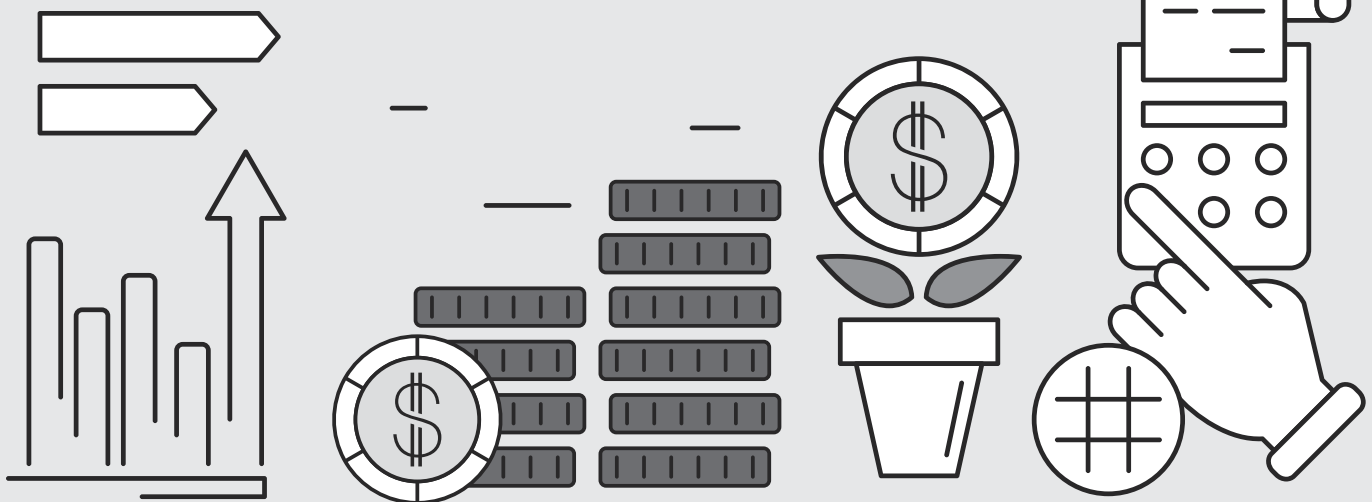


# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

For the Year Ended 31 October 2017

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 October 2017.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Company and its subsidiaries are principally engaged in the business of environmental engineering, landscaping and infrastructure, maintenance, renewable energy and the provision of management services.

The details of the principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

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

## RESULTS

	<b>Group</b>	<b>Company</b>
	<b>RM</b>	<b>RM</b>
Profit for the year attributable to:		
Owners of the Company	57,604,032	13,969,828
Non-controlling interest	(1,373)	-
Profit for the year	<u>57,602,659</u>	<u>13,969,828</u>

## DIVIDENDS

Further to the approval of Dividend Reinvestment Scheme ("DRS") at the Annual General Meeting held on 21 April 2015, the shareholders had approved the renewal of authority for the issuance and allotment of new ordinary shares in the Company ("CRB Shares") for the purpose of DRS at the Annual General Meeting held on 11 April 2017.

The DRS provides an option to the shareholders to reinvest either all or a portion of the declared dividends in new shares in lieu of receiving cash. Shareholders who elect not to participate in the option to reinvest will receive the entire dividend wholly in cash.

Since the end of the previous financial year, the Company paid a single-tier final dividend of 5.2 sen per CRB Share on 255,104,472 CRB Shares amounting to RM13,265,432 in respect of the financial year ended 31 October 2016. A total of 4,800,200 CRB Shares were issued on 22 June 2017 at an issue price of RM2.18 per share under the DRS and the remaining portion of RM2,800,996 was paid in cash on 22 June 2017.

As at the date of this report, the directors have not proposed any payment of dividend in respect of the current financial year.



## DIRECTORS' REPORT

For the Year Ended 31 October 2017

### ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its total number of issued and paid-up share capital from 252,938,472 ordinary shares to 260,993,172 ordinary shares by way of:

- (a) Issuance of 4,800,200 CRB Shares at an issue price of RM2.18 per share pursuant to the DRS; and
- (b) Issuance of 3,254,500 CRB Shares at an exercise price of RM2.12 per share pursuant to the exercise of options under the Employees' Share Option Scheme ("ESOS").

The new CRB Shares issued rank pari passu in all respect with the then existing ordinary shares of the Company.

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

### EMPLOYEES' SHARE OPTION SCHEME

The Company's ESOS is governed by the By-Laws which was approved by the shareholders at the Tenth Annual General Meeting held on 21 April 2015. The ESOS was implemented on 19 October 2015 and is in force for a period of 5 years from the date of implementation, and may be further extended for a maximum period of 5 years at the absolute discretion of the board of directors.

Movements of the Company's ESOS during the financial year are as follows:

	Number of option					
	At 1.11.2016	Granted	Exercised	Forfeited	At 31.10.2017	Expiry date
ESOS	-	23,100,000	(3,254,500)	-	19,845,500	18 October 2020

Details about the exercise price, exercise period, basis upon which the share options may be exercised and other information about the ESOS of the Company are set out in Note 14 to the financial statements.

### RESERVES AND PROVISIONS

All material transfers, if any, to or from reserves and provisions during the financial year are disclosed in the financial statements.

### SUBSIDIARIES

Details of the subsidiaries are set out in Note 6 to the financial statements.

There is no qualified auditor's report on the financial statements of any subsidiary for the financial year in which this report is made.

As at the end of the financial year, none of the subsidiaries hold any shares in the holding company or in other related corporations.

## DIRECTORS' REPORT

For the Year Ended 31 October 2017

### DIRECTORS

The directors in office from the beginning of the financial year to the date of this report are:

Tan Sri Razali bin Ismail  
Dato' Daud bin Ahmad  
Dato' Dr. Freezailah bin Che Yeom  
Headir bin Mahfidz  
Megat Abdul Munir bin Megat Abdullah Rafaie  
Datuk Abdul Malek bin Abdul Aziz

### DIRECTORS' INTERESTS IN SHARES AND ESOS

The following directors, who held office at the end of the financial year, had interests in shares as follows:

	← Number of ordinary shares →			
	At 1.11.2016	Bought	Sold	At 31.10.2017
<i>The Company</i>				
<u>Direct interest</u>				
Tan Sri Razali bin Ismail	48,580,600	1,127,300	(3,200,000)	46,507,900
Dato' Daud bin Ahmad	40,515,056	965,900	-	41,480,956
Dato' Dr. Freezailah bin Che Yeom	179,900	4,200	-	184,100
Headir bin Mahfidz	100,000	2,300	-	102,300
Megat Abdul Munir bin Megat Abdullah Rafaie	20,000	-	-	20,000
Datuk Abdul Malek bin Abdul Aziz	6,000	150,000	-	156,000

By virtue of Tan Sri Razali bin Ismail and Dato' Daud bin Ahmad's interests in shares in the Company, they are deemed to be interested in shares in all the subsidiaries of the Company to the extent that the Company has an interest.

The following directors had interests in ESOS during the financial year as follows:

	← Number of share options under the ESOS →			
	At 1.11.2016	Granted	Exercised	At 31.10.2017
Tan Sri Razali bin Ismail	-	3,000,000	-	3,000,000
Dato' Daud bin Ahmad	-	9,000,000	-	9,000,000
Dato' Dr. Freezailah bin Che Yeom	-	150,000	-	150,000
Headir bin Mahfidz	-	150,000	-	150,000
Megat Abdul Munir bin Megat Abdullah Rafaie	-	150,000	-	150,000
Datuk Abdul Malek bin Abdul Aziz	-	150,000	(150,000)	-



## DIRECTORS' REPORT

For the Year Ended 31 October 2017

### DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the directors as shown in the financial statements or the fixed salary of a full-time employee of the Company as shown in Note 21 to the financial statements) by reason of a contract made by the Company or a related corporation with a 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.

### INDEMNITY AND INSURANCE COST

There was no indemnity given to or insurance effected for the directors of the Company.

### OTHER STATUTORY INFORMATION

Before the financial statements were made out, the directors took reasonable steps:

- (i) to ascertain that appropriate action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there were no known bad debts to be written off and allowance for doubtful debts was not required; and
- (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

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

- (i) which would render it necessary to write off any bad debt or to make any allowance for doubtful debts in respect of the financial statements of the Group and of the Company;
- (ii) which would render the values attributed to the current assets in the financial statements misleading; or
- (iii) 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.

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

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

## DIRECTORS' REPORT

*For the Year Ended 31 October 2017*

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

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 which would render any amount stated in the financial statements misleading.

In the opinion of the directors:

- (i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature 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.

### SUBSEQUENT EVENT

Details of subsequent event after the financial year end are disclosed in Note 32 to the financial statements.

### AUDITORS

Auditors' remuneration is set out Note 20 to the financial statements.

The auditors, Mazars PLT, Chartered Accountants, have expressed their willingness to accept re-appointment.

There was no indemnity given to or insurance effected for the auditors of the Company.

### APPROVAL OF THE DIRECTORS' REPORT

This report is approved by the board of directors, and signed on behalf of the board of directors in accordance with a directors' resolution.

**TAN SRI RAZALI BIN ISMAIL**

Director

**DATO' DAUD BIN AHMAD**

Director

Kuala Lumpur

Date: 18 January 2018

# INDEPENDENT AUDITORS' REPORT

To the Members of Cypark Resources Berhad (Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Cypark Resources Berhad, which comprise the statements of financial position as at 31 October 2017 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 64 to 134.

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 October 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") 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 ("ISA"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

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

#### (a) **Impairment assessment of intangible assets recognised pursuant to IC Interpretation 12 Service Concession Arrangements**

Management is required to assess at the end of each reporting period whether there is any indication that the intangible assets may be impaired in accordance to the requirements of MFRS 136 Impairment of Assets. If any such indication exists, the management shall estimate the recoverable amount of the intangible assets.

Assessing the recoverable amount of the intangible assets arising from concession arrangement involved judgement and estimates, which includes developing key assumptions for the forecasted revenues, growth rates and appropriate discount rate. These assumptions are sensitive inputs used in the cash flow projection.

## INDEPENDENT AUDITORS' REPORT

To the Members of Cypark Resources Berhad (Incorporated in Malaysia)

Assumptions used and estimates made by the management have a direct impact on the appropriateness of the reported carrying amount of the Group's intangible assets. Due to the significance of the concession assets and the related uncertainty on forecasting and discounting future cash flow, this is considered a key audit risk. As at 31 October 2017, the Group reported intangible assets recognised pursuant to IC Interpretation 12 Service Concession Arrangements with carrying amount of RM689,466,537 (2016: RM526,605,169).

The related disclosures are included in Note 5 to the financial statements.

### Our response

Our procedures included the following:

- (i) Read the signed concession agreement between the Group and the authorities;
  - (ii) Review management meeting minutes to obtain an understanding of the performance and status of the project;
  - (iii) Conduct detailed discussion with management to understand their assessment of the future performance of the intangible assets;
  - (iv) Check the tariff rates used against the signed concession agreement and forecasted expenditures to signed third parties contracts, budgeted price lists and where possible, comparable industries data;
  - (v) Assess the reasonableness of the methodology supporting the key assumptions in deriving the discount rate and growth rates, including the source of information; and
  - (vi) Subject the key assumptions in the discounted cash flow projection to sensitivity analysis.
- (b) Revenue recognition from construction works (landscaping, infrastructure, environmental engineering and maintenance works contracts)**

During the financial year ended 31 October 2017, contract revenue amounted to RM233,592,167 (2016: RM211,376,334) and RM79,846,370 (2016: RM37,709,688) based on percentage of completion method represented 77% (2016: 75%) and 77% (2016: 61%) of the total revenue of the Group and the Company. The corresponding cost of sales of RM176,555,889 (2016: RM161,324,414) and RM75,530,382 (2016: RM26,108,622) accounted for 83% (2016: 77%) and 100% (2016: 100%) of the Group's and the Company's total cost of sales.

Due to the nature of such contracts, revenue recognition involves a significant degree of judgement in estimating total contract costs, stages of completion and any expected loss for a contract.

The related disclosures are included in Notes 17 and 18 to the financial statements.

### Our response

Our procedures included the following:

- (i) Read key contracts to obtain understanding of the specific terms and conditions;
- (ii) Review project files and discuss with management the progress of each projects;
- (iii) Challenge the management's estimates for total contract costs and budgeted costs to complete taking into account the historical accuracy and current economic conditions;
- (iv) Test the mathematical accuracy of the contract revenue, contract costs and profits based on the percentage of completion calculations; and
- (v) Compare contract budgets to actual outcomes, inquire management on the probability of foreseeable losses for those budgeted costs to complete.





## INDEPENDENT AUDITORS' REPORT

To the Members of Cypark Resources Berhad (Incorporated in Malaysia)

### (c) *Impairment of receivables*

The Group and the Company have outstanding billed and unbilled receivables (due from customers on work performed) amounted RM264,763,800 (2016: RM194,026,727) and RM451,930,739 (2016: RM376,304,953) which accounted for 20% (2016:18%) and 82% (2016: 80%) of the Group's and the Company's total assets as at 31 October 2017.

The management assessed the recoverability with reference to industry practices for the allowance on impairment loss and ageing analysis for the collectability of the individual outstanding receivables.

Where there is objective evidence of impairment, management estimates the amount of impairment loss that should be recorded against the receivables. Significant estimation is involved in the assessment of credit exposures and collectability of each receivable.

The related disclosures are included in Note 9 to the financial statements.

#### Our response

Our procedures included the following:

- (i) Conduct detailed discussion with management on significant overdue receivables and understand the timing and likelihood of billing for those unbilled;
- (ii) Read minutes of meetings and correspondences on ongoing negotiations with receivables;
- (iii) Analyse and tested, on a sampling basis the accuracy of the ageing profile of the receivables by checking to the supporting documents; and
- (iv) Obtain receivable confirmations, on a sampling basis and review evidence of receipts from the receivables after the year end.

#### *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 MFRS and IFRS 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.

## INDEPENDENT AUDITORS' REPORT

*To the Members of Cypark Resources Berhad (Incorporated in Malaysia)*

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISA 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 ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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



## INDEPENDENT AUDITORS' REPORT

*To the Members of Cypark Resources Berhad (Incorporated in Malaysia)*

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.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

### OTHER MATTERS

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

#### MAZARS PLT

LLP0010622-LCA

AF 001954

Chartered Accountants

#### YAP CHING SHIN

2022/03/18 (J)

Chartered Accountant

Kuala Lumpur

Date: 18 January 2018

# STATEMENTS OF FINANCIAL POSITION

- 31 October 2017

	Note	Group		Company	
		2017	2016	2017	2016
		RM	RM	RM	RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Plant and equipment	4	229,012,991	240,598,511	129,077	161,270
Intangible assets	5	705,707,792	539,673,257	20,370,678	15,784,716
Investments in subsidiaries	6	-	-	43,150,982	42,150,970
Investment in an associate	7	2,959,374	-	-	-
Deferred tax assets	8	516,325	838,654	30,000	14,000
Trade receivables	9	3,629,439	5,171,075	-	-
		<b>941,825,921</b>	<b>786,281,497</b>	<b>63,680,737</b>	<b>58,110,956</b>
<b>CURRENT ASSETS</b>					
Trade and other receivables	9	263,699,556	191,182,840	452,097,373	376,502,197
Other current assets	10	2,644,778	1,983,241	2,319,433	1,350,275
Tax recoverable		23,337	276,128	-	-
Cash and bank balances	11	108,511,739	113,364,178	34,369,230	35,193,388
		<b>374,879,410</b>	<b>306,806,387</b>	<b>488,786,036</b>	<b>413,045,860</b>
<b>TOTAL ASSETS</b>		<b>1,316,705,331</b>	<b>1,093,087,884</b>	<b>552,466,773</b>	<b>471,156,816</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	12	288,728,212	126,469,236	288,728,212	126,469,236
Share premium	12	-	144,160,784	-	144,160,784
Reverse acquisition reserve	13	(36,700,000)	(36,700,000)	-	-
Employee share option reserve	14	4,477,145	-	4,477,145	-
Retained earnings		250,729,352	206,390,752	27,033,123	26,328,727
Equity attributable to owners of the Company		<b>507,234,709</b>	<b>440,320,772</b>	<b>320,238,480</b>	<b>296,958,747</b>
Non-controlling interest		(1,073)	-	-	-
<b>TOTAL EQUITY</b>		<b>507,233,636</b>	<b>440,320,772</b>	<b>320,238,480</b>	<b>296,958,747</b>

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



## STATEMENTS OF FINANCIAL POSITION

- 31 October 2017

	Note	Group		Company	
		2017	2016	2017	2016
		RM	RM	RM	RM
<b>NON-CURRENT LIABILITIES</b>					
Loans and borrowings	15	447,578,034	324,109,980	-	-
Trade payables	16	8,511,152	28,155,103	-	-
Deferred tax liabilities	8	25,000	10,000	-	-
		<b>456,114,186</b>	<b>352,275,083</b>	<b>-</b>	<b>-</b>
<b>CURRENT LIABILITIES</b>					
Loans and borrowings	15	120,092,524	118,961,028	16,987,359	29,692,076
Trade and other payables	16	228,268,235	177,896,993	213,690,934	142,209,985
Tax payables		4,996,750	3,634,008	1,550,000	2,296,008
		<b>353,357,509</b>	<b>300,492,029</b>	<b>232,228,293</b>	<b>174,198,069</b>
<b>TOTAL LIABILITIES</b>		<b>809,471,695</b>	<b>652,767,112</b>	<b>232,228,293</b>	<b>174,198,069</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,316,705,331</b>	<b>1,093,087,884</b>	<b>552,466,773</b>	<b>471,156,816</b>

