



MITRAJAYA HOLDINGS BERHAD

REGISTRATION NO. 199301013519 (268257-T)

ANNUAL REPORT
2019



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Independent Non-Executive Chairman

GENERAL TAN SRI ISMAIL BIN HASSAN (R)

Group Managing Director

TAN ENG PIOW

Executive Director

FOO CHEK LEE

CHO WAI LING

Independent Non-Executive Director

TAN SRI DATO' SERI MOHAMAD NOOR BIN ABDUL RAHIM

IR ZAKARIA BIN NANYAN

ROLAND KENNETH SELVANAYAGAM

Customer Service Centre

Unit G-3, Ground Floor,
Vertical Podium Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur,
Wilayah Persekutuan

SOLICITORS

Joseph Ting & Co.

Suites 7-14, 6th Floor, IOI Business Park,
No.1, Persiaran Puchong Jaya Selatan,
Bandar Puchong Jaya,
47170 Puchong,
Selangor Darul Ehsan

Lio & Partners

B-9-4, Setia Walk,
Persiaran Wawasan,
Pusat Bandar Puchong,
47160 Puchong,
Selangor Darul Ehsan

Tee Bee Kim & Partners

No. 21-4, Block E1, Jalan PJU 1/42,
Dataran Prima,
47301 Petaling Jaya,
Selangor Darul Ehsan

Zul Rafique & Partners

D3-3-8, Solaris Dutamas,
No.1 Jalan Dutamas 1,
50480 Kuala Lumpur,
Wilayah Persekutuan

Van Der Merwe Du Toit

Brooklyn Place,
Cnr Bronkhors and Dey Streets,
Brooklyn, Docex 110 Pretoria,
Republic of South Africa

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : MITRA
Stock Code : 9571

SECRETARY

Leong Oi Wah
(MAICSA No. 7023802)
SSM Practicing Certificate No.
201908000717

REGISTERED OFFICE

No. 9, Blok D,
Pusat Perdagangan Puchong
Prima,
Persiaran Prima Utama,
Taman Puchong Prima,
47150 Puchong,
Selangor Darul Ehsan.
Tel : (603) 8060 9999
Fax : (603) 8060 9998
E-mail : mhb@mitrajaya.com.my
Web : www.mitrajaya.com.my

AUDITORS

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-
LCA & AF 0117)
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 3,
Bangsar South City,
59200 Kuala Lumpur

PRINCIPAL BANKERS

ABSA Bank Limited (South Africa)
Al Rajhi Banking & Investment
Corporation (Malaysia) Bhd
AmBank Islamic Berhad
AmBank (M) Berhad
CIMB Islamic Bank Berhad
Hong Leong Bank Berhad
Hong Leong Islamic Bank Berhad
HSBC Amanah Malaysia Berhad
Malayan Banking Berhad
Maybank Islamic Berhad
OCBC Al-Amin Bank Berhad
OCBC Bank (Malaysia) Berhad
RHB Islamic Bank Berhad
United Overseas Bank (Malaysia)
Berhad

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn Bhd

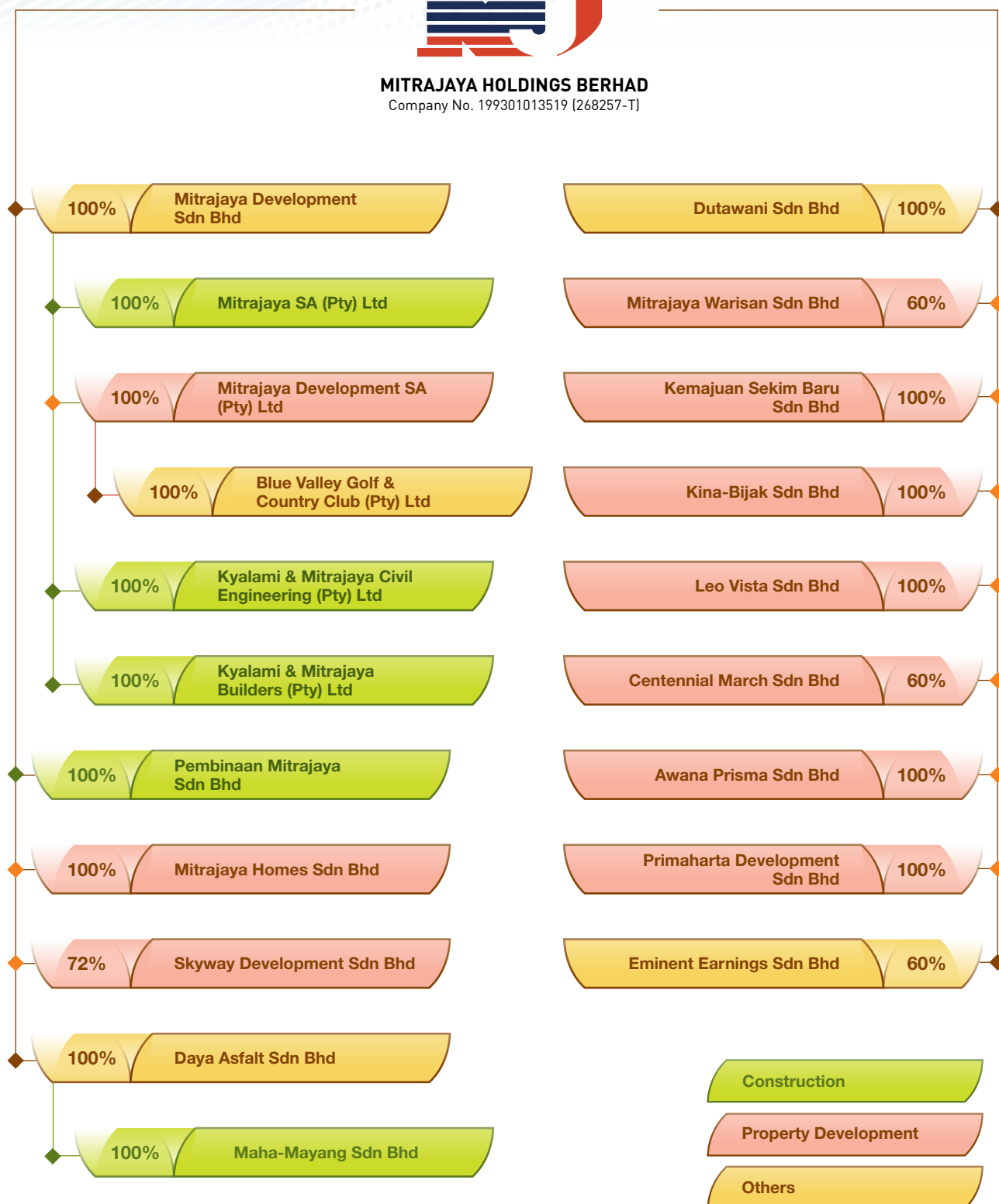
Office

Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South,
No. 8, Jalan Kerinchi,
59200, Kuala Lumpur,
Wilayah Persekutuan
Tel : 03 -27839299
Fax : 03 -27839222
E-mail : is.enquiry@my.tricorglobal.com

CORPORATE STRUCTURE



MITRAJAYA HOLDINGS BERHAD
Company No. 199301013519 (268257-T)



BOARD OF DIRECTORS



Sitting (from left to right):

TAN ENG PIOW

(Group Managing Director)

**GENERAL TAN SRI ISMAIL
BIN HASSAN (R)**

(Independent Non-Executive Chairman)

FOO CHEK LEE

(Executive Director)

Standing (from left to right):

IR ZAKARIA BIN NANYAN

(Independent Non-Executive Director)

ROLAND KENNETH SELVANAYAGAM

(Independent Non-Executive Director)

**TAN SRI DATO' SERI MOHAMAD NOOR
BIN ABDUL RAHIM**

(Independent Non-Executive Director)

CHO WAI LING

(Executive Director)

DIRECTORS' PROFILE

GENERAL TAN SRI ISMAIL BIN HASSAN (R)

Independent Non-Executive Chairman

General Tan Sri Ismail Bin Hassan (R), aged 77, was appointed as an Independent Non-Executive Director of Mitrajaya Holdings Berhad ("MHB") on 9 August 2000. Later he was appointed the Chairman of the Company on 26 November 2009. He is a member of the Audit Committee and the Nomination and Remuneration Committee. He is also a Director of Pembinaan Mitrajaya Sdn Bhd.

He graduated from the Universiti Sains Malaysia with a Bachelor of Social Sciences Degree (Hons in Politics). In the Military Professional Education, Tan Sri Ismail graduated from Command and General Staff College, Fort Leavenworth, Kansas, USA (on Commandant's List) in 1975, from Joint Services Staff College Canberra, Australia, in 1982 and he is also a graduate of the National Defense University, Washington, DC, USA in 1987. Later he was inducted into the NDU International Fellows Hall of Fame, in recognition of outstanding achievement accorded to the graduates of the University who had achieved the highest rank/ appointment in their respective Service.

Prior to joining MHB, Tan Sri Ismail has served as a Commission Officer in the Malaysian Army for 36 years and he held many key appointments at Field Command, Training Command and the Ministry of Defence levels before retiring as Chief of Army in December 1997.

Currently, he also holds directorships in Simbiotik Ventures Sdn Bhd, Alfa Venture Sdn Bhd and MCT Power Sdn Bhd.

TAN ENG PIOW

Group Managing Director

Tan Eng Piow, aged 66, was appointed as Managing Director of MHB on 9 September 1994. He is one of the founding members of Pembinaan Mitrajaya Sdn Bhd.

He holds a Bachelor of Civil Engineering (Honours) degree from University of Malaya, which was obtained in 1977. He is also a Member of the Institution of Engineers Malaysia.

He began his career as Works Engineer with Jabatan Kerja Raya – JKR (Public Works Department) from 1977 to 1979. From 1980 till 1985, he was a Project Manager with Perkuat Kuari Sdn Bhd (Quarry Operation).

He has over 40 years of extensive technical and management experience in the construction industry and has been actively involved in the management and operations of the MHB Group. He also oversees the Group's development, growth and expansion.

FOO CHEK LEE

Executive Director

Foo Chek Lee, aged 65, was appointed a Director of MHB on 1 August 1995. Currently, he is an Executive Director of MHB. He is also the Managing Director of Pembinaan Mitrajaya Sdn Bhd.

He graduated from University Technology Malaysia in 1978 with a Bachelor of Civil Engineering (Honours) degree.

Prior to joining MHB, he served with Jabatan Kerja Raya (Public Works Department) for a period of 14 years. He last served as Assistant Director of Roads, JKR Kelantan Darul Naim from 1989 to 1991, after which he joined Pembinaan Mitrajaya Sdn Bhd as General Manager. He has over 40 years of extensive technical and management experience which includes all aspects of civil engineering construction and project management.

He is a board member of Construction Industry Development Board (CIDB) and Construction Labour Exchange Centre Berhad (CLAB).

He is a Member of Government Special Task Force to Facilitate Business (PEMUDAH). He also serves as President of Master Builders Association Malaysia and Council Member for both International Federation of Asian and Western Pacific Contractors' Associations (IFAWPCA) and Asean Constructors Federation (ACF).

CHO WAI LING

Executive Director

Cho Wai Ling, aged 47, was appointed as an Executive Director of MHB on 1 September 2014. She graduated from University of Malaya in 1998 with a Bachelor of Accountancy (Honours) degree and has been a member of the Malaysian Institute of Accountants since 2001.

She started her career with MHB in 1999 as an Executive in the Finance & Accounts Department and rose from rank and file to managerial position and in 2005 was promoted to Group Finance Manager. She heads the Finance & Accounts Department and

Director's Profile (Cont'd)

handles all corporate matters of the Group. In her position as Executive Director, her role was expanded to cover investor relations function and to assist the Group Managing Director on strategic management responsibilities.

TAN SRI DATO' SERI MOHAMAD NOOR BIN ABDUL RAHIM

Independent Non-Executive Director

Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim, aged 75, was appointed as Independent Non-Executive Director of MHB on 26 February 2002. He is the Chairman of the Audit Committee and the Nomination and Remuneration Committee.

He graduated with a Bachelor of Arts (Honours) from University of Malaya and joined the Malaysian civil service in 1968. He has held positions in the Government including State Secretary of Pulau Pinang, Kelantan Federal Development Director (Prime Minister's Department), Perak State Financial Officer, Director General of Kuala Lumpur City Hall, Under Secretary for Ministry of Defence and Ministry of Finance and Secretary General of Ministry of Domestic Trade and Consumer Affairs. His last post in the civil service was as the Secretary General of the Ministry of Home Affairs from 1998-2000.

Currently, he is Chairman of TSR Capital Berhad. He is also currently the President of the Asian Petanque Confederation and Committee member of the Malaysia Golf Association.

IR ZAKARIA BIN NANYAN

Independent Non-Executive Director

Ir Zakaria Bin Nanyan, aged 77, was appointed as Independent Non-Executive Director of MHB on 26 February 2002. He is also a member of the Audit Committee and the Nomination and Remuneration Committee.

He graduated with B.Sc in Mechanical Engineering from the University of Strathclyde U.K. in 1972 and later obtained Masters of Science in Industrial Hygiene from the University of Pittsburgh USA. He is a Professional Engineer and a Member of The Institution of Engineers Malaysia.

Prior to his appointment to the MHB Board, he was the Director General of the Department of Occupational Safety and Health Malaysia, a position held from 1992 to 1998. He holds directorships in Pressure Care Sdn Bhd.

He is currently serving as Chairman of the Board of Examiners for the Site Safety Supervisors Course conducted by The Master Builders Association Malaysia.

ROLAND KENNETH SELVANAYAGAM

Independent Non-Executive Director

Roland Kenneth Selvanayagam, aged 63, was appointed an Executive Director on 23 April 1998. From 1 July 2008, he was redesignated as Non-Executive Director as he left full time employment to start his own business. On 28 March 2011 where having met the Listing Requirements criteria for Independent Director, the Board re-designated him to be an Independent Non-Executive Director of the Company. He is also a member of the Audit Committee.

He is a professionally qualified accountant with over 35 years post qualifying commercial experience. Prior to his involvement with the MHB Group, he was employed variously within the British American Tobacco Group, Sears Roebuck Group and the PT Mayora Indah Group – where he was the pioneer General Manager for their Malaysian operations.

He was President of the Malaysian Division of the Chartered Institute of Management Accountants from June 1996 - May 1998. He is a recipient of the Institute's Bronze medal – awarded in recognition of services rendered to the Institute and the profession at large.

At various times, he has held directorships (listed & unlisted companies) in various countries including South Africa, Sri Lanka, Singapore, Thailand and Australia.

Notes:

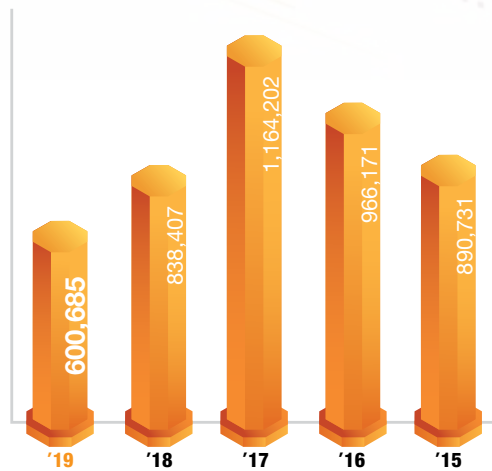
- All Directors of MHB are Malaysian and do not have any conflict of interest with MHB.
- They have not been convicted for offences within the past five (5) years other than traffic offences, if any.
- There is no family relationship amongst the Directors and major shareholders of MHB.
- The Executive Directors form the Senior Management and their profile are not presented separately

5 YEARS FINANCIAL HIGHLIGHTS

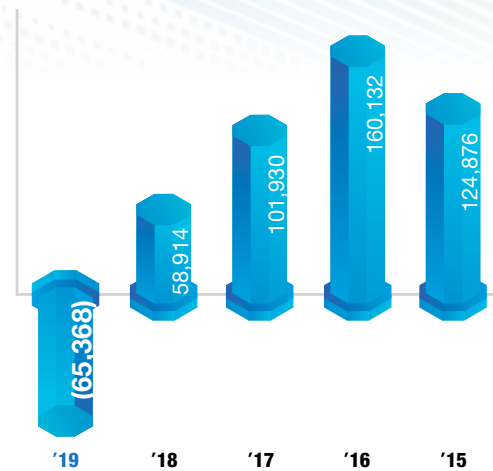
Financial Year Ended 31 December		2019	2018 Restated	2017 Restated	2016	2015
Revenue	RM'000	600,685	838,407	1,164,202	966,171	890,731
- Construction	RM'000	482,726	698,817	994,208	845,573	767,225
- Property Development	RM'000	105,385	130,810	144,899	89,641	55,186
- South Africa Investment	RM'000	12,097	8,382	24,696	30,957	39,283
- Others	RM'000	477	398	399	-	-
- Healthcare	RM'000	-	-	-	-	29,037
(Loss)/Profit Before Taxation	RM'000	(65,368)	58,914	101,930	160,132	124,876
(Loss)/Profit After Taxation	RM'000	(53,560)	40,862	72,849	121,266	86,969
(Loss)/Profit Attributable to Owners of the Company	RM'000	(46,919)	43,314	80,350	118,683	86,575
Share Capital	RM'000	464,573	464,573	381,213	334,862	321,085
Total Assets	RM'000	1,302,786	1,535,799	1,383,746	1,236,873	1,020,952
Shareholders' Funds	RM'000	714,970	775,329	677,402	618,558	500,500
Total Borrowings	RM'000	244,463	347,625	323,529	254,937	162,480
Cash and Bank Balances	RM'000	17,349	14,409	25,760	58,180	39,831
Gearing Ratio	%	34.19	44.84	47.76	41.21	32.46
Net Gearing Ratio	%	31.77	42.98	43.96	31.81	24.51
Basic (Loss)/Earnings Per Share	sen	(5.27)	5.04	11.85	18.10	13.85
Net Assets Per Share	RM	0.86	0.93	1.08	0.92	0.78
Net Dividend Per Share	sen	-	1.50	2.00	5.00	5.00

5 Years Financial Highlights (Cont'd)

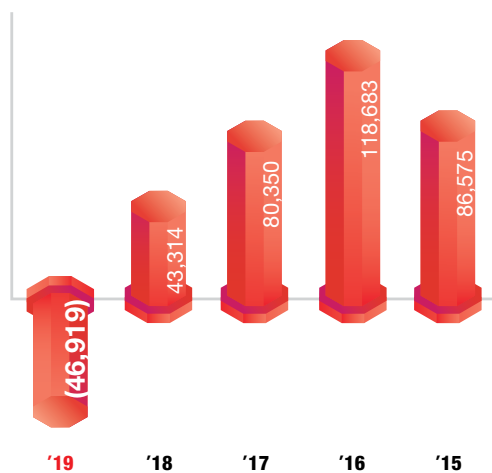
REVENUE
(RM'000)



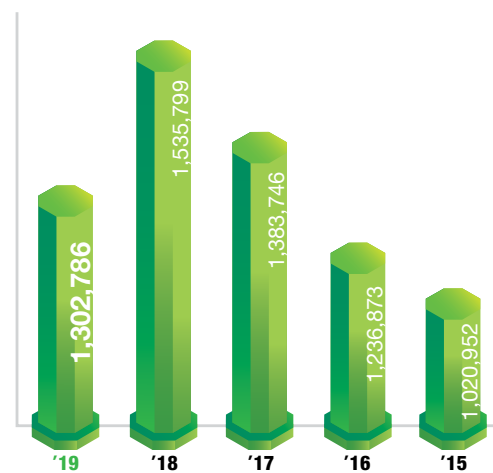
PROFIT BEFORE TAXATION
(RM'000)



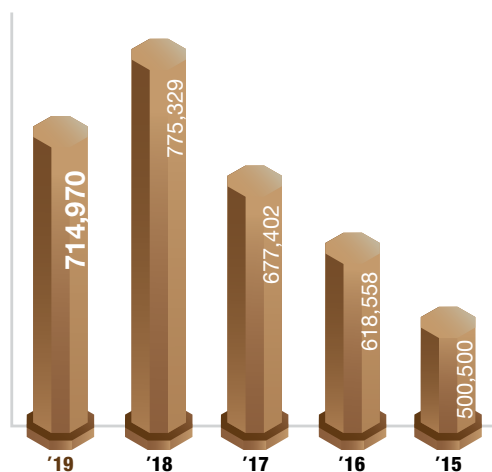
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY
(RM'000)



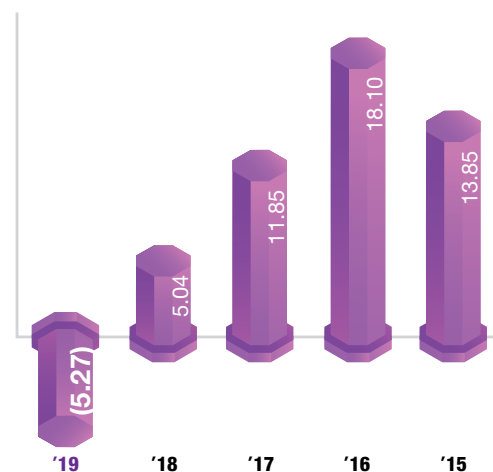
TOTAL ASSETS
(RM'000)



SHAREHOLDERS' FUNDS
(RM'000)



BASIC EARNINGS PER SHARE
(SEN)



CHAIRMAN'S STATEMENT



**GENERAL TAN SRI ISMAIL
BIN HASSAN (R)**

Independent Non-Executive Chairman

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of Mitrajaya Holdings Berhad (“the Company” or “MHB”) and its subsidiary companies (“the Group” or “Mitrajaya Group”) for the financial year ended 31 December 2019 (“FYE 2019”).

Chairman's Statement (Cont'd)

OVERVIEW

The Group has reported a revenue of RM600.69 million for the financial year ended 31 December 2019, a reduction of RM237.72 million (28.4%) compared to a revenue of RM838.41 million in the preceding financial year ("FYE 2018"). The revenue reduction was mainly attributed to the Construction division. Construction division's revenue reduced substantially by RM216.09 million (30.9%) during FYE 2019. Revenue contribution from local Property Development had also reduced by RM25.43 million (19.4%) in the same period. Our South Africa Investment had contributed a higher revenue of RM12.10 million during FYE 2019, representing a 44.4% increase compared to RM8.38 million in FYE 2018.

Consequent to the decline in Group's revenue and increase in cost, the Group reported a loss before tax ("LBT") of RM65.37 million in FYE 2019 compared to a profit before tax ("PBT") of RM58.91 million in FYE 2018. The Construction Division reported a substantial LBT of RM95.89 million in FYE 2019 compared to a PBT of RM12.02 million in FYE 2018. The Property Division's PBT contribution also recorded a decline of RM14.49 million (31.6%) from RM45.82 million in FYE 2018 to RM31.33 million in FYE 2019. Our South Africa Investment reported a slightly higher PBT of RM0.67 million in FYE 2019 compared to RM0.13 million in FYE 2018.

Further details of the Group's financial performance are contained in the Management Discussion and Analysis session within this Annual Report.

DIVIDEND

No dividend has been declared for the financial period under review.

MARKET OUTLOOKS AND PROSPECTS

Mitrajaya Group reckons that 2020 will be another challenging year in view of the negative impact brought by the outbreak of the global pandemic Covid-19. The Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the Covid-19 outbreak in Malaysia. The government has implemented MCO for a total of 47 days from 18 March 2020 until 3 May 2020 and continued with Conditional Movement Control Order ("CMCO") from 4 May 2020 until 9 June 2020.

Malaysia's gross domestic product (GDP) is projected to contract by 0.1% to 4.6% in 2020 due to the negative impact brought by Covid-19, according to the World Bank.

Bank Negara Malaysia (BNM) announced its latest GDP growth projection for 2020 on 3 April 2020, estimating a range of -2% to 0.5%. This is down from 2019's 4.3% growth.

While the government had shown its commitment to react quickly and allocated substantial resources to respond to the outbreak, recovery is likely to take years as it has impacted across all sectors and even regions.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my appreciation to the management team and staff for their dedication and contribution to the Group. Also our appreciation to our shareholders, business associates, clients, bankers and the various government agencies for their continued support to the Group. My appreciation is also extended to my fellow Board members for their guidance and counsel.

GENERAL TAN SRI ISMAIL BIN HASSAN (R)

Independent Non-Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS



TAN ENG PIOW
Group Managing Director

OVERVIEW

The following commentary and analysis of the consolidated results of the operations and financial information of Mitrajaya Holdings Berhad (“Mitrajaya” or “the Company”) should be read in conjunction with the Company’s financial year ended 31 December 2019 (FYE 2019) consolidated financial statements and notes.

Mitrajaya Group’s revenue decreased by RM237.72 million (28.4%) to RM600.69 million for FYE 2019 compared to RM838.41 million in the previous financial year. The decrease was mainly due to lower revenue recognition in the Construction division by RM216.09 million. Coupled with the substantial increase in cost, the Group reported a loss before tax (“LBT”) of RM65.37 million in FYE 2019. As a result of deferred tax recognition on unabsorbed tax losses and capital allowance for RM21.37 million and set off with income tax provision of RM9.56 million, the Group reported a net loss after tax of RM53.56 million. The operational loss was mainly attributable to Construction division. This division has recognised a LBT of RM95.89 million in FYE 2019 compared to profit before tax (“PBT”) of RM12.02 million in FYE 2018.

During FYE 2019, the Group has incurred capital expenditure (“CAPEX”) of RM5.15 million, mainly on formwork and scaffolding systems for projects secured during FYE 2018. The CAPEX requirement has reduced substantially compared to the CAPEX of RM17.50 million incurred during FYE 2018. Presently, our CAPEX requirement will be incurred on a need-to basis for newly secured construction projects.

The Group’s borrowings have seen a significant reduction in FYE 2019. This is in line with the Group’s objective to reduce finance cost. The borrowings has reduced by RM103.17 million (29.7%) to RM244.46 million, as compared to RM347.63 million as at 31 December 2018. Consequently, the net gearing ratio has reduced from 43% to 32% as at 31 December 2019. The Group has successfully paid down the short term borrowings from the proceeds collected from both completed and on-going projects. As a result, the current ratio has also improved from 1.73 times to 1.79 times as at 31 December 2019.

Since the Group registered a net loss attributable to owners of the Company of RM46.92 million in FYE 2019, net asset per share has reduced from RM0.93 to RM0.86 as at 31 December 2019.

Management Discussion And Analysis (Cont'd)

FORWARD-LOOKING INFORMATION

The information in this Management Discussion and Analysis includes certain forward-looking statements. Although these forward-looking statements are based on currently available competitive, financial and economic data and operating plans, they are subject to risks and uncertainties. In addition to general economic events outside Mitrajaya's control, there are factors which could cause actual results, performance or achievements to vary from those expressed or inferred herein including risks associated with an investment in the shares of Mitrajaya and the risks related to Mitrajaya's business. Risk factors are discussed in greater detail in the section on "Risk Factors" later in this MD&A. Forward looking statements include information concerning possible or assumed future results of Mitrajaya's operations and financial position, as well as statements preceded by, followed by, or that include the words "believes", "expects", "anticipates", "estimates", "projects", "intends", "should" or similar expressions. Other important factors, in addition to those discussed in this document, could affect the future results of Mitrajaya and could cause its results to differ materially from those expressed in any forward-looking statements. Mitrajaya assumes no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

OPERATIONS REVIEW

Construction Division

The Group's core business, Construction, contributed a lower revenue of RM482.73 million during FYE 2019, RM216.09 million (30.9%) lower from RM698.82 reported in the previous financial year. The lower revenue was mainly due to reduction in the number of on-going projects during FYE 2019. The Construction division reported a loss before tax of RM95.89 million in the current financial year as compared to a profit before tax of RM12.02 million in the previous financial year. The substantial losses in FYE 2019 was mainly due to additional costs incurred during the finalisation of certain projects completed in prior years and current 2019. Furthermore, there were lower finalised contract sums upon account finalisation with project awarders as compared to progressive revenue recognised over the construction period.

The Division reported a loss before tax of RM95.89 million after taken up operating and finance costs amounting to RM35.72 million. The operating costs still remained high at RM26.32 million in FYE 2019 as compared to RM31.53 million in FYE 2018. Nevertheless, finance costs have reduced slightly from RM11.05 million to RM9.40 million during FYE 2019 due to reduction in borrowings.

The Division has been carrying out various measures to review current fixed overhead costs to ensure the Construction division's cost structure is competitive and sustainable. In addition, substantial collection from both completed and on-going projects in the first quarter of 2020 has successfully brought down the bank borrowings. Hence, finance costs are expected to further reduce in 2020.

The current outstanding order book stands at RM739.94 million as at 31 December 2019 after securing the following 2 projects with contract sum totalling RM227 million during FYE 2019:

- Proposed refurbishment works of hotel rebranding for "Double Tree by Hilton" at Lot 5P2, Precinct 5, Wilayah Persekutuan Putrajaya; and
- Proposed development of 1 Block Condominium 37 Tingkat (240 Unit) at Lot 81250, Jalan Kiara 5, Mont' Kiara, Mukim Batu, Wilayah Persekutuan Kuala Lumpur.

Our Construction division has completed and handed over the 'Asia School of Business Residential' building while also achieving the partial handover milestone for 'The Asian Institute of Chartered Bankers' building, during 2019.



*Residensi ASB (Asia School of Business),
Kuala Lumpur*



*The Asian Institute of Chartered Bankers,
Kuala Lumpur*

Management Discussion And Analysis (Cont'd)

Given the uncertainty surrounding both the global and local economies arising from the outbreak of Covid-19, we anticipate that the business environment in which the Group operates will be very challenging for the current financial year. This division will focus on the project implementation and execution to ensure quality products are delivered to the clients on time. This division is also working aggressively on various project tenders to replenish the construction order book.

Local Property Development Division

The Property development division also contributed a lower revenue of RM105.39 million for FYE 2019. It represents a decrease of RM25.43 million (19.4%) compared to RM130.81 million in FYE 2018. The division recognised an additional compensation sum of RM10.97 million for the compulsory acquisition of project land held in Pengerang, Johor in FYE 2018. If this one-off transaction were to be being excluded, the net revenue reduction in sales of properties is RM14.46 million. The current year's revenue recognition were mainly derived from Wangsa 9 Residency and Affordable Homes "Rumah Selangorku" projects. Profit before tax for this division decreased by RM14.49 million (31.6%) from RM45.82 million to RM31.33 million in FYE 2019. After excluding PBT derived from the one-off transaction of RM10.66 million in FYE 2018, profit before tax decreased marginally by RM3.83 million from RM35.16 million to RM31.33 million in FYE 2019.

Wangsa 9 Residency

The Wangsa 9 Residency project comprises 3 tower blocks of 565 units of high-rise condominiums with an estimated Gross Development Value ("GDV") of RM747.89 million. The development is situated at a strategic location in Kuala Lumpur, right opposite the Wangsa Walk Mall and within close proximity to the Sri Rampai LRT Station. The project has been successfully completed and the Certificate of Completion and Compliance for phase 1 was obtained on 20 March 2019. The take up rate for phase 1 consisting of 338 units of condominiums was 76.6%. Whereas



*Wangsa 9 Residency -
phase 1 completed in
March 2019*



Wangsa 9 Residency penthouse

Phase 2 which is under on-going construction consisting of 227 units achieved a take up rate of 7.9%. The division will concentrate its efforts on disposing off its current stock of completed properties. The unbilled sales as of 31 December 2019 for this project amounts to RM23.86 million.

Affordable Homes "Rumah Selangorku" – Pangsapuri Seri Akasia

In line with the Selangor State Government's commitment to build more affordable homes in Selangor, Mitrajaya has launched an affordable home development under the "Rumah Selangorku" programme at Puchong Prima. This development, comprises 408 units of apartments with the selling price fixed by the Lembaga Perumahan dan Hartanah Selangor (LPHS) at RM180,000 for a basic unit with a built up area of 900 sq ft. All the units have been taken up and unbilled sales as of 31 December 2019 of RM14.77 million is expected to be fully recognised in 2020. This project has obtained the Certificate of Completion and Compliance on 5 March 2020.



Pangsapuri Seri Akasia

Amid the slower property market, we are very cautious in launching of new property projects. We will focus our future property development on affordable homes within strategic locations and with good infrastructure.

Management Discussion And Analysis (Cont'd)

Proposed Mixed development project – Kota Warisan, Sepang

In early 2017, the Group entered into a joint venture with Gema Padu Sdn Bhd for the acquisition of land comprising 335.53 acres for RM185.42 million strategically located in the prime location of Kuala Lumpur's southern corridor development. Mitrajaya's commitment is for 60% of the total land value for an amount of RM111.25 million.

The Group commenced the mixed development planning on 22.2 acres comprising of 2 adjacent land parcels located at Kota Warisan. The proposed mixed development consists of serviced apartments (unit size of 845 to 1,000 sq ft) and affordable serviced apartments (unit size of 550 sq ft). The estimated Gross Development Value for this project is approximately RM1.0 billion.

Proposed residential development at Bukit Sentosa, Rawang – 305 sub-divided freehold titles for double storey terrace houses (9.81 acres)

The Division has obtained building plan approval for phase 1 development of 67 units on 25 August 2017. We expect to launch this project (Phase 1) by end 2020.

Property Development in South Africa

Our overseas property project in South Africa, Blue Valley Golf & Country Estate (BVGCE), contributed higher revenue and profits for the FYE 2019. This Division reported a revenue of RM12.10 million, an increase of RM3.72 million (44.4%) as compared to RM8.38 million reported in the previous financial year. Correspondingly, PBT also increased by RM0.54 million (415.4%) from RM0.13 million to RM0.67 million for FYE 2019. This Division has been reducing its contribution to the Group's earning since FYE 2016 as limited vacant bungalow lots were available for sale since 2016. All the vacant bungalow lots have been fully sold in FYE 2017. The revenue recognised in 2019 were mainly derived from rental income of Blue Valley Shopping Centre and sales of 14 units of bungalow houses completed in November 2018.



42 units of serviced apartment

Revenue contribution from our investment in South Africa in 2020 will be dependent on the sales of 42 units of serviced apartment built within the Blue Valley Golf & Country Estate. The Division expects to complete the 42 units of serviced apartment in third quarter of 2020. Total estimated GDV is RM16.5 million.

In BVGCE, there is a total 30.48 acres of land parcel available for future development. The management intends to build and sell 206 units of apartments on 8.96 acres and the remaining land will be sold as vacant bungalow lots. This proposed development will contribute positively to the future earning of the Group.

For the 215 acres of land acquired in 2015, we are currently working on the initial planning stage of a development of an Eco Park Residential Estate, with at least 3,000 units of medium to high density cluster/apartment homes. This will further strengthen our position and ensuring continuity of our operations in South Africa.

