days past due. The determination of ECL also incorporates economic conditions during the period of historical data, current conditions and forward looking information on the economic conditions over the expected settlement period of the receivables. The Group believes that changes in economic conditions over these periods would not materially impact the impairment calculation of the receivables.

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Credit risk concentration profile (Continued)

For construction contracts, as there are only a few customers, the Group assessed the risk of each customer individually based on their financial capability, past trend of payments and other external information relating to the customers that are publicly available. For property development contracts, the Group determines the ECL rate for the group of customers based on actual credit loss experience over the past three years.

The information about the credit risk exposure on the Group's contract assets, operating financial asset and trade receivables as at 31 December 2018 are as follows:

Group	Gross carrying amount RM	ECL allowance RM	Net balance RM
At 31 December 2018			
Contract assets			
Current (not past due)	129,918,902	–	129,918,902
Operating financial asset			
Current (not past due)	307,093,519	–	307,093,519
Trade receivables			
Current (not past due)	83,206,382	–	83,206,382
> 30 days past due	7,592,866	–	7,592,866
> 60 days past due	6,253,378	–	6,253,378
> 90 days past due	750,990	–	750,990
> 120 days past due	37,221,447	–	37,221,447
Credit impaired:			
- Individually assessed	20,265,558	(20,265,558)	–
	592,303,042	(20,265,558)	572,037,484

The significant changes in the gross carrying amounts of contract assets, operating financial asset and trade receivables do not contribute to changes in the impairment loss allowance during the financial year.

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Comparative information under FRS 139 Financial Instruments: Recognition and Measurement

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 (excluded accrued billings) are as follows:

	Group	
	31.12.2017	**1.1.2017**
	RM	**RM**
Neither past due nor impaired	71,770,986	73,717,755
Past due but not impaired		
1 to 30 days past due but not impaired	34,378,234	5,392,020
31 to 60 days past due but not impaired	15,183,538	4,443,041
61 to 90 days past due but not impaired	9,017,592	3,565,210
91 to 120 days past due but not impaired	5,606,308	4,550,709
More than 120 days past due not impaired	32,100,195	104,551,475
	96,285,867	122,502,455
Impaired	29,608,732	31,681,223
	197,665,585	227,901,433

Trade receivables that are neither past due nor impaired

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

Trade receivables that are past due but not impaired

The Group has trade receivables that are past due at the end of the reporting period but not impaired because the Group has a credit policy in place and the exposure of credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. The Group does not hold any collateral or credit enhancements over these balances.

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Trade receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period are as follows:

	Group		
	31.12.2018 RM	**31.12.2017 RM**	**1.1.2017 RM**
Individually impaired			
Trade receivables	20,265,558	29,608,732	31,681,223
Less: Allowance for impairment losses	(20,265,558)	(29,608,732)	(31,681,223)
	–	–	–

The movement in the allowance for impairment losses of trade receivables is as follows:

	Group	
	2018 RM	**2017 RM**
At beginning of the year	29,608,732	31,681,223
Charge for the impairment losses		
- individually assessed	1,818,589	3,002,835
Reversal of impairment losses	(11,161,763)	(5,044,427)
Written off	–	(30,899)
At end of the year	20,265,558	29,608,732

Other receivables and other financial assets

For other receivables and other financial assets (including fixed deposits placed with licensed banks, cash and bank balances and related company balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position. The carrying amount of the other receivables and other financial assets are not secured by any collateral or supported by any other credit enhancement except for a receivable of RM44,222,500 due from a non-controlling shareholder which is supported by the shares in a subsidiary company owned by the shareholder as credit enhancement.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Other receivables and other financial assets (Continued)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days when they fall due.

The Company provides advances to subsidiary companies. The Company monitors the results of the subsidiary companies in determining the recoverability of intercompany balances. The advances to subsidiary companies are repayable on demand. For such advances, expected credit losses are assessed based on the assumption that repayment of the advances is demanded at the reporting date. If the subsidiary companies do not have sufficient liquid reserves when the loan is demanded, the Company will consider the expected manner of recovery and recovery period of the advances.