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

# STATEMENTS OF COMPREHENSIVE INCOME

For the Year Ended 31 October 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Revenue	17	301,684,427	282,929,184	103,996,370	61,759,688
Cost of sales	18	(213,908,388)	(210,357,766)	(75,530,382)	(26,108,622)
Gross profit		87,776,039	72,571,418	28,465,988	35,651,066
Other income		4,413,439	5,906,127	6,671,985	6,276,461
Administrative expenses		(10,764,021)	(6,588,422)	(17,210,054)	(15,802,583)
Operating profit		81,425,457	71,889,123	17,927,919	26,124,944
Finance costs	19	(11,795,017)	(11,809,458)	(290,401)	(308,660)
Share of results of an associate		(40,626)	-	-	-
Profit before tax	20	69,589,814	60,079,665	17,637,518	25,816,284
Tax expense	22	(11,987,155)	(8,366,435)	(3,667,690)	(3,719,910)
Profit for the year		57,602,659	51,713,230	13,969,828	22,096,374
Other comprehensive income net of tax		-	-	-	-
Total comprehensive income for the year		57,602,659	51,713,230	13,969,828	22,096,374
Profit for the year attributable to:					
Owners of the Company		57,604,032	51,713,230	13,969,828	22,096,374
Non-controlling interest		(1,373)	-	-	-
		57,602,659	51,713,230	13,969,828	22,096,374
Total comprehensive income for the year attributable to:					
Owners of the Company		57,604,032	51,713,230	13,969,828	22,096,374
Non-controlling interest		(1,373)	-	-	-
		57,602,659	51,713,230	13,969,828	22,096,374
Earnings per share for profit attributable to the owners of the Company (sen per share)					
- Basic	23	22.50	20.66		
- Diluted	23	22.33	20.66		

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 October 2017

2017	Note	Transactions with owners of the Company							Total equity
		Share capital	Share premium	Reverse acquisition reserve	Employee share option reserve	Retained earnings	Total	Non-controlling interest	
		RM	RM	RM	RM	RM	RM	RM	RM
At 1 November 2016		126,469,236	144,160,784	(36,700,000)	-	206,390,752	440,320,772	-	440,320,772
Total comprehensive income for the year		-	-	-	-	57,604,032	57,604,032	(1,373)	57,602,659
Non-controlling interest arising on acquisition of a subsidiary	29	-	-	-	-	-	-	300	300
Issuance of ordinary shares:									
- Dividend Reinvestment Scheme ("DRS")	12	10,464,436	-	-	-	-	10,464,436	-	10,464,436
- Exercise of Employees' Share Option Scheme ("ESOS")	12	7,633,756	-	-	(734,216)	-	6,899,540	-	6,899,540
Issuance of ESOS	14	-	-	-	5,211,361	-	5,211,361	-	5,211,361
Dividend paid	31	-	-	-	-	(13,265,432)	(13,265,432)	-	(13,265,432)
Transition to no-par value regime	12	144,160,784	(144,160,784)	-	-	-	-	-	-
At 31 October 2017		288,728,212	-	(36,700,000)	4,477,145	250,729,352	507,234,709	(1,073)	507,233,636

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 October 2017

2016	Note	Share capital		Share premium		Reverse acquisition reserve		Retained earnings		Total RM
		RM	RM	RM	RM	RM	RM	RM	RM	
At 1 November 2015		124,335,636	138,784,112	(36,700,000)	167,111,086	393,530,834				
Total comprehensive income for the year		-	-	-	51,713,230	51,713,230				
Issuance of ordinary shares pursuant to DRS	12	2,133,600	5,376,672	-	-	7,510,272				
Dividend paid	31	-	-	-	(12,433,564)	(12,433,564)				
At 31 October 2016		126,469,236	144,160,784	(36,700,000)	206,390,752	440,320,772				

← Transactions with owners of the Company →  
 ← Non-distributable → Distributable





# STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 October 2017

	Note	Non-distributable		Employee share option reserve RM	Distributable		Total equity RM
		Share capital RM	Share premium RM		Retained earnings RM		
At 1 November 2015		124,335,636	138,784,112	-	16,665,917	279,785,665	
Total comprehensive income for the year		-	-	-	22,096,374	22,096,374	
Issuance of ordinary shares pursuant to DRS	12	2,133,600	5,376,672	-	-	7,510,272	
Dividend paid	31	-	-	-	(12,433,564)	(12,433,564)	
At 31 October 2016		126,469,236	144,160,784	-	26,328,727	296,958,747	
Total comprehensive income for the year		-	-	-	<b>13,969,828</b>	<b>13,969,828</b>	
Issuance of ordinary shares							
- DRS	12	<b>10,464,436</b>	-	-	-	<b>10,464,436</b>	
- Exercise of ESOS	12	<b>7,633,756</b>	-	<b>(734,216)</b>	-	<b>6,899,540</b>	
Issuance of ESOS	14	-	-	<b>5,211,361</b>	-	<b>5,211,361</b>	
Dividend paid	31	-	-	-	<b>(13,265,432)</b>	<b>(13,265,432)</b>	
Transition to no-par value regime	12	<b>144,160,784</b>	<b>(144,160,784)</b>	-	-	-	
At 31 October 2017		<b>288,728,212</b>	-	<b>4,477,145</b>	<b>27,033,123</b>	<b>320,238,480</b>	

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

# STATEMENTS OF CASH FLOWS

For the Year Ended 31 October 2017

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	<b>69,589,814</b>	60,079,665	<b>17,637,518</b>	25,816,284
Adjustments for:				
Depreciation of plant and equipment	<b>13,537,447</b>	13,510,535	<b>124,869</b>	155,880
Gain on disposal of plant and equipment	<b>(88,000)</b>	-	-	-
Share of results of an associate	<b>40,626</b>	-	-	-
Profit from construction services contracts	<b>(36,962,848)</b>	(33,221,896)	-	-
Unrealised gain on foreign exchange	<b>(1,291,398)</b>	(2,425,650)	-	-
ESOS expense	<b>5,211,361</b>	-	<b>5,211,361</b>	-
Finance income - other liabilities at amortised costs	-	(435,804)	-	(7,678)
Interest expense	<b>11,795,017</b>	11,809,458	<b>290,401</b>	308,660
Interest income	<b>(2,608,579)</b>	(2,985,971)	<b>(1,035,409)</b>	(1,413,568)
Operating cash flows before changes in working capital	<b>59,223,440</b>	46,330,337	<b>22,228,740</b>	24,859,578
Changes in receivables	<b>(70,755,364)</b>	(28,315,984)	<b>(39,381,115)</b>	(31,009,137)
Changes in other current assets	<b>(661,537)</b>	(1,204,634)	<b>(969,158)</b>	(1,061,744)
Changes in payables	<b>30,603,731</b>	31,468,208	<b>35,743,509</b>	28,284,840
Cash flows generated from operations	<b>18,410,270</b>	48,277,927	<b>17,621,976</b>	21,073,537
Interest paid	<b>(10,599,775)</b>	(11,734,479)	<b>(290,401)</b>	(308,660)
Tax paid	<b>(10,034,293)</b>	(6,980,422)	<b>(4,429,698)</b>	(2,604,397)
Net cash flows (used in)/generated from operating activities	<b>(2,223,798)</b>	29,563,026	<b>12,901,877</b>	18,160,480

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



## STATEMENTS OF CASH FLOWS

For the Year Ended 31 October 2017

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additions to intangible assets	(129,071,687)	(138,126,521)	(4,585,962)	(4,727,653)
Purchase of plant and equipment (Note 4)	(922,927)	(1,790,301)	(92,676)	(82,822)
Proceeds from disposal of plant and equipment	88,000	-	-	-
Acquisition of subsidiaries, net of cash and cash equivalents (Note 29)	300	-	(12)	-
Acquisition of equity interest in an associate (Note 7)	(3,000,000)	-	-	-
Advances to subsidiaries	-	-	(37,214,061)	(99,616,272)
Interest received	2,608,579	2,985,971	1,035,409	1,413,568
Net cash flows used in investing activities	(130,297,735)	(136,930,851)	(40,857,302)	(103,013,179)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Drawdown of term loans	146,948,007	177,617,827	-	-
Repayment of term loans	(17,358,320)	(65,257,420)	-	-
(Repayment)/Drawdown of borrowings	(5,540,285)	17,515,777	(12,704,717)	15,111,424
Placement of short term deposits with licensed banks	(163,542)	(1,982,683)	-	-
Proceeds from exercise of ESOS	6,899,540	-	6,899,540	-
Repayment of finance lease liabilities	(478,852)	(396,975)	-	-
Advances from subsidiaries	-	-	35,737,440	77,970,639
Dividend paid	(2,800,996)	(4,923,292)	(2,800,996)	(4,923,292)
Net cash flows generated from financing activities	127,505,552	122,573,234	27,131,267	88,158,771
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	(5,015,981)	15,205,409	(824,158)	3,306,072
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	108,484,645	93,279,236	35,193,388	31,887,316
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 11)</b>	103,468,664	108,484,645	34,369,230	35,193,388

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

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

## 1. CORPORATE INFORMATION

Cypark Resources 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 principal place of business of the Company is located at 13A-09, Block A, Phileo Damansara II, No. 15, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan and the registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

The principal activities of the Company are investment holding, environmental engineering, landscaping and infrastructure, maintenance and provision of management services.

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) issued by the Malaysian Accounting Standards Board (“MASB”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The measurement bases applied in the preparation of the financial statements include historical cost, recoverable value, realisable value and fair value. Estimates are used in measuring these values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

A fair value measurement of a non-financial asset 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.

Fair value measurements are categorised as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company.



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.2 Application of new or revised standards

In current year, the Group and the Company have applied a number of new standards, amendments and IC Interpretations that become effective mandatorily for the financial periods beginning on or after 1 November 2016.

The adoption of the new standards, amendments and IC Interpretations does not have significant impact on the financial statements of the Group and of the Company.

#### 2.3 Standards issued but not yet effective

The Group and the Company have not applied the following new standards, amendments and IC Interpretations that have been issued by the MASB but are not yet effective.

		Applicable for the financial periods beginning on or after
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 12	Annual Improvements to MFRS Standards 2014–2016 Cycle	1 January 2017
Amendments to MFRS 1 and MFRS 128	Annual Improvements to MFRS Standards 2014–2016 Cycle	1 January 2018
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 15	Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced by the MASB

Except as otherwise indicated below, the adoption of the above new standards, amendments and IC Interpretations are not expected to have significant financial impact on the financial statements of the Group and of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.3 Standards issued but not yet effective (Cont'd)

##### *MFRS 9 Financial Instruments*

MFRS 9 addresses the classification, recognition, derecognition, measurement and impairment of financial assets and financial liabilities, as well as general hedge accounting. It replaces MFRS 139. MFRS 9 requires financial assets to be classified into two measurement categories, i.e. at fair value and at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to changes in an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch. MFRS 9 contains a new impairment model based on expected losses (as oppose to 'incurred loss' model under MFRS 139), i.e. a loss event needs not occur before an impairment loss is recognised, which will result in earlier recognition of losses.

Management anticipates that the Group will need to account for expected credit losses and expects to use historical experience, modified by any future change such as credit risk of the customers. Additional disclosures may be made in respect to financial instruments including any significant judgement and estimation made. Management is currently assessing the estimable impact in the period of initial application and has yet to complete its detailed assessment. Management does not plan to early adopt MFRS 9.

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

MFRS 15 introduces a new model for revenue recognition arising from contracts with customers. MFRS 15 will replace MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15 Agreements for the Construction of Real Estate, IC Interpretation 18 Transfers of Assets from Customers and IC Interpretation 31 Revenue - Barter Transactions Involving Advertising Services. The application of MFRS 15 may result in difference in timing of revenue recognition as compared with current accounting policies.

Management has performed a preliminary assessment of the application of MFRS 15 which is subject to change arising from a more detailed ongoing analysis. Management does not plan to early adopt MFRS 15.

##### *MFRS 16 Leases*

Currently under MFRS 117 *Leases*, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases but not operating leases. MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position, and recording of certain leases as off-balance sheet leases will no longer be allowed except for some limited exemptions. For a lessee that has material operating leases, the application of MFRS 16 may result in significant increase in assets and liabilities reported on its statement of financial position as compared with MFRS 117.

MFRS 16 will replace MFRS 117 *Leases*, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases - Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group and the Company are currently assessing the impact to the financial statements upon adopting MFRS 16, and will adopt MFRS 16 on the mandatory effective date.



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of all its subsidiaries and entities controlled by the Company (including structured entities) made up to the end of the financial year.

The Company controls an investee if and only if the Company has all the following:

- (i) power over the investee;
- (ii) exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) the ability to use its power over the investee to affect the amount of the investor's returns.

Potential voting rights are considered when assessing control only if the rights are substantive.

The Company reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of an investee shall begin from the date the Company obtains control of the investee and cease when the investor loses control of the investee.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All intra-group balances, transactions, income and expenses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

The Company attributes the profit or loss and each component of other comprehensive income to the owners of the Company and to the non-controlling interests. The Company also attributes total comprehensive income to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

On 1 October 2006, the Company acquired Cypark Sdn. Bhd. ("CSB") for a consideration satisfied by the issuance of 80,000,000 shares of RM0.50 each to the vendors. MFRS 3: Business Combination, this transaction meets the criteria of a Reverse Acquisition. The consolidated financial statements have therefore been prepared under the reverse acquisition accounting method as set out by the said Standard, with CSB being treated as the accounting acquirer of the Company.

In accordance with the principles of reverse acquisition, the consolidated financial statements have been prepared as if it had been in existence in its current group form since 1 November 2005. The consolidated financial statements represent therefore a continuation of CSB's financial statements.

The key features of the basis of consolidation under reverse acquisition are as follows:

- The cost of the business combination is deemed to have been incurred by CSB in the form of equity instruments issued to the owners of the Company. CSB's shares were not listed prior to the acquisition and consequently the cost of the business combination has been based on the fair value of the Company's shares in issue immediately before the reverse acquisition;

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.4 Basis of consolidation (Cont'd)

The key features of the basis of consolidation under reverse acquisition are as follows: (cont'd)

- The assets and liabilities of CSB are recognised and measured in the consolidated financial statements at their pre-combination carrying amounts. The retained earnings and other equity balances recognised in the consolidated financial statements are those of CSB immediately before the business combination;
- The Company has been consolidated from the date of the reverse acquisition using the fair value of the identifiable assets, liabilities and contingent liabilities at that date. The cost of business combination was RM2 and therefore, goodwill of RM127,316 arose from the reverse acquisition; and
- The amount recognised as issued instruments in the consolidated financial statements is determined by adding the cost of business combination to the issued equity of CSB immediately before the business combination. However, the equity structure appearing in the consolidated financial statements is of the Company. Therefore, a reverse acquisition reserve of RM36,700,000 has been created, being the difference between the required Group's equity structure and the reported equity of the Company.

#### *Changes of Interests in Subsidiaries*

The changes of interests in subsidiaries that do not result in a loss of control are treated as equity transactions between the Group and non-controlling interest holders. Any gain or loss arising from equity transactions is recognised directly in equity.

#### *Loss of control*

When the Company loses control of a subsidiary:

- (i) It derecognises the assets and liabilities, non-controlling interests, and other amounts previously recognised in other comprehensive income relating to the former subsidiary.
- (ii) It recognises any gain or loss in profit or loss attributable to the Group, which is calculated as the difference between (i) the aggregate of the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control; plus any investment retained in the former subsidiary at its fair value at the date when control is lost; and (ii) the net carrying amount of assets, liabilities, goodwill and any non-controlling interests attributable to the former subsidiary at the date when control is lost.
- (iii) It recognises any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant MFRS. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with MFRS 9 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.





## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.4 Basis of consolidation (Cont'd)

##### *Transactions with non-controlling interests*

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity.

Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners.

On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

#### 2.5 Business combination

The Group accounts for each business combination by applying the acquisition method.

The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer.

The Group accounts for acquisition related costs as expenses in the periods in which the costs are incurred and the services are received.

For each business combination, the Group measures at the acquisition date, components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at either: (i) fair value; or (ii) the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

On the date of acquisition, goodwill is measured as the excess of (a) over (b) below:

- (a) The aggregate of: (i) the fair value of consideration transferred; (ii) the amount of any non-controlling interest in the acquiree; and (iii) in a business combination achieved in stages, the fair value of the Group's previously held equity interest in the investee.
- (b) The net fair value of the identifiable assets acquired and the liabilities assumed.

A business combination in which the amount in (b) above exceeds the aggregate of the amounts in (a) above, the Group recognises the resulting gain in profit or loss on the acquisition date.