RISK FACTORS

(a) Risks relating to Construction division

(i) Competition from other construction players

The Malaysian construction industry is highly competitive, and our Group faces intense competition from various construction companies due to the lower number of available projects following the cancellation and deferment of some mega infrastructure projects by the Government. Our Competitive position will be dependent on various factors such as pricing, financial position and strength, the ability to obtain adequate financing, reputation for safety, quality and track record for timely completion of projects. Due to such competitive pressures, our Group's financial performance may be affected by highly competitive pricing in the process of securing a construction contract. This may, in turn lead to lower project profit margins and hence, lower profitability to our Group.

Management Discussion And Analysis (Cont'd)

(ii) Delay in the completion of projects

Timely completion of construction projects is dependent on many external factors, some of which may be beyond the control of our Group such as obtaining various regulatory approvals as scheduled, sourcing and securing quality construction materials, weather conditions and satisfactory performance of our sub-contractors who are appointed to complete the construction or development projects. Any failure or delay in completing the projects within the timeframe agreed with our client may expose our Group to additional costs and potential claims which may impact our profitability. Such claims may also affect our Group's reputation and financial performance.

(iii) Cost Overruns

Our Group carries out project cost and budgeting estimates of raw material, labour costs, sub-contracting costs and overheads based on the indicative pricings given by our suppliers and subcontractors, as well as our own estimates of costs for tender for construction projects.

As our construction contracts usually take up to 3 years to complete, we are subject to unforeseen circumstances during the contract period which may cause project costs to overrun such as fluctuation in prices of raw materials, increase in minimum wages of foreign workers, increase in prices of subcontractor service, unfavourable weather conditions, unexpected construction constraints at the worksite or, additional costs which are not previously factored into the costing.

(iv) Defect liability

Our construction contracts commonly stipulate a defects liability period for work done of up to 24 months from the date of official hand-over of the completed projects, depending on the nature of the contract. This makes the contractor liable for the work carried out and for any repairs, reconstruction or rectification of any faults or defects which may surface or be identified during the defects liability period. Nevertheless, by working closely with our customers to ensure the work specifications are met, coupled with the experience and expertise of our Group, we constantly aim to reduce as much as possible any defects of our works.

(b) Risk related to Property Development division

(i) Performance of the property market

Our property development business is largely dependent on the performance of the property market in Malaysia. Any material developments affecting the property markets such as changes in demographic trends, employment and income level, economic uncertainties, the vagaries in property demand and the property rental market may have an impact on our business operations and financial performance.

Furthermore, the performance of the property market is also affected by the regulatory environment. The Government has introduced several cooling measures to curb speculation in the property market in its effort to promote a more stable and sustainable property market such as:-

- (1) Real Property Gains Tax ("RPGT") which was reinstated in 2010. The effective maximum RPGT rates were raised 5% in 2010 to 30% in 2014. Further, effective 1 January 2019, the RPGT has been increased by 5% for disposal of a property from the sixth year onwards;
- (2) Prohibition of acquisition by foreigners of properties valued less than RM500,000 per unit, which threshold was revised upwards to RM1,000,000 under the Guideline on the Acquisition of Properties issued by the Economic Planning Unit of the Prime Minister's Department (which was effective 1 March 2014);
- (3) In 2010, BNM announced a maximum loan-to-value ratio of 70% for third home purchases by consumers; and
- (4) Banks can no longer provide financing for projects with developer interest bearing scheme, wherein interest payments on the loan obtained by the buyers are borne by the property developers until the property has been completely constructed.

Management Discussion And Analysis (Cont'd)

Any further introduction of cooling measures by the Government as well as tightening of lending criteria by the banks may lead to an imbalance of supply of, and demand for properties in Malaysia which can cause a property overhang. As such, the above measures may affect the demand for our properties which in turn may negatively impact our property development business.

(ii) Scarcity of commercially viable land banks for development

We rely to a large extent on our existing land bank, as well as on our ability to identify and acquire suitable land banks with development potential to deliver sustainable growth and profitability. However, we also face competition from other property developers in identifying and acquiring strategically located land banks at commercially viable prices. The competition among industry players has to a certain extent, created scarcity for strategically located land. This may result in higher land acquisition costs, which could potentially affect our profitability and prospects.

There can be no assurance that we will be able to continue to identify new land banks on commercially viable prices and on suitable terms. In the face of competition, it would also be more challenging to secure opportunities to jointly develop land with land owners on commercially viable profit sharing terms and with good development potential to spur our growth.

(iii) Competition risk

Our Group experiences competition from other property developers in Malaysia. Competitive pressures may arise in areas like supply of raw materials and labour, pricing of the property as well as the sale and marketing of the property. Future success will depend significantly on the ability of our Group to respond to the ever changing economic conditions and market demands, the launch of the property development projects of our Group and marketing strategies that will be able to fulfil the needs and requirements of the target markets of our Group. We expect to remain competitive despite the increased competition due to our established brand name, track record and promotional campaigns. Our Group will continue to take measures to mitigate competition risks such as conducting market intelligence surveys to understand home buyers' needs, monitoring and adjusting development products and implementing innovative marketing strategies in response to changing economic conditions and market demands.

While we seek to remain competitive in terms of pricing, design, quality and strategic marketing, there is no assurance that such measures can effectively mitigate the potential adverse effects of competition on our future financial performance and position.

(iv) Project completion risk

Timely completion and hand-over of our projects is critical in ensuring costs are contained and our Group's reputation is safeguarded. However, delays in completion could result from unforeseen circumstances such as shortage of construction materials, adverse weather conditions, major labour disputes, unfavourable credit terms, delays in obtaining the necessary approvals from local authorities, major changes in local authorities' approval policies and/or other unforeseen circumstances.

If any of the abovementioned circumstances occur for a prolonged period, our Group may incur substantial additional costs such as liquidated and ascertained damages payable to purchasers, rectification costs to repair defects or higher material/labour costs and these may result in our financial performance being materially impacted.

(v) Compulsory land acquisition by the Government

There is an inherent risk that our Group's landbank held for development may be compulsorily acquired by the Government for public use or due to public interest. If all or any portion of our development or project land is compulsorily acquired by the Government at any point in time, the amount of compensation paid to our Group may be less than the market value of the land and/or the purchase consideration that we have paid in acquiring such land. Accordingly, our Group's business, financial condition, results of operations and prospects could be adversely affected.

Management Discussion And Analysis (Cont'd)

(c) Risks relating to the Group as a whole

(i) Political, economic, market and regulatory risk

Our property development business in Malaysia and South Africa is subject to the jurisdiction of various governmental agencies and/or ministries in Malaysia and South Africa. Any adverse developments in political, economic, regulatory and social conditions in Malaysia and South Africa where our Group operates could materially affect the financial and business prospects of our Group. Such uncertainties that could unfavourably affect our Group include changes in political leadership, war, economic downturn, changes in monetary and fiscal policy, changes in foreign currency regulations or introduction of new rules or regulations, financial crisis, expropriation, nationalisation, re-negotiation or nullification of existing contracts, changes in interest rates, exchange rates and methods of taxation.

While we strive to continue to take precautionary measures such as implementing prudent business, financial and risk management policies, much of the above changes are beyond our Group's control and there can be no assurance that any adverse developments will not materially affect the operational conditions and performance of our Group.

MARKET OUTLOOK AND PROSPECTS

2020 is an exceptionally challenging year for the global economy. Confronted with an unprecedented health crisis, global growth is expected to contract. As an open economy, Malaysia will not be spared. Malaysia's GDP growth is projected to be between -2.0% and +0.5% in 2020, affected by weak global demand, supply chain disruptions and COVID-19 containment measures both abroad and domestic. While the Movement Control Order and measures to promote social distancing will dampen economic activity temporarily, they are necessary to contain the spread of the virus. The Government's stimulus package will help to cushion the economic fallout. Both Pakej Rangsangan Ekonomi 2020 and Pakej Rangsangan Ekonomi Prihatin Rakyat as well as the Bank's financial measures will provide sizable support to households and businesses. These measures are expected to add 2.8 percentage points to 2020 GDP growth. Also supporting growth is the ongoing large-scale infrastructure projects, which are expected to provide an additional 1 percentage point lift to growth in 2020.

(Source: Bank Negara Malaysia – 2019 Economic And Monetary Review released on 3 April 2020)

The COVID-19 outbreak will cause the economy to contract this year. The current-year GDP growth forecast was -0.2% as of March, with output declining in the first and the second quarters. This forecast predated government's decision to lock down the economy, meaning it is probably too optimistic. More recent work suggests 2020 growth will be in a range of -2% to -4%, with downside risks should the lockdown be extended, or if the global economy weakens more than currently projected. Further out, there is limited scope for a rebound, but growth is now unlikely to exceed 1% in 2021. South Africa was already in recession prior to the COVID-19 shock, and the situation has become more challenging since. The upside risk to this forecast, however, is that a deeper contract this year would permit a stronger rebound in 2021.

(Source: South African Reserve Bank – Monetary Policy Review released in April 2020)

In this regard, the Group envisages that the operating environment in all divisions located at both Malaysia and South Africa will be very challenging in the current financial year. The Group will constantly monitor the impact of Covid-19 on the Group's operations and take appropriate and timely measures to minimize the financial impact.

ACKNOWLEDGEMENT

On behalf of the management team, I would like to express my gratitude and sincere appreciation to our shareholders, various government agencies, regulatory authorities, customers, bankers, consultants and business associates for their continued trust and support to the Group. I would like to thank our Board members and employees for their strong commitment and dedication towards the continued success of the Group.

TAN ENG PIOW

Group Managing Director

SUSTAINABILITY REPORT

GROUP MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,

I am proud to present the Mitrajaya Holdings Berhad Sustainability Report 2019. Since 2017, a Group-wide governance framework was put in place for sustainability. I am pleased to inform that we are on track in achieving our short-term goals, which are to meet all regulatory and standards compliance as well as meeting our shareholder's expectations. We continue to strive to improve our integrated management systems that drive our quality, environmental, health and safety, strategies and action plans.

Among the significant events of the year for the Group were the successful completion and handover of the Asian School of Business Residential Building, PJ Midtown mixed development, Perumahan Awam 1 Malaysia (PPA1M) in Precinct 5 Putrajaya, infrastructure works for Refinery and Petrochemicals Integrated Development (RAPID) package 14 & 22 and the Wangsa 9 Residency Phase 1 development.

As testimony to our commitment to quality, environmental, health and safety, in 2019 the Group embarked on the implementation of the 5-S Standard 5S which is a system for organising spaces so work can be performed efficiently, effectively and safely. This system focuses on putting everything where it belongs and keeping the workplace clean, which makes it easier for people to do their jobs without wasting time or risking injury. Our wholly-owned subsidiary, Pembinaan Mitrajaya Sdn Bhd and the our Headquarters successfully obtained the SIRIM certification for the 5-S Standard: 2018.

For these achievements and recognitions we have received today, we are grateful for the efforts of our dedicated management team and staff.

In the medium term, Mitrajaya will aim to strengthen our Corporate Social Responsibility initiatives in order to fulfill our role as a responsible corporate citizen. For the long term, we strive to be the clients' contractor of choice, the property developer of choice and the employer of choice.

In this regard, our business strategies take into account the sustainability policies that govern the property development and construction industry. For instance, there is the Government policy that requires the establishment of Industrialised Building System (IBS) for construction work. This would produce less construction waste, with less labour required. We also note and take into account the Green Building initiatives on property development mooted by the authorities.

The property and construction industry in Malaysia faces many other challenges and issues such as growing scarcity of prime land for development, rising costs of land and building materials, more stringent control on property loans and borrowings. The fluctuations of international policies and foreign exchange also affect the availability and costs of imported building materials.

Notwithstanding these challenges, Mitrajaya moves forward into our sustainable future with confidence. Having our sustainable business strategies in place, with the continued energetic and dedicated efforts of our Board of Directors, our management team and our staff, we can assure our shareholders and investors that we will continue to deliver on sustainable opportunities for Mitrajaya Group and our stakeholders.

Group Managing Director

Sustainability Report (Cont'd)

OUR SUSTAINABILITY PHILOSOPHY

We believe that a business organisation, while in pursuit of profit, should fulfil its role as an agent of progress and discharge its moral and corporate responsibility for sustainability to society, employees and the environment.

We strive to harmonise our precious human resources and the operating environment whereby professionalism, teamwork, total commitment and loyalty could be cultivated and nurtured to become our corporate culture and ethics.

We are able to combine our resources and technology to create the synergy for the growth and sustainability over the years. Our track record has proven our ability to provide superior service to meet all the needs of our clients from initial planning to management of the completed project.

SCOPE OF REPORT

In this Sustainability Report, our sustainability performance, including achievements and challenges, over the period 1 January 2019 to 31 December 2019, are reported, together with highlights of related performances in the recent years that have brought us to where we are in our sustainability journey and status. Unless otherwise stated, the information within this report refers to Mitrajaya Holdings Berhad and its subsidiaries.

This Sustainability Report 2019 is prepared according to the requirements of Bursa Malaysia, with incorporation of some core principles of the GRI Sustainability Reporting Standards (GRI Standards).

CORPORATE GOVERNANCE

At Mitrajaya Holdings Berhad we continuously endeavour for good governance. This will steer us towards managing our business and operations more sustainably and enable us to fulfil our corporate social responsibility and the committees thereunder.

Our Board of Directors and respective committees thereunder constantly review our strategic objectives in line with our commitment towards sustainability for improving performance and better results for the company and our shareholders. Increasingly, more sustainable practices are being implemented company wide, especially for operations at our project sites.

We are committed to responsible governance, applying ethics and code of conduct at all levels. In this manner we strive for transparency, accountability and long-term stability to ensure compliance at all times to all regulatory corporate governance requirements.

Through our governance structure, Mitrajaya is developing its sustainability strategy across the top management till every operational level from the economic, environmental and social perspectives. In this regard the driver for the sustainability strategy development and implementation is our Sustainability Committee. Members of the Sustainability Committee include:

Chairman	<ul style="list-style-type: none"> • Director
Secretary	<ul style="list-style-type: none"> • Integrated Management System (IMS) Representative
Committee Member	<ul style="list-style-type: none"> • Corporate Affairs • Finance and Accounts • Human Resources and Administration • Projects • Quality, Safety & Health

Sustainability Report (Cont'd)

The reporting structure for the Sustainability Committee is as below:

Sustainability Committee

Group Managing Director

Board of Directors

OUR ACHIEVEMENTS

HIGHLIGHT 1: THE ACHIEVEMENTS IN 17RM2 PROJECT

A Health, Safety and Environmental campaign was held at the Putrajaya-5R5 site to celebrate Pembinaan Mitrajaya Sdn Bhd's (PMSB) achievement in obtaining 3 million-man hours without Lost Time Injury (LTI) for the Putrajaya-17RM2 (PPA1M) project. The campaign was in conjunction with World Day for Safety and Health at Works 2019 and was a collaboration between PMSB with Malaysian Trades Union Congress (MTUC) and Malaysian Occupational Safety and Health Practitioners' Association (MOSHPA). The event was attended by the National Institute of Occupational Safety and Health (NIOSH) Chairman, Tan Sri Lee Lam Thy. Tan Sri Lee lauded PMSB for its initiative to promote occupational safety and health, especially at its work sites.



HIGHLIGHT 2: THE ACHIEVEMENTS IN 5-S CERTIFICATION

PMSB have successfully been certified to have fully implemented the 5-S Standard:2018 developed by the International 5-S Organisation and SIRIM for both its projects and head office in November 2019.



Sustainability Report (Cont'd)

HIGHLIGHT 3: SHASSIC ACHIEVEMENT

To show commitment in delivering a project with the best safety performance, PMSB has conducted SHASSIC assessment on every project. In 2019, A Centre of Excellence (ACE), Asia School of Business (ASB) Residential Building and Asia School of Business (ASB) Academic Building projects have recorded high scores for their SHASSIC Assessment.



RISK MANAGEMENT

The construction and property development industry typically consume large amounts of resources and energy. This is due to impact from upstream and downstream activities, namely from material extraction, product manufacturing and assembly, building structure, system maintenance, renovations and waste disposal.

The main impact on the environment by the industry's activities is its contribution to carbon dioxide (CO₂) emissions, energy requirements, water usage, solid waste, raw materials consumption and electricity consumption. In addition, the industry generates pollutants that include noise, dust and gaseous emissions, solid wastes and wastewater.

Such impacts would affect the local economic, environmental and social dimensions of Mitrajaya's products and services, and the local climatic conditions and variations. For instance, projects have been affected by floods, landslides, water shortages, polluted water sources, as well as safety and health incidences. The result could be project cost increase, project delays, health and safety issues, community issues, and in the worst-case scenario, fatalities.

In the light of such risks as mentioned above, Mitrajaya is therefore making every effort to ensure that mitigating measures are in place for every project in order to minimize its economic, environmental and social impacts. This is applied through its integrated management system (IMS) and operational procedures.

Sustainability Report (Cont'd)

STAKEHOLDER ENGAGEMENT

In a stakeholder exercise with management we were able to identify our significant stakeholders and prioritise their issues as shown in the following matrices. These significant stakeholders are those who have most interdependence and most influence on our operations and activities. They include our Customers, our Employees, our Board of Directors, Major Shareholders, Minor Shareholders, Assessors, Financiers and the Government agencies, as shown in the prioritization matrix below.

Stakeholders Prioritisation Matrix

		Stakeholder Influence on the organization			
		No Influence	Low Influence	Some Influence	High Influence
Stakeholder Dependence on the organisation	High Dependence			C, E, B, MS	
	S, F, A				
				G	
	Low Dependence	X, MiS		M, Y, N	
Legend					
<div><div>B - Board Of Directors</div><div>C - Customers</div><div>E - Employees</div><div>G - Government</div><div>MS - Majority Shareholders</div><div>MiS - Minority Shareholders</div><div>S - Suppliers</div></div> <div><div>N - NGOs</div><div>F - Financiers</div><div>M - Media</div><div>X - Communities</div><div>Y - Industry peers</div><div>A - Assessors</div></div>					

Sustainability Report (Cont'd)

STAKEHOLDER ENGAGEMENT METHODS

Having identified our stakeholders, we have engaged with them in the following ways outlined below.

Internal Stakeholders	Engagement Methods
Employees	*Daily operations *e-mail system *Training sessions *Performance review *Festival gatherings *Staff survey * Sports club activities
Shareholders	*Annual General Meeting *Media announcements *Annual Reports
External Stakeholders	Engagement Methods
Government Agencies Local Authorities	*Compliance and licensing, statutory requirements
Customers	*Contractual engagement- ongoing *Daily operations, quotations, proposals *Festival gathering *Client Survey
Financial Institutions/ Financial analysts	*Regular meetings *Annual Reviews
• Industry Peers & Industry Associations	*Standards Compliance, committees * Training *Seminars & Conferences *Participation in industry related association
Students Scholarship Recipients Local Communities	*CSR initiatives
Suppliers	*Contractual engagement *Daily operations, quotations, proposals *Supplier evaluation
Media	*Product launch advertisement *Ad hoc interviews
Assessors	*Yearly audit *Project completion audit

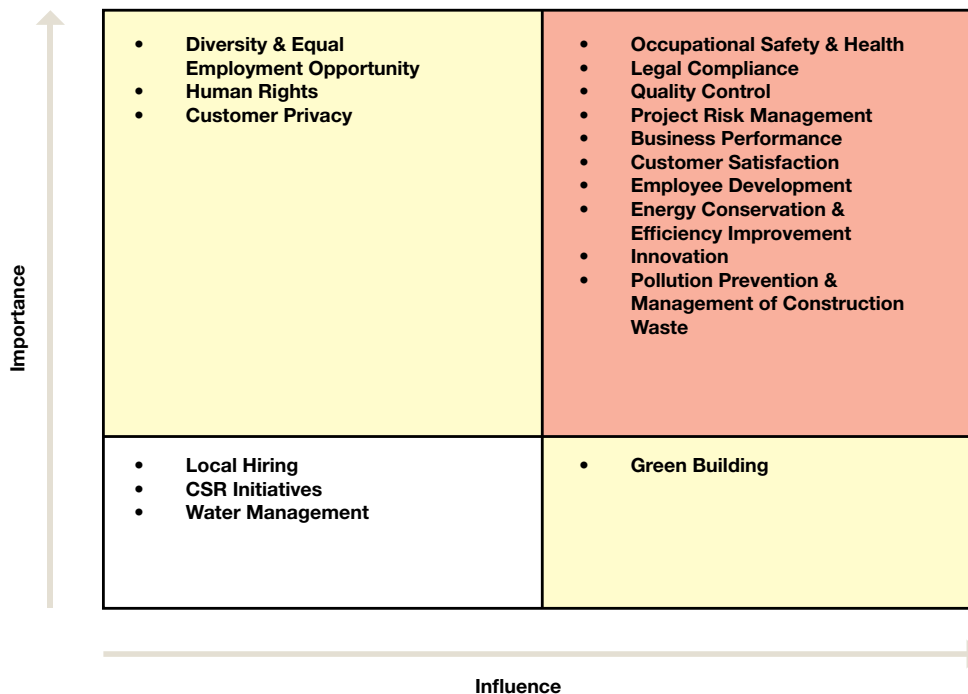
- Note:
Among its industry peers, Mitrajaya actively participates as a member of the building industry community. In this respect, PMSB's Managing Director, Mr. Foo Chek Lee, is current serving the second term as President of Master Builders Association of Malaysia 2018/2020.

Sustainability Report (Cont'd)

MATERIALITY

Mitrajaya Holdings Berhad holds the views of our stakeholders to be important to our sustainability improvement efforts. Hence, we have reviewed the materiality issues in conjunction with our stakeholders' identification. In analysing our materiality issues, we have taken into account the concerns of our stakeholders as well as that of the Organisation's vision and mission and strategic objectives, and these are outlined in the figure below. We have also referred to the Global Reporting Index (GRI G4 Guidelines) during the review. Our emphasis is thus on Occupational Safety & Health, Legal Compliance, Quality Control, Project Risk Management, Business Performance, Customer Satisfaction, Employee Development, Energy Conservation & Efficiency Improvement, Innovation, Pollution Prevention & Management of Construction Waste. As far as possible these issues are addressed within this Sustainability Report.

MATERIALITY MATRIX



ECONOMY

MARKET PRESENCE

Construction Division

Through its principal subsidiary, PMSB, Mitrajaya Holdings Berhad has created a significant track record of successful projects in the construction and civil engineering-related arena.

PMSB is not only an Infrastructure contractor, but over the past 30 years has developed into a building contractor. Its major projects have included building construction, such as high-rise and low-rise Residential and Commercial buildings, Industrial buildings, as well as Institutional buildings for Education and Healthcare. Noteworthy building projects include the MACC Headquarters in Putrajaya. PMSB has played a significant role in major national infrastructure projects, including the Kuala Lumpur International Airport (KLIA), the CyberJaya Flagship Zone, the Putrajaya Federal Administrative Centre, the East Coast Economic Region, the Iskandar Southern Development Corridor, Refinery and Petrochemical Integrated Development (RAPID) in Pengerang Johor, and many other projects.

Sustainability Report (Cont'd)

Over the years, PMSB has amassed assets of modern construction machineries and technologies, and has continued to build capability in cutting edge construction methodologies and the pioneering field of 3D Building Information Modelling.

“We believe in delivering our client’s every dream with passion, and that is our pride.”

Property Development Division

Under our Property Development Division, in striving for greater heights, Mitrajaya ventured into property development in 1999. Its first and flagship development was the 250-acre integrated township of Puchong Prima. This is a great example of a comprehensive master plan undertaken by Mitrajaya. This was a carefully planned township that strongly shows our strong commitment to developing a multi-faceted community and not just constructing buildings.

Mitrajaya has also achieved Quality & Architectural Excellence through venturing into luxury residential development in the upmarket Mont’ Kiara area. Thus far Kiara 9 Residency has become a benchmark for luxury lifestyle in Kuala Lumpur. It showcases a 41-storey iconic condominium tower and 16 units of 3 ½ storey Garden Villas.

In March 2019, Mitrajaya successfully completed and handover the Wangsa 9 Residency Phase 1 development. This high-end residential development comprising of three tower blocks of 565 condominium units in Wangsa Maju further cements Mitrajaya’s capability in delivering quality and trusted products to its customers.

Over the years, Mitrajaya has built a solid reputation as a property developer through the brand name Mitrajaya Homes that prides itself in providing quality products and value to its customers. Current project include Wangsa 9 Residency Phase 2. In March 2020, Mitrajaya has successfully completed Pangsapuri Seri Akasia in Puchong Prima, Selangor, an affordable homes development under the Rumah Selangorku initiative.

International Division

Blue Valley Golf & Country Estate has been the first international venture of Mitrajaya. It is located centrally to Johannesburg, the country’s Business Hub and Capital City, Pretoria and Sandton in South Africa.

This successful development has a mixed development of Tuscan Themed Homes, Office Parks and Retail Development, with a World Class 18 Hole Golf Course, designed by Gary Player. It embodies the South African affluent lifestyle estate living.

INDIRECT ECONOMIC IMPACTS

One of the pillars of sustainable development is economy. While achieving our economic performance targets, Mitrajaya is committed towards the creation of sustainable indirect value and benefits through our economic activities.

In our construction and development projects we use local raw materials as much as possible, including recycled construction materials. This helps to reduce our carbon footprint along our value chain. At the same time, it also brings more cost-effective economic benefits to our operations and contributes to the nation’s economic welfare and growth.

We thus strengthen the local economy in the following ways:

- Our operations and associated activities provide for new employment and job opportunities for people within the community.
- Money is transacted and circulates within the local economy to increase wealth for local businesses.

In hiring from the local talent pool this signals to our customers and stakeholders that we value our local citizenship in the locations of our operations. Thus, we are invested in the growth and the well-being of our citizens, as well as the health of the local economy. In 2019 our total workforce stood at 426 staff.

Sustainability Report (Cont'd)

Our recycling and waste reduction programs effectively impact our company's cost structure in a positive manner. Waste reduction and reuse can also reduce business costs for disposal, provide new sources of materials for the construction, and create local jobs.

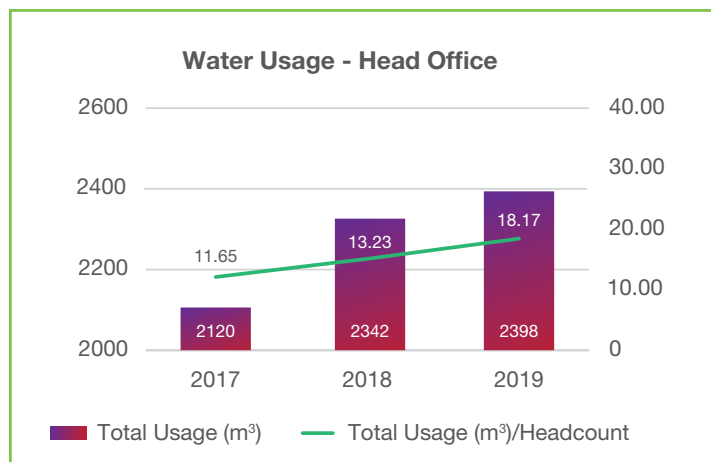
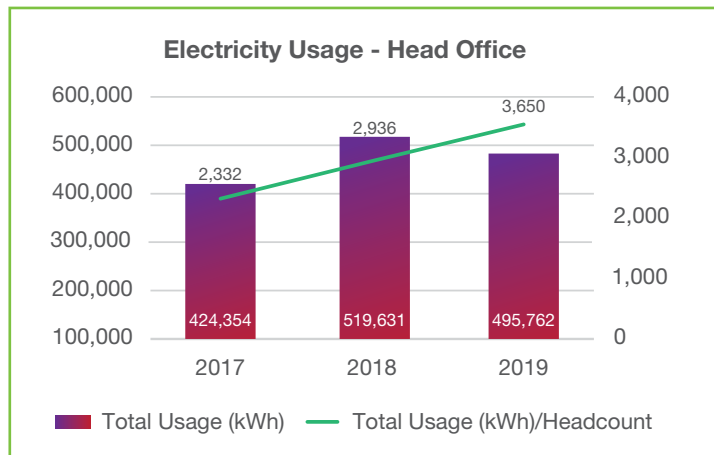
Thus Mitrajaya is able to contribute both directly and indirectly to the country's economic growth towards Vision 2020 and beyond.

ENVIRONMENT

Mitrajaya is committed to exercising due care to the environment. In our commitment we have incorporated a number of initiatives such as monitoring our usage of energy and water at our Headquarters (HQ) in Puchong Prima, Selangor. We monitor for our environmental impacts in terms of air emissions, noise, and effluent discharge. We also set our objective to reduce wastage and complying to the Environmental Quality Act and all other requirements.

Energy

We monitor the electricity usage at our HQ closely. From 2018 to 2019, the total electricity usage has decreased. The decrease was due to the office consolidated on staff seating arrangement as well as the reduction of total staff based in head office due to current economic scene. Therefore, it can be seen there is a slight increase in the total electricity usage by headcounts whereby it has increased by 714 kWh/headcount.



Water

At Mitrajaya's HQ, water consumption monitoring has been initiated since 2015. Water monitoring is important in consideration of water supply and availability, and possible future recyclability. The water consumption for year 2018 and 2019 were almost similar at 2,342m³ and 2,398m³ respectively. However, due to the reduced headcount, it can be seen that the consumption by headcount have increased by 4.94m³. More focus will be given to educate or innovate ways to reduce water consumption.

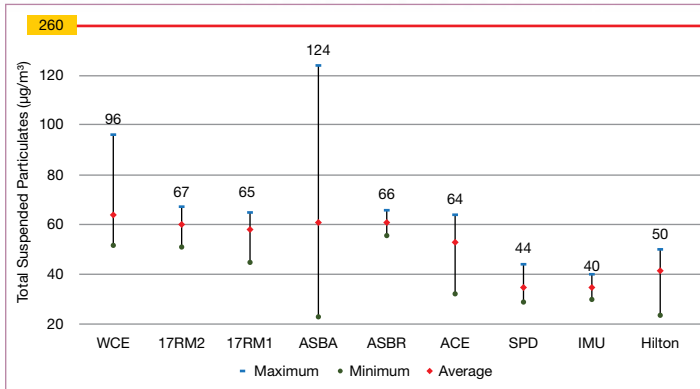
Sustainability Report (Cont'd)

Air Emissions

At the project sites, we are concerned about the dust generated during the site preparation and construction period, as this can be a nuisance to our employees and contractors at site, as well as to the communities in the vicinity of the project site. In this regard we

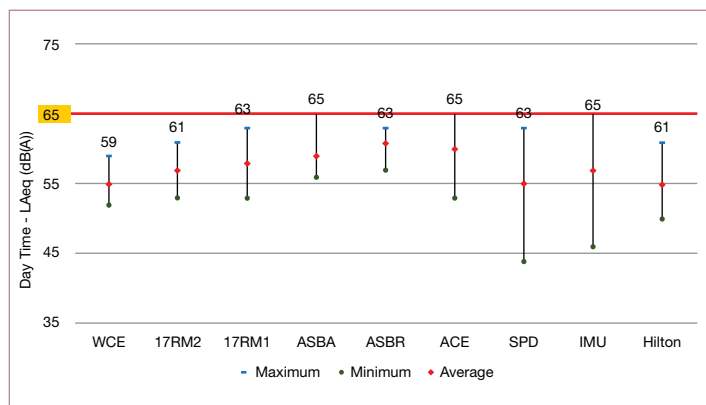
are required to monitor the Total Suspended Particulates (TSP) levels, as required according to project site job scope, which varies from site to site.

In 2019, the monthly monitoring results for TSP at those projects sites required to conduct measurement showed average levels ranging from 35 to 64 $\mu\text{g}/\text{m}^3$ from January until December. These results were well within the ambient air quality standard of 260 $\mu\text{g}/\text{m}^3$ for TSP, and were thus in compliance with the standard.



Noise

Noise monitoring was also carried out at site as per client's requirements for selected project sites. The results for those project sites that conducted noise monitoring ranged on average from 55dB(A) to 61dB(A). The limits for noise are 65dB(A). Hence the sites were in compliance with the ambient noise standards.



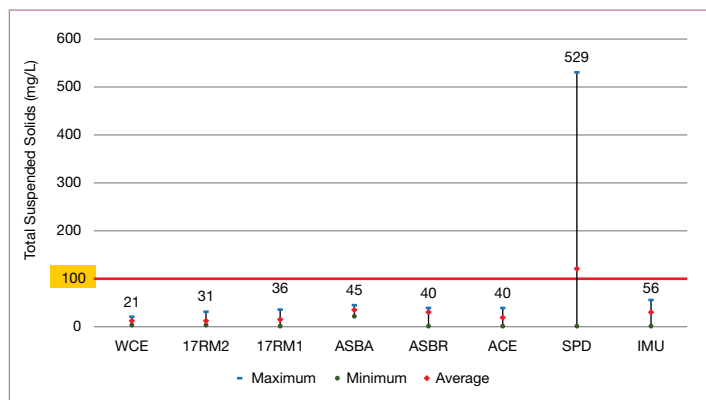
Effluent

At the project sites where the project specifications include effluent streams, the discharge of effluent is subject to the Effluent Regulations under the Environmental Quality Act of Malaysia and has to meet the discharge standards. Monitoring is normally conducted three times over a project cycle, i.e. at the start of a project, midway through the project, and on project completion. Effluent discharges are monitored for Total Suspended Solids (TSS), Dissolved Oxygen (DO), Oil & Grease (O&G), pH, Biochemical Oxygen Demand (BOD_5), Chemical Oxygen Demand (COD), E-Coli, and Ammoniacal Nitrogen ($\text{NH}_3\text{-N}$).

Discharges of effluent at site are often erratic, depending on the work cycle and work progress of the project, as well as size of project to accommodate living quarters for workers at site. Effluent discharges may also increase during the rainy days, or there may be no discharges during hot dry days, or when the work cycle does not use water.

In 2019 samples were taken for discharges from January to December at various project sites. All the projects except for one have exceeded the limit of 100mg/L.

The exceeded data was recorded for 2 months whereby it was due to the combination of project progress being in the early stage of foundation works and the heavy downpour weather. However, immediate actions were taken to increase the control measures effectiveness which can be observed with subsequent minimum and average being lowered to within compliance limit.



Sustainability Report (Cont'd)

Waste Management

Waste management is to protect the environment, safety and health for the population. One of the objectives set by Mitrajaya is to reduce wastage of construction materials in the projects. The wastage of construction materials is reviewed in the yearly Management Review Meeting.



Designation bins for waste segregation



We recognise the following as waste:

- i) waste generated from the project/business operations
- ii) unsuitable soil removed from site to landfills
- iii) scheduled waste

We minimise waste at all project sites by encouraging use of system formwork which allows reusing of materials, ordering of cut to size rebar and monitoring the usage of the materials regularly. The amount of waste generated is dependent of the size of project and the stage of construction of projects.