Refer to Note 3.12(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

The information about credit risk exposure on the Group's and the Company's other receivables and other financial assets as at 31 December 2018 are as follows:

Group	Gross carrying amount RM	ECL allowance RM	Net balance RM
Low credit risk	156,100,614	–	156,100,614
Significant increase in credit risk	–	–	–
Credit impaired	17,208,804	(17,208,804)	–
	173,309,418	(17,208,804)	156,100,614
Company			
Low credit risk	152,961,628	–	152,961,628

The movement of allowance for impairment losses of other receivables as at 31 December 2018 is as follows:

	Group 2018 RM
At beginning of the year	4,724,266
Charge for the impairment losses	
- individually assessed	14,633,913
Reversal of impairment losses	(2,149,375)
At end of the year	17,208,804

Included in allowance for impairment losses for other receivables of the Group is an amount of RM2,018,625 due from a company in which a director has interest.

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Other receivables and other financial assets (Continued)

Comparable information under FRS 139 Financial Instruments: Recognition and Measurement

The movement in the allowance for impairment losses of other receivables is as follows:

	Group 2017 RM
At beginning of the year	4,797,961
Reversal of impairment losses	(73,695)
At end of the year	4,724,266

These other receivables are in significant financial difficulties or have defaulted on payments. These other receivables are not secured by any collateral or credit enhancements.

Included in allowance for impairment losses for other receivables of the Group is an amount of RM2,422,824 (1.1.2017: RM2,422,824) due from a company in which a director has interest.

Financial guarantees

The Company provides secured corporate guarantees to banks in respect of banking facilities provided to subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiary companies. The Company monitors the results of the subsidiary companies and their repayment on an ongoing basis. The maximum exposure to credit risk amounting to RM215,773,971 (2017: RM254,646,285) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 37(b)(ii) to the financial statements. Generally, the Company considers the financial guarantees have low credit risk. As at the reporting date, there was no loss allowance for expected credit losses as determined by the Company for the financial guarantees.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantees are provided as credit enhancements to the subsidiary companies' secured borrowings.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables and loans and borrowings.

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(ii) Liquidity risk (Continued)

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by facilities. The Group and the Company manage their operating cash flows by maintaining sufficient level of cash to meet their working capital requirements and availability of funding through an adequate amount of credit facilities.

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations as follows:

Group		Contractual cash flows			
At 31 December 2018	Carrying amount RM	On demand or within one year RM	Between one and five years RM	More than five years RM	Total RM
Trade and other payables #	171,475,144	161,762,514	11,847,102	–	173,609,616
Finance lease liabilities	14,183,425	5,087,190	10,447,487	–	15,534,677
Bankers' acceptances	36,071,104	36,071,104	–	–	36,071,104
Term loans	22,655,811	16,642,466	6,498,806	–	23,141,272
Revolving credits	77,782,787	77,782,787	–	–	77,782,787
Bank overdrafts	7,003,990	7,003,990	–	–	7,003,990
Sukuk Murabahah	400,641,687	49,260,750	184,378,250	405,012,000	638,651,000
	729,813,948	353,610,801	213,171,645	405,012,000	971,794,446
At 31 December 2017					
Trade and other payables #	198,147,955	188,356,507	11,885,413	–	200,241,920
Finance lease liabilities	7,664,779	2,457,111	6,046,341	–	8,503,452
Bankers' acceptances	63,032,200	63,032,200	–	–	63,032,200
Term loans	49,031,296	28,994,272	23,848,820	–	52,843,092
Revolving credits	87,728,839	87,728,839	–	–	87,728,839
Bank overdrafts	28,053,530	28,053,530	–	–	28,053,530
Sukuk Murabahah	422,394,099	50,499,000	189,472,000	449,179,000	689,150,000
	856,052,698	449,121,459	231,252,574	449,179,000	1,129,553,033
At 1 January 2017					
Trade and other payables #	226,517,242	220,142,945	6,610,777	–	226,753,722
Finance lease liabilities	2,178,232	796,822	1,656,556	–	2,453,378
Bankers' acceptances	27,599,137	27,599,137	–	–	27,599,137
Term loans	74,536,549	29,825,005	52,777,473	–	82,602,478
Revolving credits	93,913,656	93,913,656	–	–	93,913,656
Bank overdrafts	28,992,897	28,992,897	–	–	28,992,897
Sukuk Murabahah	448,874,931	56,951,000	194,456,500	494,693,500	746,101,000
	902,612,644	458,221,462	255,501,306	494,693,500	1,208,416,268