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.6 Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are measured at cost less impairment losses, if any. Impairment losses are charged to profit or loss.

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

#### 2.7 Investment in an associate

An associate is an entity in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

An investment in an associate is accounted for in the consolidated financial statements using the equity method of accounting from the date on which the Group obtains significant influence until the date the Group ceases to have a significant influence over the associate. Under the equity method, the investment in an associate is initially recognised at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associate.

The Group's share of net profit or loss and changes recognised directly in the other comprehensive income of the associate is recognised in the consolidated statement of comprehensive income.

Premium relating to an associate is included in the carrying value of the investment and it is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment.

Discount on acquisition is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

Unrealised gains or losses on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate.

Equity accounting is discontinued when the carrying amount of the investment in an associate diminishes by virtue of losses to zero, unless the Group has legal or constructive obligations or made payments on behalf of the associate.

The results and reserves of associate is accounted for in the consolidated financial statements based on financial statements made up to the end of the financial year and prepared using accounting policies that conform to those used by the Group for like transactions in similar circumstances.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate is recognised at fair value on the date when significant influence is lost. Any gain or loss arising from the loss of significant influence over an associate is recognised in profit or loss.

When changes in the Group's interest in an associate that do not result in a loss of significant influence, the retained interest in the associate is not remeasured. Any gain or loss arising from the changes in the Group's interest in the associate is recognised in profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.7 Investment in an associate (Cont'd)

In the Company's separate financial statements, investment in an associate is measured at cost less impairment losses, if any. Impairment loss is recognised in profit or loss.

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

#### 2.8 Plant and equipment

##### (a) Measurement basis

Plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the assets.

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

Plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

##### (b) Depreciation

Capital work-in-progress is not depreciated as the asset is not yet available for use.

Depreciation is calculated to write off the depreciable amount of other plant and equipment on a straight line basis over their estimated useful lives. Depreciable amount is determined after deducting the residual value from the cost.

The principal annual rates used for this purpose are:

Machinery, furniture and site equipment	20%
Office equipment and renovation	10% - 20%
Motor vehicles	20%
Computer and peripherals	20% - 33.33%
Plant	4.76%

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.9 Intangible assets

##### (a) Intangible assets recognised pursuant to IC Interpretation 12 *Service Concession Arrangements* ("IC 12")

Intangible assets comprising concession rights and the intangible asset model, as defined in IC 12 are stated as cost less accumulated amortisation and impairment losses.

Intangible assets are not amortised during the year as the concession assets are still under construction. The amortisation begins when the concession assets are completed and ready for it to be capable of operating in the manner intended by management. The management intends to adopt the revenue-based amortisation policy over the duration of the concession agreement, which is in line with the pattern in which the assets' economic benefits are consumed.

At end of each reporting period, the Group assesses whether there is any indication of impairment. If such indication exists, the carrying amount is assessed and written down immediately to its recoverable amount.

The intangible asset model, as defined in IC 12, applies to service concession arrangements where the grantor has not provided a contractual guarantee in respect of the amount receivable for constructing and operating the asset. Under this model, during construction or upgrade phase, the Group records an intangible asset representing the right to charge users of the public service and recognised profits from the construction or upgrade of the public service infrastructure. Income and expenses associated with construction contracts are recognised in accordance with MFRS 111 *Construction Contracts*.

Borrowing costs incurred in connection with an arrangement falling within the scope of IC 12 will be expensed as incurred, unless the Group recognises an intangible asset under the interpretation. In this case, borrowing costs are capitalised in accordance with the general rules of MFRS 123 *Borrowing Costs*.

##### (b) Research and development expenditure

Research expenditure is recognised as an expense when it is incurred.

Expenditure on development activities, whereby the application research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised as intangible assets when the following criteria are fulfilled:

- (i) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (ii) management intends to complete the intangible asset and use or sell it;
- (iii) there is an ability to use or sell the intangible asset;
- (iv) it can be demonstrated how the intangible asset will generate probable future economic benefits;
- (v) adequate technical, financial and other resources, to complete the development projects and to use or sell the intangible asset, are available; and



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.9 Intangible assets (Cont'd)

##### (b) Research and development expenditure (Cont'd)

(vi) the expenditure attributable to the intangible asset during its development can be reliably measured.

The expenditure capitalised include the cost of materials, expertise, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as an asset in the subsequent period. Other development expenditure that do not meet these criteria is recognised as an expense when incurred.

The development expenditure is amortised on a straight-line basis over its useful life from the point at which the asset is ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

The amortisation method, useful lives and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

##### (c) Club membership

Club membership is stated at cost. It is not amortised as it has an indefinite useful life.

##### (d) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

#### 2.10 Impairment of non-financial assets

##### (a) Goodwill

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the goodwill may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") that are expected to benefit from synergies of the business combination.

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.10 Impairment of non-financial assets (Cont'd)

##### (a) Goodwill (Cont'd)

An impairment loss is recognised when the carrying amount of the CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of the CGU is the higher of the CGU's fair value less cost to sell and its value in use.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU proportionately on the basis of the carrying amount of each asset in the CGU.

Impairment loss recognised for goodwill is not reversed in the event of an increase in recoverable amount in subsequent periods.

##### (b) Other non-financial assets

Plant and equipment, intangible assets other than goodwill, investments in subsidiaries and investment in an associate are assessed at each reporting date to determine whether there is any indication of impairment.

If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

#### 2.11 Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

##### (a) Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.11 Financial instruments (Cont'd)

##### (b) Financial instrument categories and subsequent measurement

###### Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity investments or loans and receivables, as appropriate. Management determines the classification of the financial assets upon initial recognition depends on the nature and purpose of the 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. A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting.

###### *Financial assets at fair value through profit or loss*

This category includes financial assets held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) and financial assets that are specifically designated into this category upon initial recognition. On initial recognition, these financial assets are measured at fair value.

The subsequent measurement of financial assets in this category is at fair values with changes in fair value recognised as gains or losses.

The Group and the Company have not designated any financial assets as at fair value through profit or loss.

###### *Loans and receivables*

This category comprises trade and other receivables and cash and cash equivalents. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets.

The subsequent measurement of financial assets in this category is at amortised cost using the effective interest method, less allowance for impairment losses.

###### *Held-to-maturity investments*

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.11 Financial instruments (Cont'd)

##### (b) Financial instrument categories and subsequent measurement (Cont'd)

###### *Held-to-maturity investments (cont'd)*

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

The Group and the Company have not designated any financial assets as held-to-maturity investments.

###### *Available for sale financial assets*

This category comprises investments in equity and debt securities that are not held for trading or designated at fair value through profit or loss.

The subsequent measurement of financial assets in this category is at fair value, unless the fair value cannot be measured reliably, in which case they are measured at cost less impairment loss.

Any gains or losses arising from changes in fair value of a financial asset in this category are recognised in other comprehensive income, except for impairment losses, until the investment is derecognised, at which time the cumulative gain or loss previously reported in other comprehensive income is reclassified to the income statement. Interest calculated for a debt instrument using the effective interest method is recognised in the income statement.

The Group and the Company have not designated any financial assets as available-for-sale financial assets.

###### Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities at amortised cost.

Financial liabilities at fair value through profit or loss comprises financial liabilities that are held for trading, derivatives (except for a designated and effective hedging instrument) and financial liabilities that are specifically designated into this category upon initial recognition. These financial liabilities are subsequently measured at their fair values with the gain or loss recognised in the profit or loss.

The Group and the Company only have financial liabilities categorised as financial liabilities at amortised cost which are measured using the effective interest method and are recognised in profit or loss.

##### (c) Derecognition of financial assets and liabilities

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset.





## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.11 Financial instruments (Cont'd)

##### (c) Derecognition of financial assets and liabilities (Cont'd)

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received together with any cumulative gain or loss that has been recognised in equity is recognised in profit or loss.

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharge or cancelled or expires.

On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### 2.12 Impairment of financial assets

All financial assets, except for investments in subsidiaries, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

##### *Assets carried at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against carrying amount of the financial asset.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

#### 2.13 Equity instruments

Ordinary shares are recorded at the proceed received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity instruments.

Dividends on equity instruments are recognised in equity in the period in which they are declared.

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.14 Revenue recognition

##### (a) Landscaping, infrastructure, environmental engineering projects and maintenance contracts

The contracts comprise revenue from providing an integral turnkey contract services, management services and planning and design services for external built environments and infrastructure works.

Revenue from landscaping, infrastructure and environmental engineering projects are recognised based on claims submitted to or certified by customers. Maintenance contracts are based on scheduled monthly work performed as stipulated in the contracts.

Revenue from landfill projects are recognised based on work performed in accordance to a percentage of completion basis.

##### (b) Sale of electricity generated from renewable energy park

Revenue from the sale of electricity generated from the renewable energy park is recognised as and when the electricity is delivered to the off-taker, based on the invoiced value of sale of electricity computed at a pre-determined rate. This revenue also includes an estimated value of the electricity delivered from the date of their last meter reading and period end. Accrued unbilled revenues are reversed in the following month when actual billings occur.

##### (c) Construction contracts

Revenue from construction contracts is recognised on the percentage of completion method where the outcome of the contracts can be reliably estimated.

Revenue from construction contracts represents the proportionate contract value on construction contracts attributable to the percentage of contract work performed during the financial year.

##### (d) Management fee

Revenue from management fee is recognised on accrual basis when the services are rendered.

##### (e) Dividend income

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

##### (f) Interest income

Interest income is recognised using the effective interest method.

##### (g) Services

Revenue from services fee is recognised on accrual basis when the services are performed.



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.15 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

##### (a) Finance lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Plant and equipment acquired by way of finance leases are stated at amount equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and any impairment losses.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the leases, if this is determined, if not the Group's incremental borrowing rate is used.

##### (b) Operating lease

An operating lease is a lease other than a finance lease.

Operating lease income or operating lease rentals are credited or charged to profit or loss on a straight-line basis over the period of the lease.

#### 2.16 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

#### 2.17 Employee benefits

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

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees.

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.17 Employee benefits (Cont'd)

##### (b) Defined contribution plans

The Company and its subsidiaries pay monthly contributions to the Employees Provident Fund (“EPF”) which is a defined contribution plan.

The legal or constructive obligation of the Company and its subsidiaries is limited to the amount that they agree to contribute to the EPF. The contributions to the EPF are charged to profit or loss in the period to which they relate.

##### (c) Employees leave entitlement

Employees entitlement to annual leave are recognised as a liability when they accrue to the employee. The estimated liability for leave is recognised for services rendered by employees up to the reporting date.

##### (d) Employees’ Share Option Scheme (“ESOS”)

Employees and directors of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees and directors 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 employee share option reserve over the vesting period.

The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’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 employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued.

#### 2.18 Government grant

Government grants, including non-monetary grants at fair value, shall not be recognised until there is reasonable assurance that: (a) the Group will comply with the conditions attaching to them; and (b) the grants will be received.

Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. The Group has presented the grant as a deduction in the related expenses.



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.19 Income tax

The income tax expense in profit or loss represents the aggregate amount of current tax and deferred tax.

Current tax is the expected income tax payable or receivable on the taxable income or loss for the year, estimated using the tax rates enacted or substantially enacted by the end of the reporting period.

On the statements of financial position, a deferred tax liability is recognised for taxable temporary differences while a deferred tax asset is only recognised for deductible temporary differences and unutilised tax losses to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and unutilised tax losses can be utilised.

No deferred tax is recognised for temporary differences arising from the initial recognition of:

- (i) goodwill, or
- (ii) an asset or liability which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on the tax rates enacted or substantively enacted by the end of the reporting period that are expected to apply to the period when the asset is realised or when the liability is settled.

Current tax and deferred tax are charged or credited directly to other comprehensive income if the tax relates to items that are credited or charged, whether in the same or a different period, directly to other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to same taxable entity and the same taxation authority.

#### 2.20 Foreign currencies

- (a) Functional currency is the currency of the primary economic environment in which an entity operates.**

The financial statements of each entity within the Group are measured using their respective functional currency.

- (b) Transactions and balances in foreign currencies**

Transactions in currencies other than the functional currency ("foreign currencies") are translated to the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary items denominated in foreign currencies at the reporting date are translated at foreign exchange rates ruling at that date.

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at foreign exchange rates ruling at the date of the transaction.

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.20 Foreign currencies (Cont'd)

##### (b) Transactions and balances in foreign currencies (Cont'd)

Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the foreign exchange rates ruling at the date when the fair values were determined.

Exchange differences arising on the settlement of monetary items and the translation of monetary items are included in profit or loss for the period.

When a gain or loss on a non-monetary item is recognised directly in other comprehensive income, any corresponding exchange gain or loss is recognised directly in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any corresponding exchange gain or loss is recognised in profit or loss.

##### (c) Translation of foreign operations

For consolidation purposes, all assets and liabilities of foreign operations that have a functional currency other than RM are translated at the exchange rates ruling at the reporting date.

Income and expense items are translated at exchange rates approximating those ruling on transactions dates.

All exchange differences arising from the translation of the financial statements of foreign operations are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

#### 2.21 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, short term deposits at call and short term deposits pledged to banks which are subject to insignificant risk of changes in value and have average maturity below 90 days.

For the purpose of statements of cash flows, cash and cash equivalents exclude short term deposits with maturity above 90 days.

#### 2.22 Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively. The Group and the Company use the percentage of completion method to determine the appropriate amount of revenue and costs to recognise in a given period; the stage of completion is measured by reference to the certified work done to date of the proportion the contract costs incurred for work performed to date compared to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probably will be recoverable; contract costs are recognised as an expense in the period in which they are incurred.



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.22 Construction contracts (Cont'd)

Irrespective of whether the outcome of the construction contract can be estimated reliably, when it is probable that the total contract costs will exceed the total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the cost incurred and the attributable profit or loss recognised on each contract is compared against the progress billing up to the financial year end. When costs incurred plus attributable profits (less foreseeable losses, if any), exceed progress billing, the balance is shown as amount due from customers on construction contracts under receivables (within current assets). Where progress billing exceeds cost incurred plus attributable profits (less foreseeable losses, if any), the balance is shown as amount due to customers on construction contracts under payables (within current liabilities).

#### 2.23 Provisions

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### 2.24 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

At the reporting date, no value was placed on corporate guarantee provided by the Company to secure credit facility granted to its subsidiaries because there was no significant difference in the net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee where the directors regard the value of the credit enhancement provided by the corporate guarantee as minimal.

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 30 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities at the end of reporting period, and reported amounts of income and expenses during the financial year.

Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factor, including expectations for future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

#### 3.1 Judgments made in applying accounting policies

The significant judgements made by management in the process of applying the Group's accounting policies that have a significant effect on the amounts recognised in the financial statements are as follows:

##### (a) Revenue from landscaping, infrastructure and environmental engineering projects

The Group and the Company recognise revenue from landscaping, infrastructure and environmental projects based on claims submitted to or certified by customers. However, there are circumstances where revenue is recognised based on work performed but yet to be certified by customers, which are commonly encountered in the final claim submitted upon the completion of the entire project.

In such circumstances, significant judgement is required in determining the amount to be recognised as revenue based on work performed. In making the judgement, the Group and the Company evaluate based on past experience and by relying on the work of other specialists. It is also the policy of the Group and of the Company to have informal discussion with the customers on the amount to be claimed before the formal claims are submitted.

The directors are of the opinion that all claims submitted based on work performed will not differ materially from the eventual certification by the customers.





## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

#### 3.1 Judgments made in applying accounting policies (Cont'd)

##### (b) Revenue from construction and services contracts

The Group and the Company recognise contract revenue and cost based on percentage of completion method. The stage of completion is measured by reference to the contract costs incurred for work performed to date bear to the estimated total contract costs. Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue (for contracts other than fixed price contracts) and contract costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from customers. In making these judgements, the Group and the Company rely on past experience and work of specialist.

##### (c) Revenue and cost recognition for intangible assets model

The Group adopts the intangible asset model as defined in IC 12, and has recognised a reasonable construction margin for the construction of its concession assets. Income and expenses associated with the said construction are recognised based on percentage of completion method. The estimated margin is based on relative fair value of the concession assets less estimated cost of construction of the concession assets.

#### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are as follows:

##### (a) Impairment of intangible assets

The Group and the Company determine whether concession asset, development expenditure and goodwill are impaired at least on an annual basis. This requires an estimation of the value in use of the CGU to which these assets are allocated. Estimating the value in use requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those future cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying amounts of the intangible assets.

##### (b) Impairment of investments in subsidiaries and plant and equipment

The management determines whether the carrying amounts of its investments in subsidiaries and plant and equipment are impaired at each reporting date. This involves measuring the recoverable amounts which includes fair value less costs to sell. Based on the assessment of the directors, adequate impairment losses have been recognised in the financial statements of the Group and of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

#### 3.2 Key sources of estimation uncertainty (Cont'd)

##### (c) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 9.

##### (d) ESOS

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and model used for estimating fair value for payment transactions are disclosed in Note 14.

##### (e) Income taxes

Significant judgement is involved in determining the capital allowances and deductibility of expenses during the estimation of the provision for income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

##### (f) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unutilised tax credits and tax losses to the extent that it is probable that taxable profits will be available in future against which the deductible temporary differences and unutilised tax losses can be utilised.

Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profit together with future tax planning strategies.



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 4. PLANT AND EQUIPMENT

Group	Machinery, furniture and site equipment RM	Office equipment and renovation RM	Motor vehicles RM	Computer and peripherals RM	Plant RM	Capital work-in- progress RM	Total RM
<b>Cost</b>							
At 1 November 2015	3,705,764	691,081	3,581,662	1,411,460	264,677,834	19,554,989	293,622,790
Additions	-	1,394	562,000	86,651	1,018,217	572,039	2,240,301
Reversal	-	-	-	-	-	(369,032)	(369,032)
Reclassification	-	-	-	-	47,203	(47,203)	-
At 31 October 2016	3,705,764	692,475	4,143,662	1,498,111	265,743,254	19,710,793	295,494,059
Additions	-	126,573	1,163,763	22,707	-	638,884	1,951,927
Disposals	-	-	(547,830)	-	-	-	(547,830)
At 31 October 2017	<b>3,705,764</b>	<b>819,048</b>	<b>4,759,595</b>	<b>1,520,818</b>	<b>265,743,254</b>	<b>20,349,677</b>	<b>296,898,156</b>
<b>Accumulated depreciation</b>							
At 1 November 2015	2,083,127	501,622	2,239,712	1,270,397	35,290,155	-	41,385,013
Charge for the year	187,462	115,057	490,078	68,550	12,649,388	-	13,510,535
At 31 October 2016	2,270,589	616,679	2,729,790	1,338,947	47,939,543	-	54,895,548
Charge for the year	173,029	88,825	555,333	62,418	12,657,842	-	13,537,447
Disposals	-	-	(547,830)	-	-	-	(547,830)
At 31 October 2017	<b>2,443,618</b>	<b>705,504</b>	<b>2,737,293</b>	<b>1,401,365</b>	<b>60,597,385</b>	<b>-</b>	<b>67,885,165</b>
<b>Net carrying amount</b>							
At 31 October 2017	<b>1,262,146</b>	<b>113,544</b>	<b>2,022,302</b>	<b>119,453</b>	<b>205,145,869</b>	<b>20,349,677</b>	<b>229,012,991</b>
At 31 October 2016	1,435,175	75,796	1,413,872	159,164	217,803,711	19,710,793	240,598,511

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 4. PLANT AND EQUIPMENT (CONT'D)

Company	Office equipment and renovation RM	Motor vehicles RM	Computer and peripherals RM	Total RM
<b>Cost</b>				
At 1 November 2015	458,850	30,049	230,159	719,058
Additions	-	-	82,822	82,822
At 31 October 2016	458,850	30,049	312,981	801,880
Additions	69,969	-	22,707	92,676
At 31 October 2017	<b>528,819</b>	<b>30,049</b>	<b>335,688</b>	<b>894,556</b>
<b>Accumulated depreciation</b>				
At 1 November 2015	346,305	25,110	113,315	484,730
Charge for the year	91,169	4,294	60,417	155,880
At 31 October 2016	437,474	29,404	173,732	640,610
Charge for the year	69,621	645	54,603	124,869
At 31 October 2017	<b>507,095</b>	<b>30,049</b>	<b>228,335</b>	<b>765,479</b>
<b>Net carrying amount</b>				
At 31 October 2017	<b>21,724</b>	-	<b>107,353</b>	<b>129,077</b>
At 31 October 2016	21,376	645	139,249	161,270



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 4. PLANT AND EQUIPMENT (CONT'D)

Acquisitions of plant and equipment during the financial year were financed by:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cash payments	922,927	1,790,301	92,676	82,822
Finance lease arrangement	1,029,000	450,000	-	-
	1,951,927	2,240,301	92,676	82,822

#### Assets held under finance lease

The carrying amount of Group's motor vehicles held under finance leases at the reporting date was RM2,022,302 (2016: RM1,411,940).

The Group's motor vehicles held under finance leases are pledged as security for the related lease liabilities (Note 25 (c)).

#### Capital work in-progress

The capital work in-progress relates to expenditures for renewable energy plants in the course of construction.

#### Capitalisation of borrowing costs

The Group's plant and equipment include borrowing costs arising from bank loans borrowed specifically for the purpose of the construction of the plants. During the financial year, the borrowing costs capitalised as cost of plant and equipment amounted to RM397,954 (2016: RM499,101).

### 5. INTANGIBLE ASSETS

Group	Intangible asset recognised pursuant to IC 12	Development expenditure	Club membership	Goodwill	Total
	RM	RM	RM	RM	RM
At 1 November 2015	358,505,371	9,194,321	170,000	455,148	368,324,840
Additions	168,099,798	3,248,619	-	-	171,348,417
At 31 October 2016	526,605,169	12,442,940	170,000	455,148	539,673,257
Additions	162,861,368	3,165,963	-	7,204	166,034,535
At 31 October 2017	689,466,537	15,608,903	170,000	462,352	705,707,792

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 5. INTANGIBLE ASSETS (CONT'D)

Company	2017 RM	2016 RM
<u>Development expenditure</u>		
At 1 November	15,784,716	11,057,063
Additions	4,585,962	4,727,653
At 31 October	<b>20,370,678</b>	15,784,716

(a) Intangible asset recognised pursuant to IC 12

On 9 November 2015, a wholly-owned subsidiary of the Company, Cypark Smart Technology Sdn. Bhd. ("CST") entered into a Concession Agreement ("CA") with the Solid Waste and Public Cleansing Management Corporation and the Government of Malaysia, which was represented by the Ministry of Housing and Local Government.

Pursuant to the Solid Waste and Public Cleansing Management Act 2007 (Act 672) and on a Public Private Partnership basis, the Government awarded to CST, the rights to undertake the design, construction, maintenance, operation and management of Solid Waste Modular Advanced Recovery and Treatment Systems incorporating Waste-to-Energy systems (the "SMART WTE System") at Ladang Tanah Merah, Negeri Sembilan under Build-Operate-Manage-Transfer concept for a period of 25 years, subject to the terms and conditions of the CA.

The SMART WTE System that entails SMART technology and design which utilises 100% clean technology concepts and system to produce renewable source for the production of renewable energy. The system consists of the following:

- Waste Receiving Facility
- Waste Segregation Facility
- Waste Recycling Facility
- Waste to Energy Plant
- Fully Anaerobic Bioreactor System
- Sanitary Landfill

Under the CA, the Government shall deliver the municipal waste from designated scheme areas to CST for treatment and disposal at the SMART WTE System. CST is entitled to be paid an agreed fee as defined in the CA known as tipping fees. CST shall also be generating revenue from sales of electricity for converting the waste to clean renewable energy under the Sustainable Energy Development Authority Malaysia ("SEDA") Act. CST has successfully secured the Feed-in Tariff ("FiT") quota to supply 25MW renewable energy from waste to energy source by SEDA pursuant to Section 7 of the Renewable Energy Act 2011.

Intangible asset represents fair value of the consideration receivable for the construction of the SMART WTE System during the construction stage on a mark-up basis of the cost incurred in connection with the CA.

As the concession asset is still under construction, hence the intangible asset is not amortised until it is complete or ready for it to be capable of operating in the manner intended by management.

The recoverable amount has been determined based on value in use calculation using cash flows projections covering a period of 25 years from financial budgets approved by the directors.



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 5. INTANGIBLE ASSETS (CONT'D)

#### (a) Intangible asset recognised pursuant to IC 12 (Cont'd)

The Group believes that any possible change in the above key assumptions applied is not likely to materially cause recoverable amount to be lower than its carrying amount.

During the financial year, the borrowing costs capitalised in the intangible asset amounted to RM19,263,033 (2016: RM11,684,737).

The intangible asset is pledged as security for the borrowing as disclosed in Note 15.

#### (b) Development expenditure

Development expenditure comprise of expenditures incurred on designing and testing of new or substantially improved products and processes relating to the use of a special technique and design of tools in renewable energy industry. Management believes that it will increase the yield and profit streams principally from renewable energy segment where it can be reasonably anticipated that the costs will be recovered through commercialisation, sale and marketing of all the resulting products from the development.

The development expenditure is not amortised during the financial year (2016: NIL) as it is not ready for its intended use as at the end of the reporting period. The development expenditure will be amortised using the straight-line basis over the estimated commercial lives once it is ready for use.

The recoverable amount has been determined based on value in use calculation using cash flows projections covering a period of 26 years from financial budgets approved by the directors.

The Group believes that any possible change in the above key assumptions applied is not likely to materially cause recoverable amount to be lower than its carrying amount.

#### (c) Goodwill

Goodwill arises from the reverse acquisition of the Company and also the business combination of certain subsidiaries in renewable energy segment. Goodwill is allocated, at acquisition date, to CGU that are expected to benefit from that business combination.

The Group tests the goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

##### (i) Goodwill arises from reverse acquisition

The recoverable amount of this goodwill has been determined based on value in use calculation using cash flow projections from financial budgets approved by the directors covering a five-year period.

##### (ii) Goodwill allocated to subsidiaries in sale of renewable energy segment

The recoverable amount of this goodwill has been determined based on value in use calculation using cash flow projections covering a period of 21 years from financial budgets approved by the directors.

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 5. INTANGIBLE ASSETS (CONT'D)

(c) Goodwill (Cont'd)

(ii) Goodwill allocated to subsidiaries in sale of renewable energy segment (Cont'd)

The cash flows were projected based on past experience, actual operating results and long term budget as the subsidiaries have entered into Renewable Energy Power Purchase Agreement (“REPPA”) with Tenaga Nasional Berhad for the sale of green electricity to them for a duration of 21 years from the day of inception. Management believe that the forecast was justified due to the long term nature of the business.

The revenue is projected in accordance with the installed capacity of the plant and FiT rate as stated in the REPPA. The budgeted gross margin used to determine the gross margin is the average gross margin achieved in the similar industry and achieved by the subsidiaries in the period immediately before the budget period.

The Group believes that any possible change in the above key assumptions applied is not likely to materially cause recoverable amount to be lower than its carrying amount.

The Group applies pre-tax discount rates ranging from 7% to 12% (2016: 7% to 12%) to the relevant future cash flows.

### 6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017	2016
	RM	RM
Unquoted shares, at cost	43,150,982	42,150,970

The subsidiaries, all incorporated in Malaysia, are as follows:

Name of subsidiaries	Principal activities	Proportion (%) of ownership interest	
		2017	2016
<i>Held by the Company:</i>			
Cypark Sdn. Bhd.	Landscape specialist that offers integrated turnkey contract services, management services, planning and design services for external built environment and landscape maintenance services, project management services and infrastructure developments	100	100
Cypark Renewable Energy Sdn. Bhd.	Investment holding and renewable energy specialist that offers environmental engineering and integrated turnkey contract services, management services and planning and design services	100	100





## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activities	Proportion (%) of ownership interest	
		2017	2016
<i>Held by the Company:</i>			
Cypark Smart Resources Sdn. Bhd.	Investment holding	100	100
Cypark FMS Sdn. Bhd.	Investment holding	100	-
Cypark Green Tech Sdn. Bhd.	Investment holding	100	-
<i>Held through Cypark Renewable Energy Sdn. Bhd.:</i>			
Cypark Suria (Negeri Sembilan) Sdn. Bhd.	Investment holding	100	100
Kenari Pasifik Sdn. Bhd.*#	Investment holding	-	-
Tiara Insight Sdn. Bhd.*#	Investment holding	-	-
Semangat Sarjana Sdn. Bhd.*#	Investment holding	-	-
<i>Held through Cypark Suria (Negeri Sembilan) Sdn. Bhd.:</i>			
Cypark Suria (Pajam) Sdn. Bhd.	Renewable energy	100	100
Cypark Suria (Kuala Sawah) Sdn. Bhd.	Renewable energy	100	100
Cypark Suria (Bukit Palong) Sdn. Bhd.	Dormant	100	100
Cypark Suria (Sua Betong) Sdn. Bhd.	Dormant	100	100
<i>Held through Kenari Pasifik Sdn. Bhd.:</i>			
Gaya Dunia Sdn. Bhd.*#	Renewable energy	-	-
<i>Held through Tiara Insight Sdn. Bhd.:</i>			
Rentak Raya Sdn. Bhd.*#	Renewable energy	-	-
<i>Held through Semangat Sarjana Sdn. Bhd.:</i>			
Ambang Fiesta Sdn. Bhd.*#	Renewable energy	-	-
<i>Held through Cypark Smart Resources Sdn. Bhd.:</i>			
Cypark Smart Technology (Holdings) Sdn. Bhd.	Investment holding	100	100

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activities	Proportion (%) of ownership interest	
		2017	2016
<i>Held through Cypark Smart Technology (Holdings) Sdn. Bhd.:</i>			
Cypark Smart Technology (NS) Sdn. Bhd.	Investment holding	100	100
<i>Held through Cypark Smart Technology (NS) Sdn. Bhd.:</i>			
Cypark Smart Technology Sdn. Bhd.	Waste management facilities	100	100
<i>Held through Cypark FMS Sdn. Bhd.:</i>			
Aomori Kogaku Sdn. Bhd.	Dormant	70	-
<i>Held through Cypark Green Tech Sdn. Bhd.:</i>			
Reviva Sdn. Bhd.	Investment holding	100	-
Cypark RE Store Sdn. Bhd. (formerly known as Cypark Restore Sdn. Bhd.)	Dormant	100	-

\* Audited by firm other than Mazars PLT

# Refer to Note 6 (b)

(a) On 30 November 2016, the Company increased its equity interest in Cypark Renewable Energy Sdn. Bhd. ("CRE") from RM1,000,000 to RM2,000,000 by way of subscribing 1,000,000 ordinary shares of RM1 each in CRE through the capitalisation of amount owing by CRE amounting RM1,000,000 to the Company.

(b) Business combination

The Group has control over the financial and operating policies of these entities and receives substantially all of the benefits related to their operations and net assets with control obtained on 30 April 2013. Consequently, the Group consolidates these six companies as subsidiaries.

(c) The Group has assessed the non-controlling interest in the subsidiary of the Group and has determined that the non-controlling interest is not material to the Group's financial position as at 31 October 2017.

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 7. INVESTMENT IN AN ASSOCIATE

	Group	
	2017	2016
	RM	RM
Unquoted shares, at cost	3,000,000	-
Group's share of results	(40,626)	-
	<b>2,959,374</b>	-

The associate, incorporated in Malaysia, is as follows:

Name of associate	Principal activity	Proportion (%) of ownership interest	
		2017	2016
<i>Held through Reviva Sdn. Bhd.:</i>			
BAC Biomass (Kg. Gajah) Sdn. Bhd.	Business in design, develop and maintain biomass based renewable energy facility	34%	-

The associate is audited by firm other than Mazars PLT.

The associate is accounted for using equity method in the consolidated financial statements.

The financial year end of the associate is 31 December. The financial year end of the associate is determined by the controlling shareholders of the associate since its incorporation. For the purpose of applying equity method in the consolidated financial statements, the financial information of the associate for the period ended 31 October 2017 had been used.

The summarised financial information of the Group's associate as at 31 October 2017 is as follows:

	2017
	RM
Non-current assets	2,418,832
Current assets	1,467,789
Current liabilities	(5,061)
Revenue	106,406
Loss for the period	(119,490)
Total comprehensive loss for the period	(119,490)

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 7. INVESTMENT IN AN ASSOCIATE (CONT'D)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements is as follows:

	2017 RM
Net assets	3,881,560
Proportion of ownership interest held by the Group	34%
Group's share of net assets	1,319,730
Goodwill	1,639,644
Carrying amount of the Group's interest in the associate	2,959,374

### 8. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets/(liabilities) as at reporting date relate to the following:

	As at 1 November 2015 RM	Recognised in profit or loss (Note 22) RM	As at 31 October 2016 RM	Recognised in profit or loss (Note 22) RM	As at 31 October 2017 RM
<b>Group</b>					
<b>Deferred tax assets:</b>					
Provisions	30,926	19,758	50,684	4,475	55,159
Trade payables	896,800	(587,778)	309,022	(307,929)	1,093
Trade receivables	50,958	(50,958)	-	-	-
Unabsorbed capital allowances	30,141,000	4,680,970	34,821,970	4,010,278	38,832,248
Unabsorbed investment tax allowances	1,045,262	1,161,035	2,206,297	971,954	3,178,251
	32,164,946	5,223,027	37,387,973	4,678,778	42,066,751
<b>Deferred tax liabilities:</b>					
Plant and equipment	(30,717,337)	(5,841,982)	(36,559,319)	(5,016,107)	(41,575,426)
	1,447,609	(618,955)	828,654	(337,329)	491,325
<b>Company</b>					
<b>Deferred tax assets:</b>					
Provisions	7,226	19,665	26,891	8,856	35,747
<b>Deferred tax liabilities:</b>					
Plant and equipment	(10,226)	(2,665)	(12,891)	7,144	(5,747)
	(3,000)	17,000	14,000	16,000	30,000

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 8. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Presented after appropriate offsetting as follows:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Deferred tax assets	516,325	838,654	30,000	14,000
Deferred tax liabilities	(25,000)	(10,000)	-	-
	491,325	828,654	30,000	14,000

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2017	2016
	RM	RM
Unutilised business losses	23,911,858	8,930,294
Unabsorbed investment tax allowances	247,796,182	251,846,009
	271,708,040	260,776,303

The Group is eligible to claim 100% (2016: 100%) investment tax allowance ("ITA") on all qualifying expenditures incurred for its renewable energy business segment, within 5 years from the date that the qualifying expenditure is first incurred. ITA on the said qualifying expenditure together with unutilised business losses are available for offset against the future taxable profits of the Group, subject to the agreement of the Inland Revenue Board.