The following is the Construction wastage target for Mitrajaya. These targets are being monitored as part of the company's QESH Objectives Achievements during the Management Review Board Meetings.



Sustainability Report (Cont'd)

PEOPLE

Sustainability Performance

The Group's philosophy is based on the belief that a business organisation, while in pursuit of profit, should fulfill its role as an agent of progress and discharge its moral responsibility to society and employees. We are able to combine our resources and technology to create the synergy for the growth over the years.

With the Mitrajaya's vision is to be the preferred product and service provider in all our core businesses, the employees always practice company's core values of "Change, Commitment, Accountability, and Deliver quality work on time". We are dedicated to build quality through various continuous improvement programs implemented across the Group including the workplace organisation method of 5S, which comprises of Structurise, Systematise, Sanitise, Standard and Self-Discipline.

Mitrajaya demonstrates its commitment to its human resources, and seeks to maintain a healthy environment which shows respect for each employee, provides opportunity for each employee to contribute fully, and fosters personal growth. Human resources are our valuable assets. As such, we do not discriminate against race, gender, etc. We hire based on who is the best suited for the job from across the various ethnic groups found in Malaysia. The bulk of our employees are construction workers belonging to PMSB as PMSB is in a hard-labour intensive industry, we have no alternative but to look towards hiring foreign workers due to a lack of locals willing to work in this sector.

Workplace

(A) Employees			
Year	2019	2018	2017
Total Number of Employees	929	1,467	1,767
<i>Mitrajaya's workforce has gradually reduced over the past three years in line with the challenging market conditions for the Construction and Property Development sectors. The reduction of total number of employees occurred through natural attrition. We are continuously monitoring this to ensure that the size of our workforce is sustainable and commensurate against our business operations.</i>			
<i>Note: The number shown for a total number of employees are inclusive of foreign-skilled & semi-skilled labors</i>			
Executives	25%	21%	20%
Non-Executives	21%	19%	19%
Foreign-Skilled & Semi-Skilled Labors	54%	60%	61%
Staff Category			
Permanent Staff	88%	83%	75%
Non-Permanent Staff	12%	17%	25%
<i>Note: The percentage shown are not inclusive foreign-skilled & semi-skilled labors</i>			
Gender			
Female	34%	32%	30%
Male	66%	68%	70%
<i>Note: The percentage shown are not inclusive foreign-skilled & semi-skilled labors</i>			

Sustainability Report (Cont'd)

(A) Employees			
Year	2019	2018	2017
Age Group			
<30	31%	40%	45%
30-39	33%	35%	34%
40-45	15%	15%	13%
46-49	7%	4%	4%
>50	14%	6%	4%

Percentage of employees employed for age less than 30 has decreased in past three years. Nevertheless, Mitrajaya's workforce was still dominated by the young peer group of people. By contrast, the number of employees between the age of 40 and above has increased slightly over the past three years. Overall, while we source for skilled hires, we are also focusing on recruiting, training and developing young talents for the company

Note: The percentage shown are not inclusive foreign-skilled & semi-skilled labors

(B) Diversity			
Year	2019	2018	2017
Malay	63%	63%	63%
Chinese	28%	28%	28%
Indian	7%	7%	7%
Others	2%	2%	2%

The Race demographics remained stable over the past three (3) years.

Note: The percentage shown are not inclusive foreign-skilled & semi-skilled labors

(C) Employee Turnover Rates			
Year	2019	2018	2017
Employee Turnover	41%	32%	23%

The employee turnover rate has been increasing over the past three years as the overall size of our workforce has also reduced due to natural attrition. The Group is focusing to retrain, recognise and reward our existing employees to ensure that we retain our talent.

Note: The percentage shown are not inclusive foreign-skilled & semi-skilled labors

By Gender			
Female	(34%) 14%	(23%) 8%	(23%) 5%
Male	(66%) 27%	(77%) 24%	(77%) 18%

As illustrated above, the male construction workforce continues to dominate the highest population turnover rates in Mitrajaya. However, when we explore the small population of female employees, it also shows an increase of 9% in turnover rate.

Note: The percentage shown are not inclusive foreign-skilled & semi-skilled labors. The figures shown in () represents the percentage from the total turnover rates.

Sustainability Report (Cont'd)

(C) Employee Turnover Rates (continued)

Year	2019	2018	2017
By Age Group			
<30	(46%) 19%	(46%) 15%	(54%) 12%
30-39	(28%) 11%	(34%) 11%	(25%) 6%
40-45	(11%) 5%	(9%) 3%	(7%) 1%
46-49	(5%) 2%	(5%) 1%	(4%) 1%
>50	(10%) 4%	(6%) 2%	(10%) 3%

Since the largest parts of our employees are below the age group of 40 and dominated by the young peer group, it is not surprising to find a higher turnover in this group. According to the study, it showed an increase in turnover for age group below 40. This group of job switchers has consistently experienced the strongest wage growth in their age group. On top of that, statistically, we found that the utmost reason is due to job hopping trend within the industry.

Note: The percentage shown are not inclusive foreign-skilled & semi-skilled labors. The figures shown in () represents the percentage from the total turnover rates.

Employee Engagement & Staff Benefits

We engage with our staff through formal and informal channels in order to maximise our organisational performance. Formal channels include twice yearly performance appraisals, team-building events, town hall sessions and company dinner.



Festival Celebrations – Chinese New Year



Festival Celebrations – Hari Raya



Company Annual Dinner 2019 – Cake Cutting Ceremony

Sustainability Report (Cont'd)

Recognising the importance of health and fitness, the company provides a fully equipped Gymnasium and Fitness Centre for the exclusive usage of Mitrajaya employees. The company organises weekly yoga, HIIT and Zumba classes held at the fitness centre. Free basic health screening is also organised for the employees. Through these efforts, we aim to provide some basic health awareness as well as to promote a healthy lifestyle.



Gym & Fitness Centre for Staff



Free Basic Health Screening

In addition, in 2018, Mitrajaya completed the Training Centre at our Headquarters in order to hold more in-house training sessions for the staff.



Training Centre

Sustainability Report (Cont'd)

Informal engagements are carried out through the sports club whereby trips, sporting events, festive celebrations, and family day outings are organised. These events allow management and staff to develop appreciation of each other's capabilities outside the work environment and thus better team bonding results.



Family Day



*Team building event at Hauntu,
The LINC Kuala Lumpur*



All-Terrain Vehicle Adventure at Ulu Klang



Company Trip to Busan, South Korea



Company Trip to Redang



Badminton Tournament



Bowling Tournament

Sustainability Report (Cont'd)

Quality, Environment, Safety, Health & 5-S Culture

QESH Management System

With the successfully integration of ISO 9001 for Quality Management System into our core business processes in year 2000, we have embarked on the journey of incorporating ISO 14001 for Environmental Management System and OHSAS 18001 for Occupational Safety & Health Management System as part of our business culture. In year 2010, we have fully implemented the Integrated Management System called QESH (Quality, Environmental, Safety and Health) Management System. In recent years, we have also fully upgraded to the latest revisions of the Management System Series for ISO 9001:2015 and ISO 14001:2015. The company have shown its commitment towards continual improvement by ensuring the implementation runs actively as part of our business culture and processes. This can be seen through the continued certification which carries out periodical audits from year to year to ensure it is functioning well. To keep up with the latest developments, we are also currently undergoing the transition exercise to upgrade OHSAS 18001:2007 to ISO 45001:2018 which is scheduled to complete in year 2020.

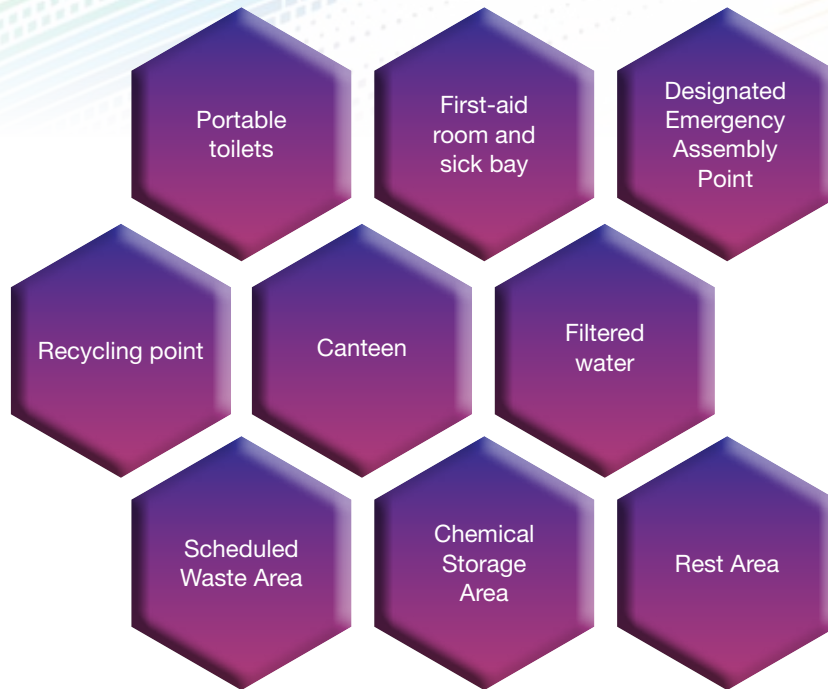


Safety

Safety is one of the greatest concerns and of the utmost priority to Mitrajaya. We value both the safety and health conditions in both our headquarters and project site. An ESH (Environmental, Safety and Health) Committee is established in our headquarters and at every project site. Furthermore, there is an emergency drill carried out in the headquarters and project site at least once a year ensuring effective emergency preparedness, response and recovery for staffs and workers. In 2019, an ESH Steering Committee that consist of staff from headquarters and project site has been established by the QESH Department as an effort to regulate the safety and health procedures and documentations across the company. There is also an ESH Team Meeting held half-yearly as a platform to share knowledge and information among project sites.

At the project site, staff and workers are provided with regular safety and health related trainings and exposures. These commonly involves toolbox talk, chemical spillage drill, waste segregation training, yearly safety campaign, joint inspection with clients, evacuation drill, working at height rescue training and many more. Regular workplace inspections are carried out to monitor and assuring the project site condition is controlled. Mitrajaya also provides all necessary facilities to safeguard the interest and wellbeing of the staff and workers at project site, these are but not limited to:-

Sustainability Report (Cont'd)



To further mitigate any health and safety issues, we also carry out SHASSIC (Safety and Health Assessment System in Construction) assessment on a voluntary basis to evaluate our health, safety and quality performance. SHASSIC will be conducted 3 times during the span of the project; twice by internally trained SHASSIC assessors and once by invited external SHASSIC assessors from the Construction Research Institute of Malaysia (CREAM). The assessment is to evaluate the safety and health performance for all project sites.

Quality

To minimise defects and to meet client expectations, QCLASSIC (Quality Assessment System in Construction) assessment is carried out by CIDB upon completion before the handover of the project to the client on a voluntary basis. As we value the quality of our workmanship, we send our key staff for QCLASSIC awareness training and our staff are also equipped with essential tools to carry out QCLASSIC inspections. As part of our continual improvement in ensuring we deliver our projects with the highest possible quality workmanship, specific standard operating procedures were being progressive developed focusing on key components and standardisation efforts in producing quality workmanship.

5-S Culture

As part of the efforts in Mitrajaya's commitment towards continual improvement, the 5-S journey was initiated in 2019 with the goal of improving the organisation's business processes, high quality outputs, as well as emphasis on good practices in relation to Environmental, Safety and Health. With the assistance from a renown 5-S practitioner and promoter from an international consultancy firm, Mitrajaya has shown visible improvements throughout its projects and head office. Upon successfully implementation of the 5-S programme, the initiation was continued through continuous monthly audits and sharing sessions managed internally. In addition, a merit/demerit system was formulated to ensure the continued commitment at all levels of the organisation. These efforts were also shared with Mitrajaya's key business partners in every project namely our subcontractors. They were equipped with the necessary information and tools to ride along on Mitrajaya's journey towards a sustainable 5-S Culture at both our projects and head office.

Sustainability Report (Cont'd)



5-S Sessions at HQ Training Centre



On-Site 5-S Sessions with Project Team

Training & Education

In order to provide the best to our clients and to be an effective, efficient and productive organisation, we are committed to providing training and development to all employees throughout our corporation. We recognise this to be the fundamental role of an employer.

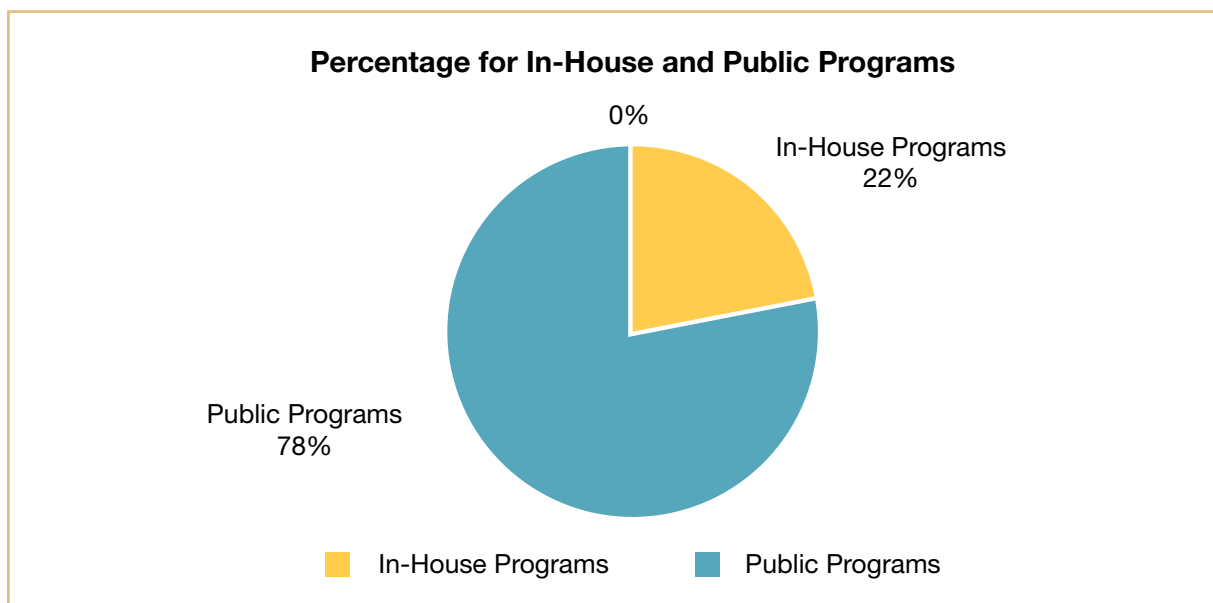
Aside from enhancing their functional skills, we acknowledge that soft skills development is just as important. We also see conferences and seminars as an important learning vehicle as it allows staff to tap into the expertise from within and outside the industry – an important learning session outside the scope of a classroom.

Some Major Training Programmes Carried Out

Conferences/ Seminars	Functional	Leadership/ Soft Skills
<ul style="list-style-type: none"> MBAM Annual Safety & Health Conference 	<ul style="list-style-type: none"> Certified Environmental Professional in Scheduled Waste Management (CePSWaM) 	<ul style="list-style-type: none"> Positive Work Culture
<ul style="list-style-type: none"> Seminar on Personal Protective Equipment 	<ul style="list-style-type: none"> Basic Rigging, Slings and Signalman 	<ul style="list-style-type: none"> First Aid and CPR
<ul style="list-style-type: none"> Sustainable Construction & ISO 14001:2015 Standard & Solid Waste and Public Cleansing Management (Scheme for Construction Solid Waste Regulation 2018) 	<ul style="list-style-type: none"> Hazard Effect Management Process (HEMP) 	<ul style="list-style-type: none"> Stress Management
<ul style="list-style-type: none"> Kursus Ulangkaji (Refresher Course) Permit C (Paip dan Retikulasi) Bekalan Air 	<ul style="list-style-type: none"> Contractor's Site Supervisory Staff -Induction Training 	<ul style="list-style-type: none"> Handling Misconduct
<ul style="list-style-type: none"> Practical Construction Contract Administration Management – Session 9 Effective Project & Risk Management 	<ul style="list-style-type: none"> Lifting Supervisor 	
	<ul style="list-style-type: none"> Authorized Entrant & Standby Person for Confine Space 	

Sustainability Report (Cont'd)

Conferences/ Seminars	Functional	Leadership/ Soft Skills
	<ul style="list-style-type: none"> Working Safely at Height 	
	<ul style="list-style-type: none"> Scaffolding Course 	
	<ul style="list-style-type: none"> Bobcat Competency Training 	
	<ul style="list-style-type: none"> Forklift Competency Training 	
	<ul style="list-style-type: none"> Dropbox Training 	
	<ul style="list-style-type: none"> 5-S Training 	



Sustainability Report (Cont'd)

Foreign Labour Management

We understand that it is very difficult to be working far away from home and loved ones. We try to make our foreign workers as comfortable as we can. Our foreign workers are provided with housing equipped with amenities such as a centralised kitchen, canteen, toilets and bathing pools, surau for the Muslim staff, guardhouse with 24 hours security, and shaded waiting area beside the guard house.

Recreational areas such as football field and badminton court are also made available to them to be able to participate in sports or simply to exercise during their off-days.

In order to ensure that we treat them equitably and for better understanding of our foreign labour force, we have taken the pro-active step of enrolling for courses such as Foreign Worker's Management and attending forum on Foreign Workers Employment.



Mitrajaya foreign workers base camp



Guard house with 24 hours security



Surau

Labour Practices Grievance Mechanisms

Every staff is free to bring up any grievances/complaint towards the corporation which they may have. Grievance can be any discontent or dissatisfaction, whether expressed or not, whether valid or not, arising out of anything connected with the Company or work which an employee thinks, believes or even feels to be unfair, unjust or inequitable. It is our policy that any grievance brought up should be settled as equitably and as quickly as possible in order to maintain continuous good relations and harmony between the parties concerned.

The following is our grievance resolution procedure.

- | | |
|-----------------|---|
| Step One | An employee having a grievance shall first refer the matter to his immediate superior/supervisor who will attempt to resolve the issue within five (5) working days from the time it was raised by the employee. |
| Step Two | If the matter is not resolved or if the grievance involves the immediate superior, the employee shall within three (3) working days refer it to the Departmental Head/manager concerned who, assisted by another representative of the Company if required, shall attempt to resolve the issue within seven (7) working days from the time when the matter was referred to him. |

Sustainability Report (Cont'd)

- Step Three** In the event that no settlement is reached, the employee concerned may bring the matter in writing to the Human Resources & Admin Department within five (5) working days. The appointed Human Resources & Admin personnel shall attempt to resolve the matter within seven (7) working days on receipt of the matter in writing.
- Step Four** If the matter still remains unsettled after step three, either party may refer the dispute to the Executive Director/Managing Director/Group Managing Director. The decision made by the Executive Director/Managing Director/Group Managing Director shall be final and will be communicated to the employee concerned.

SOCIAL

We hold dear the concept of giving back to society. We endeavour to help make life a little easier for the underprivileged and less fortunate ones or those who just need a little bit of help to get back on their feet or to better their lives.

Local Communities

Of all our CSR efforts, we place particular emphasis on education as we believe that this can improve not just one individual's life but that of his/her family as well and ultimately the country as well. Therefore, we provide scholarships annually to deserving needy students.

In addition, we carry out donations to Welfare Homes, Orphanages and Old Folks homes annually. We donate cash and items to these organisations, as well as conduct Gotong Royong activities to help perform some minor repairs and cleaning for these Homes. During festive seasons, we pay them a visit and arrange for meals and entertainment as well as donate hampers and other necessities.



Visit to Ci-Hang Chempaka Welfare Association, Selangor



Visit to Pusat Jagaan Ragaventhirar Karunai, Taman Balakong Jaya, Seri Kembangan



Visit to Rumah Anak Yatim At-Taqwa, Puchong

Sustainability Report (Cont'd)

Some of the highlights of our 2019 CSR calendar included volunteering in gotong royong events organised by the Health Department of Kuala Lumpur and Putrajaya in a fight against dengue fever. Alongside other volunteers, our employees conducted mass fogging and clearing of stagnant water by cleaning-up of drains and clearing of rubbish around the Precinct 11, Putrajaya area. These efforts help to prevent the spread of dengue fever by eliminating the breeding of Aedes mosquitoes.



Mitrajaya also sponsored 10 of its employees to participate in the UTAR Megathon 2019 to raise funds for the new UTAR Hospital project. More than 200 runners joined the eight kilometre charity run which started at UTAR Sungai Long Campus and ended at BMC Mall, Bandar Mahkota Cheras. Drums and dragon dance presentation before the start lifted up the mood and excitement for the run. The event was officiated by UTAR President, Ir Prof Dr Ewe Hong Tat with a ribbon cutting ceremony. After the run, the event continued with stage performances which included a dynamic dance performance by the UTAR Dance Club, an acapella performance and ended with a lively lion dance.



UTAR Megathon 2019

Competitive Pricing

We strive for excellence and are constantly looking out for continuous improvements in how we work. Being competitive is how we have grown. We believe that competition is good for the industry as that will make all the players stronger which leads to a more robust industry and economy. All our projects in the past three years have been secured through open-tenders and we strive to offer the best price and terms for the job.

Customer Engagement

We carry out a Client Survey at the end of every project. This enables our customers to share their experiences with us which in turn helps us to improve our services.

We had six completed projects in year 2019, where we have received an average satisfaction rating of 81% with the highest rating received at 93%.

To enhance our relationship with our customers, we hold festive gatherings as a token of our appreciation for their support.

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Board of Directors (“the Board”) of Mitrajaya Holdings Berhad (“MHB” or “the Company”) is committed to ensure the fulfillment of the highest standards of Corporate Governance as set out in the Malaysian Code on Corporate Governance (“the Code”), which highlights the principles and recommendations of best practices on structures and processes that the Company may use in their operations towards achieving the optimal governance framework.

The Board welcomes the constructive recommendations of the Code and will always evaluate the MHB and its subsidiaries (“MHB Group” or “the Group”) corporate governance practice and procedures as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

During the financial year ended 31 December 2019, the Board considers that it has fundamentally applied the principles and practices of the Code and is pleased to report the actions taken by the Company to conform to the Code in the Corporate Governance Report that is available in the Company’s website www.mitrajaya.com.my.

Summary of Corporate Governance Practices

In MHB’s commitment towards sound corporate governance, it has benchmarked its practices against the practices recommended by the Code as well as other best practices. MHB has applied all the Practices encapsulated in the Code for the financial year ended 31 December 2019 except:

- Practice 4.2 (Two-tier shareholder voting process to retain an Independent Director who has served for more than 12 years);
- Practice 4.5 (Board to comprise 30% women Directors);
- Practice 7.2 (Disclosure of the top five Senior Management personnel’s remuneration on a named basis in bands of RM50,000);
- Practice 11.2 (Adoption of integrated reporting); and
- Practice 12.3 (Voting in absentia and remote shareholders’ participation at General Meetings).

The Code does provide that if the Board finds that it is unable to implement any of the Code’s practices, the Board should apply a suitable alternative practice to meet the Intended Outcome. In this respect, the Company has provided forthcoming and appreciable explanations for the departures from the said practices. The explanations on the departures are supplemented with a description on the alternative measures that seek to achieve the Intended Outcome of the departed Practices, measures that the Company has taken or intends to take to adopt the departed Practices as well as the timeframe for adoption of the departed Practices. Further details on the application of each individual Practice of the Code are available in the Corporate Governance Report.

A summary of how MHB has applied the Principles as laid out in the Code is described below.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

The Board of Directors

The Board Charter is the key point of reference for the Directors of the Board in relation to its role, powers, duties and functions and there is also a formal schedule of matters reserved for its decision. MHB is led and managed by a competent Board, comprising members with a wide range of experience, knowledge and skills in relevant fields such as engineering, construction and finance. Together, the Directors contribute to successfully direct and supervise the Group’s business activities, which are vital to the success of the Group and the enhancement of long-term shareholders’ value.

The Board Charter is reviewed annually and updated from time-to-time to maintain its relevance and accuracy to current rules and regulations as well as to ensure consistency of governance practices and adherence to the relevant rules and regulations.

Corporate Governance Statement (Cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

The Board of Directors (Continued)

The Board Charter is available in the Company's website www.mitrajaya.com.my.

During the financial year ended 31 December 2019, the Board met a total of five (5) times. Details of the attendance are as follow:-

DIRECTORS		POSITION	BOARD MEETINGS ATTENDED
1.	General Tan Sri Ismail Bin Hassan (R)	Independent Non- Executive Chairman	5/5
2.	Tan Eng Piow	Group Managing Director	5/5
3.	Foo Chek Lee	Executive Director	5/5
4.	Cho Wai Ling	Executive Director	5/5
5.	Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim	Independent Non- Executive Director	5/5
6.	Ir Zakaria Bin Nanyan	Independent Non-Executive Director	5/5
7.	Roland Kenneth Selvanayagam	Independent Non-Executive Director	5/5

The Board has delegated specific responsibilities to the Audit Committee and the Nomination and Remuneration Committee. These Committees have the authority to examine particular issues and report back to the Board with their recommendation. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

BOARD BALANCE

The Board currently comprises seven (7) Directors, categorised as follows:-

Four (4) Independent Non-Executive Directors

Three (3) Executive Directors

A brief profile of the Directors is presented on pages 5 to 6 of the Annual Report.

The Board is expected to be active and responsible fiduciaries in the exercise of their oversight responsibilities and therefore it is essential for the Company to be able to rely on the independent judgement of the Board, to be objective and to be able to evaluate the performance of the Company without any conflict of interest or undue influence from interested parties. It is for this reason that for the past 10 years, the Company has had a majority of Independent Directors on the Board and the Chairman is also an Independent Director.

The Board has taken note of Practice 4.5 of the Code for Large Companies (with market capitalization of RM2.0 billion) to have at least 30% women directors on the Board (30% quota"). At the Board meeting on 27 February 2019, the Board re-visited the need for application of Practice 4.5 in respect to the disclosure in the Company's annual report, the Company's policies on gender diversity, its targets and measures to meet the 30% quota being a Large Company. The Nomination and Remuneration Committee had agreed that the gender diversity should be applied and proposed that the Board set a timeline of 5 years to appoint another woman director to the Board to meet the 30% quota.

Corporate Governance Statement (Cont'd)

BOARD BALANCE (CONTINUED)

The gender diversity has already been in practice in the workplace and Ms Cho Wai Ling's appointment to the Board earlier was in recognition of her contribution to the Group and also the value a lady member of the Board could bring to the Board's discussions. Whilst the Board holds the view that the criteria for appointment of a Director should be based on the skills, experience and the contribution which the candidate can bring to the Company and not merely on gender, the evaluation of the suitability of candidates of the Board should also be based on the candidate's competency, character, time commitment, integrity and experience in meeting the needs of the Company. The Board agreed that having female board members can help manage gender-based opportunities and challenges and they can also add value to the Company's policies and practices, providing perspectives from women for women in the workplace. On the recommendation of the Nomination and Remuneration Committee, the Board agreed that the target be set for the appointment of an additional woman director by end of 2023.

There is a clear division of responsibility at the head of the Company to ensure that there is a balance of power and authority. The Board is led by the Independent Non-Executive Chairman, General Tan Sri Ismail Bin Hassan (R) and Mr Tan Eng Piow, as the Group Managing Director who is in charge of running the business and implementing the policies and strategies adopted by the Board.

The Independent Non-Executive Directors participate at the Board Meetings and also contribute in Board Committees that have been set up as part of the practice of good corporate governance within the Company. They provide an objective and independent view of the performance of management in attempting to achieve the results to which the strategy of the Company is directed. The Board has upon their assessment, concluded that each of the four (4) Independent Non-Executive Directors continues to demonstrate conduct and behavior that are essential indicators of independence and find that their length of service does not in any way interfere with their exercise of independent judgement and ability to act in the interest of the Company.

The Board not only considered the state of mind of the long-serving Independent Directors but also focused on their background, current professional activities, economic and relationships with the executives of the Company. The assessment also took into account that they have performed their duties without being subject to the influence of Management. The quantitative aspects of independence were dealt with under the Listing Requirements and for the qualitative aspects, the Board took into consideration various factors including character, values, and skills of the individual director.

Mr Tan Eng Piow, the Group Managing Director and Mr Foo Chek Lee, the Executive Director have been steeped in the infrastructure and property construction sector since the beginning of their respective careers, and have collectively extensive experience in engineering and construction. Both of them have been with the MHB Group for more than 30 years. Ms Cho Wai Ling, the Executive Director in charge of Finance has been working with the Group for more than 20 years, starting her career in the Group as an Accounts Executive and rose from rank and file to her present position. The Group Managing Director and the Executive Directors play a pivotal role in driving the Group's direction and overseeing the conduct of the Group's business.

BOARD COMMITTEES

The Board has established the Audit Committee and the Nomination and Remuneration Committee. Please refer to the Audit Committee Report and the Nomination and Remuneration Committee Report for further details.

SUPPLY OF INFORMATION

The Chairman ensures that each Director is provided with timely notices of every Board Meeting and board papers for each agenda item. For scheduled meetings, the notices and board papers are sent to the Directors seven days prior to the meetings. This is to ensure that Directors have sufficient time to prepare for discussions, and to obtain further explanation or clarification to facilitate the decision process and discharge of their duties. The Board has unrestricted access to timely and accurate information in the furtherance of its duties.

Corporate Governance Statement (Cont'd)

SUPPLY OF INFORMATION (CONTINUED)

The Board has formalised procedures for Directors, whether as a full Board or in their individual capacity, to take independent advice where necessary, in the furtherance of their duties and at the Group's expense.

Every Director has access to the advice and services of the Company Secretary. The Board believes that the Company Secretary is capable of carrying out her duties to ensure the effective functioning of the Board and the terms of appointment of the Company Secretary permits her removal and appointment of a successor only by the Board as a whole.

DIRECTORS' TRAINING

The Directors are mindful that they should receive appropriate continuous training and they have attended seminars and briefings in order to broaden their perspectives and so that they keep abreast with developments in the market place and new statutory and regulatory requirements.

The Nomination and Remuneration Committee has assessed the training needs of the Directors and are satisfied that the trainings attended have been helpful in enabling the Directors to carry out their duties and responsibilities.

The following Directors attended the following training programs in 2019:-

Name	Title of Course
General Tan Sri Ismail Bin Hassan (R)	<ul style="list-style-type: none"> Investment Forum 2019 Wealth Beyond Audit Oversight Board Conversation with Audit Committees
Tan Eng Piow	<ul style="list-style-type: none"> 5-S Training
Foo Chek Lee	<ul style="list-style-type: none"> MBAM 1-Day Seminar on Occupational Safety & Health (OSH) for Contractors in Perak Certified Design Safety Professionals (CDSP) A Strategy in Facing Global Competition and Boost Construction Business Revenue and Sustainability Penang International Construction Conference 2019 Building & Construction Conference 2019 The 6th MBAM Seminar on Occupational Safety & Health (OSH) & Workshop on Fall Prevention, Johor MBAM Annual Safety & Health Conference 2019 5-S Training
Cho Wai Ling	<ul style="list-style-type: none"> 2020 Budget Seminar (MIA) 5-S Training
Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim	<ul style="list-style-type: none"> Corporate Governance Briefing Sessions: Malaysian Code on Corporate Governance Reporting & Corporate Governance Guide Allowed Financial Assistance & Benefits to Directors
Ir Zakaria Bin Nanyan	<ul style="list-style-type: none"> MBAM Annual Safety and Health Conference 2019 MBAB Building & Construction Conference 2019
Roland Kenneth Selvanayagam	<ul style="list-style-type: none"> Courageous Conversations and Career Myths Implications of the Royal Commission's recommendation for Corporate Culture and for Law Enforcement Luncheon Talk – Be Future Ready Executive & Director Seminar

Corporate Governance Statement (Cont'd)

DIRECTORS' TRAINING (CONTINUED)

The Board is regularly updated by the Company Secretary on the latest update/amendments on the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

RE-ELECTION OF DIRECTORS

The Company's Constitution provides for all Directors (including the Group Managing Director) to retire at least once in each three (3) years at the Annual General Meeting ("AGM") and the retiring Director shall be eligible for re-election. The Directors who are due for re-election at the AGM were first assessed by the Nomination and Remuneration Committee as to whether they meet the Board's expectations and have continued to perform in an exemplary manner and recommendation for their re-election were made to the Board for deliberation and approval.

DIRECTORS' REMUNERATION

The Nomination and Remuneration Committee is entrusted under its terms of reference to assist the Board in determining the framework of Executive Director's remuneration and the remuneration package for each Executive Director, drawing from outside advice, as necessary. The Nomination and Remuneration Committee shall ensure that the level of remuneration is sufficient to attract and retain the Directors needed to run the Company successfully.

The Board as a whole shall determine the Non-Executive Directors' fees with the individual concerned abstaining from deliberations and voting on discussions in respect of his fee. The level of Directors' fees shall reflect the experience and responsibilities undertaken by the particular Non-Executive Director.

The breakdown of the remuneration of the Directors in the Group and Company during the financial year is as follows:-

Group level

Directors	Salary (RM)	EPF (RM)	SOCSSO (RM)	EIS (RM)	Allowance (RM)	Bonus (RM)	Fee (RM)	BIK & Others (RM)	TOTAL (RM)
Tan Eng Piow	960,000	41,600	593	-	-	80,000	-	28,000	1,110,193
Foo Chek Lee	648,000	28,080	593	-	-	54,000	-	13,625	744,298
Cho Wai Ling	324,000	42,120	829	95	-	27,000	-	24,250	418,294
Roland Kenneth Selvanayagam	-	9,012	-	-	47,400	-	27,500	3,500	87,412
General Tan Sri Ismail bin Hassan (R)	-	-	-	-	60,000	-	27,500	6,000	93,500
Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim	-	-	-	-	-	-	27,500	6,000	33,500
Ir Zakaria bin Nanyan	-	-	-	-	-	-	27,500	6,000	33,500

Corporate Governance Statement (Cont'd)

DIRECTORS' REMUNERATION (CONTINUED)

Company level

Directors	Salary (RM)	EPF (RM)	SOCSSO (RM)	Allowance (RM)	Bonus (RM)	Fee (RM)	BIK & Others (RM)	TOTAL (RM)
Tan Eng Piow	-	-	-	-	-	-	3,000	3,000
Foo Chek Lee	-	-	-	-	-	-	3,000	3,000
Cho Wai Ling	-	-	-	-	-	-	3,000	3,000
Roland Kenneth Selvanayagam	-	9,012	-	47,400	-	27,500	3,500	87,412
General Tan Sri Ismail Bin Hassan (R)	-	-	-	-	-	27,500	6,000	33,500
Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim	-	-	-	-	-	27,500	6,000	33,500
Ir Zakaria Bin Nanyan	-	-	-	-	-	27,500	6,000	33,500

The remuneration of the top five (5) Senior Management of the Group (excluding Executive Directors) for financial year 2019 is RM3,162,590 and represents 5.3% of the total staff cost of the Group. The disclosure is made on an aggregate basis as the Board opines that the disclosure of the Senior Management personnel' names and the various remuneration components (salary, bonus, benefits in-kind, other emoluments) would not be in the best interest of the Group due to confidentiality and security concerns.