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(ii) Liquidity risk (Continued)

Maturity analysis (Continued)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations as follows (Continued):

Company		**Contractual cash flows**		
At 31 December 2018	**Carrying amount RM**	**On demand or within one year RM**	**Between one and five years RM**	**Total RM**
Other payables	458,534	458,534	–	458,534
Term loan	8,065,791	8,390,772	–	8,390,772
Bank overdraft	317,911	317,911	–	317,911
Amount due to subsidiary companies	68,423,582	68,423,582	–	68,423,582
Financial guarantee contracts	–	215,773,971	–	215,773,971
	77,265,818	293,364,770	–	293,364,770
At 31 December 2017				
Other payables	314,168	314,168	–	314,168
Term loan	16,837,670	9,814,684	8,390,772	18,205,456
Bank overdraft	2,566,273	2,566,273	–	2,566,273
Amount due to subsidiary companies	52,554,352	52,554,352	–	52,554,352
Financial guarantee contracts	–	254,646,285	–	254,646,285
	72,272,463	319,895,762	8,390,772	328,286,534
At 1 January 2017				
Other payables	328,138	328,138	–	328,138
Term loan	25,609,403	10,533,403	18,205,455	28,738,858
Bank overdraft	4,111,672	4,111,672	–	4,111,672
Amount due to subsidiary companies	38,239,645	38,239,645	–	38,239,645
Financial guarantee contracts	–	248,484,759	–	248,484,759
	68,288,858	301,697,617	18,205,455	319,903,072

\# *exclude deferred rental income, GST payable and landowner's entitlement*

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iii) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and of the Company's financial instruments as a result of changes in market interest rates.

The Group's and the Company's primary interest rate risk relate to floating interest-bearing financial instruments which include loans and borrowings. The investments in financial assets are mainly short-term in nature and have been mostly placed in unit trust funds and fixed deposits which yield better returns than cash at bank.

The Group and the Company actively review their debt portfolio, taking into account the investment holding period and nature of their assets.

This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes. As at 31 December 2018, the Group and the Company have not entered into any hedging instruments arrangement to minimise their exposure to interest rate volatility.

Sensitivity analysis for interest rate risk

If the interest rate had been 50 (2017: 50) basis point higher/lower and all other variables held constant, the Group's profit for the financial year ended 31 December 2018 would decrease/increase by RM1,976,533 (2017: RM2,393,558) and the Company's profit for the financial year ended 31 December 2018 would increase/decrease by RM59,115 (2017: decrease/increase by RM2,344) respectively as a result of exposure to floating rate loans and borrowings.

(c) Fair value measurement

The carrying amounts of current financial assets and financial liabilities are reasonable approximation to their fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date. Other long term financial assets and liabilities are reasonable approximation of fair value because they are floating rate instruments which are re-priced to market interest rates or estimated by discounting future cash flows using current lending rates for similar types of arrangements.

There have been no transfer between Level 1 and Level 2 fair values during the financial year (31.12.2017: no transfer in either directions; 1.1.2017: no transfer in either directions).

37. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (Continued)

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

Group	Carrying amount Total RM	Fair value of financial instruments carried at fair value — Fair value: Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Fair value of financial instruments not carried at fair value — Fair value: Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31.12.2018									
Financial assets									
Operating financial asset	307,093,519	–	–	–	–	–	–	307,093,519	307,093,519
Short term investments	24,015,163	24,015,163	–	–	24,015,163	–	–	–	–
Financial liabilities									
Finance lease liabilities	14,183,425	–	–	–	–	–	–	14,183,425	14,183,425
Sukuk Murabahah	400,641,687	–	–	–	–	–	–	400,641,687	400,641,687
31.12.2017									
Financial assets									
Operating financial asset	313,988,631	–	–	–	–	–	–	313,988,631	313,988,631
Short term investments	20,356,336	20,356,336	–	–	20,356,336	–	–	–	–
Financial liabilities									
Finance lease liabilities	7,664,779	–	–	–	–	–	–	7,664,779	7,664,779
Sukuk Murabahah	422,394,099	–	–	–	–	–	–	422,394,099	422,394,099

37. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (Continued)

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

Group	Carrying amount Total RM	Fair value of financial instruments carried at fair value — Fair value — Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Fair value of financial instruments not carried at fair value — Fair value — Level 1 RM	Level 2 RM	Level 3 RM	Total RM
1.1.2017									
Financial assets									
Operating financial asset	320,116,772	–	–	–	–	–	–	320,116,772	320,116,772
Short term investments	28,020,520	28,020,520	–	–	28,020,520	–	–	–	–
Financial liabilities									
Finance lease liabilities	2,178,232	–	–	–	–	–	–	2,178,232	2,178,232
Sukuk Murabahah	448,874,931	–	–	–	–	–	–	448,874,931	448,874,931

37. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (Continued)

Fair value of financial instruments not carried at fair value

Type	Valuation technique
Operating financial asset	Discounted cash flows
Sukuk Murabahah	Discounted cash flows
Short term investments	Redemption price
Finance lease liabilities	Discounted cash flows

Valuation processes applied by the Group for Level 3 fair value

The Group has an established control framework in respect to the measurement of fair values of financial instruments. The management has overall responsibility for overseeing all significant fair value measurement, including Level 3 fair values, and reports directly to the Executive Director.

38. CAPITAL COMMITMENT

	Group		
	31.12.2018 RM	**31.12.2017 RM**	**1.1.2017 RM**
Contracted but not provided for:			
- contractual commitment for acquisition of land development rights ^	530,454,889	530,454,889	744,047,293

^ *The gross contractual commitment for the acquisition of land development rights is RM547,852,486 (31.12.2017: RM547,852,486; 1.1.2017: RM767,961,846). After taking into consideration the deposits paid of RM17,397,597 (31.12.2017: RM17,397,597; 1.1.2017: RM23,914,553), the net contractual commitment is RM530,454,889 (31.12.2017: RM530,454,889; 1.1.2017: RM744,047,293).*

39. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust their 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 and processes during the financial years ended 31 December 2018, 31 December 2017 and 1 January 2017.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

39. CAPITAL MANAGEMENT (CONTINUED)

The Group and the Company monitor capital using a gearing ratio, which is net debts divided by total capital plus net debts. Net debts comprise loans and borrowings less cash and bank balances whilst total capital is the shareholders' funds of the Group and of the Company.

The gearing ratio for the Group and for the Company as at 31 December 2018, 31 December 2017 and 1 January 2017 are as follows:

	Group			Company		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Loans and borrowings	558,338,804	657,904,743	676,095,402	8,383,702	19,403,943	29,721,075
Less:						
Short term investments	(24,015,163)	(20,356,336)	(28,020,520)	(23,940,302)	(18,787,117)	(20,100,783)
Fixed deposits placed with licensed banks	(78,278,715)	(71,475,930)	(83,309,309)	(3,080,593)	(2,999,860)	(2,925,380)
Cash and bank balances	(21,640,883)	(22,165,775)	(10,807,466)	(115,012)	(115,012)	(115,075)
Net debts	434,404,043	543,906,702	553,958,107	(18,752,205)	(2,498,046)	6,579,837
Equity	505,022,723	440,352,648	416,729,449	205,631,375	204,663,701	203,336,002
Total equity plus net debts	939,426,766	984,259,350	970,687,556	186,879,170	202,165,655	209,915,839
Gearing ratio	0.46	0.55	0.57	not meaningful	not meaningful	0.03

The Group and certain subsidiary companies are required to comply with certain debt to equity ratio, interest coverage ratio and Finance Service Cover Ratio in respect of the term loans, revolving credits and Sukuk Murabahah facilities.