### 9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
<b>Non-current</b>				
<b>Trade receivables</b>				
Retention sums	3,629,439	5,171,075	-	-
<b>Current</b>				
<b>Trade receivables</b>				
Third parties (Note 9(a))	86,686,927	36,370,004	32,177,245	8,238,074
Retention sums	3,937,536	1,791,198	699,226	699,226
Unbilled amounts due from customers on work performed (Note 9(a))	161,003,827	142,189,090	127,519,670	111,104,696
Amounts due from subsidiaries (Note 9(b))	-	-	10,900,000	11,800,000
	251,628,290	180,350,292	171,296,141	131,841,996

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 9. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
<b>Other receivables</b>				
Amounts due from subsidiaries (Note 9(b))	-	-	280,349,475	244,135,414
Sundry receivables	9,506,071	8,505,360	285,123	327,543
Refundable deposits	2,565,195	2,327,188	166,634	197,244
	<b>12,071,266</b>	10,832,548	<b>280,801,232</b>	244,660,201
	<b>263,699,556</b>	191,182,840	<b>452,097,373</b>	376,502,197
Total trade and other receivables	<b>267,328,995</b>	196,353,915	<b>452,097,373</b>	376,502,197
Total trade and other receivables	<b>267,328,995</b>	196,353,915	<b>452,097,373</b>	376,502,197
Add: Cash and bank balances (Note 11)	108,511,739	113,364,178	34,369,230	35,193,388
Less: Unbilled amounts due from customers on work performed	(161,003,827)	(142,189,090)	(127,519,670)	(111,104,696)
<b>Total loans and receivables</b>	<b>214,836,907</b>	167,529,003	<b>358,946,933</b>	300,590,889

#### (a) Trade receivables

The Group's and the Company's normal trade credit term ranges from 60 to 90 (2016: 60 to 90) days. Other credit terms are assessed and approved on a case-by-case basis. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

The retention sums are due upon the expiry of the defect liability period stated in the respective contracts. The defect liability periods ranged from 12 to 36 (2016: 12 to 36) months.

Subsequent to the financial year end and up to the date of this report, the Group and the Company has billed RM36,119,722 (2016: RM17,094,156) and RM22,572,089 (2016: RM13,098,100) respectively out of the unbilled amount due from customers on work performed.

Subsequent to the financial year end and up to the date of this report, trade receivables of the Group and the Company has recovered RM77,599,685 (2016: RM22,977,348) and RM41,827,017 (2016: RM2,837,700) respectively.

#### Ageing analysis of trade receivables

The ageing analysis of the Group's and Company's trade receivables (excluding unbilled amounts due from customers on work performed) are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Neither past due nor impaired	75,030,871	29,095,989	35,538,396	12,533,973
1 to 30 days past due not impaired	3,911,146	665,758	-	20,447
31 to 60 days past due not impaired	153,817	883,165	-	-
More than 60 days past due not impaired	15,158,068	12,687,365	8,238,075	8,182,880
	<b>19,223,031</b>	14,236,288	<b>8,238,075</b>	8,203,327
	<b>94,253,902</b>	43,332,277	<b>43,776,471</b>	20,737,300



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 9. TRADE AND OTHER RECEIVABLES (CONT'D)

#### (a) Trade receivables (Cont'd)

##### Ageing analysis of trade receivables (Cont'd)

##### (i) Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are retention sums and receivables from creditworthy customers with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year (2016: Nil).

##### (ii) Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM19,223,031 (2016: RM14,236,288) and RM8,238,075 (2016: RM8,203,327), respectively that are past due at the reporting date but not impaired. The Group's trade receivables arise from customers with more than four (2016: four) years of experience with the Group and with good track records. The receivables that are past due but not impaired are unsecured in nature. Having considered all pertinent information at the reporting date, the directors are of the opinion that no allowance for doubtful debts is required for these balances.

#### (b) Amounts due from subsidiaries

Amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

#### (c) Grant receivables

Included in sundry receivables is an amount of RM4,493,075 (2016: RM4,493,075) which represents the government grant receivable by the Group in relation to the construction of facilities for the WTE System project at Ladang Tanah Merah. In prior year, the grant income receivable of RM4,493,075 had been offset against its costs.

### 10. OTHER CURRENT ASSETS

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Prepaid operating expenses	496,556	1,056,732	244,204	454,735
Goods and services tax ("GST") recoverable	2,148,222	926,509	2,075,229	895,540
	<b>2,644,778</b>	1,983,241	<b>2,319,433</b>	1,350,275

GST recoverable pertains to net amount of GST recoverable from the Royal Malaysian Customs Department.

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 11. CASH AND BANK BALANCES

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Short term deposits with licensed banks	84,412,187	67,152,710	26,816,999	21,410,122
Cash at banks and on hand	24,099,552	46,211,468	7,552,231	13,783,266
Cash and bank balances (Note 9)	108,511,739	113,364,178	34,369,230	35,193,388

Deposits with licensed banks of the Group and of the Company amounting to RM64,010,987 (2016: RM49,162,221) and RM10,351,335 (2016: RM9,194,660) respectively are pledged to licensed banks for credit facilities granted to the Group and the Company.

The interest rates of deposits with licensed banks for the Group and the Company are ranging from 1.95% to 3.65% (2016: 1.95% to 3.40%) per annum. The maturities of these deposits are ranging from 1 to 365 (2016: 1 to 365) days.

For the purposes of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date.

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cash at banks and on hand	24,099,552	46,211,468	7,552,231	13,783,266
Short term deposits with licensed banks with maturities less than 90 days	79,369,112	62,273,177	26,816,999	21,410,122
Cash and cash equivalents	103,468,664	108,484,645	34,369,230	35,193,388

### 12. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	Share capital RM	Amount		Total share capital and share premium RM
			Share premium RM		
Issued and paid-up ordinary shares:					
At 1 November 2015	248,671,272	124,335,636	138,784,112		263,119,748
Issuance of shares under DRS	4,267,200	2,133,600	5,376,672		7,510,272
At 31 October 2016	252,938,472	126,469,236	144,160,784		270,630,020
Issuance of shares:					
- DRS	4,800,200	10,464,436	-		10,464,436
- Exercise of ESOS	3,254,500	7,633,756	-		7,633,756
Transition to no-par value regime	-	144,160,784	(144,160,784)		-
At 31 October 2017	260,993,172	288,728,212	-		288,728,212





## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 12. SHARE CAPITAL AND SHARE PREMIUM (CONT'D)

During the financial year, the Company increased its total number of issued and paid-up share capital from 252,938,472 ordinary shares to 260,993,172 ordinary shares by way of:

- (a) Issuance of 4,800,200 new ordinary shares in the Company ("CRB Shares") at an issue price of RM2.18 per share pursuant to the DRS; and
- (b) Issuance of 3,254,500 CRB Shares at an exercise price of RM2.12 per share pursuant to the exercise of options under the ESOS.

The new CRB Shares rank pari passu in all respects with the then existing ordinary shares of the Company.

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

The new Companies Act 2016 ("CA 2016") came into force on 31 January 2017 and pursuant to CA 2016:

- The concept of authorised share capital is abolished.
- All shares issued before or upon the commencement of CA 2016 shall have no par or nominal value.
- Upon commencement of CA 2016, any amount standing to the credit of the Company's share premium account shall become part of the Company's share capital.
- However, the Company may, within 24 months upon the commencement of CA 2016, use the amount standing to the credit of its share premium account for specific purposes set out in the transitional provisions of CA 2016.

There is no impact on the number of shares in issue as a result of this transition.

With the CA 2016 coming into effect on 31 January 2017, the credit balance in the share premium account of RM144,160,784 has been reclassified to the ordinary share capital account. Such credit balances may be utilised for purposes set out pursuant to Section 618(3) of CA 2016, within twenty-four (24) months from the effective date of the CA 2016. The board will make a decision thereon by 31 January 2019.

The reclassification does not give rise to the change in the number of shares in issue or the relative entitlement of any of the Company's shareholders.

#### Dividend Reinvestment Scheme ("DRS")

The DRS was established upon the approval from shareholders at the Annual General Meeting held on 21 April 2015. The DRS provides shareholders with the option to reinvest their dividends partially or wholly in new CRB shares in lieu of receiving cash.

Shareholders are expected to benefit from their participation in the DRS as the new shares may be issued at a discount and the DRS provides flexibility for the shareholders to choose to receive the dividends in cash or reinvesting them into the Company.

The DRS will also benefit the Company as the reinvestment of dividends by the shareholders in new shares will enlarge the share capital base and strengthen the capital position of the Company. The cash retained will be preserved to fund the Group's continuing growth and expansion plan and for the Group's working capital purpose.

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 12. SHARE CAPITAL AND SHARE PREMIUM (CONT'D)

#### Dividend Reinvestment Scheme ("DRS") (Cont'd)

In relation to dividends to be declared, the Board of directors ("Board") may, at its absolute discretion, determine whether to offer shareholders the reinvestment option and where applicable, the Electable Portion of the dividends to which the reinvestment option applies. The Company is not obliged to undertake the DRS for every dividend to be declared.

In this respect, the Electable Portion may encompass the whole dividends declared or only a portion of the dividends. In the event the Electable Portion is not applicable for the whole dividends declared, the Non-Electable Portion will be paid in cash.

The issue price of such new shares will be fixed by the Board on the price fixing date and shall be determined based on the 5-day Volume Weighted Average Price ("VWAP") of the CRB Shares immediately preceding the price fixing date, with a discount of not more than ten percent (10%). The VWAP shall be adjusted ex-dividends before applying the said discount in fixing the Issue Price. In any event, the Issue Price will not be lower than the par value of CRB Shares of RM0.50 each.

### 13. REVERSE ACQUISITION RESERVE

In accordance with the principles of reverse acquisition in MFRS 3: Business Combination, the amount recognised as issued instruments in the consolidated financial statements is determined by adding the cost of the business combination to the issued equity of the subsidiary being acquired immediately before the business combination. However, the equity structure appearing in the consolidated financial statements is of the Company.

Therefore, a reverse acquisition reserve of RM36,700,000 has been created, being the difference between the required Group's equity structure and the reported equity of the Company.

### 14. EMPLOYEE SHARE OPTION RESERVE

Employee share option reserve represents the equity-settled share options granted to the directors and employees. The reserve is made up of the cumulative value of services received from the directors and employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

The ESOS was implemented on 19 October 2015. The ESOS allows the Company to grant share options to eligible employees and directors of the Group of up to 15% of the issued and paid-up share capital of the Company. The ESOS is governed by the By-Laws which was approved by the shareholders at the Tenth Annual General Meeting on 21 April 2015. The ESOS shall be in force for a period of 5 years up to 18 October 2020 and pursuant to By-Laws 21, the Board shall have the discretion to extend the duration of the ESOS for a maximum period of 5 years.



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 14. EMPLOYEE SHARE OPTION RESERVE (CONT'D)

The salient features of the ESOS are as follows:

- (i) Option Committee is appointed by the Board to administer the ESOS, may from time to time grant options to eligible employees and directors of the Group to subscribe for new CRB Shares;
- (ii) The total number of new ordinary shares to be offered under the ESOS shall not exceed in aggregate fifteen percent (15%) of the issued and paid-up share capital of the Company at any point in time during the existence of the ESOS. In addition, not more than 10% of the new CRB Shares available under the ESOS shall be allocated to any individual director or employee who, either singly or collectively through person(s) connected with him/her, holds 20% or more in the issued and paid-up capital of the Company;
- (iii) Eligible persons are employees and directors of the Group that have attained the age of eighteen (18) years, in full time confirmed employment and payroll or such person is serving in a specific designation under an employee contract for a fixed duration of at least one (1) year, not a participant of any other employee share option scheme within the Group which is in force for the time being and such person has fulfilled any other eligibility criteria determined by the Option Committee. For the avoidance of doubt, the Option Committee may determine any other eligibility criteria and/or waive any of the conditions of eligibility as set out in the By-Laws, for purposes of selecting an eligible person at any time and from time to time, in the Option Committee's discretion;
- (iv) The criterion of allotment of new CRB Shares is by reference to the category of the eligible persons in consideration with due regard to, amongst others, the performance in the Group and seniority of the eligible persons;
- (v) The price at which the grantee is entitled to subscribe for each new CRB Share under the ESOS shall be determined based on the five (5)-day VWAP of the CRB Shares immediately preceding the date of offer, with a discount of not more than ten percent (10%) or such other percentage of discount as may be permitted by Bursa Malaysia Securities Berhad or any other relevant authorities from time to time during the duration of the ESOS. In any event, the exercise price of the ESOS options will not be lower than the par value of CRB Share of RM0.50 each;
- (vi) All new CRB Shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing CRB Shares except that the new CRB Shares issued will not be entitled to any dividend, rights or other distributions declared, made or paid to shareholders prior to the date of allotment; and
- (vii) The options granted under ESOS are not assignable.

The movements during the financial year in the number of ESOS of the Company are as follows:

	Number of option						
	Exercise price	At 1.11.2016	Granted	Exercised	Forfeited	At 31.10.2017	Expiry date
ESOS	RM2.12	-	23,100,000	(3,254,500)	-	19,845,500	18 October 2020

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 14. EMPLOYEE SHARE OPTION RESERVE (CONT'D)

#### Fair value of share options granted

The fair values of the share options granted under the ESOS was determined using the binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted. The model simulates the total shareholder return. It takes into account historic dividends, share price fluctuation covariance of the Company and each entity of the group of competitors to predict the distribution of relative share performance.

The significant inputs to the model were as follows:

Weighted average share price (RM)	2.40
Weighted average exercise price (RM)	2.12
Expected volatility (%)	24.82
Expected life (years)	3.48
Risk-free interest rate (%)	3.73
Dividend yield (%)	2.47

The expected life of the share options is based on historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility of share price is indicative of future trends, which may also not necessarily be the actual outcome.

### 15. LOANS AND BORROWINGS

	Maturity	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>Non-current</b>					
<b>Secured:</b>					
Finance leases (Note 25(c))	2019 - 2023	1,816,563	1,338,196	-	-
Term loans	2019 - 2026	445,761,471	322,771,784	-	-
		<b>447,578,034</b>	324,109,980	-	-
<b>Current</b>					
<b>Secured:</b>					
Finance leases (Note 25(c))	2018	511,009	439,228	-	-
Trust receipts	2018	47,623,195	53,163,480	14,987,359	27,692,076
Revolving credits	2018	48,000,000	48,000,000	2,000,000	2,000,000
Term loans	2018	23,958,320	17,358,320	-	-
		<b>120,092,524</b>	118,961,028	<b>16,987,359</b>	29,692,076
Total loans and borrowings (Note 16)		<b>567,670,558</b>	443,071,008	<b>16,987,359</b>	29,692,076



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 15. LOANS AND BORROWINGS (CONT'D)

The remaining maturities of the loans and borrowings at the reporting date are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
On demand or within 1 year	120,092,524	118,961,028	16,987,359	29,692,076
More than 1 year and less than 2 years	47,265,879	24,312,969	-	-
More than 2 years and less than 5 years	163,398,378	114,208,324	-	-
5 years or more	236,913,777	185,588,687	-	-
	567,670,558	443,071,008	16,987,359	29,692,076

The breakdown of Islamic & Conventional loans and borrowings are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
<b>Non-current</b>				
Islamic	365,632,706	229,758,728	-	-
Conventional	81,945,328	94,351,252	-	-
	447,578,034	324,109,980	-	-
<b>Current</b>				
Islamic	94,535,703	98,460,480	16,987,359	29,692,076
Conventional	25,556,821	20,500,548	-	-
	120,092,524	118,961,028	16,987,359	29,692,076
Total	567,670,558	443,071,008	16,987,359	29,692,076

#### Obligation under finance leases

These obligations are secured by a charge over the leased assets (Note 4). The flat discount rate implicit in these leases ranged between 2.31% and 3.40% (2016: 2.31% and 3.40%) per annum.

#### Bank overdrafts

Bank overdrafts bear interests ranging from base lending rate ("BLR") + 1% to BLR + 1.75% (2016: BLR + 1% to BLR + 1.75%) per annum.

#### Trust receipts

Trust receipts bear interests ranging from BLR + 0.5% to BLR + 1.25% and cost of funds ("COF") + 1% to COF + 1.25% (2016: BLR + 0.5% to BLR + 1.25% and COF + 1% to COF + 1.25%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 15. LOANS AND BORROWINGS (CONT'D)

#### Revolving credits

Revolving credits bear interest ranging from COF + 1.75% to COF + 2.5% (2016: COF + 1.75% to COF + 2.5%) and BLR + 0.75% (2016: BLR + 0.75%) per annum.

#### Term loans

Term loans bear interests ranging from COF + 1.75% to COF + 2.25% and at BLR (2016: COF + 2% to COF + 2.25% and at BLR) per annum.