In order to align the long term interest of the employees to the corporate goals of the Group and to recognise their services which are valued and considered vital to the operation and continued growth of the Group, the Company has implemented an Employee Share Option Scheme to reward the employees by allowing them to participate in the Group's profitability and eventually realise potential capital gains arising from appreciation in the value of the Company's shares.

Corporate Governance Statement (Cont'd)

DIALOGUE BETWEEN THE COMPANY AND INVESTORS

The Board acknowledges the importance for shareholders to be informed of all key issues and major development affecting the Company. The dissemination of the information to shareholders and other stakeholders of the Company are made through the following:-

- The Annual Report;
- The AGM;
- The various disclosures and announcements made to the Bursa Securities including the Quarterly Financial Results and Annual Financial Statements; and
- The Company's website, www.mitrajaya.com.my.

Briefings are held with analysts to clarify information in relation to the announcements. Dialogues with institutional investors and the press are held from time to time.

The Company has in place an Investor Relations Policy to ensure that shareholders, stakeholders, investors and the investment community are provided with relevant, timely and comprehensive information about the Company. This policy provides the guidance for communication through its designated spokespersons.

AGM

The Company's AGM serves as a principal forum for dialogue with shareholders. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Members of the Board as well as the External Auditors of the Company are present to answer questions raised at the meeting. The Executive Directors meet with members of the press after the AGM to answer any queries that may be raised.

FINANCIAL REPORTING

In presenting the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates.

The Quarterly and Annual Financial Statements are reviewed by the Audit Committee and approved by the Board before its release to Bursa Securities.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which have to be made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates as on pages 59 to 173.

The Directors have the responsibility in ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy, the financial position of the Group and the Company, which will then enable them to ensure that the financial statements comply with the requirements of the Companies Act 2016.

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

Corporate Governance Statement (Cont'd)

RISK MANAGEMENT AND INTERNAL CONTROL

Please refer to the Statement on Risk Management and Internal Control for further details.

RELATIONSHIP WITH THE AUDITORS

The External Auditors, Messrs. Baker Tilly Monteiro Heng PLT has continued to report to the Audit Committee on their findings which are included as part of the Company's financial report with respect to each year's audit on the statutory financial statements. In doing so, the Company has established a transparent arrangement with the External Auditors to meet their professional requirements.

The independent members of the Audit Committee make it a point to sit and discuss with the External Auditors without the presence of the Management Team to allow the External Auditors to broach issues in an uninhibited and private fashion. For the financial year 2019, the Audit Committee met the External Auditors three times independently to discuss issues arising out of the audits. There were also exchange of views and opinions in relation to the financial reporting.

The Company has a policy to assess and monitor the performances and independence of External Auditors. The policy covers selection and appointment, independence, conflict of interest, non-audit services, rotation of lead engagement partner, annual assessment and audit fees. The External Auditors do provide their written assurance of their independence annually. Based on the assessment conducted by the Audit Committee, the Board is satisfied that the quality of service, adequacy of resources provided, communication, independence and professionalism demonstrated by the External Auditors in carrying out their function.

AUDIT COMMITTEE REPORT

The Audit Committee comprises of four (4) members, all of whom are Independent Non-Executive Directors and one Audit Committee Member, namely Mr Roland Kenneth Selvanayagam is a member of the Malaysian Institute of Accountants. The current members of the Audit Committee are as follow:-

CHAIRMAN

Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim (*Independent Non-Executive Director*)

MEMBERS

General Tan Sri Ismail Bin Hassan (R) (*Independent Non-Executive Director*)

Ir Zakaria Bin Nanyan (*Independent Non-Executive Director*)

Mr Roland Kenneth Selvanayagam (*Independent Non-Executive Director*)

DUTIES

The duties of the Committee shall be:-

- to consider the appointment of the External Auditors, the audit fee, and any questions of resignation or dismissal.
- to discuss with the External Auditors, the audit plan, the evaluation of the system of internal control, the audit report and the assistance given by the employees of the Company to the external auditors.
- to review the Quarterly and Annual Financial Statements before submission to the Board of Directors ("Board") focusing particularly on:-
 - any changes in or implementation of major accounting policies and practices;
 - significant and unusual events or transactions;
 - significant judgements made by Management;
 - significant adjustments arising from the audit;
 - the going concern assumption;
 - financial reporting issues;
 - compliance with accounting standards;
 - compliance with stock exchange and legal requirements; and
 - significant matters highlighted by Management, Internal Auditors or External Auditors and how these matters are addressed.
- to review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work.
- to review the internal audit programme, process, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
- to consider the major findings of internal investigations and Management's response.
- to discuss problems and reservations arising from the audit and any matter the External Auditors may wish to discuss (in the absence of Management where necessary).

Audit Committee Report (Cont'd)

DUTIES (CONTINUED)

- to recommend the nomination of a person or persons as External Auditors.
- to review and report to the Board any related party transaction and conflict of interests situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- to consider any other functions or duties as may be agreed to by the Audit Committee and the Board.

MEETING ATTENDANCE

The numbers of meetings attended by the Committee Members during the financial year ended 31 December 2019 were as follow:-

Members	No. of Attendance
Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim - Chairman	5/5
General Tan Sri Ismail Bin Hassan (R)	5/5
Ir Zakaria Bin Nanyan	5/5
Roland Kenneth Selvanayagam	5/5

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2019, the Audit Committee carried out the following activities:-

- Reviewed the Audit Review Memorandum issued by External Auditors on the review of the audited financial statements for financial year ended 31 December 2018;
- Reviewed the Internal Audit Reports, which highlighted the audit issues on the auditable areas of materials to claim management on Bank Negara Project (ACE) and (ASBA), and Human Resources and Administration Management project;
- Reviewed and appraised the adequacy and effectiveness of Management's response in resolving the audit issues reported;
- Reviewed the findings of the Internal Auditors and follow-up on the recommendations;
- Reviewed the unaudited quarterly financial results of the Group and the audited financial statements of the Group and Company and recommended the same to the Board;
- Reviewed the Audit Planning Memorandum for the financial year 2019 presented by the External Auditors;
- Reviewed and approved the Internal Audit Plan for 2019;
- Reviewed the recurrent related party transactions;
- Reviewed the Risk Management Committee report on Human Resources & Administration Department;
- Reviewed the Statement on Risk Management and Internal Control and Audit Committee Report for the financial year ended 31 December 2018;
- Assessed the independence and performance of the External Auditors;
- Recommended the External Auditors fees and the re-appointment of Auditors;
- Reviewed the performance of the Internal Auditors; and
- Reviewed and recommended the Whistleblowing Policy and Procedures to the Board for adoption.

The Audit Committee also held discussions with the External Auditors three (3) times during the year without the presence of the Executive Directors and Senior Management.

Audit Committee Report (Cont'd)

INTERNAL AUDIT FUNCTION

The Group's internal audit functions are outsourced to an external professional internal audit firm which reports to the Audit Committee. The Internal Auditors serves to assist the Audit Committee in the discharge of its duties and responsibilities. Its role is to undertake independent, regular and systematic reviews of internal controls, so as to provide the Audit Committee with independent and objective feedback and reports to enable the internal control systems continue to operate satisfactorily and effectively.

The activities carried out by the Internal Audit function were:-

- (a) Prepared and presented the Internal Audit Plan for 2019 for the Audit Committee's consideration and approval;
- (b) Regularly performed risk-based audits on strategic business processes of the Company and the Group, which covered project management on Bank Negara Project (ACE) and (ASBA), and Human Resources and Administration Management;
- (c) Issued Internal Audit Reports to the Audit Committee and Senior Management identifying weaknesses and issues as well as highlighting recommendations for improvements and followed up on matters raised; and
- (d) Acted on comments made by the Audit Committee and/or Senior Management on concerns over operations or controls and significant issues pertinent to the Company and of the Group.

NOMINATION AND REMUNERATION COMMITTEE REPORT

The Nomination and Remuneration Committee (“NRC”) comprises of the following members who are all Independent Non-Executive Directors:

CHAIRMAN

Tan Sri Dato’ Seri Mohamad Noor Bin Abdul Rahim

MEMBERS

General Tan Sri Ismail Bin Hassan (R)
Ir Zakaria Bin Nanyan

DUTIES

The duties of the NRC shall be:

- To review regularly the Board of Directors (“Board”) structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary.
- To propose new nominees for appointment to the Board. In making the recommendations, the NRC shall consider the candidates:-
 - skills, knowledge, expertise and experience;
 - professionalism;
 - integrity; and
 - in the case of candidates for the position of Independent Directors, the NRC shall also evaluate the candidates’ ability to discharge such responsibilities or functions as expected from Independent Non-Executive Directors.
- To assess Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.
- To recommend to the Board, Directors to fill the seats on the Board Committees.
- To review annually the Board’s mix of skills and experience and other qualities including core competencies which Non-Executive Directors should bring to the Board.
- To recommend to the Board for the continuation (or not) in service of Executive Director(s) and Director(s) who are due for retirement by rotation.
- To orientate and educate new Directors as to the nature of the business, current issues within the Company and the corporate strategy, the expectations of the Company concerning input from the Directors and the general responsibilities of Directors.
- To recommend the remuneration policy and review the payment of Directors’ fees and allowance.

Nomination And Remuneration Committee Report (Cont'd)

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2019, the NRC in discharging its functions and duties carried out the following activities:-

- Reviewed the size and composition of the Board and Board Committee;
- Reviewed the mix of skill and experience and other qualities of the Board;
- Assessed the effectiveness of the Board as a whole, the Board Committees and the Directors;
- Assessed the performance of the individual Directors.
- Discussed and recommended the re-election and re-appointment of retiring Directors;
- Assessed and confirmed the independence of the Independent Directors;
- Assessed the training needs of the Directors; and
- Reviewed the payment of Directors fees and benefits.

The NRC upon its annual assessment carried out for financial year 2019, was satisfied that:-

- The size and composition of the Board is optimum with appropriate mix of knowledge skills, attribute and core competencies;
- The Board has been able to discharge its duties professionally and effectively;
- All the Directors continue to uphold the highest governance standards in discharging their duties and responsibilities;
- All the members of the Board are well qualified to hold their positions as Directors of the Company in view of their respective working experience, academic and professional qualifications, depth of knowledge, skills and experience and their personal qualities;
- The Independent Directors, General Tan Sri Ismail Bin Hassan (R), Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim, Ir Zakaria Bin Nanyan and Mr Roland Kenneth Selvanayagam are demonstrably independent;
- The Directors are able to devote sufficient time commitment to their roles and responsibilities as evidenced by their attendance records; and
- The Directors have received training during the financial year ended 31 December 2019 that is relevant and would serve to enhance their effectiveness in the Board.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“the Board”) of Mitrajaya Holdings Berhad (“MHB”) is committed towards maintaining a sound system of risk management and internal control and is pleased to present this Statement on Risk Management and Internal Control (“Statement”) for the financial year ended 31 December 2019, which has been prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements and as guided by Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“the Guidelines”). This statement outlines the nature of risk management and internal control of MHB and its subsidiaries (“the Group”).

BOARD’S RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group’s system of internal controls, which includes the establishment of an appropriate risk and control framework as well as the review of its effectiveness, adequacy and integrity to safeguard shareholders’ investments and the Group’s assets. Such system is however, designed to manage, rather than eliminate, the risk of failure to achieve business and corporate objectives. The system can therefore only provides reasonable, but not absolute assurance, against material misstatement or loss.

There is an on-going process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies. The Board annually reviews the results of this process for each business segment on cycle basis, including measures taken by Management to address areas of key risks as identified. This process has been in place for the financial year under review and up to the date of approval of this Statement.

The Board is assisted by management in implementing the Board’s policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to manage and control these risks.

RISK MANAGEMENT

The Group has a risk management framework, which includes a risk management assessment process to identify significant risks and the mitigating measures thereof. The framework also addresses the specific risk profiles of each business division and the key functional unit identified within the Group. The Board has also established a Risk Management Committee to focus on risk management, and which comprises key management staff and is chaired by an Executive Director. Significant risks affecting the Group’s strategic and business plans are escalated to the Board at scheduled meeting through the Risk Assessment Report. The Risk Assessment Report is reviewed annually at a minimum to ensure it remains adequate and effective. These risk management practices serve as an on-going process to identify, evaluate and manage significant risks of the Group.

Insurance and physical security of major assets are in place to ensure that the assets of the Group are sufficiently covered against any mishap that will result in material losses to the Group.

The Board is committed to continue to foster a risk-aware culture in all decision-making and to manage all key risks proactively and effectively. This is to enable the Group to respond effectively to the changing business and competitive environment which are critical for the Group’s sustainability and the enhancement of shareholders’ value.

Statement Of Risk Management And Internal Control (Cont'd)

INTERNAL CONTROLS

The Board receives and reviews quarterly reports from the management on key financial data, and operational matters. This is to ensure that matters that require the Board and Management's attention are highlighted for review and deliberated for decision making purposes on a timely basis. The results of the Group are reported quarterly and any significant fluctuations are analysed and acted on in a timely manner.

The Management Team, led by the Group Managing Director, comprises experienced personnel with vast specialised industry experience in both Construction and Property Development. The Management Team meets on monthly basis to discuss and review performance and operational matters within their respective business unit structured by projects and functional departments.

The other salient features of the Group's system of internal controls are as follows:

- Organisation structure and limits of authority

Clearly defined and documented lines and limits of authority, responsibility and accountability have been established through the Standard Operating Procedures, organizational structures and appropriate authority limits.

- Written policies and procedures

Clearly defined internal policies and procedures as set out in the Group's Standard Operating Procedures Manual based on the business unit are periodically updated to reflect changing risks or to address operational deficiencies.

- Planning, monitoring and reporting

- o The Audit Committee reviews the Group's quarterly financial performance, together with Management, which is subsequently reported to the Board; and
- o Financial and non-financial information, which includes the quarterly management reports covering key financial and performance indicators based for the respective business units, is provided to Senior Management for monitoring.

- International Standards Certification

The Group's integrated QESH policies and procedures are implemented by its wholly-owned subsidiary, Pembinaan Mitrajaya Sdn Bhd ("PMSB").

PMSB was initially certified to ISO 9001 Quality Management System in year 2000 and subsequently have integrated the organisation's Quality Management System with ISO 14001 for Environmental Management System and OHSAS 18001 with MS 1722 for Occupational Safety and Health Management System in year 2010.

Since then, PMSB's Management System is known as the Integrated QESH Management System which incorporates the above-mentioned Management Systems. As part of continual improvement, PMSB have over the years upgraded its Management System in accordance to the latest revisions. In year 2019, it was undergoing the transition process from OHSAS 18001 to ISO 45001 for Occupational Safety & Health Management System.

Periodical audits are carried out to ensure adherence and conformity to the QESH Management Systems implemented. In addition to the Integrated QESH Management System, the Group have also embarked in incorporating 5-S Culture as part of the organisation's business operations. This initiative runs hand-in-hand with the established QESH Management System to enhance the Group's intended outcomes and deliverables.

Statement Of Risk Management And Internal Control (Cont'd)

INTERNAL CONTROLS (CONTINUED)

- Related Party Transactions

Related party transactions are disclosed, reviewed, and monitored by the Board on a quarterly basis.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function and has outsourced its internal audit function to a professional services firm, as part of its effort to ensure that the Group's system of internal controls is adequate and effective. The internal audit function assists the Board and Audit Committee in providing independent assessment of the effectiveness and adequacy of the Group's system of internal controls. The internal audit function reports directly to the Audit Committee.

During the financial year ended 31 December 2019, internal audits were carried out in accordance with an internal audit plan that has been reviewed and approved by the Audit Committee. Observations from these audits are presented, together with Management's response and proposed action plans, to the Audit Committee for its review.

A total of RM49,500 was spent on internal audit activities for the financial year ended 31 December 2019.

REVIEW BY THE BOARD

The Board has considered the adequacy and effectiveness of the risk management and internal controls process in the Group during the financial year.

Before producing this Statement, the Group Managing Director and Executive Director-Finance have provided assurance to the Board in writing stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects during the financial year under review.

Taking into consideration the above assurance from the Management Team and inputs from the relevant assurance providers, the Board is of the view, and to the best of its knowledge, that the risk management and internal control systems are satisfactory and is adequate to safeguard shareholders' investments and the Group's assets. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

REVIEW BY THE EXTERNAL AUDITORS

The external auditors, Messrs Baker Tilly Monteiro Heng PLT, have performed a limited assurance engagement on this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 December 2019 in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and the Audit and Assurance Practice Guide 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control* issued by the Malaysian Institute of Accountants. The external auditors reported to the Board that based on the procedures performed, nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Controls intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

This Statement was presented and approved by the Board on 18 May 2020.

OTHER INFORMATION

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees payable to Messrs Baker Tilly Monteiro Heng PLT for services rendered for the financial year 2019 are as follows

	Audit fees (RM)	Non-Audit fees (RM)
Company level	58,500	6,000
Group level	219,900	13,000

MATERIAL CONTRACTS INVOLVING DIRECTORS'/MAJOR SHAREHOLDERS' INTEREST

There were no material contracts of the Company and its subsidiaries involving Directors' and major shareholders' interests for the financial year under review.

EMPLOYEE SHARE OPTION SCHEME

The Company has only implemented one Employee Share Option Scheme (ESOS) that is governed by the ESOS By-Laws approved by the shareholders on 23 June 2015.

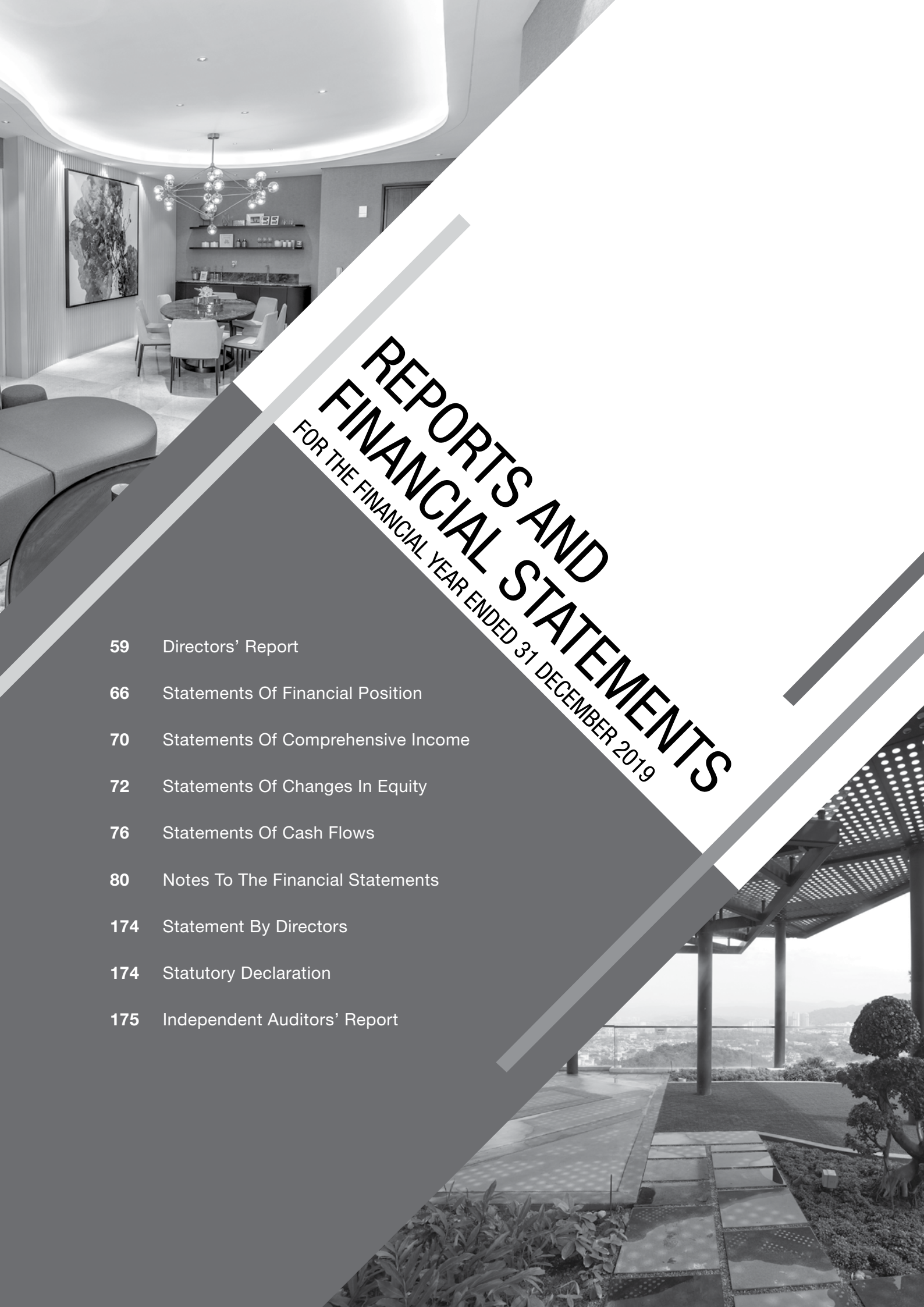
During the financial year there were no options offered to the Non-Executive Directors and no options were granted during the year.

The total number of options exercise and outstanding since the commencement of the scheme are as follows:

	Total	Directors/ Senior Management
Total number of options granted	38,411,500	4,381,500
Total number of options exercised	6,232,700	122,000
Effect of rights issue and bonus issue	4,801,884	715,536
Total number of options lapsed	5,599,918	–
Total options outstanding	31,380,766	4,975,036

Percentage of options applicable to Directors/ Senior Management under the ESOS

	During the financial year 2019	Since the commencement up to 31.12.2019
Aggregate maximum allocation	–	60%
Actual granted	–	11%



REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are as disclosed in Note 8 to the financial statements.

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

RESULTS

	Group RM	Company RM
(Loss)/Profit for the financial year, net of tax	(53,559,382)	7,938,077
Attributable to:		
Owners of the Company	(46,918,762)	7,938,077
Non-controlling interests	(6,640,620)	–
	(53,559,382)	7,938,077

DIVIDEND

The amount of dividend paid by the Company since the end of the previous financial year was as follows:

	RM
First and final single tier dividend of 1.5 sen per ordinary share in respect of the financial year ended 31 December 2018, paid on 2 August 2019	13,345,083

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2019.

RESERVES AND PROVISIONS

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

Directors' Report (Cont'd)

BAD AND DOUBTFUL DEBTS

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

At the date of this report, the directors are not aware of any circumstances which would require the writing off of bad debts or require to make any allowance for doubtful debts in the financial statements of the Group and of the Company.

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

Directors' Report (Cont'd)

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

ISSUE OF SHARES AND DEBENTURES

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

WARRANTS

Warrants D

By virtue of a Deed Poll executed on 3 July 2015 for the 85,614,556 Warrants D issued in connection with the Bonus Issue of free warrants allotted, each Warrants D entitles the registered holder the right at any time during the exercise period from 24 August 2015 to 23 August 2020 to subscribe in cash for one new ordinary share at an exercise price of RM1.09 each.

The salient terms of Warrants D are disclosed in Note 16(b) to the financial statements.

In accordance with the provisions under the Deed Poll-Warrant D and consequential to the Rights Issue and Bonus Issue on 12 March 2018, an additional 11,516,438 Warrants D were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 25 April 2018. The exercise price for the Warrants D was revised from RM1.09 to RM0.94 each.

	At 1.1.2019	Number of warrants			At 31.12.2019
		Alloted	Exercised	Lapsed	
Warrants D	80,083,215	–	–	–	80,083,215

Warrants E

By virtue of a Deed Poll executed on 12 March 2018 for the 68,889,075 free detachable Warrants E issued in connection with the rights issue allotted, each Warrants E entitles the registered holder the right at any time during the exercise period from 18 April 2018 to 17 April 2023 to subscribe in cash for one (1) new ordinary share at an exercise price of RM0.94 each.

The salient terms of Warrants E are disclosed in Note 16(b) to the financial statements.

	At 1.1.2019	Number of warrants			At 31.12.2019
		Alloted	Exercised	Lapsed	
Warrants E	68,889,075	–	–	–	68,889,075

Directors' Report (Cont'd)

TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

The shareholders of the Company by an ordinary resolution passed in the fifteenth Annual General Meeting held on 17 June 2008, approved the mandate for the Company's plan to repurchase its own ordinary shares. On 17 June 2019, the shareholders of the Company at the twenty-sixth Annual General Meeting granted their mandate for the Company's renewal of authority to repurchase its own ordinary shares.

During the financial year, the Company repurchased 2,556,100 shares from the open market at an average price of RM0.28 per share. The total consideration paid for the repurchase, was RM704,290 and they were financed by internally generated funds.

As at 31 December 2019, the Company held 9,032,500 treasury shares out of its 896,148,770 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM3,278,532. Further details are disclosed in Note 17 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year other than the issue of options pursuant to the Employee's Share Option Scheme ("ESOS").

The Company's ESOS is governed by the by-laws approved by the shareholders of the Company at an Extraordinary General Meeting held on 23 June 2015.

The salient features and other details of the ESOS are disclosed in Note 16(c) to the financial statements.

The options offered for the subscription of unissued ordinary shares and the respective exercise prices are as follows:

Grant date	Exercise price RM	Number of option over ordinary shares			At 31.12.2019
		At 1.1.2019	Alloted	Lapsed	
18.08.2015	0.99	25,305,463	–	(1,516,606)	23,788,857
12.02.2016	0.85	7,591,909	–	–	7,591,909
		32,897,372	–	(1,516,606)	31,380,766

DIRECTORS

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

General Tan Sri Ismail Bin Hassan (R)*
 Tan Eng Piow*
 Foo Chek Lee*
 Cho Wai Ling*
 Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim
 Ir Zakaria Bin Nanyan
 Roland Kenneth Selvanayagam

* Directors of the Company and certain subsidiaries

Directors' Report (Cont'd)

DIRECTORS (CONTINUED)

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

Bibhuti Nath Jha
 Dato' Tan Pin Soon
 Datin Yap Ai Choo
 Ho Chon Teck
 Kok Siew Leng
 Liew Choon Siong
 Ng Jer Yiing
 Sahrul Isa Bin Ismail (Deceased on 5 August 2019)
 Tan Ah Huat
 Tan Mei Yin
 Yap Cheng Hong

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares, warrants and share options of the Company and its related corporations (other than wholly-owned subsidiary) during the financial year were as follows:

The Company	At	Number of ordinary shares		At
	1.1.2019	Alloted	Transferred/ Sold	31.12.2019
Direct interest				
Tan Eng Piow	371,648,463	—	—	371,648,463
Foo Chek Lee	1,734,376	—	—	1,734,376
Cho Wai Ling	28,600	—	—	28,600
Indirect interest				
Tan Eng Piow	9,347,975 ¹	—	—	9,347,975 ¹
Foo Chek Lee	47,432 ²	—	—	47,432 ²

The Company	At	Number of Warrants D Issued Pursuant To the Deed Poll dated 3.7.2015 exercisable at any time from 24.8.2015 to 23.8.2020		At
	1.1.2019	Alloted	Exercised	31.12.2019
Direct interest				
Tan Eng Piow	24,651,898	—	—	24,651,898
Foo Chek Lee	189,406	—	—	189,406
Indirect interest				
Tan Eng Piow	568,225 ¹	—	—	568,225 ¹
Foo Chek Lee	5,682 ²	—	—	5,682 ²

¹ Shares/ Warrants held through children.

² Shares/ Warrants held through spouse.

Directors' Report (Cont'd)

DIRECTORS' INTERESTS (CONTINUED)

According to the Register of Directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares, warrants and share options of the Company and its related corporations (other than wholly-owned subsidiary) during the financial year were as follows (Continued):

The Company	Number of Warrants E Issued Pursuant To the Deed Poll dated 12.3.2018 exercisable at any time from 18.4.2018 to 17.4.2023			
	At 1.1.2019	Alloted	Exercised	At 31.12.2019
Direct interest				
Tan Eng Piow	29,934,463	–	–	29,934,463
Foo Chek Lee	139,374	–	–	139,374
Cho Wai Ling	2,200	–	–	2,200
Indirect interest				
Tan Eng Piow	719,075	–	–	719,075 ¹
Foo Chek Lee	3,648	–	–	3,648 ²

The Company	Number of shares under the ESOS			
	At 1.1.2019	Alloted	Exercised	At 31.12.2019
Direct interest				
Tan Eng Piow	2,321,372	–	–	2,321,372
Foo Chek Lee	1,668,468	–	–	1,668,468
Cho Wai Ling	985,196	–	–	985,196
Indirect interest				
Tan Eng Piow	930,301 ¹	–	–	930,301 ¹

¹ Warrants/ Share options held through children.

² Warrants held through spouse.

By virtue of his interest in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Tan Eng Piow is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

Directors' Report (Cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 33 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than for any deemed benefits which may arise from transactions as disclosed in Note 39 to the financial statements.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, other than those arising from the share options granted under the ESOS.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

The available auditors' reports on the accounts of the subsidiaries did not contain any qualification.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 43 of the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 31 to the financial statements.