STATEMENT **BY DIRECTORS**

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

We, **TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH** and **YONG SHANG MING**, being two of the directors of **CREST BUILDER HOLDINGS BERHAD**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 63 to 176 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

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

TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH
Director

YONG SHANG MING
Director

Kuala Lumpur

Date: 10 April 2019

STATUTORY **DECLARATION**

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

I, **CHONG SUN CHOI**, being the officer primarily responsible for the financial management of **CREST BUILDER HOLDINGS BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 63 to 176 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.

CHONG SUN CHOI
Officer
MIA Membership No.: CA 30642

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 10 April 2019.

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CREST BUILDER HOLDINGS BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Crest Builder Holdings Berhad, which comprise the statements of financial position as at 31 December 2018 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 63 to 176.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We 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.

Group

Investment properties (Notes 4.1 and 6 to the financial statements)

Risk:

The Group's investment properties are measured at fair value subsequent to their initial recognition. The directors estimated the fair value of the investment properties based on the market valuation performed by an external independent valuer. We focused on this area because the valuation requires significant judgement in determining the appropriate valuation methods and the key assumptions used in the valuations.

Our audit response:

Our audit procedures included, among others:
- evaluating the competence, capabilities and objectivity of the external valuer which included consideration of their qualifications and experience;
- understanding the scope and purpose of the valuation by assessing whether any matters that might have affected their objectivity or limited the scope of their work;
- reading the valuation reports for significant properties and discussing with external valuer on their valuation approach and the significant judgements they made, including the selection of comparable properties and adjustments for differences in key attributes made to the transacted value of comparable properties; and
- assessing the valuation approach used and appropriateness of the key assumptions based on our knowledge of the property industry.

Key Audit Matters (Continued)

Group (Continued)

Trade receivables and contract assets (Notes 4.2, 13 and 15 to the financial statements)

Risk:

The Group has significant trade receivables and contract assets as at 31 December 2018 which include certain amounts which are long outstanding and/or in legal disputes. We focused on this area because the directors made significant judgements on assumptions about outcome of legal disputes, risk of default and expected loss rate. In making the assumptions, the directors selected inputs to the impairment calculation, based on the Group's past history, financial capability of the receivables, existing market conditions as well as forward looking estimates at the end of the reporting period.

Our audit response:

Our audit procedures included, among others:

- developing an understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports prepared by management;
- obtaining confirmation of balances from selected receivables;
- where necessary, reading legal opinion obtained for receivables under disputes;
- reviewing subsequent receipts, customer correspondence, and considering level of activity with the customer and management explanation on recoverability with significantly past due balances; and
- assessing the calculation of expected credit loss as at the end of the reporting period.

Revenue and corresponding costs recognition for construction and property development activities (Notes 4.3, 4.4, 25 and 26 to the financial statements)

Risk:

The amount of revenue and corresponding costs of the Group's construction and property development activities is recognised over the period of contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to proportion of costs incurred for works performed to date bear to the estimated total costs for each project (input method). We focused on this area because significant directors' judgement is required, in particular with regards to determining the progress towards complete satisfaction of performance obligation, the extent of the construction and property development costs incurred, the estimated total construction contracts and property development revenue and costs, as well as the recoverability of the construction contracts and development projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend of the outcome of future events.