The above facilities (except for obligation under finance lease and term loans) are secured by way of existing deposits pledged to the financial institutions and corporate guarantee issued by the Company.

The term loans, where applicable, are secured by the following:

- (a) a debenture over the fixed and floating charges over present and future assets of the projects funded;
- (b) an assignment over all revenue proceeds from the projects funded;
- (c) an assignment of all insurance policies relating to the projects funded;
- (d) a charge over the designated bank accounts of the project funded; and
- (e) a corporate guarantee issued by the Company.



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 16. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
<b>Non-current</b>				
<b>Trade payables</b>				
Third parties (Note 16(a))	-	17,523,649	-	-
Retention sums	8,511,152	10,631,454	-	-
	<b>8,511,152</b>	<b>28,155,103</b>	<b>-</b>	<b>-</b>
<b>Current</b>				
<b>Trade payables</b>				
Third parties (Note 16(a))	208,894,397	164,438,187	17,986,624	8,693,719
Retention sums	3,407,590	1,995,976	352,328	368,936
Amounts due to subsidiaries (Note 16(b))	-	-	39,611,228	17,015,351
	<b>212,301,987</b>	<b>166,434,163</b>	<b>57,950,180</b>	<b>26,078,006</b>
<b>Other payables</b>				
Amounts due to subsidiaries (Note 16(b))	-	-	144,493,144	108,755,704
Sundry payables	4,943,567	825,605	4,343,763	379,855
Accruals	11,022,681	10,637,225	6,903,847	6,996,420
	<b>15,966,248</b>	<b>11,462,830</b>	<b>155,740,754</b>	<b>116,613,979</b>
	<b>228,268,235</b>	<b>177,896,993</b>	<b>213,690,934</b>	<b>142,209,985</b>
Total trade and other payables	<b>236,779,387</b>	<b>206,052,096</b>	<b>213,690,934</b>	<b>142,209,985</b>
Total trade and other payables	<b>236,779,387</b>	<b>206,052,096</b>	<b>213,690,934</b>	<b>142,209,985</b>
Add: Loans and borrowings (Note 15)	<b>567,670,558</b>	<b>443,071,008</b>	<b>16,987,359</b>	<b>29,692,076</b>
<b>Total financial liabilities carried at amortised cost</b>	<b>804,449,945</b>	<b>649,123,104</b>	<b>230,678,293</b>	<b>171,902,061</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 16. TRADE AND OTHER PAYABLES (CONT'D)

#### (a) Trade payables

These amounts are non-interest bearing. The normal trade credit terms granted to the Group and the Company are ranging from 30 to 90 (2016: 30 to 90) days although it is customary for the credit terms to be extended beyond 90 days based on case-by-case basis.

The retention sums are payable to the contractors upon the expiry of the defect liability period stated in the respective contracts. The retention sums are payable upon the expiry of the defect liability period ranged from 12 to 36 (2016: 12 to 36) months.

Included in trade payables of the Group is an amount due to a related party, CyEn Resources Sdn. Bhd. of RM4,736,557 (2016: RM4,701,495).

Included in the Group's trade payables is an amount of approximately RM83,000,000 (2016: RM89,600,000) which will be satisfied through the disbursement of the long term bank loans secured from the local financial institutions in the next financial year.

#### (b) Amounts due to subsidiaries

These amounts are unsecured, non-interest bearing and repayable on demand.

### 17. REVENUE

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Environmental engineering	<b>222,320,230</b>	195,480,614	<b>61,644,894</b>	19,892,018
Landscaping and infrastructure	<b>26,449,461</b>	39,086,586	<b>14,000,000</b>	16,000,000
Maintenance works	<b>4,201,476</b>	1,817,670	<b>4,201,476</b>	1,817,670
Green tech and renewable energy	<b>48,713,260</b>	46,544,314	-	-
Management fee	-	-	<b>16,150,000</b>	14,050,000
Dividend income	-	-	<b>8,000,000</b>	10,000,000
	<b>301,684,427</b>	282,929,184	<b>103,996,370</b>	61,759,688

Included in the revenue of environmental engineering segment is an amount of RM143,598,335 (2016: RM156,415,061) which represents revenue from construction services contracts.





## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 18. COST OF SALES

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Environmental engineering	165,298,634	150,944,180	58,641,313	9,489,362
Landscaping and infrastructure	20,604,080	32,995,847	13,341,360	15,209,260
Maintenance works	2,771,127	1,410,000	3,547,709	1,410,000
Green tech and renewable energy	25,234,547	25,007,739	-	-
	<b>213,908,388</b>	210,357,766	<b>75,530,382</b>	26,108,622

Cost of sales comprised of sub-contractors' costs, material costs, labour costs and site expenses.

### 19. FINANCE COSTS

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Interest expense on:				
- bank overdrafts	13,403	62,721	-	-
- finance leases	97,301	95,127	-	-
- term loans	9,007,312	9,794,960	-	-
- revolving credits	514,501	792,941	-	-
- letter of credits	18,106	30,647	-	-
- trust receipts	653,550	603,964	-	-
- bank facility fees	-	10,000	-	-
- bank guarantee commissions	295,602	344,119	290,401	308,660
Unwinding of discount	1,195,242	74,979	-	-
	<b>11,795,017</b>	11,809,458	<b>290,401</b>	308,660

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 20. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Auditors' remuneration:				
- statutory audit	237,800	220,500	65,000	61,000
- non-statutory audit	5,000	5,000	5,000	5,000
Depreciation of plant and equipment	13,537,447	13,510,535	124,869	155,880
Employee benefits expense:				
- salaries and bonuses				
- current	12,519,019	14,223,098	1,055,910	4,641,431
- overprovision in prior year	(4,462,006)	(2,925,765)	(2,785,056)	(1,383,485)
- defined contribution plan				
- current	1,481,838	1,684,496	137,048	563,834
- overprovision in prior year	(604,783)	(351,091)	(379,780)	(166,018)
- social security contributions	65,704	62,701	10,369	9,367
- other benefits	750,148	768,592	416,050	401,520
ESOS expense	5,211,361	-	5,211,361	-
Finance income – other liabilities at amortised costs	-	(435,804)	-	(7,678)
Foreign exchange loss/(gain):				
- realised	235,404	1,825,695	-	-
- unrealised	(1,291,398)	(2,425,650)	-	-
Gain on disposal of plant and equipment	(88,000)	-	-	-
Interest income	(2,608,579)	(2,985,971)	(1,035,409)	(1,413,568)
Non-executive directors' remuneration (Note 21)	729,360	468,000	729,360	468,000
Minimum operating lease payments on:				
- premises	6,333,164	6,639,269	86,688	112,459
- site equipment	42,819	87,633	-	-
- motor vehicles	496,823	624,705	109,000	186,450
- office equipment	49,430	47,601	8,484	9,701
- land	492,983	510,889	-	-



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 21. DIRECTORS' REMUNERATIONS

The details of remunerations receivable by directors of the Company are as follows:

	Group and Company	
	2017	2016
	RM	RM
<b>Executive:</b>		
Salaries and other allowances	5,082,869	2,694,000
Defined contribution plan	609,945	315,360
Social security contribution	1,421	887
ESOS expense	2,707,200	-
Total executive directors' remuneration	8,401,435	3,010,247
<b>Non-executive:</b>		
Directors' fees	594,000	468,000
ESOS expense	135,360	-
Total non-executive directors' remuneration	729,360	468,000
Total directors' remuneration (Note 24(b))	9,130,795	3,478,247

### 22. TAX EXPENSE

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Malaysian tax:				
- current	11,715,310	7,953,884	3,700,000	3,900,000
- overprovision in prior year	(65,484)	(206,404)	(16,310)	(163,090)
	11,649,826	7,747,480	3,683,690	3,736,910
Deferred tax: (Note 8)				
- origination/(reversal) of temporary differences	337,329	613,955	(16,000)	(17,000)
- underprovision in prior year	-	5,000	-	-
	337,329	618,955	(16,000)	(17,000)
	11,987,155	8,366,435	3,667,690	3,719,910

The Malaysian corporate tax rate will be reduced to a range of 20% to 24% from the current year's tax rate of 24% for years of assessment 2017 and 2018. The reduction in income tax rate is based on the percentage of increase in chargeable income as compared to immediate preceding year of assessment.

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 22. TAX EXPENSE (CONT'D)

The provision for taxation differs from the amount of taxation determined by applying the applicable statutory tax rate to the profit before tax as a result of the following differences:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Profit before tax (excluding share of results of associate)	69,630,440	60,079,665	17,637,518	25,816,284
Taxation at applicable tax rate of 24% (2016:24%)	16,711,306	14,419,120	4,233,004	6,195,908
Non-deductible expenses	2,635,632	1,129,312	1,511,692	255,146
Non-taxable income	(5,294,788)	(4,998,174)	(2,060,696)	(2,568,054)
Effect from deductibility of borrowing costs capitalised in intangible assets	(4,623,128)	(2,804,337)	-	-
Effect arising from utilisation of investment tax allowances	-	(255,701)	-	-
Origination of deferred tax assets not recognised	2,623,617	1,077,619	-	-
Overprovision of income tax in prior year	(65,484)	(201,404)	(16,310)	(163,090)
	11,987,155	8,366,435	3,667,690	3,719,910

### 23. EARNINGS PER SHARE

#### Basic earnings per share

The basic earnings per share is calculated by dividing the Group's profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year. The weighted average number of ordinary shares in issue is calculated as follows:

	Group	
	2017	2016
Profit for the year attributable to owners of the Company (RM)	57,604,032	51,713,230
Number of ordinary shares at beginning of the year	252,938,472	248,671,272
Effect of shares issued pursuant to:		
- DRS	1,722,812	1,620,603
- exercise of ESOS	1,350,949	-
Weighted average number of ordinary shares	256,012,233	250,291,875
Basic earnings per share (sen)	22.50	20.66



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 23. EARNINGS PER SHARE (CONT'D)

#### Diluted earnings per share (Cont'd)

The diluted earnings per share has been calculated by dividing the Group's profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares that would have been in issue upon full exercise of the options under ESOS, adjusted for the number of such shares that would have been issued at fair value at the date of the issue of ESOS, calculated as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
Profit for the year attributable to owners of the Company (RM)	<b>57,604,032</b>	51,713,230
Weighted average number of ordinary shares for basic earnings per share	<b>256,012,233</b>	250,291,875
Assumed shares issued from the exercise of ESOS	<b>1,987,182</b>	-
Adjusted weighted average number of ordinary shares	<b>257,999,415</b>	250,291,875
Diluted earnings per share (sen)	<b>22.33</b>	20.66

### 24. SIGNIFICANT RELATED PARTY TRANSACTIONS

- (a) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties during the financial year:

	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>Group</b>		
Accounting fees charged to a related party*	<b>(30,000)</b>	(30,000)
Amount charged to a related party for work performed on renewable energy projects*	<b>(500,000)</b>	-
Amount charged by a related party for work performed on the maintenance works projects*	<b>753,676</b>	-
Amount charged by a related party for work performed on the landscaping and infrastructure projects*	-	1,202,128
Amount charged by a related party for work performed on the environmental engineering projects*	<b>9,589,145</b>	8,316,520

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 24. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

- (a) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties during the financial year: (Cont'd)

	2017 RM	2016 RM
<b>Company</b>		
Dividend received from subsidiaries	<b>(8,000,000)</b>	(10,000,000)
Management fees charged to subsidiaries	<b>(16,150,000)</b>	(14,050,000)
Staff costs reimbursed from a subsidiary	<b>(5,577,152)</b>	(4,843,260)
Amounts charged by a subsidiary for work performed on development cost	<b>2,400,000</b>	2,400,000
Amounts charged by a subsidiary for work performed on landscaping and infrastructure projects	<b>10,490,152</b>	15,209,260
Amounts charged by subsidiaries for work performed on environmental engineering projects	<b>49,116,173</b>	5,414,820
Amounts charged by a subsidiary for work performed on maintenance projects	<b>1,004,902</b>	-
Staff costs reimbursed by subsidiaries	<b>2,501,960</b>	3,156,195

Outstanding balances in respect of the above transactions are disclosed in Notes 9 and 16 to the financial statements.

\* *Related party refers to a company in which certain directors have financial interests, namely CyEn Resources Sdn. Bhd.*

- (b) Compensation of key management personnel

The key management personnel include directors of the Group and certain members of senior management of the Group.

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Short term employee benefits	<b>8,116,292</b>	4,343,721	<b>6,678,950</b>	3,613,103
Defined contribution plan	<b>902,677</b>	452,482	<b>730,195</b>	365,920
Other benefits	<b>3,907</b>	1,852	<b>3,079</b>	1,163
ESOS expense	<b>4,451,088</b>	-	<b>2,995,968</b>	-
	<b>13,473,964</b>	4,798,055	<b>10,408,192</b>	3,980,186



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 24. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(b) Compensation of key management personnel (Cont'd)

Included in the key management personnel are:

	Group and Company	
	2017	2016
	RM	RM
Directors' remuneration (Note 21)	9,130,795	3,478,247

- (c) The Company has granted corporate guarantees amounting to RM755,220,000 (2016: RM611,720,000) to financial institutions for securing banking facilities of the subsidiaries.

### 25. COMMITMENTS

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group	
	2017	2016
	RM	RM
Approved and contracted for:		
Intangible assets recognised pursuant to IC12 (Note 5(a))	31,473,132	133,401,397

(b) Operating lease commitments - as lessee

The Group entered into commercial leases on certain motor vehicles, premises, land, site and office equipment. Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Not later than 1 year	676,616	640,696	1,632	9,744
Later than 1 year but not later than 5 years	1,749,278	1,472,459	1,170	2,730
Later than 5 years	3,446,604	3,536,476	-	-
	5,872,498	5,649,631	2,802	12,474

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 25. COMMITMENTS (CONT'D)

#### (c) Finance lease commitments

The Group has finance leases for certain motor vehicles (Note 4).

Future minimum lease payments under finance leases together with the present value of the minimum lease payments are as follows:

	Group	
	2017	2016
	RM	RM
Minimum lease payments:		
Not later than 1 year	608,496	524,776
Later than 1 year but not later than 2 years	564,354	417,800
Later than 2 years but not later than 5 years	1,244,641	892,147
Later than 5 years	214,461	186,534
Total minimum lease payments	2,631,952	2,021,257
Less: Amounts representing finance charges	(304,380)	(243,833)
Present value of minimum lease payments	2,327,572	1,777,424
Present value of payments:		
Not later than 1 year	511,009	439,228
Later than 1 year but not later than 2 years	487,559	354,649
Later than 2 years but not later than 5 years	1,123,418	803,365
Later than 5 years	205,586	180,182
Present value of minimum lease payments	2,327,572	1,777,424
Less: Amount due within 12 months (Note 15)	(511,009)	(439,228)
Amount due after 12 months (Note 15)	1,816,563	1,338,196





## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 26. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	9
Cash and bank balances	11
Loans and borrowings	15
Trade and other payables	16

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term instruments.

The loans and borrowings other than finance leases of the Group are reasonable approximations of their fair values because they are floating rate instruments which are re-priced to market interest rates.

The carrying amounts of finance leases are reasonable approximations of fair values due to the insignificant impact of discounting.

### 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, cash flow and liquidity risks, interest rate risk and foreign currency risk.

The Board reviews and agrees with the policies and procedures established for these risks, which are executed by the Chief Financial Officer. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company did not apply hedge accounting during the financial year (2016: Nil).

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

#### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (a) Credit risk (Cont'd)

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

#### Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position.
- Nominal amounts of RM755,220,000 (2016: RM611,720,000) relating to corporate guarantees provided by the Company to financial institutions on its subsidiaries' loans and borrowings.

As at the reporting date, there was no indication that the subsidiaries would default on repayment.

#### Credit risk concentration profile

At the reporting date, the Group has a significant concentration of credit risk in the form of outstanding balances from five customers (2016: five customers) representing approximately 86% (2016: 78%) of the total trade receivables. The amounts due from customers on work performed mainly relate to unbilled portion of work performed on the closure and restorations of landfills, landscape development and maintenance as well as sale of renewable energy.

#### Financial assets that are neither past due nor impaired

Information regarding financial assets that are neither past due nor impaired is disclosed in Note 9. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Information regarding financial assets that are either past due or impaired is disclosed in Note 9.