INDEMNITY TO AUDITORS

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

AUDITORS

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

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

TAN ENG PIOW
Director

FOO CHEK LEE
Director

Date: 18 May 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		31.12.2019 RM	31.12.2018 RM Restated	1.1.2018 RM Restated
Group	Note			
ASSETS				
Non-current assets				
Property, plant and equipment	5	71,457,534	97,949,943	116,271,551
Inventories	6	261,863,296	253,813,118	254,549,111
Investment properties	7	69,679,772	74,535,036	66,260,188
Investment in an associate		–	–	1,173,307
Goodwill on consolidation	9	2,289,468	2,297,338	2,208,517
Deferred tax assets	10	28,939,321	11,663,282	3,268,454
Trade receivables	12	627,812	–	–
Total non-current assets		434,857,203	440,258,717	443,731,128
Current assets				
Inventories	6	318,311,679	305,342,560	297,134,524
Contract assets	11	149,283,278	192,062,336	108,888,495
Trade and other receivables	12	376,795,738	573,435,829	505,478,968
Current tax assets		5,887,038	2,450,193	2,753,420
Other investments	13	301,889	7,840,000	–
Deposits, cash and bank balances	15	17,348,891	14,408,899	25,759,548
Total current assets		867,928,513	1,095,539,817	940,014,955
TOTAL ASSETS		1,302,785,716	1,535,798,534	1,383,746,083

Statements Of Financial Position

As At 31 December 2019

(Cont'd)

	Note	31.12.2019 RM	31.12.2018 RM Restated	1.1.2018 RM Restated
Group				
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	16	464,573,433	464,573,433	381,212,690
Treasury shares	17	(3,278,532)	(2,574,242)	(585,652)
Other reserves	18	4,060,897	3,979,252	7,570,444
Retained earnings		249,614,010	309,350,077	289,204,320
		714,969,808	775,328,520	677,401,802
Non-controlling interests		56,575,560	63,216,180	65,668,267
TOTAL EQUITY		771,545,368	838,544,700	743,070,069
Non-current liabilities				
Loans and borrowings	19	46,288,605	57,797,181	43,494,704
Deferred tax liabilities	10	1,248,249	5,351,304	5,631,125
Total non-current liabilities		47,536,854	63,148,485	49,125,829
Current liabilities				
Contract liabilities	11	29,086,604	25,295,893	48,598,355
Trade and other payables	24	249,826,839	312,144,879	260,899,350
Loans and borrowings	19	198,174,770	289,827,803	280,034,680
Current tax liabilities		6,615,281	6,836,774	2,017,800
Total current liabilities		483,703,494	634,105,349	591,550,185
TOTAL LIABILITIES		531,240,348	697,253,834	640,676,014
TOTAL EQUITY AND LIABILITIES		1,302,785,716	1,535,798,534	1,383,746,083

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

Statements Of Financial Position

As At 31 December 2019

(Cont'd)

	Note	31.12.2019 RM	31.12.2018 RM	1.1.2018 RM
Company				
ASSETS				
Non-current assets				
Property, plant and equipment	5	1	1	1
Investments in subsidiaries	8	456,662,690	456,662,690	412,462,690
Amounts due from subsidiaries	14	67,542,672	73,520,521	76,409,887
Total non-current assets		524,205,363	530,183,212	488,872,578
Current assets				
Trade and other receivables	12	3,570	8,133	18,145
Current tax assets		3,096,212	250,048	245,688
Other investment	13	–	7,840,000	–
Amounts due from subsidiaries	14	14,280,000	14,230,000	1,600,938
Deposits, cash and bank balances	15	5,333,620	5,295,549	4,001,838
Total current assets		22,713,402	27,623,730	5,866,609
TOTAL ASSETS		546,918,765	557,806,942	494,739,187

Statements Of Financial Position

As At 31 December 2019

(Cont'd)

	Note	31.12.2019 RM	31.12.2018 RM	1.1.2018 RM
Company				
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	16	464,573,433	464,573,433	381,212,690
Treasury shares	17	(3,278,532)	(2,574,242)	(585,652)
Other reserves	18	19,257,539	19,785,317	11,604,034
Retained earnings		10,970,836	15,850,064	31,916,593
TOTAL EQUITY		491,523,276	497,634,572	424,147,665
Non-current liabilities				
Loans and borrowings	19	37,090,000	42,509,000	20,000,000
Total non-current liabilities		37,090,000	42,509,000	20,000,000
Current liabilities				
Trade and other payables	24	150,202	268,018	265,437
Amounts due to subsidiaries	25	5,905,508	4,648,418	49,901,258
Loans and borrowings	19	12,249,779	12,746,934	424,827
Total current liabilities		18,305,489	17,663,370	50,591,522
TOTAL LIABILITIES		55,395,489	60,172,370	70,591,522
TOTAL EQUITY AND LIABILITIES		546,918,765	557,806,942	494,739,187

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		2019 RM	Group 2018 RM Restated	2019 RM	Company 2018 RM
	Note				
Revenue	26	600,684,918	838,406,992	10,000,000	13,216,000
Cost of sales	27	(610,820,045)	(718,628,845)	–	–
Gross (loss)/profit		(10,135,127)	119,778,147	10,000,000	13,216,000
Other income	28	7,053,859	5,952,335	171,679	86,711
Administrative expenses		(25,250,240)	(24,810,128)	(574,258)	(892,059)
Other expenses		(22,863,614)	(24,755,700)	(2,709,201)	(1,816,063)
Operating (loss)/profit		(51,195,122)	76,164,654	6,888,220	10,594,589
Finance income	29	882,290	1,813,028	4,645,255	4,141,486
Finance costs	30	(15,054,828)	(19,064,071)	(3,231,426)	(2,058,573)
(Loss)/Profit before tax	31	(65,367,660)	58,913,611	8,302,049	12,677,502
Income tax expense	34	11,808,278	(18,051,820)	(363,972)	(580,016)
(Loss)/Profit for the financial year		(53,559,382)	40,861,791	7,938,077	12,097,486
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Exchange difference on translation of foreign operations		609,423	(6,776,581)	–	–
Other comprehensive income/(loss) for the financial year, net of tax		609,423	(6,776,581)	–	–
Total comprehensive (loss)/income for the financial year		(52,949,959)	34,085,210	7,938,077	12,097,486

Statements Of Comprehensive Income For The Financial Year Ended 31 December 2019 (Cont'd)

		Group		Company	
		2019 RM	2018 RM Restated	2019 RM	2018 RM
	Note				
(Loss)/Profit attributable to:					
Owners of the Company		(46,918,762)	43,313,878	7,938,077	12,097,486
Non-controlling interests		(6,640,620)	(2,452,087)	–	–
		(53,559,382)	40,861,791	7,938,077	12,097,486
Total comprehensive					
(loss)/income attributable to:					
Owners of the Company		(46,309,339)	36,537,297	7,938,077	12,097,486
Non-controlling interests		(6,640,620)	(2,452,087)	–	–
		(52,949,959)	34,085,210	7,938,077	12,097,486
(Loss)/Earnings per share (sen):					
- Basic	35	(5.27)	5.04		
- Diluted	35	(5.27)	5.04		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Attributable to owners of the Company						
	Note	Share capital RM	Other reserves RM	Retained earnings RM	Treasury shares RM	Sub-total RM	Non-controlling interests RM	Total equity RM
31 December 2018								
- As previously reported		464,573,433	3,979,252	321,184,122	(2,574,242)	787,162,565	63,216,180	850,378,745
- Changes in accounting policy		-	-	(11,834,045)	-	(11,834,045)	-	(11,834,045)
Restated balance at 1 January 2019		464,573,433	3,979,252	309,350,077	(2,574,242)	775,328,520	63,216,180	838,544,700
Total comprehensive income for the financial year								
Loss for the financial year		-	-	(46,918,762)	-	(46,918,762)	(6,640,620)	(53,559,382)
Other comprehensive income for the financial year		-	609,423	-	-	609,423	-	609,423
Total comprehensive income/(loss)		-	609,423	(46,918,762)	-	(46,309,339)	(6,640,620)	(52,949,959)
Transactions with owners								
Purchase of treasury shares	17	-	-	-	(704,290)	(704,290)	-	(704,290)
ESOS lapsed	18	-	(527,778)	527,778	-	-	-	-
Dividends on ordinary shares	36	-	-	(13,345,083)	-	(13,345,083)	-	(13,345,083)
Total transactions with owners		-	(527,778)	(12,817,305)	(704,290)	(14,049,373)	-	(14,049,373)
At 31 December 2019		464,573,433	4,060,897	249,614,010	(3,278,532)	714,969,808	56,575,560	771,545,368

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

Statements Of Changes In Equity

For The Financial Year Ended 31 December 2019

(Cont'd)

Group	Note	Attributable to owners of the Company						Non-controlling interests RM	Total equity RM	
		Share capital RM	Other reserves RM	Retained earnings RM	Treasury shares RM	Sub-total RM				
31 December 2017										
- As previously reported		381,212,690	7,570,444	299,474,212	(585,652)	687,671,694	65,668,267	753,339,961		
- Changes in accounting policy		-	-	(10,269,892)	-	(10,269,892)	-	(10,269,892)		
Restated balance at 1 January 2018		381,212,690	7,570,444	289,204,320	(585,652)	677,401,802	65,668,267	743,070,069		
Total comprehensive income for the financial year										
Profit for the financial year		-	-	43,313,878	-	43,313,878	(2,452,087)	40,861,791		
Other comprehensive loss for the financial year		-	(6,776,581)	-	-	(6,776,581)	-	(6,776,581)		
Total comprehensive income		-	(6,776,581)	43,313,878	-	36,537,297	(2,452,087)	34,085,210		
Realisation of revaluation reserves	18	-	(5,105,894)	5,105,894	-	-	-	-		-
Redemption of preference shares in a subsidiary	18	-	110,000	(110,000)	-	-	-	-		-

Statements Of Changes In Equity

For The Financial Year Ended 31 December 2019

(Cont'd)

		Attributable to owners of the Company						
		Share capital RM	Other reserves RM	Retained earnings RM	Treasury shares RM	Sub-total RM	Non-controlling interests RM	Total equity RM
Group	Note							
31 December 2017 (Continued)								
Transactions with owners								
Purchase of treasury shares	17	-	-	-	(1,988,590)	(1,988,590)	-	(1,988,590)
ESOS lapsed	18	-	(416,073)	416,073	-	-	-	-
Dividends on ordinary shares	36	-	-	(17,911,175)	-	(17,911,175)	-	(17,911,175)
Issuance of ordinary shares arising from:	16							
- rights issue		72,691,830	-	-	-	72,691,830	-	72,691,830
- bonus issue		10,668,913	-	(10,668,913)	-	-	-	-
Issuance of free warrants arising from right issue	16	-	8,597,356	-	-	8,597,356	-	8,597,356
Total transactions with owners		83,360,743	8,181,283	(28,164,015)	(1,988,590)	61,389,421	-	61,389,421
At 31 December 2018		464,573,433	3,979,252	309,350,077	(2,574,242)	775,328,520	63,216,180	838,544,700

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

Statements Of Changes In Equity For The Financial Year Ended 31 December 2019 (Cont'd)

Company	Note	Attributable to owners of the Company				Total equity RM
		Share capital RM	Other reserve RM	Treasury shares RM	Retained earnings RM	
At 31 December 2017		381,212,690	11,604,034	(585,652)	31,916,593	424,147,665
Profit for the financial year		-	-	-	12,097,486	12,097,486
Transactions with owners						
Purchase of treasury shares	17	-	-	(1,988,590)	-	(1,988,590)
Dividends on ordinary shares	36	-	-	-	(17,911,175)	(17,911,175)
ESOS lapsed		-	(416,073)	-	416,073	-
Issuance of ordinary shares arising from:						
- rights issue		72,691,830	-	-	-	72,691,830
- bonus issue		10,668,913	-	-	(10,668,913)	-
Issuance of free warrants arising from rights issue		-	8,597,356	-	-	8,597,356
Total transactions with owners		83,360,743	8,181,283	(1,988,590)	(28,164,015)	61,389,421
At 31 December 2018		464,573,433	19,785,317	(2,574,242)	15,850,064	497,634,572
Profit for the financial year		-	-	-	7,938,077	7,938,077
Transactions with owners						
Purchase of treasury shares	17	-	-	(704,290)	-	(704,290)
Dividends on ordinary shares	36	-	-	-	(13,345,083)	(13,345,083)
ESOS lapsed		-	(527,778)	-	527,778	-
Total transactions with owners		-	(527,778)	(704,290)	(12,817,305)	(14,049,373)
At 31 December 2019		464,573,433	19,257,539	(3,278,532)	10,970,836	491,523,276

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Note	2019 RM	Group 2018 RM Restated	2019 RM	Company 2018 RM
Cash flows from operating activities				
(Loss)/Profit before taxation	(65,367,660)	58,913,611	8,302,049	12,677,502
Adjustments for:				
Bad debts written off	–	571,185	–	–
Dividend income	(173,524)	(86,661)	(171,635)	(86,661)
Depreciation of:				
- property, plant and equipment	11,565,487	7,816,294	–	–
- investment properties	175,618	205,603	–	–
(Gain)/Loss on disposal of property, plant and equipment	(412,148)	2,066,782	–	–
Gain on disposal of shares in associated company	–	(751,693)	–	–
Interest expense	15,054,828	19,064,071	3,231,426	2,058,573
Interest income	(882,290)	(1,813,028)	(4,645,255)	(4,141,486)
Property, plant and equipment written off	356,853	86,328	–	–
Unrealised (gain)/loss from foreign exchange	(80,509)	204,892	–	–
Write off of amount due from a subsidiary	–	–	2,500,000	–
Operating (loss)/profit before changes in working capital	(39,763,345)	86,277,384	9,216,585	10,507,928
<u>Changes in working capital:</u>				
Inventories	(11,133,129)	(9,655,647)	–	–
Trade and other receivables	196,012,279	(68,482,035)	(117,816)	10,012
Contract assets/liabilities	64,696,315	(87,701,515)	–	–
Trade and other payables	(62,331,943)	51,110,099	4,563	2,581
Net cash generated from/ (used in) operations	147,480,177	(28,451,714)	9,103,332	10,520,521
Income tax paid	(16,329,924)	(21,712,936)	(3,534,089)	(584,376)
Income tax refund	3,112,324	–	323,953	–
Net cash from/(used in) operating activities	134,262,577	(50,164,650)	5,893,196	9,936,145

Statements Of Cash Flows

For The Financial Year Ended 31 December 2019

(Cont'd)

		Group		Company
Note	2019 RM	2018 RM Restated	2019 RM	2018 RM
Cash flows from investing activities				
Dividend received	173,524	86,661	171,635	86,661
Interest received	882,290	1,813,028	4,645,255	4,141,486
Repayment from/(Advances to) subsidiaries	–	–	3,427,849	(54,992,536)
Redemption/(Placement) of other investment	7,538,111	(7,840,000)	7,840,000	(7,840,000)
Proceeds from disposal of investments in associate	–	1,925,000	–	–
Proceeds from disposal of property, plant and equipment	1,306,702	4,471,592	–	–
Expenditure on:				
- land held for development	(3,186,260)	(984,054)	–	–
- investment properties	–	(9,740,775)	–	–
Investment in subsidiaries	–	–	–	(44,200,000)
Purchase of property, plant and equipment	5(b) (6,245,331)	(7,088,984)	–	–
Net cash from/(used in) investing activities	469,036	(17,357,532)	16,084,739	(102,804,389)
Cash flows from financing activities				
	(a)			
Interest paid	(15,040,925)	(19,064,071)	(3,231,426)	(2,058,573)
Advances from subsidiaries	–	–	1,257,090	–
Dividend paid	(13,345,083)	(17,911,175)	(13,345,083)	(17,911,175)
Net (repayment)/drawdown of term loans	(9,648,331)	29,878,542	(5,419,000)	34,509,000
(Repayment)/Drawdown of other borrowings:				
- bankers' acceptance	(15,215,000)	(5,892,000)	–	–
- invoice financing	(6,401,069)	7,689,969	–	–
- short term revolving credit	(35,562,000)	17,862,000	–	–
Payment of hire purchase	(10,648,005)	(31,187,588)	–	–
Purchase of treasury shares	(704,290)	(1,988,590)	(704,290)	(1,988,590)
Proceeds from rights issue	–	81,289,186	–	81,289,186
Net cash (used in)/from financing activities	(106,564,703)	60,676,273	(21,442,709)	93,839,848

Statements Of Cash Flows

For The Financial Year Ended 31 December 2019

(Cont'd)

		2019 RM	Group 2018 RM Restated	2019 RM	Company 2018 RM
Note					
	Net increase/(decrease) in cash and cash equivalents	28,166,910	(6,845,909)	535,226	971,604
	Cash and cash equivalents at the beginning of the financial year	(16,250,352)	(9,575,220)	4,548,615	3,577,011
	Effect of exchange rate changes on cash and cash equivalents	460,286	170,777	–	–
	Cash and cash equivalents at the end of the financial year	12,376,844	(16,250,352)	5,083,841	4,548,615
	Cash and bank balances	15	16,234,030	13,329,055	5,333,620
	Deposits with licensed banks	15	1,114,861	1,079,844	–
			17,348,891	14,408,899	5,333,620
	Bank overdrafts	20	(4,972,047)	(30,659,251)	(249,779)
			12,376,844	(16,250,352)	5,083,841
					4,548,615

(a) Reconciliation of liabilities arising from financing activities:

Group	1.1.2019 RM	Cash flows RM	31.12.2019 RM
Bankers' acceptance	32,730,000	(15,215,000)	17,515,000
Term loan	69,548,926	(9,648,331)	59,900,595
Lease liabilities	12,434,838	(10,648,005)	1,786,833
Short term revolving credit	194,562,000	(35,562,000)	159,000,000
Invoice financing	7,689,969	(6,401,069)	1,288,900
	316,965,733	(77,474,405)	239,491,328
Company			
Term loan	54,509,000	(5,419,000)	49,090,000

Statements Of Cash Flows

For The Financial Year Ended 31 December 2019

(Cont'd)

(a) Reconciliation of liabilities arising from financing activities (Continued):

Group	1.1.2018 RM	Cash flows RM	Non-cash		31.12.2018 RM
			Acquisition RM	Foreign exchange movement RM	
Bankers' acceptance	38,622,000	(5,892,000)	–	–	32,730,000
Term loan	39,857,954	29,878,542	–	(187,570)	69,548,926
Lease liabilities	33,014,662	(31,187,588)	10,607,764	–	12,434,838
Short term revolving credit	176,700,000	17,862,000	–	–	194,562,000
Invoice financing	–	7,689,969	–	–	7,689,969
	288,194,616	18,350,923	10,607,764	(187,570)	316,965,733
Company					
Term loan	20,000,000	34,509,000	–	–	54,509,000

(b) During the financial year, the Group had total cash outflows for leases of RM10,992,114.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Mitrajaya Holdings Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company are located at No. 9, Blok D, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor Darul Ehsan.

The Company is principally engaged in investment holding activity. The principal activities of the subsidiaries are disclosed in Note 8.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 May 2020.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”) and explanation of change in accounting policy

(a) Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”)

The Group and the Company have adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

New MFRSs

MFRS 16	Leases
---------	--------

Amendments/Improvements to MFRSs

MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 11	Joint Arrangements
MFRS 112	Income Taxes
MFRS 119	Employee Benefits
MFRS 123	Borrowing Costs
MFRS 128	Investments in Associates and Joint Ventures

New IC Int

IC Int 23	Uncertainty over Income Tax Treatments
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Notes To The Financial Statements (Cont'd)

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") and explanation of change in accounting policy (Continued)

(a) Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

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

MFRS 16 Leases

Effective 1 January 2019, MFRS 16 has replaced MFRS 117 *Leases* and IC Int 4 *Determining whether an Arrangement contains a Lease*.

Under MFRS 117, 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. For operating leases, lease payments are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. Instead, all leases are brought onto the statements of financial position except for short-term and low value asset leases.

The Group and the Company have applied MFRS 16 using the modified retrospective approach with any cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at the date of initial application (i.e. 1 January 2019). As such, the comparative information was not restated and continues to be reported under MFRS 117 and IC Int 4.

Definition of a lease

MFRS 16 changes the definition of a lease mainly to the concept of control. MFRS 16 defines that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group and the Company have elected the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, the definition of a lease under MFRS 16 was applied only to contracts entered or changed on or after 1 January 2019. Existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under MFRS 16.

Notes To The Financial Statements (Cont'd)

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") and explanation of change in accounting policy (Continued)

(a) Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

MFRS 16 Leases (Continued)

Impact of the adoption of MFRS 16

The application of MFRS 16 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements as at the date of initial application. Other than the enhanced new disclosures relating to leases, which the Group and the Company have complied with in the current financial year, the application of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

(i) Classification and measurement

As a lessee, the Group and the Company previously classified leases as operating or finance leases based on their assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Group and to the Company.

On adoption of MFRS 16, for all their leases other than short-term and low value asset leases, the Group and the Company:

- recognised the right-of-use assets and lease liabilities in the statements of financial position as at the date of initial application;
- recognised depreciation of right-of-use assets and interest on lease liabilities in profit or loss for the current financial year; and
- separated the total amount of cash paid for leases into principal and interest portions (presented within financing activities) in the statements of cash flows for the current financial year.

For leases that were classified as operating lease under MFRS 117

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's and the Company's incremental borrowing rate at the date of initial application.

The right-of-use assets were measured at an amount equals to the lease liability.

The Group and the Company also applied the following practical expedients wherein they:

- (a) applied a single discount rate to a portfolio of leases with similar characteristics;
- (b) adjusted the right-of-use assets by the amount of MFRS 137 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review;
- (c) applied the exemption not to recognise right-to-use assets and liabilities for leases which the lease term ends within 12 months of the date of initial application;
- (d) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
- (e) used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Notes To The Financial Statements (Cont'd)

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") and explanation of change in accounting policy (Continued)

(a) Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

MFRS 16 Leases (Continued)

Impact of the adoption of MFRS 16 (Continued)

(i) Classification and measurement (Continued)

For leases that were classified as finance lease under MFRS 117

The Group and the Company recognised the carrying amount of the lease assets and finance lease liabilities under MFRS 117 immediately before transition as the carrying amount of the right-of-use assets and the lease liabilities at the date of initial application. The measurement requirements of MFRS 16 are applied after that date.

(ii) Short-term lease and low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets based on the value of the underlying asset when new. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The application of this standard does not have any significant effect on the financial statements of the Group and the Company.

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

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

Amendments to MFRS 9 Financial Instruments

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

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

Amendments to MFRS 112 Income Taxes

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

Notes To The Financial Statements (Cont'd)

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") and explanation of change in accounting policy (Continued)

(a) Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

Amendments to MFRS 123 Borrowing Costs

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

The effect of applying the amendments to MFRS on the Group's financial statement is disclosed in Note 2.2(b).

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint to which the equity method is not applied.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall:

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

Notes To The Financial Statements (Cont'd)

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") and explanation of change in accounting policy (Continued)

(b) Change in accounting policy

(i) Accounting policy for borrowing costs

In the previous financial years, borrowing costs incurred on property under development were capitalised in property development costs. In March 2019, the IFRS Interpretations Committee ("IFRIC") has issued an agenda decision concluding that receivable, contract asset and inventory (work-in-progress) for unsold units under construction are not qualifying assets in relation to the construction of a residential multi-unit real estate development (building). Accordingly, an entity does not capitalise borrowing costs on those assets in accordance to the principle and requirements of IAS 23 *Borrowing Costs*. The Group and the Company changed their accounting policy of not capitalising borrowing costs incurred on property under development when the properties are ready for their intended sale in their current condition.

The change in accounting policy was applied retrospectively. The effect of the change in accounting policy has been recognised directly in retained earnings and disclosed in below.

Statement of financial position

Group	As previously reported RM	Adjustments RM	As restated RM
At 1 January 2018			
Inventories:			
- Property held for development	254,549,111	–	254,549,111
- Property under development	129,298,565	(7,381,663)	121,916,902
- Completed properties	178,083,887	(2,888,229)	175,195,658
- Other stocks	21,964	–	21,964
Retained earnings	299,474,212	10,269,892	289,204,320
At 31 December 2018			
Inventories:			
- Property held for development	253,813,118	–	253,813,118
- Property under development	149,532,983	(9,442,829)	140,090,154
- Completed properties	167,621,658	(2,391,216)	165,230,442
- Other stocks	21,964	–	21,964
Retained earnings	321,184,122	11,834,045	309,350,077

Notes To The Financial Statements (Cont'd)

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") and explanation of change in accounting policy (Continued)

(b) Change in accounting policy (Continued)

(i) Accounting policy for borrowing costs (Continued)

Statement of comprehensive income

Group	As previously reported RM	Adjustments RM	As restated RM
At 31 December 2018			
Revenue	838,406,992	–	838,406,992
Cost of sales	(721,623,367)	2,994,522	(718,628,845)
Gross profit	116,783,625	2,994,522	119,778,147
Other income	5,952,335	–	5,952,335
Administrative expenses	(24,810,128)	–	(24,810,128)
Other expenses	(24,755,700)	–	(24,755,700)
Operating profit	73,170,132	2,994,522	76,164,654
Finance income	1,813,028	–	1,813,028
Finance costs	(14,505,396)	(4,558,675)	(19,064,071)
Profit before tax	60,477,764	(1,564,153)	58,913,611
Income tax expense	(18,051,820)	–	(18,051,820)
Profit for the financial year	42,425,944	(1,564,153)	40,861,791
Exchange difference on translation of foreign operations	(6,776,581)	–	(6,776,581)
Total comprehensive income	35,649,363	(1,564,153)	34,085,210

Statement of cash flows

Group	As previously reported RM	Adjustments RM	As restated RM
At 31 December 2018			
Net cash used in operating activities	(54,723,325)	4,558,675	(50,164,650)
Net cash used in financing activities	65,234,948	(4,558,675)	60,676,273

Notes To The Financial Statements (Cont'd)

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") and explanation of change in accounting policy (Continued)

(b) Change in accounting policy (Continued)

(i) Accounting policy for borrowing costs (Continued)

Reconciliation of earnings per share

Group	As previously reported sen	As restated sen
Basic earnings per share	5.22	5.04
Diluted earnings per share	5.22	5.04

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

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

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023#
MFRS 3	Business Combinations	1 January 2020/ 1 January 2023#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2020/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2020/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 101	Presentation of Financial Statements	1 January 2020/ 1 January 2022/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020
MFRS 116	Property, Plant and Equipment	1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#

Notes To The Financial Statements (Cont'd)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

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

		Effective for financial periods beginning on or after
<u>Amendments/Improvements to MFRSs (Continued)</u>		
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2020
MFRS 140	Investment Property	1 January 2023#

Amendments as to the consequence of effect of MFRS 17 Insurance Contract.

- (b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs are summarised below.

Amendments to MFRS 3 Business Combinations

The amendments clarify the definition of a business with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The distinction is important because an acquirer does not recognise goodwill in an asset acquisition.

The amendments, amongst others, clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments also add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

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

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

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

Notes To The Financial Statements (Cont'd)

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

- (b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs are summarised below (Continued).

Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Error

The amendments refine the definition by including 'obscuring information' in the definition of material to respond to concerns that the effect of including immaterial information should not reduce the understandability of a company's financial statements. The prior definition focuses only on information that cannot be omitted (material information) and does not also consider the effect of including immaterial information.

Other refinements to the definition include incorporating some existing wording in MFRS 101 and the Conceptual Framework for Financial Reporting. Consequently, the amendments align the definition of material across MFRS Standards and other publications.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

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

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

2.5 Basis of measurement

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

Notes To The Financial Statements (Cont'd)

2. BASIS OF PREPARATION (CONTINUED)

2.6 Use of estimates and judgement

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

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

(a) Subsidiaries and business combination

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

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

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

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

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus

Notes To The Financial Statements (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(a) Subsidiaries and business combination (Continued)

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

- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.6.

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

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

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

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

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

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

Notes To The Financial Statements (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(b) Non-controlling interests

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

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

(c) Associates

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

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

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

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

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

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

(d) Transactions eliminated on consolidation

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

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

Notes To The Financial Statements (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Separate financial statements

In the Company's statement of financial position, investments in subsidiaries are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.8(b).

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Notes To The Financial Statements (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Foreign currency transactions and operations (Continued)

(b) Translation of foreign operations (Continued)

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

3.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recognised at cost. 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 item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

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

Freehold land is stated at valuation less impairment losses. Any revaluation increase is credited to equity as revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation decrease is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised as an expense. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%
Fixtures, fittings and office equipment	10% - 33%
Renovations	10% - 20%
Plant and machinery	10% - 33%
Motor vehicles	20% - 25%

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

Notes To The Financial Statements (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment and depreciation (Continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

Depreciation of property, plant and equipment which are used for a specific project will be charged to that particular project. Depreciation of other property, plant and equipment are charged to profit or loss accordingly.

3.5 Investment properties

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

Investment properties are initially measured at cost, including transaction costs. After the initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8(b).

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

No depreciation is provided on the freehold land as it has indefinite useful life. Depreciation of buildings is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at 2% of annual rates.

Freehold land of the Group under investment properties have not been revalued since they were first revalued in 1993 and 2016. The Directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of International Accounting Standard No. 16 ("IAS16") (Revised), Property, Plant and Equipment, these assets continue to be stated at their 1993 and 2016 valuation less accumulated depreciation. Surplus arising from revaluation is credited directly to revaluation reserve.

3.6 Intangible assets

Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8(b).

In respect of equity-accounted associates and joint venture, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

Notes To The Financial Statements (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments

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

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

(a) Subsequent measurement

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

(i) Financial assets

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

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

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

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

Debt instruments

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

• Amortised cost

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.8(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

Notes To The Financial Statements (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (Continued)

(a) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows: (Continued)

(i) Financial assets (Continued)

Debt instruments (Continued)

- **Fair value through other comprehensive income (FVOCI)**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.8(a). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

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

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

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

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Notes To The Financial Statements (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (Continued)

(a) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows: (Continued)

(i) Financial assets (Continued)

Equity instruments (Continued)

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

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

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

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

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

Financial liabilities at amortised cost

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

(b) Financial guarantee contracts

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

Notes To The Financial Statements (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (Continued)

(b) Financial guarantee contracts (Continued)

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(c) Regular way purchase or sale of financial assets

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

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

Trade date accounting refers to:

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

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

(d) Derecognition

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

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

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

Notes To The Financial Statements (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (Continued)

(d) Derecognition (Continued)

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

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

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

(e) Offsetting of financial instruments

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

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

3.8 Impairment of assets

(a) Impairment of financial assets and contract assets

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

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

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

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

Notes To The Financial Statements (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment of assets (Continued)

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

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

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

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

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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

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

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

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

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

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

- significant financial difficulty of the debtor;
- a breach of contract, such as a default of past due event;
- the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the Group would not otherwise consider; and
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

Notes To The Financial Statements (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment of assets (Continued)

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

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

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

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

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

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

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

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

Notes To The Financial Statements (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment of assets (Continued)

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

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

3.9 Inventories

Inventories are measured at the lower of cost and net realisable value and cost is determined based on the following methods:

- completed development properties and leasehold land: specific identification
- raw materials: first-in-first-out

The cost of unsold completed development units comprise cost associated with the acquisition of land, construction cost and appropriate proportions of common development costs.

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

Property held for development

Property held for development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Cost includes cost of land and attributable development expenditures.

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

Property under development

Cost includes:

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

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

Notes To The Financial Statements (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Contract assets/(liabilities)

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8(a).

Contract liability is the obligation to transfer goods or services to customers for which the Group and the Company have received the consideration or have billed the customers.

3.11 Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

3.12 Leases

(a) Definition of lease

Accounting policies applied from 1 January 2019

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

Accounting policies applied until 31 December 2018

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

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

Notes To The Financial Statements (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Leases (Continued)

(b) Lessee accounting

Accounting policies applied from 1 January 2019

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use assets that do not meet the definition of investment property in Note 7 and lease liabilities in Note 23.

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group and the Company expect to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8(b).

The depreciation period for the current periods are as follows:

Plant and machinery	5 years
Motor vehicles	5 years

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Notes To The Financial Statements (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Leases (Continued)

(b) Lessee accounting (Continued)

Accounting policies applied from 1 January 2019 (Continued)

Lease liability (Continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Accounting policies applied from 31 December 2018

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

Notes To The Financial Statements (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Leases (Continued)

(b) Lessee accounting (Continued)

Accounting policies applied from 31 December 2018 (Continued)

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

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

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

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

(c) Lessor accounting

Accounting policies applied from 1 January 2019

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

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

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration under the contract to each component.

Accounting policies applied until 31 December 2018

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

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

Notes To The Financial Statements (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Provisions

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

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

3.14 Borrowing costs

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

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

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

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

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

3.15 Employee benefits

(a) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national contribution plan. Some of the Group's foreign subsidiary companies make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss in the financial year in which the employees render their services.

Notes To The Financial Statements (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Share-based compensation

The Company Employees' Share Options Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

The Company recognised the impact of the estimate of the number of options that are expected to become exercisable on vesting date, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred directly to retained profits.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

3.17 Revenue and other income

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

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

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

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

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

Notes To The Financial Statements (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Revenue and other income (Continued)

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

Financing components

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

(a) Property development

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

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

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

Revenue from sale of properties held for development and completed properties are recognised at a point in time when the control of the properties has been transferred to the customers i.e. upon delivery to purchasers, and it is probable that the Group will collect the consideration to which it will be entitled to in exchange for the properties held for development and completed properties sold.

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

Notes To The Financial Statements (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Revenue and other income (Continued)

(a) Property development (Continued)

Where legal fees are borne by the Group, revenue is recognised based on the transaction price agreed in the contracts, net of the customers' legal fees. The Group uses its experience in estimating the legal fees to be incurred. The Group uses the expected value method because it is the method that the Group expects to better predict the amount of consideration to which they will be entitled.

(b) Construction contracts

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

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

Sales are made with a credit term of 21 to 60 days, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers for construction of commercial and industrial properties and infrastructures based on achieving a series of performance-related milestones.

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

(c) Golf management

Revenue of the Group from golf management are recognised when services are rendered.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Dividend income

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

(f) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. Lease incentive granted is recognised as an integral part of the total rental income, over the term of the lease.

Notes To The Financial Statements (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Revenue and other income (Continued)

(g) Income from short term funds

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

(h) Building management

Revenue from building management are recognised when services are rendered.

3.18 Income tax

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

(a) Current Tax

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

(b) Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Notes To The Financial Statements (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Income tax (Continued)

(b) Deferred Tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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 the same taxable entity and the same taxation authority.

(c) Goods and sales and services tax ("GST") and sales and services tax ("SST")

GST in Malaysia was abolished and replaced by SST on 1 September 2018.

Revenue is stated net of any GST or SST collected.

GST or SST paid on goods and services purchased are recognised as part of the cost of purchase of such goods and services, unless the GST is recoverable from the tax authority, in which the GST paid is recognised as a receivable.

3.19 Operating segments

For management purposes, the Group is organised into operating segments based on their products and services which are reviewed regularly by the chief operating decision maker, which is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.20 Share capital

(a) Ordinary shares

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

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

Notes To The Financial Statements (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Share capital (Continued)

(b) Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

3.21 Contingencies

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

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

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

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

3.22 Fair Value Measurements

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

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

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

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

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

Notes To The Financial Statements (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.23 Contract Costs

(a) Recognition and measurement

Contract costs include costs of obtaining and fulfilling a contract.

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

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

- (a) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;
- (b) the costs generate or enhance resources of the Group and the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (c) the costs are expected to be recovered.

(b) Amortisation

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

(c) Impairment

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

- (i) the remaining amount of consideration that the entity expects to receive in exchange for the goods or services to which the asset relates; less
- (ii) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

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

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

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

Notes To The Financial Statements (Cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:

(a) Construction

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

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

The carrying amounts of contract assets and contract liabilities are disclosed in Note 11.

(b) Property development

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

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

The carrying amounts of property development costs, contract assets and contract liabilities are disclosed in Notes 6 and 11.

(c) Impairment of receivables and contract assets

The provisions of expected credit losses for receivables and contract assets are based on assumptions about risk of default and expected loss. The Group uses judgement in making these assumptions based on the assessment of financial capability of the receivables, existing market conditions as well as solicitors' advice for balances which are currently in legal proceedings.

The individually assessed ECL may be based on indicators such as changes in financial capability of the receivable, payment trends of receivable and default or significant delay in payments.

The information about the impairment losses on the Group's and the Company's financial assets and contract assets are disclosed in Note 11 and 12.

Notes To The Financial Statements (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

Group 2019 Cost	Buildings RM	Fixtures, fittings and office equipment RM	Renovations RM	Motor vehicles RM	Plant and machinery RM	Right-of- use assets RM	Total RM
At 1 January 2019							
- As previously reported	9,316,089	8,362,429	2,556,675	22,139,586	198,803,877	-	241,178,656
- Effect of adoption of MFRS 16	-	-	-	(4,070,740)	(32,476,632)	36,547,372	-
Adjusted balance at 1 January 2019	9,316,089	8,362,429	2,556,675	18,068,846	166,327,245	36,547,372	241,178,656
Additions	1,092,967	349,096	-	-	4,803,268	-	6,245,331
Disposals	(12,803)	(11,698)	-	(2,831,894)	(1,070,700)	-	(3,927,095)
Purchase at the end of contract term	-	-	-	3,881,854	21,966,885	(25,848,739)	-
Written off	-	(48,492)	-	(72,390)	(496,348)	-	(617,230)
Exchange differences	34,721	4,891	-	6,463	17,375	-	63,450
At 31 December 2019	10,430,974	8,656,226	2,556,675	19,052,879	191,547,725	10,698,633	242,943,112

Notes To The Financial Statements (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RM	Fixtures, fittings and office equipment RM	Renovations RM	Motor vehicles RM	Plant and machinery RM	Right-of- use assets RM	Total RM
Group 2019							
Accumulated depreciation							
At 1 January 2019	1,919,982	5,217,122	1,486,570	16,301,452	118,303,587	-	143,228,713
- As previously reported	-	-	-	(1,309,540)	(7,160,887)	8,470,427	-
- Effect of adoption of MFRS 16							
Adjusted balance at 1 January 2019	1,919,982	5,217,122	1,486,570	14,991,912	111,142,700	8,470,427	143,228,713
Depreciation for the financial year	149,596	857,363	148,681	1,685,537	27,282,784	1,408,148	31,532,109
Disposals	-	(7,763)	-	(2,691,060)	(333,718)	-	(3,032,541)
Purchase at the end of contract term	-	-	-	2,044,985	5,652,937	(7,697,922)	-
Written off	-	(44,530)	-	(72,388)	(143,459)	-	(260,377)
Exchange differences	-	3,832	-	5,973	7,869	-	17,674
At 31 December 2019	2,069,578	6,026,024	1,635,251	15,964,959	143,609,113	2,180,653	171,485,578
Carrying Amount							
At 1 January 2019 (Adjusted)	7,396,107	3,145,307	1,070,105	3,076,934	55,184,545	28,076,945	97,949,943
At 31 December 2019	8,361,396	2,630,202	921,424	3,087,920	47,938,612	8,517,980	71,457,534

Notes To The Financial Statements

(Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RM	Fixtures, fittings and office equipment RM	Renovations RM	Motor vehicles RM	Plant and machinery RM	Total RM
Group						
2018						
Cost						
At 1 January 2018	9,492,085	7,996,820	2,411,477	22,753,294	194,154,370	236,808,046
Additions	-	483,452	145,198	6,121	16,891,378	17,526,149
Reclassifications	-	3,028	-	-	512,280	515,308
Disposals	-	(41,029)	-	(543,530)	(12,264,154)	(12,848,713)
Written off	-	(25,394)	-	-	(330,164)	(355,558)
Exchange differences	(175,996)	(54,448)	-	(76,299)	(159,833)	(466,576)
At 31 December 2018	9,316,089	8,362,429	2,556,675	22,139,586	198,803,877	241,178,656
Accumulated Depreciation						
At 1 January 2018	1,770,385	4,383,885	1,339,369	13,854,096	99,188,760	120,536,495
Depreciation for the financial year	149,597	948,280	147,201	2,964,532	25,287,809	29,497,419
Disposals	-	(41,007)	-	(450,653)	(5,818,679)	(6,310,339)
Written off	-	(24,218)	-	-	(245,012)	(269,230)
Exchange differences	-	(49,818)	-	(66,523)	(109,291)	(225,632)
At 31 December 2018	1,919,982	5,217,122	1,486,570	16,301,452	118,303,587	143,228,713
Carrying Amount						
At 1 January 2018	7,721,700	3,612,935	1,072,108	8,899,198	94,965,610	116,271,551
At 31 December 2018	7,396,107	3,145,307	1,070,105	5,838,134	80,500,290	97,949,943

Notes To The Financial Statements (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Office equipment	
	2019	2018
	RM	RM
Company		
Cost		
At 1 January/31 December	1,511	1,511
Accumulated Depreciation		
At 1 January/31 December	1,510	1,510
Carrying Amount		
At 31 December	1	1

(a) Assets under finance leases

Carrying amount of property, plant and equipment held under lease arrangements are as follows:

	Group
	31.12.2018
	RM
Plant and machinery	25,315,745
Motor vehicles	2,761,200
	28,076,945

- (b) During the previous financial year, the Group acquired property, plant and equipment with an aggregate cost of RM17,526,149 of which RM10,437,165 were acquired by means of finance lease.