Our audit response:

Our audit procedures included, among others:

- reading the terms and conditions of agreements with customers;
- understanding the Group's process in recording project budget and the calculation of the progress towards complete satisfaction of performance obligation;
- comparing directors' major assumptions to contractual terms, our understanding gathered from the analysis of changes in the assumptions from previous financial year and discussing with project manager;
- assessing the computed progress towards complete satisfaction of performance obligation for identified projects against architect certificate or consultant certificate; and
- checking the mathematical computation of recognised revenue and corresponding costs for the projects during the financial year.

Company

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to be communicated in our auditors' report.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CREST BUILDER HOLDINGS BERHAD
(cont'd)

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

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

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

TO THE MEMBERS OF CREST BUILDER HOLDINGS BERHAD (cont'd)

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 Matters

1. As stated in Note 2 to the financial statements, Crest Builder Holdings Berhad adopted the Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2017 and 1 January 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 December 2017 and its related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2018 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as at 31 December 2018 and the financial performance and cash flows for the financial year then ended.

2. 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 PLT
LLP0019411-LCA & AF 0117
Chartered Accountants

Lee Kong Weng
No: 02967/07/2019 J
Chartered Accountant

Kuala Lumpur

Date: 10 April 2019

LIST OF PROPERTIES

Location	Tenure	Approx. Area / Built-up	Description	Year of Expiry	Carrying Amount @ 31.12.18 (RM)	Approx. Age of Building (years)	Date of Valuation / Acquisition
Lot 60, Seksyen 45, Bandar and Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Leasehold	11,008 sq metres	Land use right for development of a single 44-storey integrated mixed development tower	2113	217,746,564	–	2017
Tierra Crest, Jalan SS6/3, 47301 Petaling Jaya, Selangor Darul Ehsan	Freehold	280,549 sq ft	A commercial complex - 2 blocks of office building & parking bays	–	158,000,000	6	2018
The Crest, 3 Two Square, No. 2, Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan	Leasehold	120,514 sq ft 29,838 sq ft	16-storey office block, shops & parking bays	2106	105,527,612 16,472,388	12	2018
Avenue Crest, No. 2A, Jalan Jubli Perak, 22/1 Seksyen 22, 40150 Shah Alam, Selangor Darul Ehsan	Freehold	29,210 sq ft	Retail lots & car parks	–	31,000,000	5	2018
No. Hakmilik 0244869, Lot No. 0034701, Mukim Damansara, Daerah Petaling, Selangor Darul Ehsan	Freehold	7.14 acres	Residential land	–	7,547,626	–	2005
H.S. (D) 46981, Lot No. 11073, Mukim Sg. Buloh, Daerah Petaling, Negeri Selangor	Freehold	9,612 sq ft	3-storey shop office/office	–	3,800,000	18	2018
No. 28 & 30, Jalan SS 24/13, Taman Megah, 47301 Petaling Jaya, Selangor Darul Ehsan	Freehold	12,939 sq ft	2 units of 3-storey shop office/office	–	3,334,984	22	2002
P.N 19970 (Old title H.S. (D) 44166) P.T. No. 16311, Mukim Setapak, Daerah Wilayah Persekutuan, Negeri Wilayah Persekutuan	Leasehold	4,200 sq ft	3-storey shop office/office	2075	1,000,000	33	2018

ANALYSIS OF **SHAREHOLDINGS**
AS AT 5 APRIL 2019

Issued and paid-up share capital	:	176,921,657
Adjusted issued and paid-up share capital	:	166,908,757 (excluding 10,012,900 treasury shares)
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 5 APRIL 2019

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	2,149	31.60	104,722	0.07
100 to 1,000	1,921	28.24	724,144	0.44
1,001 to 10,000	1,833	26.95	9,419,871	5.64
10,001 to 100,000	770	11.32	25,059,870	15.01
100,001 to less than 5% of issued shares	128	1.88	72,978,150	43.72
5% and above of issued shares	1	0.01	58,622,000	35.12
Total	**6,802**	**100.00**	**166,908,757**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS AT 5 APRIL 2019
(In accordance with the Register maintained pursuant to Section 144(1) of the Companies Act 2016)