#### (b) Cash flow and liquidity risks

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (b) Cash flow and liquidity risks (Cont'd)

##### Analysis of financial instruments by remaining contractual maturities

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

	← 2017 →				
	On demand or within one year RM	One to two years RM	Two to five years RM	Over five years RM	Total RM
	<b>Group</b>				
Trade and other payables	228,268,235	6,548,380	2,737,510	-	237,554,125
Loans and borrowings	149,269,811	72,880,250	220,928,502	263,612,450	706,691,013
Total undiscounted financial liabilities	<b>377,538,046</b>	<b>79,428,630</b>	<b>223,666,012</b>	<b>263,612,450</b>	<b>944,245,138</b>
<b>Company</b>					
Trade and other payables	213,690,934	-	-	-	213,690,934
Loans and borrowings	17,358,363	-	-	-	17,358,363
Total undiscounted financial liabilities	<b>231,049,297</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>231,049,297</b>
Financial guarantees contracts*	<b>599,452,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>599,452,000</b>
	← 2016 →				
<b>Group</b>					
Trade and other payables	177,896,993	28,060,669	2,284,133	-	208,241,795
Loans and borrowings	130,320,024	37,580,681	159,240,435	212,123,072	539,264,212
Total undiscounted financial liabilities	<b>308,217,017</b>	<b>65,641,350</b>	<b>161,524,568</b>	<b>212,123,072</b>	<b>747,506,007</b>
<b>Company</b>					
Trade and other payables	142,209,985	-	-	-	142,209,985
Loans and borrowings	30,368,145	-	-	-	30,368,145
Total undiscounted financial liabilities	<b>172,578,130</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>172,578,130</b>
Financial guarantees contracts*	<b>428,236,538</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>428,236,538</b>

\* The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The maximum exposure to the Company amounts to RM599,452,000 (2016: RM428,236,538) representing banking facilities utilised by the subsidiaries at the reporting date. At the reporting date, the counterparties to the bank guarantees do not have a right to demand cash as the default has not occurred.

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (c) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its 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.

#### Sensitivity analysis for interest rate risk

At the reporting date, if interest rates were to increase or decrease by 50 basis points with all other variables held constant, the Group's profit net of tax would decrease or increase by RM559,000 (2016: RM536,000), arising mainly as a result of an increase or decrease in the fair value of floating rate term loans.

#### (d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional exposures arising from purchases that are denominated in a currency other than the functional currency of the Group. The foreign currency in which these transactions are denominated is mainly United States Dollar ("USD"). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The net unhedged financial liabilities of the Group that are not denominated in its functional currency are as follows:

<b>Group</b>	<b>Financial liabilities held in USD</b>
At 31 October 2017	
RM	<b>90,802</b>
At 31 October 2016	
RM	<b>5,695,911</b>

#### Sensitivity analysis of foreign currency risk

A sensitivity analysis has been performed based on the outstanding foreign currency denominated monetary items as at year end. If the currencies were strengthened or weakened by 2% against RM with all other variables held constant, the Group profit net of tax would decrease or increase by RM1,380 (2016: RM86,578).



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 28. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximises shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year.

The Group monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 50%.

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Loans and borrowings (Note 15)	567,670,558	443,071,008	16,987,359	29,692,076
Less: Cash and bank balances (Note 11)	(108,511,739)	(113,364,178)	(34,369,230)	(35,193,388)
Net debt/(cash)	459,158,819	329,706,830	(17,381,871)	(5,501,312)
Equity attributable to the owners of the Company, representing total capital	507,234,709	440,320,772	320,238,480	296,958,747
Capital and net debts	966,393,528	770,027,602	302,856,609	291,457,435
Gearing ratio	47.5%	42.8%	N/A	N/A

### 29. ACQUISITION OF SUBSIDIARIES

During the financial year, the Company acquired the following subsidiaries:

- (i) On 2 November 2016, the Company acquired two (2) ordinary shares in Cypark Green Tech Sdn. Bhd. ("CGT"), representing the entire issued and paid-up share capital of CGT for a total cash consideration of RM2. CGT, a wholly owned subsidiary of the Company, acquired two (2) ordinary shares in Reviva Sdn. Bhd. ("RSB"), representing the entire issued and paid-up capital of RSB for a total cash consideration of RM2. RSB owns 34% of equity interest in BAC Biomass (Kg Gajah) Sdn. Bhd, which is the associate of the Group.
- (ii) On 2 March 2017, the Company acquired ten (10) ordinary shares in Cypark FMS Sdn. Bhd. ("CFMS"), representing the entire issued and paid-up capital of CFMS for a total cash consideration of RM10.
- (iii) On 23 March 2017, CFMS, a wholly-owned subsidiary of the Company acquired seven hundred (700) ordinary shares in Aomori Kogaku Sdn. Bhd. ("AKSB"), representing 70% of the issued and paid-up capital of AKSB for a total cash consideration of RM700.
- (iv) On 20 June 2017, CGT, a wholly-owned subsidiary of the Company, acquired one thousand (1,000) ordinary shares in Cypark Re Store Sdn. Bhd. ("CRSB") (formerly known as Cypark Restore Sdn. Bhd.), representing the entire issued and paid-up capital of CRSB for a total cash consideration of RM1,000.

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 29. ACQUISITION OF SUBSIDIARIES (CONT'D)

The effects of the acquisition of subsidiaries during the financial year were as follows:

	2017 RM
Cash considerations	1,714
Non-controlling interest	300
Add: Fair value of net liabilities assumed	5,190
Goodwill on acquisition	7,204
Cash and cash equivalents acquired	2,014
Consideration settled in cash	(1,714)
Net cash inflow arising from the acquisition	300

### 30. SEGMENT ANALYSIS

#### Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the services provided. The operating businesses are organised and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that provides different services and serves different markets.

#### Business segments

For management purposes, the Group is organised into business units and has the following reportable business segments:

- |                                     |  |
|-------------------------------------|--|
| (i) Environmental engineering       | Provision of nature conservation and environmental amelioration for customers and offer environmental engineering and integrated turnkey contract services, management services, planning and design services; and |
| (ii) Landscaping and infrastructure | Provision of landscape services, project management services and infrastructure developments; and  |
| (iii) Maintenance                   | Provision of specialist maintenance works on leachate treatment plants and maintenance of landscape services for public parks, public amenities and other landscape developments; and                              |
| (iv) Green tech & renewable energy  | Engage in renewable energy businesses.   |



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 30. SEGMENT ANALYSIS (CONT'D)

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

#### Geographical segments

No segmental information is provided on a geographical basis as the Group's activities are conducted predominantly in Malaysia.

#### Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

#### Information about major customer

The following details relate to major customer with revenue equal or more than 10% of the Group's total revenue:

	Number of customer	Revenue RM	Percentage of total revenue %
<b>2017</b>			
Environmental engineering	1	36,187,566	12
Green tech & renewable energy	1	32,876,700	11
<b>2016</b>			
Green tech & renewable energy	1	37,203,642	13

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 30. SEGMENT ANALYSIS (CONT'D)

The following table provides an analysis of the Group's revenue, results, assets and liabilities by business segments:

	Environmental engineering	Landscaping & infrastructure	Maintenance works	Green tech & renewable energy	Total
	RM	RM	RM	RM	RM
<b>2017</b>					
<b>Revenue</b>					
Total revenue	376,087,533	39,739,613	7,307,804	50,005,260	473,140,210
Inter-segment revenue	(153,767,303)	(13,290,152)	(3,106,328)	(1,292,000)	(171,455,783)
Revenue from external customers	222,320,230	26,449,461	4,201,476	48,713,260	301,684,427
<b>Results</b>					
Adjusted earnings before interest, taxes, depreciation and amortisation ("EBITDA")	54,988,987	5,071,814	1,430,349	36,074,536	97,565,686
ESOS expenses	(5,211,361)	-	-	-	(5,211,361)
EBITDA	49,777,626	5,071,814	1,430,349	36,074,536	92,354,325
Depreciation	(714,359)	-	-	(12,823,088)	(13,537,447)
Interest income	1,794,230	653,890	-	160,459	2,608,579
Finance costs	(1,729,073)	(1,058,632)	-	(9,007,312)	(11,795,017)
Share of results of an associate	-	-	-	(40,626)	(40,626)
Profit before tax	49,128,424	4,667,072	1,430,349	14,363,969	69,589,814
Income tax expense					(11,987,155)
Profit net of tax					57,602,659
Segment assets	958,385,218	80,983,135	2,334,918	275,002,060	1,316,705,331
<i>Included in the measure of segment assets is:</i>					
Additions to non-current assets other than financial instruments and deferred tax assets					
- Plant and equipment	1,313,042	-	-	638,885	1,951,927
- Intangible assets	166,027,331	-	-	7,204	166,034,535
	167,340,373	-	-	646,089	167,986,462
Segment liabilities	626,258,480	34,708,203	2,132,168	146,372,844	809,471,695





## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 30. SEGMENT ANALYSIS (CONT'D)

The following table provides an analysis of the Group's revenue, results, assets and liabilities by business segments: (Cont'd)

	Environmental engineering RM	Landscaping & infrastructure RM	Maintenance works RM	Green tech & renewable energy RM	Total RM
<b>2016</b>					
<b>Revenue</b>					
Total revenue	311,572,953	60,328,346	1,817,670	49,006,814	422,725,783
Inter-segment revenue	(116,092,339)	(21,241,760)	-	(2,462,500)	(139,796,599)
Revenue from external customers	195,480,614	39,086,586	1,817,670	46,544,314	282,929,184
<b>Results</b>					
Earnings before interest, taxes, depreciation and amortisation ("EBITDA")	42,058,003	5,721,076	407,670	34,226,938	82,413,687
Depreciation	(664,656)	-	-	(12,845,879)	(13,510,535)
Interest income	2,192,244	687,720	-	106,007	2,985,971
Interest expense	(1,708,133)	(289,352)	-	(9,811,973)	(11,809,458)
Profit before tax	41,877,458	6,119,444	407,670	11,675,093	60,079,665
Income tax expense					(8,366,435)
Profit net of tax					51,713,230
Segment assets	733,581,478	71,769,762	1,817,670	285,918,974	1,093,087,884
<i>Included in the measure of segment assets is:</i>					
Additions to non-current assets other than financial instruments and deferred tax assets					
- Plant and equipment	650,045	-	-	1,590,256	2,240,301
- Intangible assets	171,348,417	-	-	-	171,348,417
	171,998,462	-	-	1,590,256	173,588,718
Segment liabilities	439,045,171	48,947,477	-	164,774,464	652,767,112

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 October 2017

### 31. DIVIDENDS

In respect of financial year ended 31 October 2016:

- a single-tier final dividend of 5.2 sen per share

In respect of financial year ended 31 October 2015:

- a single-tier final dividend of 5 sen per share

Company	
2017	2016
RM	RM
13,265,432	-
-	12,433,564
13,265,432	12,433,564

As at the date of this report, the directors did not proposed any dividend payment in respect of the current financial year.

### 32. SUBSEQUENT EVENT

On 21 December 2017, Cypark Renewable Energy Sdn. Bhd., a wholly-owned subsidiary of the Company, had incorporated a new wholly owned subsidiary, namely, Cypark Lakeview Solar Sdn. Bhd. ("CLS") with an issued share capital of RM100 comprising hundred (100) ordinary shares. The principal activity of CLS is to engage in the development of the renewable energy and solar projects.

### 33. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 18 January 2018 by the Board of directors.

# STATEMENT BY DIRECTORS

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

We, Tan Sri Razali bin Ismail and Dato' Daud bin Ahmad, being two of the directors of Cypark Resources Berhad, do hereby state that, in the opinion of the directors, the financial statements set out on pages 64 to 134 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 October 2017 and financial performance and cash flows of the Group and of the Company for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of directors in accordance with a directors' resolution.

**TAN SRI RAZALI BIN ISMAIL**

Director

**DATO' DAUD BIN AHMAD**

Director

Kuala Lumpur

Date: 18 January 2018

# STATUTORY DECLARATION

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

I, Dato' Daud bin Ahmad (I/C No: 660126-01-5165), being the director primarily responsible for the financial management of Cypark Resources Berhad, do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements set out on pages 64 to 134 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.

Subscribed and solemnly )  
 declared by the above named )  
 Dato' Daud bin Ahmad )  
 )  
 at Kuala Lumpur )  
 in the Federal Territory )  
 )  
 this 18 January 2018 )

**DATO' DAUD BIN AHMAD**

Before me:

# ANALYSIS OF SHAREHOLDINGS

## STATISTICS OF SHAREHOLDINGS AS AT 24 JANUARY 2018

Class of equity security	:	Ordinary shares
Voting rights	:	One vote per ordinary share
Total number of issued shares	:	261,209,172

## ANALYSIS OF SHAREHOLDINGS

### Ordinary shares

Size of Shareholdings	No. of		No. of	
	Shareholders	%	Shares Held	%
1 – 99	25	1.01	300	0.00
100 – 1,000	466	18.90	322,945	0.12
1,001 – 10,000	1,256	50.93	5,658,007	2.17
10,001 – 100,000	574	23.28	15,801,408	6.05
100,001 – 13,060,457 (*)	143	5.80	204,949,976	78.46
13,060,458 and above (**)	2	0.08	34,476,536	13.20
<b>TOTAL</b>	<b>2,466</b>	<b>100.00</b>	<b>26,209,172</b>	<b>100.00</b>

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

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

The name and shareholdings of the substantial shareholders of Cypark Resources Berhad based on the Register of Substantial Shareholders of the Company as at 24 January 2018 are as follows:

### Ordinary Shares

Substantial shareholders' name	Direct Interest		Indirect Interest	
	Number of Shares	%	Number of Shares	%
Tan Sri Razali bin Ismail	46,507,900	17.80	-	-
Dato' Daud bin Ahmad	41,480,956	15.88	-	-
Employees Provident Fund Board	26,484,700	10.14	-	-
Tan Sri Dr Azmil Khalili bin Khalid	16,498,356	6.32	-	-

## ANALYSIS OF SHAREHOLDINGS

### DIRECTORS' INTERESTS

The Directors' interests based on the Register of the Company as at 24 January 2018 are as follows:

#### Ordinary shares

Directors	Direct Interest		Indirect Interest	
	Number of Shares	%	Number of Shares	%
Tan Sri Razali bin Ismail	46,507,900	17.80	-	-
Dato' Daud bin Ahmad ( <i>also the Group Chief Executive Officer</i> )	41,480,956	15.88	-	-
Dato' Dr. Freezailah bin Che Yeom	184,100	0.07	-	-
Datuk Abdul Malek bin Abdul Aziz	150,000	0.06	-	-
Headir bin Mahfidz	102,300	0.04	-	-
Megat Abdul Munir bin Megat Abdullah Rafaie	20,000	0.01	-	-

#### Employees' Share Options Scheme

Directors	Number of Options	%
Tan Sri Razali bin Ismail	3,000,000	1.15
Dato' Daud bin Ahmad ( <i>also the Group Chief Executive Officer</i> )	9,000,000	3.45
Dato' Dr. Freezailah bin Che Yeom	150,000	0.06
Datuk Abdul Malek bin Abdul Aziz	-	-
Headir bin Mahfidz	150,000	0.06
Megat Abdul Munir bin Megat Abdullah Rafaie	150,000	0.06

### THIRTY LARGEST SECURITIES ACCOUNT HOLDERS

#### Ordinary shares

No.	Shareholders	No. of Shares	%
1.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Daud bin Ahmad</i>	18,243,856	6.98
2.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Razali bin Ismail (8095427)</i>	16,232,680	6.21
3.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Razali bin Ismail</i>	12,668,800	4.85
4.	Razali bin Ismail	9,134,220	3.50
5.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Employees Provident Fund Board</i>	9,060,800	3.47
6.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB Bank for Azmil Khalili bin Khalid (PBCL-0G0018)</i>	8,760,458	3.35

## ANALYSIS OF SHAREHOLDINGS

### THIRTY LARGEST SECURITIES ACCOUNT HOLDERS (CONT'D)

No.	Shareholders	No. of Shares	%
7.	Amanahraya Trustees Berhad <i>Public Smallcap Fund</i>	8,363,600	3.20
8.	RHB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Daud bin Ahmad</i>	7,247,000	2.77
9.	Amanahraya Trustees Berhad Public Strategic Smallcap Fund	6,622,700	2.54
10.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt an for Citibank New York (Norges Bank 9)	6,592,386	2.52
11.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (CIMB PRIN)	6,361,700	2.44
12.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Daud bin Ahmad</i>	5,721,500	2.19
13.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Daud bin Ahmad (Margin)</i>	5,678,200	2.17
14.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Razali bin Ismail (KLC)</i>	5,119,200	1.96
15.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (LPF)</i>	4,000,000	1.53
16.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Employees Provident Fund Board (F Templeton)</i>	3,731,700	1.43
17.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB Bank for Azmil Khalili bin Khalid (MH7367)</i>	3,665,000	1.40
18.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Employees Provident Fund Board (ARIM)</i>	3,600,000	1.38
19.	Citigroup Nominees (Asing) Sdn. Bhd. <i>Exempt an for Citibank New York (Norges Bank 14)</i>	3,513,414	1.35
20.	RHB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Razali bin Ismail</i>	3,353,000	1.28
21.	RHB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Swee Loon</i>	3,250,700	1.24
22.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Employees Provident Fund Board (AMUNDI)</i>	3,000,000	1.15
23.	Amanahraya Trustees Berhad PB Smallcap Growth Fund	2,969,400	1.14
24.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Sri Dr Azmil Khalili bin Khalid</i>	2,938,100	1.12
25.	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (CIMB Equities)	2,862,100	1.10
26.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB for Koo Kow Kiang @ Ko Keck Ting (PB)</i>	2,530,000	0.97