Notes To The Financial Statements (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Right-of-use assets

The Group leases several assets including motor vehicles and plant and machinery.

Information about leases for which the Group is lessee is presented below:

	Motor vehicles RM	Group Plant and machinery RM	Total RM
Carrying amount			
At 1 January 2019	2,761,200	25,315,745	28,076,945
Purchase at the end of contract term	(1,836,869)	(16,313,948)	(18,150,817)
Depreciation	(814,148)	(594,000)	(1,408,148)
At 31 December 2019	110,183	8,407,797	8,517,980

The Group leases motor vehicles and plant and machineries with lease term of 2 years, and have options to purchase the assets at the end of the contract term.

6. INVENTORIES

	31.12.2019 RM	31.12.2018 Restated RM	1.1.2018 Restated RM
Group			
Non-current			
At cost			
Property held for development			
- Freehold land at cost	69,728,395	65,482,176	67,093,500
- Leasehold land at cost	171,116,375	167,319,616	167,221,283
- Development costs	21,018,526	21,011,326	20,234,328
	261,863,296	253,813,118	254,549,111
Current			
At cost			
Property under development			
- Freehold land at cost	2,200,174	2,160,192	2,504,650
- Leasehold land at cost	6,847,696	11,423,299	15,325,795
- Development costs	92,706,784	126,506,663	104,086,457
Completed properties	216,535,061	165,230,442	175,195,658
Others stocks	21,964	21,964	21,964
	318,311,679	305,342,560	297,134,524
	580,174,975	559,155,678	551,683,635

Notes To The Financial Statements (Cont'd)

6. INVENTORIES (CONTINUED)

- (a) The carrying amount of RM102,370,236 (31.12.2018: RM79,915,119; 1.1.2018: RM79,041,248) of the property held for development of the Group has been pledged to financial institutions to secure the banking facility granted to the Group as disclosed in the Notes 21 and 22.
- (b) The carrying amount of RM80,421,836 (31.12.2018: RM132,555,890; 1.1.2018: RM100,033,971) of the property under development of the Group has been pledged to financial institutions to secure the banking facility granted to the Group as disclosed in the Notes 22.
- (c) Included in the completed properties are completed development units of RM86,653,688 (31.12.2018: RM25,966,101; 1.1.2018: RM37,754,455) which are pledged to financial institution to secure banking facilities as disclosed in Notes 22.
- (d) During the financial year, inventories of the Group recognised as cost of sales amounted to RM4,815,847 (2018: RM13,880,398).

The following are costs incurred during the financial year:

	2019 RM	Group 2018 RM
Depreciation of property, plant and equipment	1,835,990	12,096,748
Directors' remuneration:		
- wages and salaries	1,645,800	1,519,200
- social security costs	2,440	2,440
- defined contribution plan	114,296	231,048
- others	60,225	60,225

Notes To The Financial Statements (Cont'd)

7. INVESTMENT PROPERTIES

	31.12.2019 RM	Group 31.12.2018 RM
Cost		
At 1 January	79,858,588	71,331,689
Addition	–	9,809,023
Transfer from/(to) :		
Property development costs	(4,863,918)	–
Exchange differences	132,000	(1,282,124)
At 31 December	75,126,670	79,858,588
Accumulated depreciation		
At 1 January	901,073	649,022
Depreciation for the financial year	175,618	205,603
Exchange differences	(52,272)	46,448
At 31 December	1,024,419	901,073
Accumulated impairment losses		
At 1 January/31 December	4,422,479	4,422,479
Carrying amount		
At 31 December	69,679,772	74,535,036

- (a) The carrying amount of RM12,233,798 (31.12.2018: RM12,189,919) of the investment properties has been pledged to financial institution to secure the term loan facility granted to the Group as disclosed in Note 22.
- (b) The Group's investment properties comprise commercial properties that are leased to third parties. Each lease contains an initial non-cancellable period of 3 years with option to renew for subsequent 3 years. Subsequent renewals are negotiated with the lessee.

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

	2019 RM	Group 2018 RM
Rental income	1,414,218	84,000
Direct operating expenses:		
- income generating investment properties	1,208,486	15,132
- non-income generating investment properties	32,122	156,416

Notes To The Financial Statements (Cont'd)

7. INVESTMENT PROPERTIES (CONTINUED)

(c) Fair value information

The fair value for the above completed investment properties of approximately RM75.94 million (31.12.2018: RM92.3 million) are determined based on information available through internal research and Directors' best estimate.

Fair value of investment properties are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
2019	–	75,941,260	–	75,941,260
2018	–	92,250,640	–	92,250,640

Policy on transfer between levels

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

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value fair value of properties have been derived using the comparison method that reflects recent transaction prices for similar properties in close proximity. The most significant input into this valuation approach is price per square foot of comparable properties.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

8. INVESTMENTS IN SUBSIDIARIES

	31.12.2019 RM	Company 31.12.2018 RM
Unquoted shares, at cost	214,736,795	214,736,795
Investment in redeemable cumulative convertible preference shares ("RCCPS") of subsidiaries	226,829,200	226,829,200
ESOS granted to employees of subsidiaries	15,232,699	15,232,699
	456,798,694	456,798,694
Less: Impairment losses	(136,004)	(136,004)
At 31 December	456,662,690	456,662,690

Notes To The Financial Statements (Cont'd)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of Company	Principal place of business/ country of incorporation	Ownership interest		Principal Activities
		31.12.2019 %	31.12.2018 %	
Held by the Company:				
Pembinaan Mitrajaya Sdn. Bhd.	Malaysia	100	100	Civil engineering, building and road construction works and supply of construction material
Daya Asphalt Sdn. Bhd.	Malaysia	100	100	Investment holding
Dutawani Sdn. Bhd.	Malaysia	100	100	Maintenance of properties
Mitrajaya Homes Sdn. Bhd.	Malaysia	100	100	Construction and property development
Mitrajaya Warisan Sdn. Bhd.	Malaysia	60	60	Construction and property development
Mitrajaya Development Sdn. Bhd.	Malaysia	100	100	Investment holding
Primaharta Development Sdn. Bhd.	Malaysia	100	100	Property development
Leo Vista Sdn. Bhd.	Malaysia	100	100	Property development
Awana Prisma Sdn. Bhd.	Malaysia	100	100	Property development
Kina-Bijak Sdn. Bhd.	Malaysia	100	100	Property development
Skyway Development Sdn. Bhd.	Malaysia	72	72	Property development
Kemajuan Sekim Baru Sdn. Bhd.	Malaysia	100	100	Property development
Centennial March Sdn. Bhd.	Malaysia	60	60	Construction and property development
Eminent Earnings Sdn. Bhd.	Malaysia	60	60	Investment property

Notes To The Financial Statements (Cont'd)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows (Continued):

Name of Company	Principal place of business/ country of incorporation	Ownership interest		Principal Activities
		31.12.2019 %	31.12.2018 %	
Held through Daya Asfalt Sdn. Bhd.:				
Maha-Mayang Sdn. Bhd.	Malaysia	100	100	Sub-contract for land scaping and road works
Held through Pembinaan Mitrajaya Sdn. Bhd.:				
Consortium of Pembinaan Mitrajaya Sdn. Bhd. & Syarikat Ismail Ibrahim Sdn. Bhd. #	Malaysia	51	51	Civil engineering, building and road construction works and supply of construction material
Held through Mitrajaya Development Sdn. Bhd.:				
Mitrajaya SA (Pty) Ltd. *	South Africa	100	100	Civil engineering, building and road construction works and property development
Kyalami & Mitrajaya Civil Engineering (Pty) Ltd. *	South Africa	100	100	Civil engineering, building and road construction works and property development
Kyalami & Mitrajaya Builders (Pty) Ltd. *	South Africa	100	100	Builders
Mitrajaya Development SA (Pty) Ltd. *	South Africa	100	100	Property development and property investment
Held through Mitrajaya Development SA (Pty) Ltd.:				
Blue Valley Golf and Country Club (Pty) Ltd.*	South Africa	100	100	Golf management

* Audited by an independent member firm of Baker Tilly International.

Unincorporated entity.

Notes To The Financial Statements (Cont'd)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

	Eminent Earnings Sdn. Bhd. RM	Centennial March Sdn. Bhd. RM	Mitrajaya Warisan Sdn. Bhd. RM	Consortium of Pembinaan Mitrajaya Sdn. Bhd. & Syarikat Ismail Ibrahim Sdn. Bhd. RM	Other individually immaterial subsidiaries RM	Total RM
2019						
NCI effective ownership interest and voting interest	40%	40%	40%	49%		
Carrying amount of NCI	22,118,651	33,145,509	19,169,639	(13,061,840)	(4,796,399)	56,575,560
Loss allocated to NCI	(25,792)	(29,095)	(632)	(5,841,090)	(744,011)	(6,640,620)
Total comprehensive loss allocated to NCI	(25,792)	(29,095)	(632)	(5,841,090)	(744,011)	(6,640,620)
2018						
NCI effective ownership interest and voting interest	40%	40%	40%	49%		
Carrying amount of NCI	22,144,442	33,174,604	19,170,270	(7,220,751)	(4,052,385)	63,216,180
Loss allocated to NCI	(58,278)	(4,438)	(21,998)	(1,648,353)	(719,020)	(2,452,087)
Total comprehensive loss allocated to NCI	(58,278)	(4,438)	(21,998)	(1,648,353)	(719,020)	(2,452,087)

Notes To The Financial Statements (Cont'd)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

	Eminent Earnings Sdn. Bhd. RM	Centennial March Sdn. Bhd. RM	Mitrajaya Warisan Sdn. Bhd. RM	Consortium of Pembinaan Mitrajaya Sdn. Bhd. & Syarikat Ismail Ibrahim Sdn. Bhd. RM
Summarised statements of financial position				
As at 31.12.2019				
Non-current assets	56,000,000	78,713,143	45,582,083	–
Current assets	46,077	4,171,384	2,411,962	63,885,165
Non-current liabilities	(448,823)	–	–	–
Current liabilities	(300,627)	(20,754)	(69,948)	(90,541,982)
Net assets/(liabilities)	55,296,627	82,863,773	47,924,097	(26,656,817)
As at 31.12.2018				
Non-current assets	56,000,000	78,713,143	45,582,083	–
Current assets	22,105	4,319,856	2,524,811	86,303,668
Non-current liabilities	(448,823)	–	–	–
Current liabilities	(212,177)	(96,490)	(181,218)	(101,039,894)
Net assets/(liabilities)	55,361,105	82,936,509	47,925,676	(14,736,226)
Summarised statements of comprehensive income				
Financial year ended 31.12.2019				
Revenue	–	–	–	(3,395,499)
Loss for the financial year	(64,479)	(72,737)	(1,579)	(11,920,591)
Total comprehensive loss for the financial	(64,479)	(72,737)	(1,579)	(11,920,591)
Financial year ended 31.12.2018				
Revenue	–	–	–	58,222,948
Loss for the financial year	(145,696)	(11,094)	(54,996)	(3,363,986)
Total comprehensive loss for the financial year	(145,696)	(11,094)	(54,996)	(3,363,986)

Notes To The Financial Statements (Cont'd)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

	Eminent Earnings Sdn. Bhd. RM	Centennial March Sdn. Bhd. RM	Mitrajaya Warisan Sdn. Bhd. RM	Consortium of Pembinaan Mitrajaya Sdn. Bhd. & Syarikat Ismail Ibrahim Sdn. Bhd. RM
Summarised cash flow information				
Financial year ended 31.12.2019				
Cash flows (used in) /from:				
- operating activities	30,930	(132,598)	(65,403)	3,998,132
- investing activities	–	105,372	38,718	15,034
- financing activities	(6,958)	–	–	(3,959,179)
Net increase /(decrease) in cash and cash equivalents	23,972	(27,226)	(26,685)	53,987
Financial year ended 31.12.2018				
Cash flows (used in)/from:				
- operating activities	(100,158)	3,305,685	(94,388)	3,652,392
- investing activities	–	(3,231,299)	(31,553)	27,718
- financing activities	99,976	(124,957)	33,487	(3,617,766)
Net (decrease)/increase in cash and cash equivalents	(182)	(50,571)	(92,454)	62,344

9. GOODWILL ON CONSOLIDATION

	31.12.2019 RM	Group 31.12.2018 RM
At 1 January	2,297,338	2,208,517
Exchange differences	(7,870)	88,821
At 31 December	2,289,468	2,297,338

Notes To The Financial Statements (Cont'd)

9. GOODWILL ON CONSOLIDATION (CONTINUED)

Goodwill has been allocated to the Group's cash generating units ("CGU") identified according to business segments as follows:

	31.12.2019 RM	31.12.2018 RM
Investment in South Africa	2,289,468	2,297,338

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount. As the Group is of the opinion that since the CGU are to be held on a long term basis, value-in-use would best reflect its recoverable amount. The value-in-use is determined by discounting future cash flows over a five-year period. The future cash flows are based the Group's five-year business plan, which is the best estimate of future performance. The ability to achieve the business plan targets is a key assumption in determining the recoverable amount for each cash-generating unit.

There remains a risk that, due to unforeseen changes in the economies in which the cash-generating units operate and/or global economic conditions, the ability to achieve management's business plan will be adversely affected. Key assumptions on which the Group has based its cash flow projection for the purposes of impairment testing of goodwill on property development are the pre-tax discount rate, budgeted sales and operating expenses of the CGU.

The Group believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the CGU to materially exceed their recoverable amounts.

10. DEFERRED TAX ASSETS/(LIABILITIES)

(a) The deferred tax assets and liabilities are made up of the following:

	31.12.2019 RM	Group 31.12.2018 RM
Deferred Tax Assets		
At 1 January	11,663,282	3,268,454
Effect of movements in exchange rate	8,140	(70,007)
Recognised in profit or loss (Note 34)	17,267,899	8,464,835
At 31 December	28,939,321	11,663,282
Deferred Tax Liabilities		
1 January	(5,351,304)	(5,631,125)
Acquisition of a subsidiary	—	—
Effect of movements in exchange rate	3,414	—
Recognised in profit or loss (Note 34)	4,099,641	279,821
At 31 December	(1,248,249)	(5,351,304)

Notes To The Financial Statements (Cont'd)

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

(b) The components of recognised deferred tax assets and liabilities are as follows:

	31.12.2019 RM	Group 31.12.2018 RM
Deferred Tax Assets		
Unrealised profit arising from		
- development activities	10,529,464	3,032,213
- sale of inventory	–	7,140,578
Tax implication arising from development property activities reclassified to investment property	298,911	663,561
Unutilised tax losses	14,329,560	826,930
Unutilised capital allowances	3,781,386	–
	<hr/> 28,939,321	<hr/> 11,663,282
Deferred Tax Liabilities		
Differences between the carrying amounts of property, plant and equipment and its tax base	(1,248,249)	(5,351,304)
	<hr/>	<hr/>

(c) Deferred tax assets have not been recognised in respect of the following temporary difference items:

	31.12.2019 RM	Group 31.12.2018 RM
Unused tax losses	27,382,555	18,424,543
	<hr/>	<hr/>

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

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

The unutilised tax losses brought forward can be carried forward for 7 consecutive years of assessment from the years of assessment the losses were incurred as follows:

	Group 2019 RM
Year of assessment	
2025	18,424,543
2026	8,958,012
	<hr/> 27,382,555

Notes To The Financial Statements (Cont'd)

11. CONTRACT ASSETS/(LIABILITIES)

	31.12.2019 RM	Group 31.12.2018 RM
Contract assets relating to construction service contracts	139,237,311	154,529,851
Contract assets relating to property development contracts	10,045,967	37,532,485
Total contract assets	149,283,278	192,062,336
Contract liabilities relating to construction service contracts	(13,080,318)	(16,850,039)
Contract liabilities relating to property development contracts	(16,006,286)	(8,445,854)
Total contract liabilities	(29,086,604)	(25,295,893)

(a) Significant changes in contract balances

	31.12.2019 RM	Group 31.12.2018 RM
At 1 January	166,766,443	60,290,140
Revenue recognised during the year	597,093,148	834,743,093
Progress billing during the year	(643,662,917)	(728,266,790)
At 31 December	120,196,674	166,766,443

(b) Revenue recognised in relation to contract balances

The contract assets related to the Group's rights to consider for work completed on property development and construction works but not yet billed. Contract assets transferred to receivables when the rights to economic benefits become unconditional. This occurs when the Group issued progress billing to its customer. Payment is typically expected within 30 to 90 days.

The contract liabilities represent progress billings and deposits received for property development and construction works for which performance obligation have not been satisfied. Contract liabilities are recognised as revenue when performance obligations are satisfied.

Notes To The Financial Statements (Cont'd)

12. TRADE AND OTHER RECEIVABLES

	31.12.2019 RM	31.12.2018 RM
Group		
Non-current		
Trade		
Trade receivables	627,812	–
Current		
Trade		
Trade receivables	225,038,132	416,487,910
Retention sums	89,352,807	109,685,173
Stakeholder sums	20,567,582	–
	334,958,521	526,173,083
Less: Impairment losses	–	(289,952)
	334,958,521	525,883,131
Non-trade		
Other receivables	10,910,059	7,277,567
GST refundable	6,857,120	16,921,623
Advances to sub-contractors	18,604,879	17,440,012
Deposits	2,370,122	3,024,124
Prepayments	3,095,037	2,889,372
Total current trade and non-trade receivables	376,795,738	573,435,829
Total trade and non-trade receivables	377,423,550	573,435,829
Company		
Non-trade		
Other receivables	500	500
GST refundable	2,869	7,432
Deposits	201	201
	3,570	8,133

(a) Trade receivables

- (i) Included in the trade receivables and contract assets of the Group are approximately RM44.84 million due from customer for contracts under legal proceedings. Details are as follows:

Customer A

Pembinaan Mitrajaya Sdn. Bhd. ("PMSB"), a subsidiary of the Company, was a claimant in respect of 6 adjudications commenced under the Construction Industry Payment and Adjudication Act 2012 ("CIPAA") against the customer in respect of a construction project for outstanding balances totalling approximately RM40.13 million. On 23 and 24 January 2019, the total adjudicated amounts awarded in favour of PMSB amounting to approximately RM31.86 million.

Notes To The Financial Statements (Cont'd)

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (Continued)

- (i) Included in the trade receivables and contract assets of the Group are approximately RM44.84 million due from customer for contracts under legal proceedings. Details are as follows (Continued):

Customer A (Continued)

However, the customer has failed to make payment of the aforesaid amount within the timeline given. The customer had subsequently issued a notice to set-off in respect of rectification of defective work and/or non-conformance works, which were previously dismissed by the CIPAA, and further sought to make a demand on a bank guarantee amounting to approximately RM13.49 million. On 21 February 2019, the customer issued a notice for arbitration for rectification of defective work and/or non-conformance works amounting to approximately RM46.90 million in respect of the main contract.

On 29 May 2019, PMSB and the customer entered into a consent order with the following terms:

- the customer agreed not to receive any payment made under the bank guarantee;
- the customer shall pay a sum of RM10 million; and
- both parties agree to refer the disputes to arbitration for final determination.

On 31 July 2019, PMSB had received the aforesaid sum of RM10 million.

On 12 November 2019, PMSB had issued notices of arbitration to refer all the disputes arising out of the other 5 related contracts to arbitration.

The parties are in the midst of finalising the candidates to be appointed as sole arbitrator in respect of all the aforesaid arbitrations.

The total outstanding trade receivable balance and contract assets in relation to the above claim in the book of PMSB at the reporting date are approximately RM15.08 million and RM14.93 million respectively.

No provision has been made in the financial statements of the Group as the directors are of the opinion that the balance is recoverable in full due to the previous favourable outcome from the CIPAA and upon consultation with its solicitor.

Customer B

On 10 April 2019, PMSB had initiated adjudication proceedings under CIPAA against the customer claiming for total outstanding balance under interim payment certificate of approximately RM10.05 million. PMSB obtained the adjudication decision on 10 August 2019 in its favour for the claimed amount and adjudication costs but the customer had failed to make the aforesaid payment within the timeline given. On 19 September 2019, the customer had filed an originating summons under KL High Court to set aside the adjudication decision whilst on 1 October 2019, PMSB had filed an originating summons under KL High Court to enforce the adjudication decision. All the enforcement, setting aside and stay application will be fixed for hearing on 10 July 2020.

Notes To The Financial Statements (Cont'd)

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (Continued)

- (i) Included in the trade receivables and contract assets of the Group are approximately RM44.84 million due from customer for contracts under legal proceedings. Details are as follows (Continued):

Customer B (Continued)

On 25 September 2019, PMSB initiated a second adjudication proceeding under CIPAA against the customer for a sum of approximately RM4.77 million in respect of further interim payment certificates. PMSB obtained an adjudication decision on 10 March 2020 in its favour for the sum of approximately RM3.64 million together with interest and adjudication costs.

On 10 October 2019, the customer issued a notice of arbitration against PMSB to claim approximately RM13.81 million arising from PMSB's alleged delay in completing the awarded project and the sum of RM0.16 million for the costs to remedy the non-conformances and defects. Both parties are in the midst of seeking proposed terms of appointment and fee structure from the arbitrator for this case.

The total outstanding balance in relation to the above claims in the book of PMSB at the reporting date is approximately RM14.82 million.

No provision has been made in the financial statements of the Group as the directors are of the opinion that the balance is recoverable in full due to the earlier favourable outcome from the CIPAA and upon consultation with its solicitor.

- (ii) The non-current trade receivable is due from house buyer and which is to be settled based on instalments plans. The balance represents instalments due after 12 months. Therefore, the trade receivable is neither past due nor impaired.
- (iii) The current trade receivables are non-interest bearing and the Group's normal trade credit terms ranging from 30 to 90 days (31.12.2018: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. The credit period varies from customers to customers after taking into consideration their payment track record, financial background, length of business relationship and size of transactions. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date is as follow:

	31.12.2019 RM	Group 31.12.2018 RM
At 1 January	289,952	289,952
Written off	(289,952)	–
At 31 December	–	289,952

- (iv) Stakeholder sums on property development are amounts held by the Group's solicitors.

Notes To The Financial Statements (Cont'd)

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Other receivables

Included in the other receivables of the Group are amounts totalling RM2,367,199 (31.12.2018: RM1,361,381) due from a corporate shareholder of subsidiaries which the balances bear interest rate at 5.65% (31.12.2018: 5.90%) per annum. The amount is non-trade, unsecured, repayable on demand and are to be settled in cash.

(c) Deposits

Included in the deposits of the Group are down payment paid for the acquisition of plant and equipment amounting to RM85,050 (31.12.2018: RM230,656). The balance of these purchase considerations is disclosed as capital commitment in Note 40.

13. OTHER INVESTMENT

	31.12.2019 RM	31.12.2018 RM
Group		
Financial assets at fair value through profit or loss:		
Short term funds		
- redeemable upon 1 day notice	301,889	7,840,000
Company		
Financial assets at fair value through profit or loss:		
Short term funds		
- redeemable upon 1 day notice	–	7,840,000

Short term funds comprise fixed income fund placed with a financial institution.

14. AMOUNTS DUE FROM SUBSIDIARIES

	31.12.2019 RM	Company 31.12.2018 RM
Non-current	67,542,672	73,520,521
Current	14,280,000	14,230,000
	81,822,672	87,750,521

Included in the amounts due from subsidiaries are amounts of RM71,743,165 (31.12.2018: RM87,494,154) of which the balances bear interest rates at 4.73% to 5.65% (31.12.2018: 4.82% to 5.90%) per annum. The non-current portion are not expected to be settled within the next twelve (12) months whilst the current portion are repayable on demand and to be settled in cash. These amounts are unsecured and non-trade in nature.

Notes To The Financial Statements (Cont'd)

15. DEPOSITS, CASH AND BANK BALANCES

	31.12.2019 RM	31.12.2018 RM
Group		
Cash in hand and at banks	16,234,030	13,329,055
Deposits with licensed banks	1,114,861	1,079,844
	17,348,891	14,408,899
Company		
Cash in hand and at banks	5,333,620	5,295,549

(a) Included in cash and bank balances for the Group is an amount of RM33,808 (31.12.2018: RM4,654,359 held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966.

(b) The interest rates and maturity period of deposits are as follows:

	31.12.2019	Group 31.12.2018
Interest rates (%) per annum	3.00 - 6.71	3.45 - 7.36
Maturity period (days)	90 - 365	90 - 365

16. SHARE CAPITAL

	Group and Company			
	2019		2018	
	Number of shares Unit	RM	Number of shares Unit	RM
Issued and fully paid:				
At 1 January	896,148,770	464,573,433	689,481,413	381,212,690
Issuance of shares:				
- rights issue	–	–	137,778,282	72,691,830
- bonus shares	–	–	68,889,075	10,668,913
At 31 December	896,148,770	464,573,433	896,148,770	464,573,433

(a) Share Capital

Effective from 31 January 2017, the new Companies Act 2016 abolished the concept of authorised share capital and par value of share capital.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Notes To The Financial Statements (Cont'd)

16. SHARE CAPITAL (CONTINUED)

(b) Warrants (Continued)

Warrants D

By virtue of a Deed Poll executed on 3 July 2015 for the 85,614,556 Warrants D ("Warrants D") issued in connection with the Bonus Issue of free warrants allotted, each Warrants D entitles the registered holder the right at any time during the exercise period from 24 August 2015 to 23 August 2020 to subscribe in cash for one (1) new ordinary share at an exercise price of RM1.09 each.

In accordance with the provisions under the Deed Poll-Warrant D and consequential to the Rights Issue and Bonus Issue on 12 March 2018, an additional 11,516,438 Warrants D were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 25 April 2018. The exercise price for the Warrant D was revised from RM1.09 to RM0.94 each.

The salient features of the Warrants D are as follows:

- (i) entitles its registered holder for one (1) free Warrant for every five (5) ordinary shares held;
- (ii) each Warrant entitles the holder to subscribe for one (1) new ordinary share at the exercise price at time during the exercise period;
- (iii) the Warrants may be exercised at any time within a period commencing on or after the date the Warrants are used and ending at 5pm on the date immediately preceding the fifth anniversary not exercised during the exercise period shall thereafter lapse and cease to be valid; and
- (iv) the new ordinary shares to be issued pursuant to the exercise of the Warrants shall, upon issue and allotment rank pari passu in all respects with the then existing ordinary shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of the allotment of the new ordinary shares arising from the exercise of the Warrants.

Warrants E

By virtue of a Deed Poll executed on 12 March 2018 for the 68,889,075 free detachable Warrants E issued in connection with the rights issue allotted, each Warrants E entitles the registered holder the right at any time during the exercise period from 18 April 2018 to 17 April 2023 to subscribe in cash for one new ordinary share at an exercise price of RM0.94 each.

The salient features of the Warrants E are as follows:

- (i) entitles its register holder for one (1) free Warrant for every two (2) rights shares subscribed;
- (ii) the Warrants may be exercised at any time within a period commencing on or after the date the Warrants are used and ending at 5pm on the date immediately preceding the fifth anniversary not exercised during the exercise period shall thereafter lapse and cease to be valid; and
- (iii) the new ordinary shares to be issued pursuant to the exercise of the Warrants shall, upon issue and allotment rank pari passu in all respects with the then existing ordinary shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of the allotment of the new ordinary shares arising from the exercise of the Warrants.

Notes To The Financial Statements (Cont'd)

16. SHARE CAPITAL (CONTINUED)

(b) Warrants (Continued)

Warrants E (Continued)

The movement of both Warrants D and Warrants E during the financial year are as follows:

	Warrants E Units	2019 Warrants D Units	Warrants E Units	2018 Warrants D Units
At 1 January	68,889,075	80,083,215	–	68,566,777
Effect of rights issue and bonus issue	–	–	–	11,516,438
Allotment of Warrants	–	–	68,889,075	–
At 31 December	68,889,075	80,083,215	68,889,075	80,083,215

(c) ESOS

The ESOS is governed by the ESOS By-Laws approved by the shareholders of the Company at an Extraordinary General Meeting held on 23 June 2015. The main features of the ESOS are as follows:

- (i) the ESOS options granted to eligible directors (including Non-Executive and/or Independent Director) and eligible employees of the Company and its subsidiaries which are not dormant to subscribe for new ordinary shares in the Company.

An eligible employee and/or director is an employee of the Group who at the date of allocation:

- has attained the age of eighteen (18) years and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings; and
 - is a confirmed employee of the Group with at least one (1) year of continuous service;
- (ii) the ESOS is for a period of five (5) years commencing from 24 July 2015, subject to an extension for a further period of five (5) years commencing from the expiration of the aforesaid five (5) years, provided always that the ESOS does not exceed ten (10) years in aggregate from the effective date of the ESOS;
- (iii) the maximum number of shares to be offered shall not exceed 15% of the issued and paid-up capital of the Company at any point in time during the existence of the ESOS and the number of shares of the Company that may be offered to each eligible employee is determined by ESOS committee appointed by the Board of Directors in accordance with the ESOS By-Laws;
- (iv) the options granted under the ESOS cannot be assigned, transferred or otherwise disposed of in any manner whatsoever;
- (v) the option price of each share shall be based on a discount of not more than 10% of the weighted average market price of the ordinary shares of the Company as shown in the Daily Official List for the five (5) market days immediately preceding the offer date, subject to the minimum price of RM0.50;

Notes To The Financial Statements (Cont'd)

16. SHARE CAPITAL (CONTINUED)

(c) ESOS (Continued)

The ESOS is governed by the ESOS By-Laws approved by the shareholders of the Company at an Extraordinary General Meeting held on 23 June 2015. The main features of the ESOS are as follows (Continued):

- (vi) the option may be exercised in full or in part provided that such exercise of the option shall not be less than and shall be multiples of 100 shares. Subject to the foregoing, a partial exercise of an option shall not preclude the grantee from exercising his option with respect to the balance of the new shares comprised in his option; and
- (vii) the new shares to be allotted upon the exercise of the ESOS options shall rank pari passu with the existing issued ordinary shares of the Company.

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise price ("WAEP") of, and movements in share options during the financial year:

	2019		2018	
	Number of shares Unit	WAEP RM	Number of shares Unit	WAEP RM
Outstanding at 1 January	32,897,372	0.96	29,189,800	1.11
- Effect of rights issue and bonus issue	—	—	4,801,884	0.96
- Lapsed	(1,516,606)	0.96	(1,094,312)	1.08
Outstanding at 31 December	31,380,766		32,897,372	
Exercisable at 31 December	31,380,766	0.96	32,897,372	0.96

The WAEP for shares options outstanding at the end of the financial year was RM0.96 (2018: RM0.96). The weighted average remaining contracted life these options is approximately 0.5 years (2018: 1.5 years).

17. TREASURY SHARES

The shareholders of the Company by an ordinary resolution passed in the fifteenth Annual General Meeting held on 17 June 2008, approved the mandate for the Company's plan to repurchase its own ordinary shares. On 17 June 2019, the shareholders of the Company at the twenty-sixth Annual General Meeting granted their mandate for the Company's renewal of authority to repurchase its own ordinary shares.

During the financial year, the Company repurchased 2,556,100 (2018: 5,886,400) shares from the open market at an average price of RM0.28 (2018: RM0.34) per share. The total consideration paid for the repurchase, was RM RM704,290 (2018: RM1,988,590) and they were financed by internally generated funds.

As at 31 December 2019, the Company held 9,032,500 treasury shares out of its 896,148,770 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM3,278,532.

Notes To The Financial Statements (Cont'd)

18. OTHER RESERVES

	Exchange reserve RM	Revaluation reserve RM	Capital reserve RM	Share option (ESOS) reserve RM	Warrants reserve RM	Total RM
Group						
At 1 January 2018	(11,140,905)	6,973,315	134,000	11,604,034	–	7,570,444
Other comprehensive income:						
Foreign currency translation	(6,776,581)	–	–	–	–	(6,776,581)
Realisation of revaluation reserve	1,867,421	(6,973,315)	–	–	–	(5,105,894)
Redemption of preference shares in a subsidiary	–	–	110,000	–	–	110,000
Transaction with owners:						
Issuance of free warrants arising from rights issue	–	–	–	–	8,597,356	8,597,356
Lapsed of ESOS	–	–	–	(416,073)	–	(416,073)
At 31 December 2018	(16,050,065)	–	244,000	11,187,961	8,597,356	3,979,252
Other comprehensive income:						
Foreign currency translation	609,423	–	–	–	–	609,423
Transaction with owners:						
Lapsed of ESOS	–	–	–	(527,778)	–	(527,778)
At 31 December 2019	(15,440,642)	–	244,000	10,660,183	8,597,356	4,060,897

Notes To The Financial Statements (Cont'd)

18. OTHER RESERVES (CONTINUED)

	Share option (ESOS) reserve RM	Warrants reserve RM	Total RM
Company			
At 1 January 2018	11,604,034	–	11,604,034
Transaction with owners:			
Issuance of free warrants arising from rights issue	–	8,597,356	8,597,356
Lapsed of ESOS	(416,073)	–	(416,073)
At 31 December 2018	11,187,961	8,597,356	19,785,317
Transaction with owners:			
Lapsed of ESOS	(527,778)	–	(527,778)
At 31 December 2019	10,660,183	8,597,356	19,257,539

(a) Exchange reserve

The exchange reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

(b) Revaluation reserve

The balance represents net revaluation surplus arising from valuation of freehold lands.