Name	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%
SC Yong Holdings Sdn. Bhd.	66,622,000	39.92	–	–
Koh Hua Lan	–	–	66,622,000	39.92
Yong Shang Ming	–	–	66,622,000	39.92
Yong Tiok Chin	–	–	66,622,000	39.92
Yong Tiok Keng	–	–	66,622,000	39.92
Yong Tiok Nee	–	–	66,622,000	39.92

THIRTY LARGEST SHAREHOLDERS AS AT 5 APRIL 2019
(without aggregating securities from different securities accounts belonging to the same person)

No.	Name of Shareholders	No. of Shares	%
1	SC Yong Holdings Sdn. Bhd.	58,622,000	35.12
2	Kenanga Nominees (Tempatan) Sdn. Bhd. SC Yong Holdings Sdn. Bhd.	8,000,000	4.79
3	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt An for DBS Bank Ltd.	4,559,200	2.73
4	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Siow Wong Yen @ Siow Kwang Hwa	4,000,000	2.40
5	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Sri Rahayu Binti Tajuddin	4,000,000	2.40
6	Citigroup Nominees (Tempatan) Sdn. Bhd. Great Eastern Life Assurance (Malaysia) Berhad	3,153,400	1.89
7	Amanahraya Trustees Berhad Public Smallcap Fund	3,064,200	1.84

ANALYSIS OF **SHAREHOLDINGS**
AS AT 5 APRIL 2019
(cont'd)

THIRTY LARGEST SHAREHOLDERS AS AT 5 APRIL 2019 (CONTINUED)
(without aggregating securities from different securities accounts belonging to the same person)

No.	Name of Shareholders	No. of Shares	%
8	Citigroup Nominees (Tempatan) Sdn. Bhd. Great Eastern Life Assurance (Malaysia) Berhad	2,871,639	1.72
9	Mercsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Len Min Sin	2,815,000	1.69
10	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Lim Han Weng	2,124,900	1.27
11	Lim Khuan Eng	1,990,000	1.19
12	Amanahraya Trustees Berhad Public Strategic Smallcap Fund	1,841,800	1.10
13	Mercsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa	1,817,000	1.09
14	Amanahraya Trustees Berhad Public Ittikal Sequel Fund	1,802,900	1.08
15	Maybank Nominees (Asing) Sdn. Bhd. Pledged Securities Account for San Tuan Sam	1,526,200	0.91
16	Tekad Maju Sdn. Bhd.	1,400,000	0.84
17	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Siow Wong Yen @ Siow Kwang Hwa	1,341,000	0.80
18	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Obata-Ambak Holdings Sdn. Bhd.	1,000,000	0.60
19	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chow Soong Ming	998,190	0.60
20	Yap Chong Lee	981,000	0.59
21	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Han Weng	887,100	0.53
22	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Seow Liew Wee	882,000	0.53
23	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB for General Technology Sdn. Bhd.	632,000	0.38
24	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Khoo Ter Kern @ Stanley Khoo	630,000	0.38
25	Malacca Equity Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Aik Wei	620,000	0.37
26	Lim Jit Hai	546,000	0.33
27	Chai Min Hing	532,000	0.32
28	Teh Bee Loon	500,000	0.30
29	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB for Koo Kow Kiang @ Ko Keck Ting	500,000	0.30
30	Choo Swee Hwa	437,600	0.26
		114,075,129	**68.35**

ANALYSIS OF SHAREHOLDINGS
AS AT 5 APRIL 2019
(cont'd)

STATEMENT OF DIRECTORS' INTERESTS IN SHARES IN THE COMPANY
AS AT 5 APRIL 2019

DIRECTORS' SHAREHOLDINGS
(In accordance with the Register maintained pursuant to Section 59 of the Companies Act 2016)

	Direct Interest		Indirect Interest	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**
Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah	–	–	–	–
Yong Shang Ming	–	–	66,622,000	39.92
Koh Hua Lan	–	–	66,622,000	39.92
Mohd Khasan Bin Ahmad	–	–	–	–
Kam Yong Kan	–	–	–	–
Lim Boon Teng	–	–	–	–
Yong Tiok Keng	–	–	66,622,000	39.92

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CREST BUILDER HOLDINGS BERHAD
(573382-P)

PROXY FORM

No. of Ordinary Shares Held	

I/We ....