## ANALYSIS OF SHAREHOLDINGS

### THIRTY LARGEST SECURITIES ACCOUNT HOLDERS (CONT'D)

No.	Shareholders	No. of Shares	%
27.	Dato' Daud bin Ahmad	2,422,900	0.93
28.	HSBC Nominees (Tempatan) Sdn. Bhd. <i>HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (CIMB-P 6939-404)</i>	2,417,400	0.93
29.	Lembaga Tabung Haji <i>Lembaga Tabung Haji, Bhg Pemerosesan Pelaburan</i>	2,400,900	0.92
30.	HSBC Nominees (Tempatan) Sdn. Bhd. <i>HSBC (M) Trustee Bhd for Manulife Investment Progress Fund (4082)</i>	2,389,100	0.91
<b>TOTAL</b>		<b>174,850,814</b>	<b>66.94</b>

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Thirteenth Annual General Meeting (“**13<sup>th</sup> AGM**”) of the Company will be held at Ballroom 2, Level LG, Eastin Hotel, 13, Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan on Monday, 9 April 2018 at 10:00 a.m. for the following purposes:

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 October 2017 together with the Reports of the Directors and the Auditors thereon. **(Please refer to Note 7)**
2. To approve the declaration and payment of a single-tier final dividend of 5.6 sen per ordinary share for the financial year ended 31 October 2017. (Resolution 1)
3. To approve the payment of Directors’ fees and any benefits payable for the financial year ending 31 October 2018 and thereafter. (Resolution 2)
4. To re-elect the following Directors who are due to retire in accordance with Article 84 of the Company’s Articles of Association and being eligible, have offered themselves for re-election:
  - (a) Tan Sri Razali bin Ismail; and (Resolution 3)
  - (b) Encik Megat Abdul Munir bin Megat Abdullah Rafaie. (Resolution 4)
5. To re-appoint Messrs. Mazars PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. (Resolution 5)

## As Special Business

To consider and if thought fit, with or without any modification, to pass the following Ordinary and Special Resolutions:

6. **ORDINARY RESOLUTION NO. 1** (Resolution 6)
  - **PROPOSED RENEWAL OF EXISTING SHAREHOLDER MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

“**THAT** subject to the provisions of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given for the Proposed Renewal of Existing Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature for the Company and/or its subsidiaries to enter into and to give effect to the category of the recurrent related party transactions of a revenue or trading nature from time to time with the Related Party as specified in Section 1.4 of the Circular/Statement to Shareholders dated 28 February 2018 provided that such transactions are:

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the Company’s day-to-day operations;
- (iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (iv) not to the detriment of minority shareholders





## NOTICE OF ANNUAL GENERAL MEETING

(the “**Proposed Shareholder Mandate**”);

**THAT** the authority for the Proposed Shareholder Mandate shall continue to be in force until the earlier of:

- (i) the conclusion of the next Annual General Meeting (“**AGM**”) of the Company at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;
- (ii) the expiration of the period within which the next AGM is to be held pursuant to Section 340(2) of the Companies Act 2016 (“**the Act**”) but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
- (iii) is revoked or varied by resolution passed by the shareholders in a general meeting before the next AGM;

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

### 7. ORDINARY RESOLUTION NO. 2

(Resolution 7)

#### - PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

“**THAT** subject to the compliance with Sections 112, 113 and 127 of the Companies Act 2016 and all other applicable laws, rules and regulations, approval be and is hereby given to the Company, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad (“**Bursa Securities**”) as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and held pursuant to this resolution does not exceed 10% of the existing total number of issued shares in the ordinary share capital of the Company including the shares previously purchased and retained as Treasury Shares (if any) and the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company, upon such terms and conditions as set out in the Circular/Statement to Shareholders dated 28 February 2018.

**THAT** such authority shall commence immediately upon the passing of this Ordinary Resolution and until the conclusion of the next Annual General Meeting (“**AGM**”) of the Company or the expiry of the period within which the next AGM is required by law to be held unless revoked or varied by Ordinary Resolution in the general meeting of the Company but so as not to prejudice the completion of a purchase made before such expiry date, in any event in accordance with the provisions of Bursa Securities Main Market Listing Requirements and any other relevant authorities.

**THAT** authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the ordinary shares in the Company so purchased by the Company as Treasury Shares and/or to cancel them and/or to resell them and/or to transfer them and/or to distribute them as share dividends in such manner as may be permitted and prescribed by the provisions of the Bursa Securities Main Market Listing Requirements and any other relevant authorities.

## NOTICE OF ANNUAL GENERAL MEETING

**AND THAT** authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company.”

### 8. ORDINARY RESOLUTION NO. 3

(Resolution 8)

#### - AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016

“**THAT** subject always to the Companies Act 2016 (“**the Act**”), the Articles of Association of the Company and the approvals from Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and any other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being;

**AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities; **AND FURTHER THAT** such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

### 9. ORDINARY RESOLUTION NO. 4

(Resolution 9)

#### - PROPOSED RENEWAL OF THE AUTHORITY TO ALLOT AND ISSUE NEW ORDINARY SHARES IN CYPARK RESOURCES BERHAD (“**CRB**” OR “**THE COMPANY**”) (“**CRB SHARES**”), FOR THE PURPOSE OF THE DIVIDEND REINVESTMENT SCHEME (“**DRS**”) OF THE COMPANY WHICH WILL PROVIDE THE SHAREHOLDERS OF CRB WITH THE OPTION TO ELECT TO REINVEST THEIR CASH DIVIDEND IN CRB SHARES (“**PROPOSED RENEWAL OF DRS AUTHORITY**”)

“**THAT** pursuant to the DRS as approved by the Shareholders at the Tenth Annual General Meeting of the Company held on 21 April 2015 and subject to the approval of the relevant regulatory authorities (if any), approval be and is hereby given to the Directors to allot and issue such number of new CRB Shares from time to time as may be required to be allotted and issued pursuant to the DRS until the conclusion of the next Annual General Meeting upon such terms and conditions as stated in Circular to Shareholders dated 30 March 2015, **PROVIDED THAT** the issue price of the said new CRB Shares shall be fixed by the Board of Directors at not more than ten percent (10%) discount to the five (5)-market day volume weighted average market price (“**VWAP**”) of CRB Shares immediately preceding the price-fixing date, of which the VWAP shall be adjusted ex-dividend before applying the said discount in fixing the issue price;

**AND THAT** the Directors of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements and documents as may be necessary or expedient in order to give full effect to the DRS with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or consequent upon the implementation of the said conditions, modifications, variations and/or amendments or at the discretion of the Directors in the best interest of the Company.”



## NOTICE OF ANNUAL GENERAL MEETING

### 10. SPECIAL RESOLUTION

(Resolution 10)

#### - PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION OF THE COMPANY

“**THAT** the proposed amendments to the following Articles of Association of the Company contained hereunder (“Proposed AA Amendments”) be and are hereby approved and adopted with immediate effect:

Article No.	Existing Article	Proposed Amendment to Article
138	Subject to the compliance with the requirement of the Exchange and any other relevant authorities, if any, the Company may issue its annual report in compact disc read-only memory (CR-Rom) or digital video disc read-only memory (DVD-ROM) format or in any other format whatsoever (whether available now or in the future) through which images, data, information or other material may be viewed whether electronically or digitally or however.	<b>Deleted.</b>
157A	(New)	<p><b>Subject to compliance with the Act, the requirement of the Exchange and any other relevant authorities, if any, the Company may send notice of a general meeting, its annual report or any document required to be sent to its securities holders via electronic means by:</b></p> <p><b>(a) publishing on a designated weblink, provided it notifies its securities holders separately in writing, which includes e-mailing in accordance with this Article, about the publication and designated weblink to download the notice of general meeting, annual report or document; or</b></p>

## NOTICE OF ANNUAL GENERAL MEETING

### 10. SPECIAL RESOLUTION

#### - PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION OF THE COMPANY (“PROPOSED AA AMENDMENTS”) (CONT’D)

Article No.	Existing Article	Proposed Amendment to Article
157A (Cont’d)	(New) (Cont’d)	<p><b>(b) e-mailing its securities holders.</b></p> <p>The e-mail address of a securities holder as maintained by the Depository or as provided to the Company for the purpose of sending notice of a general meeting, annual report or any document required to be sent to its securities holders, if any, shall be deemed as the e-mail address for purposes of the aforesaid communication with the securities holder. In the event of a notification of e-mail delivery failure or in any other event at the Directors’ discretion, the notice of a general meeting, annual report or any document required to be sent to the Company’s securities holders may also be sent in electronic format such as CD-ROM, USB drive or any other portable electronic format whatsoever (whether available now or in the future) through which images, data, information or other material may be viewed whether electronically or digitally or however others and served in accordance with Article 156.</p> <p>Notwithstanding the aforesaid electronic means of communication, the Company shall –</p> <p>(a) give a printed hard copy of the notice of general meeting, annual report or document sent to the securities holder requesting the same free of charge within 4 market days from the date of receipt of the request, whether verbal or written;</p> <p>(b) designate a person to attend to securities holders’ requests as stated in subparagraph (a) above;</p> <p>(c) designate person(s) to answer queries from securities holders relating to the use of the said electronic means; and</p> <p>(d) notify securities holders via the same electronic means of their rights to be given printed hard copies as stated in subparagraph (a) above and how securities holders may make such a request</p>



## NOTICE OF ANNUAL GENERAL MEETING

### 10. SPECIAL RESOLUTION

#### - PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION OF THE COMPANY (“PROPOSED AA AMENDMENTS”) (CONT’D)

Article No.	Existing Article	Proposed Amendment to Article
157A (Cont’d)	(New) (Cont’d)	<b>If a notice of general meeting, annual report or any document (other than a share certificate) is sent by the Company to its securities holders by electronic means, it is treated as being received by the intended recipient at the time it was sent. It can be proved conclusively that a notice of general meeting, annual report or any document was received by electronic means, by showing that the notice of general meeting, annual report or document was properly addressed. Subject to the Act, if a notice of general meeting, annual report or any document is sent or supplied by the Company by means of publishing on a designated weblink, it is treated as being received by the intended recipient when the notice of general meeting, annual report or document is first made available on the designated weblink or, when the recipient received (or is treated as having received) notice of the fact that the notice of general meeting, annual report or document is available on the website, whichever the later.</b>

**AND THAT** the Directors of the Company be and are hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed AA Amendments with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities.”

11. To transact any other ordinary business of which due notice shall have been given.

### NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

Notice is hereby given that the single-tier final dividend of 5.6 sen per ordinary share for the financial year ended 31 October 2017, if approved by the shareholders at the Thirteenth Annual General Meeting, will be payable on 28 June 2018 to shareholders whose names appear in the Record of Depositors on 30 May 2018.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- Shares transferred into the Depositor’s securities account before 4:00 p.m. on 30 May 2018 in respect of ordinary transfers; and
- Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

## NOTICE OF ANNUAL GENERAL MEETING

By Order of the Board

**CHUA SIEW CHUAN (MAICSA 0777689)**

**YEOW SZE MIN (MAICSA 7065735)**

Company Secretaries

Kuala Lumpur

Dated: 28 February 2018

### NOTES:

- In respect of deposited securities, only members/shareholders whose names appear in the Record of Depositors on 2 April 2018 shall be eligible to attend the Meeting.
- A shareholder of the Company entitled to attend and vote at the Meeting is entitled to appoint one (1) or more proxies to attend and vote in his stead. A member may appoint more than one (1) proxy in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.
- A proxy may but need not be a shareholder of the Company and a shareholder may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the shareholder to speak at the Meeting.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
- Where a shareholder of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a shareholder is an authorised nominee as defined under SICDA, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof. All resolutions set out in the Notice of the Meeting are to be voted by poll.
- This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.
- Explanatory Note to Special Business:
  - Resolution 6 – Proposed Shareholder Mandate**

The proposed Resolution 6 is intended to enable the Company and its affiliated companies to enter into recurrent related party transactions or a revenue or trading nature which are necessary for the Company's day-to-day operations



## NOTICE OF ANNUAL GENERAL MEETING

to facilitate transactions in the normal course of business of the Company with the specified classes of related parties, provided that they are carried out on an arms' length basis and on normal commercial terms and are not prejudicial to the shareholders on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Please refer to the Circular/Statement to Shareholders dated 28 February 2018 for further information.

### (ii) **Resolution 7 – Proposed Authority for the Company to Purchase Its Own Shares**

The proposed Resolution 7 is intended to allow the Company to purchase its own shares up to 10% of the total number of issued shares in the ordinary share capital of the Company at any time within the time period stipulated in the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Please refer to the Circular/Statement to Shareholders dated 28 February 2018 for further information.

### (iii) **Resolution 8 – Authority to Issue Shares**

The proposed Resolution 8 is intended to renew the authority granted to the Directors of the Company at the Twelfth Annual General Meeting of the Company held on 11 April 2017 to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the total number of issued shares of the Company for the time being (hereinafter referred to as the "**General Mandate**").

The General Mandate granted by the shareholders at the Twelfth Annual General Meeting of the Company had not been utilised and hence no proceed was raised therefrom.

The new General Mandate will enable the Directors to take swift action for allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s) and to avoid delay and cost in convening general meetings to approve such issue of shares.

### (iv) **Resolution 9 – Proposed Renewal of DRS Authority**

The proposed Resolution 9, if approved, will give authority to the Directors to allot and issue new CRB Shares under the DRS, until the conclusion of the next Annual General Meeting. A renewal of this authority will be sought at subsequent Annual General Meetings.

### (v) **Special Resolution – Proposed AA Amendments**

The proposed resolution 10 is intended to update the Articles of Association of the Company (also the Company's constitution) in accordance with Paragraph 2.19B of Bursa Malaysia Securities Berhad Main Market Listing Requirements to enable the issuance of notice of a general meeting, annual report or any document required to be sent to the Company's shareholders by the Company via electronic means such as publication of the Company's website or e-mails, or via electronic format such as CD-ROM, USB drive or any other portable electronic format, with immediate effect. With this change in the Articles of Association, there will be significant financial cost savings to the Company, as well as environmental cost savings in line with the Company's commitment to the preservation of our environment, and more efficient means of communication with shareholders.

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CDS Account No.
Number of ordinary shares held

\*I/We (full name), \_\_\_\_\_ bearing \*NRIC No./Passport No./Company No. \_\_\_\_\_  
of (full address) \_\_\_\_\_  
being a \*member/members of Cypark Resources Berhad (“the Company”) hereby appoint:

**First Proxy “A”**

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address			

and/or failing \*him/her,

**Second Proxy “B”**

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address			

# to put on a separate sheet where there are more than two (2) proxies

\_\_\_\_\_ 100% \_\_\_\_\_

or failing \*him/her, the \*Chairman of the Meeting as \*my/our proxy to vote for \*me/us and on \*my/our behalf at the Thirteenth Annual General Meeting of the Company to be held at Ballroom 2, Level LG, Eastin Hotel, 13, Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan on Monday, 9 April 2018 at 10:00 a.m. and at any adjournment thereof.

In the case of a vote by a show of hands, my proxy \_\_\_\_\_ [one (1) only] shall vote on \*my/our behalf.

Please indicate with an “X” in the spaces provided below as to how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at \*his/her discretion.

Item	Agenda	Resolution	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 October 2017 together with the Reports of the Directors and the Auditors thereon.			
2.	To approve the declaration and payment of a single-tier final dividend of 5.6 sen per ordinary share for the financial year ended 31 October 2017.	1		
3.	To approve the payment of Directors’ fees and any benefits payable for the financial year ending 31 October 2018 and thereafter.	2		
4.	To re-elect Tan Sri Razali bin Ismail, who is due to retire in accordance with Article 84 of the Company’s Articles of Association and being eligible, has offered himself for re-election.	3		
5.	To re-elect Encik Megat Abdul Munir bin Megat Abdullah Rafaie, who is due to retire in accordance with Article 84 of the Company’s Articles of Association and being eligible, has offered himself for re-election.	4		
6.	To re-appoint Messrs. Mazars PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.	5		
<b>Special Business</b>				
7.	Proposed Renewal of Existing Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	6		
8.	Proposed Renewal of Authority for Share Buy-Back.	7		
9.	Authority to Issue Shares pursuant to the Companies Act 2016.	8		
10.	Proposed Renewal of Authority to Issue Shares pursuant to the Dividend Reinvestment Scheme.	9		
11.	Proposed Amendments to Articles of Association of the Company.	10		

As witness \*my/our hand(s) this day \_\_\_\_\_ of \_\_\_\_\_, 2018.

\* Strike out whichever not applicable

\_\_\_\_\_  
\*Signature/Common Seal of Member

Notes:

1. In respect of deposited securities, only members/shareholders whose names appear in the Record of Depositors on 2 April 2018 shall be eligible to attend the Meeting.
2. A shareholder of the Company entitled to attend and vote at the Meeting is entitled to appoint one (1) or more proxies to attend and vote in his stead. A member may appoint more than one (1) proxy in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.
3. A proxy may but need not be a shareholder of the Company and a shareholder may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the shareholder to speak at the Meeting.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
5. Where a shareholder of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("**SICDA**") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a shareholder is an authorised nominee as defined under SICDA, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
6. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof. All resolutions set out in the Notice of the Meeting are to be voted by poll.

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STAMP

The Company Secretary  
**CYPARK RESOURCES BERHAD (642994-H)**  
c/o Securities Services (Holdings) Sdn Bhd  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur

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**CYPARK RESOURCES BERHAD** (642994-H)

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