(c) Capital reserve

This capital reserve represents the capitalisation of retained earnings equivalent to the nominal value of the redeemable cumulative convertible preference shares of a subsidiary redeemed by the Company.

(d) Share option reserve

The share option reserve comprises the cumulative value of the Group's employee services received for the issue of share options. The reserve is recorded over the vesting period commencing from the grant date and is reduced by the expiry or exercise of the share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained profits.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not be necessarily be the actual outcome.

(e) Warrants reserve

The Company allotted and issued free detachable Warrants E issued in connection with the rights issue allotted constituted under the deed poll dated 12 March 2018.

The salient features of the warrants are disclosed in Note 16(b).

Notes To The Financial Statements (Cont'd)

19. BORROWINGS

	Group	
	31.12.2019 RM	31.12.2018 RM
Current		
Secured:		
Bank overdrafts (Note 20)	303,030	27,912,317
Invoice financing (Note 21)	1,288,900	7,689,969
Short term revolving credit (Note 21)	16,000,000	22,000,000
Term loans (Note 22)	13,611,990	13,589,782
Lease liabilities/Finance lease liabilities (Note 23)	1,786,833	10,596,801
	32,990,753	81,788,869
Unsecured:		
Bank overdrafts (Note 20)	4,669,017	2,746,934
Bankers' acceptance (Note 21)	17,515,000	32,730,000
Short term revolving credit (Note 21)	143,000,000	172,562,000
	198,174,770	289,827,803
Non-current		
Secured:		
Term loans (Note 22)	46,288,605	55,959,144
Lease liabilities/Finance lease liabilities (Note 23)	–	1,838,037
	46,288,605	57,797,181
Total Borrowings		
Secured:		
Bank overdrafts (Note 20)	303,030	27,912,317
Invoice financing (Note 21)	1,288,900	7,689,969
Short term revolving credit (Note 21)	16,000,000	22,000,000
Term loans (Note 22)	59,900,595	69,548,926
Lease liabilities/Finance lease liabilities (Note 23)	1,786,833	12,434,838
	79,279,358	139,586,050
Unsecured:		
Bank overdrafts (Note 20)	4,669,017	2,746,934
Bankers' acceptance (Note 21)	17,515,000	32,730,000
Short term revolving credit (Note 21)	143,000,000	172,562,000
	244,463,375	347,624,984

Notes To The Financial Statements (Cont'd)

19. BORROWINGS (CONTINUED)

	Company	
	31.12.2019 RM	31.12.2018 RM
Current		
Secured:		
Term loans (Note 22)	12,000,000	12,000,000
Unsecured:		
Bank overdrafts (Note 20)	249,779	746,934
	12,249,779	12,746,934
Non-current		
Secured:		
Term loans (Note 22)	37,090,000	42,509,000
	37,090,000	42,509,000
Total Borrowings		
Secured:		
Term loans (Note 22)	49,090,000	54,509,000
	49,090,000	54,509,000
Unsecured:		
Bank overdrafts (Note 20)	249,779	746,934
	49,339,779	55,255,934

20. BANK OVERDRAFTS

The secured bank overdrafts amounting to RM303,030 (31.12.2018: RM27,912,317) bear interest rates of 10.00% (31.12.2018: 6.70% to 10.50%) per annum are secured and supported by:

- completed development units as disclosed in Note 6;
- leasehold land in property development costs as disclosed in Note 6; and
- corporate guarantee provided by the Company.

The unsecured bank overdrafts amounting to RM4,669,017 (31.12.2018: RM2,746,934) bear interest rate of 7.70% to 8.20% (2018: 7.70% to 8.40%) per annum.

Notes To The Financial Statements (Cont'd)

21. SHORT TERM BORROWINGS

The invoice financing bear interest rates ranging from 6.02% to 6.06% (31.12.2018: 6.06% to 6.32%) per annum and are secured and supported by the land held for property development as disclosed in Note 6 and corporate guarantee provided by the Company.

The secured short term revolving credit amounting to RM16,000,000 (31.12.2018: RM 22,000,000) bear interest rates of 4.52% (31.12.2018: 4.71% to 4.96%) per annum and are secured and supported by land held for property development as disclosed in Note 6 and corporate guarantee provided by the Company.

The unsecured short term revolving credit amounting to RM143,000,000 (31.12.2018: RM172,562,000) bear interest rates ranging from 4.30% to 4.69% (31.12.2018: 3.95% to 5.12%) per annum and are supported by corporate guarantee provided by the Company.

The bankers' acceptance bear interest rates ranging from 3.65% to 4.29% (31.12.2018: 3.75% to 5.10%) per annum and are supported by corporate guarantee provided by the Company.

22. TERM LOANS

	31.12.2019 RM	31.12.2018 RM
Group		
Within the next twelve months	13,611,990	13,589,782
After the next twelve months		
- not later than two years	14,574,918	16,113,889
- later than two years but not later than five years	30,133,693	36,579,033
- later than five years	1,579,994	3,266,222
	46,288,605	55,959,144
	59,900,595	69,548,926
Company		
Within the next twelve months	12,000,000	12,000,000
After the next twelve months		
- not later than two years	12,000,000	12,000,000
- later than two years but not later than five years	25,090,000	30,509,000
	37,090,000	42,509,000
	49,090,000	54,509,000

- (i) The Term Loan I bear interest rates at Nil (31.12.2018: 5.42% to 6.14%) per annum and repayable by Nil (31.12.2018: Nil) instalments. The term loan is secured and supported by:

- land held for property development as disclosed in Note 6; and
- corporate guarantee provided by the Company.

The term loan had been settled in last financial year.

Notes To The Financial Statements (Cont'd)

22. TERM LOANS (CONTINUED)

- (ii) The Term Loan II bear interest rates at 5.64% (31.12.2018: 6.70% to 6.95%) per annum and repayable by 12 (31.12.2018: 12) instalments. The term loan is secured and supported by:
- completed development units and leasehold land in property development costs as disclosed in Note 6; and
 - corporate guarantee provided by the Company.
- (iii) The Term Loan III bear interest rate at 5.25% (31.12.2018: 5.26% to 5.52%) per annum and repayable by 48 (31.12.2018: 60) instalments. The term loan is secured and supported by:
- land held for property development as disclosed in Note 6.
- (iv) The Term Loan IV bear interest rate at 10.00% (31.12.2018: 10.00% to 10.25%) per annum and repayable by 106 (31.12.2018: 118) instalments. The term loan is secured and supported by:
- investment property as disclosed in Note 7.
- (v) The Term Loan V bear interest rate at 4.52% (31.12.2018: 5.42% to 6.14%) per annum and repayable by 61 (31.12.2018: 73) instalments. The term loan is secured and supported by:
- land held for property development as disclosed in Note 6; and
 - corporate guarantee provided by the Company.

23. LEASE LIABILITIES/FINANCE LEASE LIABILITIES

The average interest rate implicit in the leases is ranging from 2.48% to 3.00% (31.12.2018: 2.30% to 3.92%) per annum.

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	Group 31.12.2019 RM	31.12.2018 RM
Minimum lease payments:		
- not later than one year	1,805,915	5,479,427
- later than one year but not later than five years	–	7,319,783
	1,805,915	12,799,210
Less: Future finance charges	(19,082)	(364,372)
Present value of minimum lease payments	1,786,833	12,434,838
Represented by:		
Current		
- not later than one year	1,786,833	10,596,801
Non-current		
- later than one year but not later than five years	–	1,838,037
	1,786,833	12,434,838

Notes To The Financial Statements (Cont'd)

24. TRADE AND OTHER PAYABLES

	31.12.2019 RM	31.12.2018 RM
Group		
Trade		
Trade payables	139,189,274	198,560,100
Retention sum	97,625,576	93,014,582
	236,814,850	291,574,682
Non-trade		
Other payables	8,712,047	9,231,265
Accruals	1,646,473	3,553,303
GST payable	2,653,469	7,785,629
	13,011,989	20,570,197
	249,826,839	312,144,879
Company		
Non-trade		
Other payables	31,202	83,672
Accruals	119,000	179,800
GST payable	–	4,546
	150,202	268,018

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group ranging from 30 to 90 days (31.12.2018: 30 to 90 days).

Included in trade payables of the Group are amounts totalling RM1,661,081 (31.12.2018: RM2,640,119) due to companies in which certain Directors have interest in.

(b) Other payables

Included in other payables of the Group are amounts totalling RM Nil (31.12.2018: RM134,992) due to a corporate shareholder of subsidiaries which is non-trade, unsecured, repayable on demand, bear no interest and is to be settled in cash.

25. AMOUNTS DUE TO SUBSIDIARIES

Included in the amounts due to subsidiaries are amounts of RM5,767,634 (31.12.2018: RM4,497,303) of which the balances are non-trade, unsecured, repayable on demand, bear interest rates ranging from 4.73% to 5.65% (31.12.2018: 4.81% to 5.90%) per annum and are expected to be settled in cash.

Notes To The Financial Statements (Cont'd)

26. REVENUE

	2019 RM	Group 2018 RM	2019 RM	Company 2018 RM
Revenue from contract customers				
Revenue from construction works	482,725,800	698,817,129	–	–
Revenue from property development	114,367,348	135,925,964	–	–
Building management income	476,843	397,197	–	–
Golf club management	3,114,927	3,266,702	–	–
	600,684,918	838,406,992	–	–
Revenue from other source				
Dividend income from subsidiaries	–	–	10,000,000	13,216,000
	600,684,918	838,406,992	10,000,000	13,216,000

(a) Disaggregation of revenue

The Group reports the following major segments: construction, property development, investment in South Africa and others. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into primary geographical markets, major goods or services, timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

	Construction RM	Property development RM	Investment in South Africa RM	Others RM	Total RM
Group 2019					
Primary geographical markets					
Malaysia	482,725,800	105,385,023	–	476,843	588,587,666
South Africa	–	–	12,097,252	–	12,097,252
	482,725,800	105,385,023	12,097,252	476,843	600,684,918
Major goods or services:					
Construction services	482,725,800	–	–	–	482,725,800
Residential units	–	105,385,023	8,982,325	–	114,367,348
Management of property and golf club	–	–	3,114,927	476,843	3,591,770
	482,725,800	105,385,023	12,097,252	476,843	600,684,918
Timing of revenue recognition:					
At a point of time	–	81,076,314	12,097,252	476,842	93,650,408
Over time	482,725,800	24,308,709	–	–	507,034,509
	482,725,800	105,385,023	12,097,252	476,842	600,684,917

Notes To The Financial Statements (Cont'd)

26. REVENUE (CONTINUED)

(a) Disaggregation of revenue (Continued)

	Construction RM	Property development RM	Investment in South Africa RM	Others RM	Total RM
Group					
2018					
Primary geographical markets:					
Malaysia	698,817,129	130,810,306	–	397,197	830,024,632
South Africa	–	–	8,382,360	–	8,382,360
	698,817,129	130,810,306	8,382,360	397,197	838,406,992
Major goods or services:					
Construction services	698,817,129	–	–	–	698,817,129
Residential units	–	130,810,306	5,115,658	–	135,925,964
Management of property and golf club	–	–	3,266,702	397,197	3,663,899
	698,817,129	130,810,306	8,382,360	397,197	838,406,992
Timing of revenue recognition:					
At a point of time	–	37,381,634	8,224,211	397,197	46,003,042
Over time	698,817,129	93,428,672	158,149	–	792,403,950
	698,817,129	130,810,306	8,382,360	397,197	838,406,992

(b) Transaction price allocated to the remaining performance obligations

As of 31 December 2019, the aggregate amount of the transaction price allocated to the remaining performance obligation is RM739.94 million (2018: RM1,191.86 million) and the Group will recognise this revenue as the properties or construction are completed, which is expected to occur over the next one (1) to three (3) years.

The Group and the Company apply the practical expedient in paragraph 121(a) of MFRS 15 and do not disclose information about remaining performance obligations that have original expected durations of one year or less.

Notes To The Financial Statements (Cont'd)

27. COST OF SALES

	2019 RM	Group 2018 RM
Construction costs	542,924,653	644,216,617
Development costs	67,529,899	74,062,431
Building management cost	365,493	349,797
	610,820,045	718,628,845

Included in development costs are cost of sales recognised based on the stage of completion method in respect of the property units sold amounting to RM17,733,641 (2018: RM58,114,167).

28. OTHER INCOME

	2019 RM	Group 2018 RM	2019 RM	Company 2018 RM
Dividend income	173,524	86,661	171,635	86,661
Gain on foreign exchange:				
- unrealised	80,509	—	—	—
Gain on disposal of:				
- property, plant and equipment	419,247	88,039	—	—
- shares in associated company	—	751,693	—	—
Insurance claims	165,835	51,057	—	—
Penalty	228,390	228,075	—	—
Project management income	1,440,000	1,440,000	—	—
Rental income:				
- land	1,383,400	1,451,762	—	—
- building	1,834,779	1,449,675	—	—
- others	39,313	8,262	—	—
Renovation packages	605,652	—	—	—
Sales of scrap	451,187	42,073	—	—
Sundry income	232,023	355,038	44	50
	7,053,859	5,952,335	171,679	86,711

29. FINANCE INCOME

	2019 RM	Group 2018 RM	2019 RM	Company 2018 RM
Interest income from:				
- subsidiaries	—	—	4,561,791	3,945,425
- bank	469,646	488,627	—	—
- others	412,644	1,324,401	83,464	196,061
	882,290	1,813,028	4,645,255	4,141,486

Notes To The Financial Statements (Cont'd)

30. FINANCE COSTS

	2019	Group 2018 Restated	2019	Company 2018
	RM	RM	RM	RM
Interest expenses				
- lease liabilities	344,109	1,220,713	–	–
- bank borrowings	14,696,816	17,843,358	2,943,489	1,493,367
- others	13,903	–	287,937	565,206
	15,054,828	19,064,071	3,231,426	2,058,573

31. (LOSS)/PROFIT BEFORE TAX

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

	2019 RM	Group 2018 RM	2019 RM	Company 2018 RM
After charging:				
Audit fees:				
- statutory audit:				
· current financial year	299,692	293,888	50,500	45,000
· prior financial years	8,160	36,729	5,500	(3,000)
- other services:				
· current financial year	13,000	21,000	14,000	14,000
· prior financial years	–	9,500	–	6,000
Amount due from a subsidiary written off	–	–	2,500,000	–
Bad debts written off	–	571,185	–	–
Depreciation of:				
- property, plant and equipment	11,565,487	7,816,294	–	–
- investment properties	175,618	205,603	–	–
Directors' remuneration	4,541,121	3,043,023	196,912	204,412
Employee benefits expense (Note 32)	17,296,321	17,639,223	–	–
Loss on foreign exchange:				
- unrealised	–	204,892	–	–
Loss on disposal of:				
- property, plant and equipment	7,099	2,154,821	–	–
Rental expenses on:				
- office	–	137,356	–	–
Property, plant and equipment written-off	356,853	86,328	–	–

Notes To The Financial Statements (Cont'd)

32. EMPLOYEE BENEFITS EXPENSE

	2019 RM	Group 2018 RM
Wages, salaries and fees	14,901,981	14,775,598
Social security costs	125,348	128,680
Defined contribution plans	1,611,021	2,003,966
Other staff related expenses	657,971	730,979
	17,296,321	17,639,223

33. DIRECTORS' REMUNERATION

	2019 RM	Group 2018 RM	Company 2019 RM	2018 RM
Directors of the Company				
Executive				
- salaries, allowances and bonuses	2,093,000	1,932,000	—	—
- defined contribution plans	111,800	270,600	—	—
- others	67,984	70,984	9,000	12,000
	2,272,784	2,273,584	9,000	12,000
Non-executive				
- allowances	107,400	107,400	47,400	47,400
- defined contribution plans	9,012	9,012	9,012	9,012
- fees	110,000	110,000	110,000	110,000
- others	21,500	26,000	21,500	26,000
Total	2,520,696	2,525,996	196,912	204,412
Directors of subsidiaries				
Executive				
- salaries, allowances and bonuses	2,217,003	2,015,451	—	—
- defined contribution plans	135,696	202,008	—	—
- others	83,019	112,481	—	—
	2,435,718	2,329,940	—	—
Total	4,956,414	4,855,936	196,912	204,412

The estimated monetary value of benefits-in-kind received and receivable by directors of the Company from the Group amounted to RM56,875 (2018: RM56,875).

Notes To The Financial Statements (Cont'd)

34. INCOME TAX EXPENSE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Current tax				
- current financial year				
- Malaysian income tax	9,570,390	17,733,081	369,101	592,158
- Foreign income tax	60,684	264,001	-	-
- prior financial years				
- Malaysian income tax	(71,812)	8,799,394	(5,129)	(12,142)
	9,559,262	26,796,476	363,972	580,016
Deferred tax (Note 10)				
- current financial year	(17,298,534)	(1,435,556)	-	-
- prior financial years	(4,069,006)	(7,309,100)	-	-
	(21,367,540)	(8,744,656)	-	-
Tax expense	(11,808,278)	18,051,820	363,972	580,016

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

Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdiction.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2019 RM	2018 Restated RM	2019 RM	2018 RM
(Loss)/Profit before taxation	(65,367,660)	58,913,611	8,302,049	12,677,502
Tax at applicable statutory income tax rate of 24% (2018: 24%)	(15,688,238)	14,139,267	1,992,492	3,042,600
Tax effects arising from				
- effect of different tax rate in other country	26,976	5,316	-	-
- non-deductible expenses	5,322,253	2,105,858	817,812	742,197
- non-taxable income	(917,403)	(576,771)	(2,441,203)	(3,192,639)
Share of divisible loss by joint venture partner	1,439,029	464,178	-	-
Deferred tax assets not recognised	2,149,923	704,344	-	-
Tax incentive on reduction in chargeable income	-	(280,666)	-	-
(Over)/Under provision in prior financial years				
- current tax	(71,812)	8,799,394	(5,129)	(12,142)
- deferred tax	(4,069,006)	(7,309,100)	-	-
Tax expense for the year	(11,808,278)	18,051,820	363,972	580,016

Notes To The Financial Statements (Cont'd)

35. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share are calculated by dividing the net (loss)/profit for the financial year attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	2019 RM	Group 2018 Restated RM
(Loss)/Profit for the financial year attributable to owners of the Company	(46,918,762)	43,313,878
	Number of shares Unit	Unit
Number of shares in issue (less treasury share) as of 1 January	889,672,370	688,891,413
Effect of:		
Share buyback, net of resale	(163,812)	(990,536)
Rights and bonus issues	–	172,267,366
Weighted average number of ordinary shares in issue	889,508,558	860,168,243
Basic (loss)/earnings per share (sen)	(5.27)	5.04

(b) Diluted

For the purpose of calculating diluted earnings per share, the (loss)/profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, arising from warrants and ESOS.

	2019 RM	Group 2018 Restated RM
(Loss)/Profit for the financial year attributable to owners of the Company	(46,918,762)	43,313,878
	Number of shares Unit	Unit
Weighted average number of ordinary shares at 31 December	889,508,558	860,168,243
Diluted (loss)/earnings per share (sen)	(5.27)	5.04

Notes To The Financial Statements (Cont'd)

35. (LOSS)/EARNINGS PER SHARE

(b) Diluted (Continued)

The diluted (loss)/earnings per share of the Company is the same as the basic earnings per ordinary share of the Company as the potential ordinary shares are anti-dilutive.

36. DIVIDENDS

	Group and Company	
	31.12.2019	31.12.2018
	RM	RM
- First and final single tier dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 December 2017, paid on 2 August 2018	–	17,911,175
- First and final single tier dividend of 1.5 sen per ordinary share in respect of the financial year ended 31 December 2018, paid on 2 August 2019	13,345,083	–

37. CORPORATE AND PERFORMANCE GUARANTEES

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Corporate guarantees to financial institutions for:				
- banking facilities granted to subsidiaries	–	–	311,531,500	445,632,450
- hire purchase facilities granted to subsidiaries	–	–	1,798,455	12,202,117
Corporate guarantees to trade payables of subsidiaries	–	–	500,000	500,000
Performance guarantees extended to third parties				
- project related	14,790,000	18,239,376	13,210,000	14,644,878
	14,790,000	18,239,376	327,039,955	472,979,445

At the end of the financial year, it was not probable that the counterparties to the corporate guarantee contracts will claim under the contract.

Notes To The Financial Statements (Cont'd)

38. SEGMENT REPORTING

General Information

The Group identifies its operating segments on the basis of internal reports that are regularly reviewed by the Group managing director in order to allocate resources to the segments and assess their performance.

The information reported to the Group managing director to make decisions about resources to be allocated and for assessing their performance is based on the nature of the industry (business segments) and operational location (geographical segments) of the Group.

Measurement of Reportable Segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Transactions between reportable segments are measured on the basis that is similar to those external customers.

Segment statements of comprehensive income are profit earned or loss incurred by each segment without allocation of central administrative costs, non-operating investment revenue, finance costs and income tax expense. There are no significant changes from prior financial year in the measurement methods used to determine reported segment statements of comprehensive income.

All the Group's assets are allocated to reportable segments other than assets used centrally for the Group and deferred tax assets.

All the Group's liabilities are allocated to reportable segments other than liabilities incurred centrally for the Group, tax payable and deferred tax liabilities.

(a) Business segments

The Group operates predominantly in the construction and property development, involving various types of activities as disclosed in Note 8.

Notes To The Financial Statements (Cont'd)

38. SEGMENT REPORTING (CONTINUED)

(a) Business segments (Continued)

	Construction	Property development	Investment in South Africa	Others	Eliminations	Note	Consolidated
	2019	2018	2019	2018	2019		2018
	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
Revenue							
External sales	482,726	698,817	105,385	130,810	8,382		838,407
Inter-segment sales	2,758	121	-	-	-		-
					(12,758)		(13,337)
Total segment revenue	485,484	698,938	105,385	130,810	8,382		838,407
Segment results							
	(86,489)	23,071	40,289	55,295	440	(b)	77,978
					(6,911)		(50,313)
Results from operating activities							77,978
Finance costs	(9,397)	(11,049)	(8,961)	(9,475)	(307)	(b)	(19,064)
Taxation					7,132		(18,052)
							(50,313)
Profit net of tax							40,862
Non-controlling interest							6,641
							2,452
Net profit attributable to owners of the Company							(46,919)
							43,314
Segments assets							
Tax recoverable	565,477	800,239	577,638	591,300	62,281		1,267,959
Unallocated corporate assets	1,686	355	538	1,418	374		5,887
					61,824		2,450
					3,139		28,939
							11,664
Total assets							
							1,302,785
							1,535,799

Notes To The Financial Statements (Cont'd)

38. SEGMENT REPORTING (CONTINUED)

(a) Business segments (Continued)

	Construction 2019	Property development 2019	Investment in South Africa 2019	Others 2019	Eliminations 2019	Note	Consolidated 2019
	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
Segment liabilities	394,662	510,125	69,614	107,792	11,234	-	685,066
Tax payable	-	-	6,610	6,837	-	-	6,615
Deferred tax liabilities	-	3,310	251	1,124	469	-	1,248
Total liabilities							531,240
							697,254
Capital expenditure	4,699	15,826	298	1,225	10,284	-	27,335
Depreciation	10,848	7,072	862	637	31	-	11,741
Non-cash items other than depreciation	354	82	3	1	(81)	-	276
						(c)	291

Notes To The Financial Statements (Cont'd)

38. SEGMENT REPORTING (CONTINUED)

(b) Reconciliation of segment results are as follow:

	2019 RM'000	2018 RM'000
Elimination of inter-segment finance costs	7,132	3,833
Elimination of inter-segment profits	(14,126)	(6,818)
Others	83	82
	(6,911)	(2,903)

(c) Other non-cash items other than depreciation consist of the following:

	2019 RM'000	2018 RM'000
Unrealised loss from foreign exchange	(81)	205
Property, plant and equipment written-off	357	86
	276	291

(d) Geographical information

The Group's four (4) major business segments are operating in two (2) principal geographical areas. In Malaysia, its home country, the Group is principally involved in the civil engineering, building and road construction works and property development. In South Africa, the Group is principally involved in civil engineering, construction works, property development and golf management.

	Malaysia		South Africa		Consolidated	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Total revenue from external customers	588,588	830,025	12,097	8,382	600,685	838,407
Non-current assets (exclude deferred tax assets and financial assets)	372,267	400,621	33,651	27,974	405,918	428,595

(e) Information about major customers

Four (2018: Three) major customers from construction segment contribute approximately 71% (2018: 48%) of the Group's total revenue.

Notes To The Financial Statements (Cont'd)

39. RELATED PARTY TRANSACTIONS

(a) Identification of related parties

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

Related parties of the Group and of the Company include:

- (i) Subsidiaries;
- (ii) Associate; and
- (iii) Key management personnel which comprise persons (including the directors of the Company) having the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

(b) Related party transactions and balances

Related party transactions other than disclosed elsewhere in the financial statements are shown below. Information on outstanding balances with related parties of the Company are disclosed in Notes 12, 14, 24 and 25.

Group	2019 RM	2018 RM
Transactions with companies in which the directors have substantial controlling interests:		
Purchases of hardware from Mitrajaya Trading Sdn. Bhd., a company in which a director of the Company has interest in	5,564,877	9,368,194
Wages payable by a subsidiary to Gema Padu Sdn. Bhd., a company in which certain directors of the subsidiary have interest in	–	40,914
Mobilisation cost, hire of plant and machinery and transportation charges payable to Pembinaan Segamuda Sdn. Bhd., a company in which a person connected to a director of the Company has interest in	392,582	583,388
Interest receivables by subsidiaries from Gema Padu Sdn. Bhd., a company in which certain directors of the subsidiaries have interest in	106,969	70,955

Notes To The Financial Statements (Cont'd)

39. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Related party transactions and balances (Continued)

Company	2019 RM	2018 RM
Transactions with subsidiaries:		
Exempt dividend income from:		
- Daya Asphalt Sdn. Bhd.	-	(1,570,000)
- Kina-Bijak Sdn. Bhd.	-	(1,776,000)
- Kemajuan Sekim Baru Sdn. Bhd.	-	(9,870,000)
- Leo Vista Sdn. Bhd.	(10,000,000)	-
Interest income from:		
- Daya Asphalt Sdn. Bhd.	-	(8,114)
- Maha-Mayang Sdn. Bhd.	(302,194)	(337,907)
- Mitrajaya Development Sdn. Bhd.	(127,054)	(44,519)
- Pembinaan Mitrajaya Sdn. Bhd.	-	(21,618)
- Mitrajaya Homes Sdn. Bhd.	(1,298,479)	(795,971)
- Skyway Development Sdn. Bhd.	(2,827,106)	(2,737,296)
- Eminent Earning Sdn. Bhd.	(6,958)	-
Management fee paid to:		
- Mitrajaya Homes Sdn. Bhd.	151,395	312,494
Interest expenses paid to:		
- Centennial March Sdn. Bhd.	105,372	102,124
- Daya Asphalt Sdn. Bhd.	-	1,492
- Kemajuan Sekim Baru Sdn. Bhd.	-	91,642
- Pembinaan Mitrajaya Sdn. Bhd.	143,847	369,949
- Mitrajaya Warisan Sdn Bhd	38,718	-
Redemption of RCCPS in subsidiary by way of utilisation of amount due from the Company:		
Company	2019 RM	2018 RM
- Kina-Bijak Sdn. Bhd.	-	7,800,000

Notes To The Financial Statements (Cont'd)

39. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Compensation of key management personnel

Total compensation of key management personnel comprise:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Short-term employee benefits	7,193,364	6,892,372	187,900	195,400
Post employment benefits	517,165	893,028	9,012	3,444
	7,710,529	7,785,400	196,912	198,844

Other key management personnel comprises persons other than directors of the Company and its subsidiaries, having authority and responsibility for planning, directing and controlling the activities of the Group and the Company, either directly or indirectly.

Directors' interest in employees' share option scheme

During the financial year, there are Nil (2018: Nil) number of shares options exercised by directors.

At the reporting date, the total number of outstanding share options granted by the Company to the above-mentioned directors under the ESOS plan amounts to 4,975,036 (2018: 4,975,036).

40. CAPITAL COMMITMENT

	2019 RM	Group 2018 RM
Approved and contracted for:		
- Property, plant and equipment	16,028	1,546,119
- Inventories - Property held for development	8,147,700	8,147,700
Approved but not contracted for:		
- Property, plant and equipment	137,866	–
	8,301,594	9,693,819

Notes To The Financial Statements (Cont'd)

41. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

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

- (i) Fair value through
- (ii) Amortised cost/profit or loss

	Carrying amount RM	Financial assets at amortised cost RM	Financial assets at fair value through profit or loss RM	Financial liabilities at amortised cost RM
At 31 December 2019				
Group				
Financial Assets				
Trade and other receivables *	348,866,514	348,866,514	–	–
Other investment	301,889	–	301,889	–
Deposits, cash and bank balances	17,348,891	17,348,891	–	–
	366,517,294	366,215,405	301,889	–
Financial Liabilities				
Borrowings	244,463,375	–	–	244,463,375
Trade and other payables #	247,173,370	–	–	247,173,370
	491,636,745	–	–	491,636,745
Company				
Financial Assets				
Amount due from subsidiaries	81,822,672	81,822,672	–	–
Trade and other receivables *	701	701	–	–
Deposits, cash and bank balances	5,333,620	5,333,620	–	–
	87,156,993	87,156,993	–	–
Financial Liabilities				
Amount due to subsidiaries	5,905,508	–	–	5,905,508
Borrowings	49,339,779	–	–	49,339,779
Trade and other payables	150,202	–	–	150,202
	55,395,489	–	–	55,395,489

Notes To The Financial Statements (Cont'd)

41. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (Continued)

	Carrying amount RM	Financial assets at amortised cost RM	Financial assets at fair value through profit or loss RM	Financial liabilities at amortised cost RM
At 31 December 2018				
Group				
Financial Assets				
Trade and other receivables *	536,184,822	536,184,822	–	–
Other investment	7,840,000	–	7,840,000	–
Deposits, cash and bank balances	14,408,899	14,408,899	–	–
	558,433,721	550,593,721	7,840,000	–
Financial Liabilities				
Borrowings	347,624,984	–	–	347,624,984
Trade and other payables #	304,359,250	–	–	304,359,250
	651,984,234	–	–	651,984,234
Company				
Financial Assets				
Amount due from subsidiaries	87,750,521	87,750,521	–	–
Trade and other receivables *	701	701	–	–
Other investment	7,840,000	–	7,840,000	–
Deposits, cash and bank balances	5,295,549	5,295,549	–	–
	100,886,771	93,046,771	7,840,000	–
Financial Liabilities				
Amount due to subsidiaries	4,648,418	–	–	4,648,418
Borrowings	55,255,934	–	–	55,255,934
Trade and other payables #	263,472	–	–	263,472
	60,167,824	–	–	60,167,824

* Down payment paid for acquisition of plant and equipment, advances to sub-contractors, prepayments and GST refundable were excluded from trade and other receivables.

GST payable was excluded from trade and other payables.

Notes To The Financial Statements

(Cont'd)

41. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management and objectives

The Group seeks to manage effectively the various risks namely credit, interest rate, liquidity and foreign currency risks, to which the Group is exposed to in its daily operations.

(i) Credit risk

Trade receivables and contract assets

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the ageing profile of its trade receivables on an on-going basis. The Group's trade receivables credit risk is concentrated in Malaysia.

The Group and the Company determine the credit risk concentration of its trade receivables and contract assets by industry sector profile on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables and contract assets at the reporting date are as follows:

Trade receivables:

	31.12.2019		31.12.2018	
	RM	%	RM	%
Group				
Construction	301,041,599	90%	493,027,695	94%
Property development	34,219,178	10%	32,846,744	6%
Investment in South Africa	325,556	0%	8,692	0%
	335,586,333	100%	525,883,131	100%

Notes To The Financial Statements (Cont'd)

41. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management and objectives (Continued)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

Credit risk concentration profile (Continued)

Contract assets:

Group	31.12.2019		31.12.2018	
	RM	%	RM	%
Construction	139,237,311	93%	154,529,851	80%
Property development	10,045,967	7%	35,996,491	19%
Investment in South Africa	–	0%	1,535,994	1%
	149,283,278	100%	192,062,336	100%

The Group and the Company apply the simplified approach to providing for expected credit losses prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

For construction contracts, as there are only a few customers, the Group assessed the risk of each customer individually based on their financial capacity, past trend of payments and other external information relating to the customers that are publicly available. For property development contracts, the Group determines the ECL rate for the group of customers based in the actual credit loss experience over the past three years.

The information about credit risk exposure on the Group's contract asset, operating financial assets and trade receivables are as follows:

		Trade receivables					
	Contract assets RM'000	Current RM '000	1-30 days RM '000	> 30 days past due RM '000	> 60 days past due RM '000	> 90 days past due RM '000	Total RM '000
Group							
At 31 December 2019							
Gross carrying amount at default	149,283	232,710	29,846	12,449	5,755	54,826	335,586
Impairment losses	–	–	–	–	–	–	–
At 31 December 2018							
Gross carrying amount at default	192,062	413,511	23,232	4,057	10,245	74,948	526,173
Impairment losses	–	–	–	–	–	290	290

Notes To The Financial Statements (Cont'd)

41. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management and objectives (Continued)

(i) Credit risk (Continued)

Other receivables and other financial assets

For other receivables and other financial assets (including investment securities, cash and cash equivalents and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.8(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

As at the end of the reporting date, the Group and the Company did not recognised any loss allowance for impairment for other receivables and other financial assets.

Financial guarantee contacts

The Company is exposed to credit risk in relation to corporate and performance guarantees in respect of bank facilities granted to certain subsidiaries and trade payables of subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks is disclosed in Note 37.

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

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Notes To The Financial Statements (Cont'd)

41. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management and objectives (Continued)

(ii) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debt; the Group had no substantial long term interest-bearing assets as at 31 December 2019. The investments in financial assets are mainly short term in nature and have been mostly placed in short term deposit.

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group 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.

The Group's primary interest rate risk relates to interest-bearing debts as at 31 December 2019.