NRIC No. .... /Passport No. ....

of ....

being a member/members of the abovenamed Company hereby appoint ....

.... [holding shares] ....

of ....

NRIC No. .... /Passport No. ....

And/or failing him/her

.... [holding shares] ....

of ....

NRIC No. .... /Passport No. ....

as *my/our proxy to vote for *me/us and on *my/our behalf at the 17th Annual General Meeting of the Company, to be held at Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 12 June 2019 at 10:00 a.m. or at any adjournment thereof.

Ordinary business		For	Against
1.	To receive and adopt the reports of the directors, auditors and the audited financial statements for the financial year ended 31 December 2018.		
2.	To declare a final single tier dividend of 4.5 Sen for the financial year ended 31 December 2018.		
3.	To re-elect the Executive Director, Madam Koh Hua Lan.		
4.	To re-elect the Independent Non-Executive Director, Mr. Kam Yong Kan.		
5.	To appoint Messrs Baker Tilly Monteiro Heng PLT, Chartered Accountants, as auditors for the ensuing financial year ending 31 December 2019 and authorise the fixing of their remuneration by directors.		
Special business		**For**	**Against**
6.	To approve payment of directors' remunerations for the financial year ended 31 December 2018 in accordance with Article 88 of the Company's Constitution.		
7.	To empower the directors to issue shares pursuant to Section 76 of the Companies Act 2016 and in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad.		
8.	To approve the mandate for Share Buy-Back.		
9.	To re-elect Encik Mohd Khasan bin Ahmad as Independent Non-Executive Director.		
10.	To re-elect Mr. Kam Yong Kan as Independent Non-Executive Director.		

Please indicate with a cross [x] in the box provided, how you wish to cast your votes. If no specific instruction as to voting is given, the proxy may vote or abstain at his discretion.

....
Signature of member/Common Seal of corporate member

Dated:

Notes:

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint anyone to attend and vote in his stead as his proxy without limitation and the provisions of Section 334 of the Companies Act 2016 shall apply.*
2. *If a corporation is a member of the Company, the corporation may by resolution of its Board or other governing body authorise a person or persons to act as its representative or representatives at any meeting of members of the Company. A certificate of authorisation by a corporate member shall be prima facie evidence of the appointment or the revocation of the appointment, as the case may be, of a representative pursuant to Section 333 of the Companies Act 2016.*
3. *Shareholders' attention is hereby drawn to the Listing Requirements of the Bursa Malaysia Securities Berhad, which allows a member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, to 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.*
4. *A member may appoint more than one (1) proxy provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.*
5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office situated at No. 62-2, Jalan 2A/27A, Section 1, Wangsa Maju, 53300 Kuala Lumpur, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.*
6. *In respect to the deposited securities, only members whose name appear in the Record of Depositors on 31 May 2019 shall be eligible to attend the meeting or to appoint proxy to attend and/or vote on his behalf.*

Director *Director/Secretary*

....

Fold this flap for sealing

Then fold here

AFFIX
60 SEN
STAMP

THE COMPANY SECRETARY
CREST BUILDER HOLDINGS BERHAD *(573382-P)*
NO. 62-2, JALAN 2A/27A
SECTION 1, WANGSA MAJU
53300 KUALA LUMPUR

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2018

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Penthouse, The Crest, 3 Two Square, No. 2, Jalan 19/1
46300 Petaling Jaya, Selangor Darul Ehsan, Malaysia
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www.crestbuilder.com.my