	Effective Interest Rate % per annum	Within 1 Year RM	Carrying 1 - 5 Years RM	Amount More than 5 Years RM	Total RM
Group					
2019					
Financial Liabilities					
Bank overdrafts	7.70 - 10.00	4,972,047	–	–	4,972,047
Bankers' acceptance	3.65 - 4.29	17,515,000	–	–	17,515,000
Invoice financing	6.02 - 6.06	1,288,900	–	–	1,288,900
Term loans	4.52 - 10.00	13,611,990	44,708,611	1,579,994	59,900,595
Short term revolving credit	4.52 - 4.69	159,000,000	–	–	159,000,000
2018					
Financial Liabilities					
Bank overdrafts	6.70 - 10.50	30,659,251	–	–	30,659,251
Bankers' acceptance	3.75 - 5.10	32,730,000	–	–	32,730,000
Invoice financing	6.06 - 6.32	7,689,969	–	–	7,689,969
Term loans	5.26 - 10.25	13,589,782	52,692,922	3,266,222	69,548,926
Short term revolving credit	3.95 - 5.12	194,562,000	–	–	194,562,000
Company					
2019					
Financial Liabilities					
Bank overdrafts	7.70	249,779	–	–	249,779
Term loans	5.25	12,000,000	37,090,000	–	49,090,000
2018					
Financial Liabilities					
Bank overdrafts	7.95	746,934	–	–	746,934
Term loans	5.52	12,000,000	42,509,000	–	54,509,000

Notes To The Financial Statements

(Cont'd)

41. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management and objectives (Continued)

(ii) Interest rate risk (Continued)

Interest rate risk sensitivity

An increase in market interest rates by 1% on financial liabilities of the Group which have variable interest rates at the end of the reporting period would decrease the profit before tax by RM2,426,765 (2018: RM3,476,250). This analysis assumes that all other variables remain unchanged.

A decrease in market interest rates by 1% on financial liabilities of the Group which have variable interest rates at the end of the reporting period would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

(iii) Liquidity risk

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.

Analysis of financial instruments by remaining contractual maturities

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

	Carrying Amount RM	Contractual Cash Flows			Total RM
		On demand or within one year RM	One to five years RM	Over five years RM	
Group					
2019					
Financial liabilities					
Borrowings	244,463,375	198,828,591	46,099,745	2,324,350	247,252,686
Trade and other payables #	247,173,370	247,173,370	–	–	247,173,370
	491,636,745	446,001,961	46,099,745	2,324,350	494,426,056
2018					
Financial liabilities					
Borrowings	347,624,984	287,011,595	60,351,569	3,786,613	351,149,777
Trade and other payables #	304,359,250	304,359,250	–	–	304,359,250
	651,984,234	591,370,845	60,351,569	3,786,613	655,509,027

GST payable were excluded from trade and other payables.

Notes To The Financial Statements (Cont'd)

41. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management and objectives (Continued)

(iii) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations. (Continued)

	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On demand or within one year RM
Company 2019			
Financial liabilities			
Amount due to subsidiaries	5,905,508	5,905,508	5,905,508
Borrowings	49,339,779	49,339,779	49,339,779
Trade and other payables #	150,202	150,202	150,202
Financial guarantee contracts *	–	313,829,955	313,829,955
	55,395,489	369,225,444	369,225,444
2018			
Financial liabilities			
Amount due to subsidiaries	4,648,418	4,648,418	4,648,418
Borrowings	55,255,934	55,255,934	55,255,934
Trade and other payables #	263,472	263,472	263,472
Financial guarantee contracts *	–	458,334,567	458,334,567
	60,167,824	518,502,391	518,502,391

* The Company has given corporate guarantee to bank and trade payables on behalf of certain subsidiaries. The potential exposure of the financial guarantee contracts is equivalent to the amount of the banking facilities being utilised by the said subsidiaries.

GST payable were excluded from trade and other payables.

(iv) Foreign currency risk

The Group is exposed to currency translation risk arising from its net investments in subsidiaries in South Africa.

The Group does not hedge its investment in South Africa.

Notes To The Financial Statements (Cont'd)

41. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair values

(i) Determination of fair value

The methods and assumptions used to estimate the fair value of the following classes of financial assets and liabilities are as follows:

- *Deposits, cash and bank balances, trade and other receivables and payables*

The carrying amounts approximate fair values due to the relatively short term maturities of these financial assets and liabilities.

- *Other investment*

The fair value of short term funds is derived based on their redemption price.

- *Borrowings*

The carrying amounts of bank overdrafts, bankers' acceptance, invoice financing, short term revolving credits and short term loans approximate fair values due to the relatively short term maturities of these financial liabilities.

The carrying amounts of long term floating rate loans approximate their fair values as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of hire purchase and finance lease payables is estimated using discounted cash flow analysis, based on current lending rates for similar types of lending arrangements.

(ii) Fair value hierarchy

The table below analyses financial instruments not carried at fair value for which fair value disclosed, together with their fair value any carrying amounts shown in the statements of financial position.

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
Group						
2019						
Financial assets						
Other investments	301,889	–	–	301,889	301,889	301,889
2018						
Financial assets						
Other investments	7,840,000	–	–	7,840,000	7,840,000	7,840,000
Financial liabilities						
Finance lease liabilities	–	(12,414,921)	–	(12,414,921)	(12,414,921)	(12,434,838)

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2018: no transfer in either directions).

Notes To The Financial Statements (Cont'd)

42. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder 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 financial years ended 31 December 2019 and 31 December 2018.

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

	31.12.2019 RM	Group 31.12.2018 RM	1.1.2018 RM
Borrowings (Note 19)	244,463,375	347,624,984	323,529,384
Trade and other payables (Note 24) #	247,173,370	304,359,250	251,515,163
Less: Deposits, cash and bank balances (Note 15)	(17,348,891)	(14,408,899)	(25,759,548)
Net debt	474,287,854	637,575,335	549,284,999
Equity attributable to the owners of the Company	714,969,808	775,328,520	677,401,802
Total capital	714,969,808	775,328,520	677,401,802
Capital and net debt	1,189,257,662	1,412,903,855	1,226,686,801
Gearing ratio	40%	45%	45%

GST payable were excluded from trade and other payables.

A subsidiary of the Company is required to maintain certain gearing ratio for its revolving credit and bank guarantee facilities granted by a financial institution.

Notes To The Financial Statements (Cont'd)

43. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Coronavirus outbreak

On 11 March 2020, the World Health Organisation declared the Coronavirus ("Covid-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the Covid-19 outbreak in Malaysia. The Covid-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the Covid-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group and the Company operate.

For the Group's and the Company's financial statements for the financial year ended 31 December 2019, the Covid-19 outbreak and the related impacts are considered non- adjusting events in accordance with MFRS 110 *Events after the Reporting Period*. Consequently, there is no impact on the recognition and measurement of assets and liabilities as at 31 December 2019.

The Group and the Company are unable to reasonably estimate the financial impact of Covid-19 for the financial year ending 31 December 2020 to be disclosed in the financial statements as the situation is still evolving and the uncertainty of the outcome of the current events. It is however certain that the local and worldwide measures against the spread of the Covid-19 will have adverse effects on the Group's and the Company's sales, operations and supply chains. The Group and the Company will continuously monitor the impact of Covid-19 on its operations and its financial performance. The Group and the Company will also be taking appropriate and timely measures to minimise the impact of the outbreak on the Group's and the Company's operations.

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **TAN ENG PIOW** and **FOO CHEK LEE**, being two of the directors of MITRAJAYA HOLDINGS BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 66 to 173 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and their cash flows for the financial year then ended.

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

TAN ENG PIOW
Director

FOO CHEK LEE
Director

Selangor Darul Ehsan

Date: 18 May 2020

STATUTORY DECLARATION PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, **CHO WAI LING**, being the director primarily responsible for the financial management of MITRAJAYA HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 66 to 173 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.

CHO WAI LING
MIA Membership No: 18688

Subscribed and solemnly declared by the abovenamed at Puchong in Selangor on 18 May 2020.

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MITRAJAYA HOLDINGS BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mitrajaya Holdings Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 66 to 173.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Key Audit Matters

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

Group

Revenue and cost of sales recognition for property development activities and construction activities (Notes 4(a), 4(b), 26 and 27 to the financial statements)

The amount of revenue and corresponding costs of the Group's property development and construction activities are recognised over the period of contract by reference to the progress towards complete satisfaction of that performance obligation when it is probable that the Group will collect the consideration to which it is entitled. The progress towards complete satisfaction of performance obligation is determined by reference to proportion of construction costs incurred for works performed to date bear to the estimated total costs for each project. We focused on this area because significant directors' judgement is required, in particular with regards to determining the probability of collection, the progress towards satisfaction of a performance obligation, the extent of the property development and construction costs incurred, the estimated total property development and construction revenue and costs, as well as the recoverability of the development and construction projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend of the outcome of future events.

Our response:

Our audit procedures on a sample of major projects included, among others:

- understanding the design and implementation of key controls over the Group's process in preparing project budget and the calculation of the stage of completion;
- reviewing the Group's major assumptions of identified projects by comparing to contractual terms, historical margin and our understanding gathered from the analysis of changes in the assumptions from previous year;
- discussing the progress of the projects with the respective project directors or managers;
- matching computed stage of completion for identified projects against architect or consultant certificates; and
- checking the computation of the recognised revenue and corresponding cost of sales recognised during the financial year.

Independent Auditors' Report To The Members Of Mitrajaya Holdings Berhad (Cont'd)

Key Audit Matters (Continued)

Group (Continued)

Trade receivables and contract assets (Note 4(c), 11 and 12 to the financial statements)

The Group has significant trade receivables and contract assets as at 31 December 2019 which include certain amounts which are long outstanding and/or currently under legal proceedings. We focused on this area because the directors made significant judgements on assumptions about the outcome of these legal proceedings, which is individually assessed, and the estimated credit loss which are collectively assessed.

In making assumptions for expected credit loss, the directors assessed the financial capability of the receivables, existing market conditions as well as consulted solicitors' advice for balances which are currently in legal proceedings.

Our response:

Our audit procedures included, among others:

- an understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports prepared by management;
- obtaining confirmation of balances from selected receivables;
- reading legal opinion obtained and discussion with the solicitor for receivables under legal proceedings; and
- reviewing subsequent receipts, customer correspondence, and considering level of activity with the customer and management explanation on recoverability with significantly past due balances.

Company

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to be communicated in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

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

Independent Auditors' Report To The Members Of Mitrajaya Holdings Berhad (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Independent Auditors' Report To The Members Of Mitrajaya Holdings Berhad (Cont'd)

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 8 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 contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA & AF 0117)
Chartered Accountants

Andrew Choong Tuck Kuan
No. 03264/04/2021 J
Chartered Accountant

Kuala Lumpur

Date: 18 May 2020

SHAREHOLDING ANALYSIS

Issued Shares	:	896,148,770 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share
No. of treasury shares held	:	46,849,349 ordinary shares
No. of voting shares	:	849,299,421 ordinary shares

ANALYSIS OF SHAREHOLDINGS AS AT 15 MAY 2020

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
Less than 100	359	4.87	16,033	0.00
100 – 1,000	585	7.94	321,305	0.04
1,001 – 10,000	2,878	39.08	16,210,332	1.81
10,001 – 100,000	2,967	40.29	98,266,709	10.97
100,001 – less than 5% of issued shares	572	7.77	392,836,579	43.84
5% and above of issued shares	4	0.05	341,648,463	38.12
Treasury shares	N/A	N/A	46,849,349	5.23
TOTAL	7,365	100.00	896,148,770	100.00

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 15 MAY 2020 (excluding treasury shares)

NO.	NAME	NO. OF SHARES	%
1.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AMBank (M) Berhad for Tan Eng Piow (SMART)	118,000,000	13.89
2.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Tan Eng Piow (01-00866-000)	88,000,000	10.36
3.	Tan Eng Piow	75,598,463	8.90
4.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Eng Piow	60,050,000	7.07
5.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt an for Bank of Singapore Limited (Local)	30,000,000	3.53
6.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	26,621,900	3.13
7.	Amanahraya Trustees Berhad Amanah Saham Malaysia	26,207,350	3.09
8.	Aw Eng Soon	18,056,236	2.13
9.	Khoo Yok Kee	15,387,500	1.81
10.	Song Kim Lee	12,800,000	1.51
11.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 – Didik	10,983,060	1.29

Shareholding Analysis (Cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 15 MAY 2020 (CONTINUED) (excluding treasury shares)

NO.	NAME	NO. OF SHARES	%
12.	Amanahraya Trustees Berhad Amanah Saham Malaysia 3	9,289,650	1.09
13.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kok Siew Leng	7,996,257	0.94
14.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Khoo Yok Kee (PB)	7,166,400	0.84
15.	Datin Sri Wong Pui Yoong	5,022,100	0.59
16.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Mei Yin	4,797,975	0.56
17.	Tan Mei Wan	4,550,000	0.54
18.	Tan Kia Loke	3,801,945	0.45
19.	Tan Eng @ Tan Chin Huat	3,686,240	0.43
20.	Kok Siew Leng	3,643,901	0.43
21.	Lembaga Tabung Haji	3,365,830	0.40
22.	Geoffrey Lim Fung Keong	3,069,000	0.36
23.	Pintaras Jaya Bhd	3,061,900	0.36
24.	Amsec Nominees (Asing) Sdn Bhd Pledged Securities Account for Jha Bibhuti Nath	3,036,100	0.36
25.	Teo Guan Lee Holdings Sendirian Berhad	2,946,400	0.35
26.	Cindy Chew Ai Mei	2,823,000	0.33
27.	Ideal Structure Sdn Bhd	2,806,300	0.33
28.	Melodi Ragam Sdn Bhd	2,806,300	0.33
29.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (ARIM)	2,500,500	0.29
30.	Foo May Fong	2,439,450	0.29

SUBSTANTIAL SHAREHOLDERS AS AT 15 MAY 2020

	Direct Interest	No Of Shares		
		%	Indirect Interest	%
Tan Eng Piow	371,648,463	43.76	—	—

Shareholding Analysis (Cont'd)

ANALYSIS OF 2015/2020 WARRANTHOLDINGS (WARRANT D) AS AT 15 MAY 2020

No of 2015/2020 Warrants issued	:	97,130,994
No of 2015/2020 Warrants outstanding	:	80,083,215
Voting Rights at Warrantholders' Meeting	:	One vote per warrant

SIZE OF WARRANTHOLDINGS	NO. OF 2015/2020 WARRANTHOLDERS	%	NO. OF 2015/2020 WARRANTS	%
Less than 100	597	18.66	22,378	0.03
100 – 1,000	732	22.88	361,068	0.45
1,001 – 10,000	1,310	40.94	4,160,400	5.20
10,001 – 100,000	450	14.06	14,859,506	18.56
100,001 – less than 5% of issued warrants	110	3.44	36,203,162	45.21
5% and above of issued warrants	1	0.03	24,476,701	30.56
TOTAL	3,200	100.00	80,083,215	100.00

LIST OF THIRTY LARGEST 2015/2020 WARRANT HOLDERS (WARRANT D) AS AT 15 MAY 2020

NO.	NAME	NO. OF WARRANTS	%
1.	Tan Eng Piow	24,476,701	30.56
2.	Aw Eng Soon	2,172,361	2.71
3.	Tan Cheng Chin	2,094,736	2.62
4.	Song Kim Lee	1,500,986	1.87
5.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chu Chee Leong	1,257,719	1.57
6.	Cimsec Nominees (Tempatan) Sdn Bhd Cimb Bank for Cheah Chee Siong (PBCL-0G0473)	1,053,342	1.32
7.	Teh Teng Look	900,000	1.12
8.	Maybank Nominees (Tempatan) Sdn Bhd Kua Song Tuck	774,337	0.97
9.	Lau Chuan Aik	733,031	0.92
10.	Maybank Nominees (Tempatan) Sdn Bhd Ho Chia Yong	717,972	0.90
11.	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund SD4N for Alberta Investment Management Corporation	717,120	0.90
12.	Ng Bieng San	680,000	0.85

Shareholding Analysis (Cont'd)

LIST OF THIRTY LARGEST 2015/2020 WARRANT HOLDERS (WARRANT D) AS AT 15 MAY 2020 (CONTINUED)

NO.	NAME	NO. OF WARRANTS	%
13.	Maybank Nominees (Tempatan) Sdn Bhd Mohd Alim bin Haron	643,859	0.80
14.	Ng Chee Thong	626,052	0.78
15.	Chong Cheong Kwai	593,475	0.74
16.	Tan Mei Yin	568,225	0.71
17.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kok Siew Leng (CEB)	563,000	0.70
18.	Looi Boon Fui	557,374	0.70
19.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chiam Lee Wah (001)	514,731	0.64
20.	Puteh Hanis Binti Adlan	500,000	0.62
21.	Ideal Structure Sdn Bhd	473,151	0.59
22.	Teo Guan Lee Holdings Sendirian Berhad	473,151	0.59
23.	Lee Bee Seng	467,194	0.58
24.	Choo Yee Ling	464,404	0.58
25.	Lee Choo Ngu	437,324	0.55
26.	Kok Siew Leng	435,237	0.54
27.	Sai Mee Hing	386,777	0.48
28.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sua Chong Yew	377,726	0.47
29.	Sim Mui Khee	368,996	0.46
30.	Heng Swee Ngee	350,395	0.44

Shareholding Analysis (Cont'd)

ANALYSIS OF 2018/2023 WARRANTHOLDINGS (WARRANT E) AS AT 15 MAY 2020

No of 2018/2023 Warrants issued	:	68,889,075
No of 2018/2023 Warrants outstanding	:	68,889,075
Voting Rights at Warrantholders' Meeting	:	One vote per warrant

SIZE OF WARRANTHOLDINGS	NO. OF 2018/2023 WARRANTHOLDERS	%	NO. OF 2018/2023 WARRANTS	%
Less than 100	151	5.60	6,910	0.01
100 – 1,000	1,128	41.81	617,914	0.90
1,001 – 10,000	1,072	39.73	3,608,366	5.24
10,001 – 100,000	264	9.79	8,580,008	12.45
100,001 – less than 5% of issued warrants	80	2.97	26,141,414	37.95
5% and above of issued warrants	3	0.11	29,934,463	43.45
TOTAL	2,698	100.00	68,889,075	100.00

LIST OF THIRTY LARGEST 2018/2023 WARRANT HOLDERS (WARRANT E) AS AT 15 MAY 2020

NO.	NAME	NO. OF WARRANTS	%
1.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Eng Piow	17,350,000	25.19
2.	Tan Eng Piow	6,584,463	9.56
3.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Tan Eng Piow (01-00866-000)	6,000,000	8.71
4.	Tan Yu Yeh	2,995,450	4.35
5.	Aw Eng Soon	1,388,941	2.02
6.	Lee Kee Huat	1,177,000	1.71
7.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sukhwinder Singh A/L Harbans Singh (MY0557)	1,102,000	1.60
8.	Tye Yien Yin	896,600	1.30
9.	Kenanga Nominees (Tempatan) Sdn Bhd Abdul Rasik bin Talip (012)	863,100	1.25
10.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Szee Keong (WON1802M)	810,000	1.18
11.	Lau Chuan Aik	743,600	1.08
12.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kok Siew Leng	622,789	0.90

Shareholding Analysis (Cont'd)

LIST OF THIRTY LARGEST 2018/2023 WARRANT HOLDERS (WARRANT E) AS AT 15 MAY 2020 (CONTINUED)

NO.	NAME	NO. OF WARRANTS	%
13.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Mansor bin Ismail	618,900	0.90
14.	Lee Kee Huat	546,800	0.79
15.	Song Kim Lee	500,000	0.73
16.	Ng Bieng San	427,700	0.62
17.	Yat Yee Tong	400,000	0.58
18.	Bu Seng Beng	397,500	0.58
19.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Mei Yin	369,075	0.54
20.	Chong Kah An	353,900	0.51
21.	Tan Mei Wan	350,000	0.51
22.	HLIB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Bhd for Beh Lian Yim	342,800	0.50
23.	Ewe Hong Khoon	316,100	0.46
24.	Ng Tiong Sew	311,400	0.45
25.	Kok Siew Leng	307,401	0.45
26.	Chen Cheng Wah	290,000	0.42
27.	HLIB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Bhd for Ewe Hong Khoon	288,600	0.42
28.	Ho Soon Ming	283,500	0.41
29.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Abdul Rasik bin Talip (E-KKU)	275,900	0.40
30.	Lee Choo Ngu	270,000	0.39

Shareholding Analysis (Cont'd)

DIRECTORS' INTEREST AS AT 15 MAY 2020

	Ordinary Shares			
	Direct Interest	%	Indirect Interest	%
Directors				
Tan Eng Piow	371,648,463	43.76	9,347,975	1.10
Foo Chek Lee	1,734,376	0.20	47,432	0.01
Cho Wai Ling	28,600	0.00	–	–

	Warrants D			
	Direct Interest	%	Indirect Interest	%
Directors				
Tan Eng Piow	24,651,898	30.78	568,225	0.71
Foo Chek Lee	189,406	0.24	5,682	0.01
Cho Wai Ling	–	–	–	–

	Warrants E			
	Direct Interest	%	Indirect Interest	%
Directors				
Tan Eng Piow	29,934,463	43.45	719,075	1.04
Foo Chek Lee	139,374	0.20	3,648	0.01
Cho Wai Ling	2,200	0.00	–	–

	ESOS			
	Direct Interest	%	Indirect Interest	%
Directors				
Tan Eng Piow	2,321,372	7.50	930,301	3.01
Foo Chek Lee	1,668,468	5.39	–	–
Cho Wai Ling	985,196	3.19	–	–

The other Directors do not have interest.

SHARES IN RELATED CORPORATION

By virtue of his interest in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Tan Eng Piow is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in shares of the Company and its related corporations during the financial year.

LIST OF PROPERTIES

The details on the Mitrajaya Holdings Berhad Group's top 10 properties as at 31 December 2019 are set out below:

PROPRIETOR	LOCATION	DESCRIPTION	CURRENT USE	APPROXIMATE AGE OF BUILDING	TENURE	DATE OF EXPIRY	LAND AREA	BUILT-UP AREA	NET BOOK VALUE RM	DATE OF ACQUISITION / REVALUATION* / COMPLETED**
KBSB	HS (D) 119815, PT 9926, Mukim Setapak, Daerah Kuala Lumpur, Wilayah Persekutuan.	Residential land	On-going development project	N/A	Leasehold	12.05.2114	7.52 acres	N/A	80,421,836	01.03.1999
CMSB	Lot 11535, Lot 11846, Lot 12376, Lot 11517 to 11522, Lot 12374, Lot 11536, Lot 12375, HS (D) 128459A, PT 22882, Mukim Setul, Daerah Seremban, Negeri Sembilan.	Mixed development	Vacant	N/A	Leasehold	13.12.2082	252.63 acres	N/A	78,713,143	26.05.2017
EESB	Geran 322001, Lot 108264, Mukim Dengkil, Daerah Sepang, Selangor.	Commercial	Rented out	N/A	Freehold	N/A	21.55 acres	N/A	56,233,979	26.05.2017
MHSB	HS (D) 97248, PT 29 'A', Seksyen 28, Mukim Bandar Petaling Jaya, Daerah Petaling, Selangor.	Industrial land	Rented out	N/A	Leasehold	11.04.2067	9.30 acres	N/A	41,947,522	28.08.2009
MWSB	HS (D) 36857, PT51006, Mukim Dengkil, Daerah Sepang, Selangor.	Industrial	Vacant	N/A	Leasehold	30.12.2092	20.15 acres	N/A	41,230,854	3.11.2017

List Of Properties (Cont'd)

The details on the Mitrajaya Holdings Berhad Group's top 10 properties as at 31 December 2019 are set out below: (Continued)

PROPRIETOR	LOCATION	DESCRIPTION	CURRENT USE	APPROXIMATE AGE OF BUILDING	TENURE	DATE OF EXPIRY	LAND AREA	BUILT-UP AREA	NET BOOK VALUE RM	DATE OF ACQUISITION / REVALUATION / COMPLETED**
PDSB	HS (D) 311924, PT7357, Mukim Pekan Puchong Perdana, Daerah Petaling, Selangor.	Land for Development	Vacant	N/A	Freehold	N/A	14.53 acres	N/A	37,973,197	17.05.1999
SDSB	Geran 25563, Lot 481, Mukim Tanjung Duabelas, Daerah Kuala Langat, Selangor.	Land for Development	Planted with oil palm	N/A	Freehold	N/A	198 acres	N/A	28,787,189	19.01.2007
PMSB	Lot no. PT2 to PT93 and PT367, Town of Kawasan Bandar XLIII, District of Melaka Tengah, State of Melaka.	92 parcels of bungalow lots	Vacant	N/A	Leasehold	09.11.2096	17.84 acres	N/A	28,424,020	31.12.2006
MDSA	Remaining land of Portion 249, 251 & 252 of the farm, Olievenhoutbosch 389, Registration Division J.R. Province of Gauteng, South Africa.	Land for Development	On-going development project	N/A	Freehold	N/A	30.48 acres	N/A	26,491,477	07.04.2006*
MDSA	8, Coatbridge Road, Kosmosdal Extension 39, Centurion, Republic of South Africa.	Shopping Mall with 8 offices and 14 retail outlets	Rented out	2 years	Freehold	N/A	N/A	85,078 sq.f	12,233,798	18.04.2018**

List Of Properties (Cont'd)

Remarks: Net book value of the development properties are stated at Group land cost together with the related development expenditure incurred to the remaining unsold properties

KEY:

- CMSSB - Centennial March Sdn Bhd
- EESB - Eminent Earning Sdn Bhd
- KBSB - Kina-Bijak Sdn Bhd
- MDSA - Mitrajaya Development SA (Proprietary) Limited
- MHSB - Mitrajaya Homes Sdn Bhd
- MWSB - Mitrajaya Warisan Sdn Bhd
- PDSB - Primaharta Development Sdn Bhd
- PMSB - Pembinaan Mitrajaya Sdn Bhd
- SDSB - Skyway Development Sdn Bhd

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Seventh Annual General Meeting of the Company will be held at Mitrajaya Training Centre, B-04-10, Block B, Jalan Prima 5/5, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor Darul Ehsan on Thursday, 9 July 2020 at 10.00 a.m. for the following purposes.

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 and the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors' Fees of RM80,000 to the Independent Directors for the financial year ended 31 December 2019. *Resolution 1*
3. To approve the payment of allowances of not more than RM95,000 for the period from July 2020 to June 2021. *Resolution 2*
4. To re-elect the following Directors who are retiring pursuant to Article 129 of the Constitution of the Company:
 - 4.1 Tan Eng Piow *Resolution 3*
 - 4.2 General Tan Sri Ismail bin Hassan (R) *Resolution 4*
 - 4.3 Ir Zakaria bin Nanyan *Resolution 5*
5. To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration. *Resolution 6*
6. **SPECIAL BUSINESS**
To consider and if thought fit, pass the following Resolutions:

ORDINARY RESOLUTION *Resolution 7*
Continuation in office as Independent Non-Executive Director

"THAT approval be and is hereby given to General Tan Sri Ismail Bin Hassan (R) who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."

ORDINARY RESOLUTION *Resolution 8*
Continuation in office as Independent Non-Executive Director

"THAT approval be and is hereby given to Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."

ORDINARY RESOLUTION *Resolution 9*
Continuation in office as Independent Non-Executive Director

"THAT approval be and is hereby given to Ir Zakaria Bin Nanyan who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."

Notice Of Annual General Meeting (Cont'd)

ORDINARY RESOLUTION

Continuation in office as Independent Non-Executive Director

Resolution 10

“THAT approval be and is hereby given to Roland Kenneth Selvanayagam who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting.”

ORDINARY RESOLUTION

Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016

Resolution 11

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury 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 the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”

ORDINARY RESOLUTION

Proposed Renewal of Authority for the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company (“Proposed Renewal of Share Buy-Back”)

Resolution 12

“THAT subject to the provisions under the Companies Act 2016 (“Act”), the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and all prevailing laws, rules, regulations, orders and guidelines as well as the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company (“MHB Shares”) as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of MHB Shares purchased pursuant to this resolution or held as treasury shares does not exceed ten percent (10%) of the total number of issued shares of the Company at the time of purchase;

THAT the maximum amount of funds to be utilised for the purpose of the Proposed Renewal of Share Buy-Back shall not exceed the Company’s retained profits account;

THAT authority be and is hereby given to the Directors of the Company to decide at their discretion, as may be permitted and prescribed by the Act and/or any prevailing laws, rules, regulations, orders and guideline and requirements issued by any relevant authorities for the time being in force to deal with any MHB Shares so prescribed by the Company in the following manner:-

- (i) to cancel the MHB Shares so purchased;
- (ii) to retain the MHB Shares so purchased as treasury shares for distribution as share dividends to the shareholders of MHB and/or be resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently;
- (iii) to transfer as share award or share consideration; or
- (iv) combination of (i), (ii) and (iii) above;

Notice Of Annual General Meeting (Cont'd)

THAT the authority conferred by this resolution will be effective immediately from the passing of this Ordinary Resolution until:-

- (i) the conclusion of the Company's next AGM following the general meeting at which such resolution was passed at which time the authority would lapse unless renewed by ordinary resolution; or
- (ii) the passing of the date on which the Company's next AGM is required by law to be held; or
- (iii) the authority is revoked or varied by ordinary resolution that the shareholders pass in general meeting;

whichever occurs first.

AND THAT the Directors be and are hereby authorised to take all steps as are necessary and/or to do all such acts and things as the Directors deem fit and expedient in the interest of the Company to give full effect to the aforesaid Proposed Renewal of Share Buy-Back with full powers to assent to any condition, modification, variation and/or amendment (if any) as may be imposed by the relevant authorities."

By Order of the Board

LEONG OI WAH (MAICSA 7023802)
SSM Practicing Certificate No. 201908000717
Company Secretary

10 June 2020

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead.
2. When a member appoints more than one proxy (subject always to a maximum of two proxies at each meeting), the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if such appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 9, Blok D, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.
5. Depositors who appear in the Record of Depositors as at 30 June 2020 shall be regarded as member of the Company entitled to attend the Twenty-Seventh Annual General Meeting or appoint a proxy to attend and vote on his behalf.

Notice Of Annual General Meeting (Cont'd)

6. Explanatory notes to Special Business:

Resolutions No. 7, 8, 9 and 10

General Tan Sri Ismail Bin Hassan (R), Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim, Ir Zakaria Bin Nanyan and Roland Kenneth Selvanayagam have all served as Independent Non-Executive Directors for more than nine years.

The Board had assessed the independence of General Tan Sri Ismail Bin Hassan (R), Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim, Ir Zakaria Bin Nanyan and Roland Kenneth Selvanayagam at its meetings held on 18 May 2020 and has recommended that they be allowed to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

- a) They provide a check and balance and bring an element of objectivity to the Board of Directors.
- b) They continue to be scrupulously independent in their thinking and in their effectiveness as constructive challengers of the Managing Director and Executive Directors.
- c) They actively participated in board discussion and provided an independent voice on the Board.

Resolution No. 11

Bursa Securities Malaysia Berhad has vide their letter dated 16 April 2020 given the flexibility for listed issuers to seek a higher general mandate of not more than 20% of the total number of issued shares (excluding treasury shares) for the issuance of new securities.

MHB intends to seek its shareholders approval on the proposed Ordinary Resolution to give powers to the Directors to issue up to a maximum 20% of the issued shares of the Company (excluding treasury shares) for the time being for such purposes as the Directors would consider in the best interest of the Company ("20% General Mandate").

The emergence of the Covid-19 outbreak since early 2020 has brought significant economic uncertainties in the markets in which the MHB Group operates in. Whilst the MHB Group is unable to reasonably estimate the financial impact of Covid-19, the Board of Directors of MHB is of the view that it is in the best interest of the Company and its shareholders as the Company to have a higher general mandate to enable the Company to undertake a fund-raising exercise expediently and for larger amount of proceeds to be raised to meet any potential shortfalls in financing needs.

The 20% General Mandate is to provide flexibility to the Company to issue new shares without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund-raising exercises including but not limited to the placement of shares for purpose of funding of working capital, capital expenditures, settlement of trade and non-trade creditors, repayment of banking facilities or strategic investments..

Resolution No. 12

Please refer to the Statement to Shareholders dated 10 June 2020.



MITRAJAYA HOLDINGS BERHAD
Registration No. 199301013519 (268257-T)

FORM OF PROXY

I/We.....(NRIC/ Co. No.....)

of.....

being a *member/members of **MITRAJAYA HOLDINGS BERHAD** hereby appoint

.....(NRIC/ Co.No.....) of.....

and/or failing him/her.....(NRIC/ Co. No.....)

of.....

or the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty-Seventh Annual General Meeting of the Company to be held at Mitrajaya Training Centre, B-04-10, Block B, Jalan Prima 5/5, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor Darul Ehsan on Thursday, 9 July 2020 at 10.00 a.m. and at any adjournment thereof.

*My/Our proxy(ies) is/are to vote as indicated below:-

	Resolutions	For	Against
Resolution 1	To approve the payment of Directors' Fees for the financial year ended 31 December 2019.		
Resolution 2	To approve the payment of allowances for the period from July 2020 to June 2021.		
Resolution 3	To re-elect Tan Eng Piow as Director.		
Resolution 4	To re-elect General Tan Sri Ismail bin Hassan (R) as Director.		
Resolution 5	To re-elect Ir Zakaria bin Nanyan as Director.		
Resolution 6	To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration.		
Resolution 7	To approve the continuation in office of General Tan Sri Ismail Bin Hassan (R) as Independent Non-Executive Director.		
Resolution 8	To approve the continuation in office of Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim as Independent Non-Executive Director.		
Resolution 9	To approve the continuation in office of Ir Zakaria Bin Nanyan as Independent Non-Executive Director.		
Resolution 10	To approve the continuation in office of Roland Kenneth Selvanayagam as Independent Non-Executive Director.		
Resolution 11	To approve the authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
Resolution 12	To approve the proposed renewal of authority for the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company.		

(Please indicate with "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion).

Dated this..... of.....2020

CDS Account No.	
Number of shares	

.....
[Signature/Common Seal of Shareholder(s)]

[*Delete if not applicable]

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies who may but need not be a member/members of the Company to attend and vote in his/her stead.
2. When a member appoints more than one proxy (subject always to a maximum of two proxies at each meeting), the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if such appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office at No. 9, Blok D, Pusat Perdagangan Puchong Prima, Persiaran Prima Utama, Taman Puchong Prima, 47150 Puchong, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.
5. Depositors who appear in the Record of Depositors as at 30 June 2020 shall be regarded as member of the Company entitled to attend the Twenty-Seventh Annual General Meeting or appoint a proxy to attend and vote on his behalf.



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Postage

MITRAJAYA HOLDINGS BERHAD
Registration No. 199301013519 (268257-T)
No. 9, Blok D
Pusat Perdagangan Puchong Prima
Persiaran Prima Utama
Taman Puchong Prima
47150 Puchong
Selangor Darul Ehsan
Malaysia

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MITRAJAYA HOLDINGS BERHAD

REGISTRATION NO. 199301013519 (268257-T)

No. 9, Blok D, Pusat Perdagangan Puchong Prima
Persiaran Prima Utama, Taman Puchong Prima
47150 Puchong, Selangor Darul Ehsan

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