PUNCAK NIAGA HOLDINGS BERHAD
(416087-U)

THE NEXT CHAPTER

Puncak Niaga gets nod to buy TRIplc for RM210mil cash

PETALING JAYA: Puncak Niaga Holdings Bhd has received the Securities Commission's (SC) nod to acquire TRIplc Group for RM210mil cash.

Puncak Niaga is buying the entire issued share capital in TRIplc from Pimpinan Ehsan Bhd to enhance its construction revenue and long-term growth prospects.

Puncak Niaga, which has a market value of RM339.9mil, told Bursa Malaysia that TRIplc must meet the profit requirements of the SC's equity guidelines of having an audited after-tax profit of at least RM6mil for the financial year ended May 31, 2017, prior to commencement of the acquisition.

A Game Changer For Us In 2017

On 3 July 2017, Puncak Niaga's 90% owned sub-subsidiary Danau Semesta Sdn Bhd had completed the acquisition of Danum Sinar Sdn Bhd.

The acquisition of the oil palm plantation company has added a total area of 46,674 hectares of plantation land in Sarawak to our Group's assets.

THE NEXT CHAPTER

As we seek to grow our business and deliver value to our stakeholders, we recognise that our next chapter will be the Group's new business direction in the oil palm plantation sector whilst retaining our core businesses and competencies in the water and wastewater, sewerage, environmental engineering and construction sectors. This represents an exciting and challenging journey ahead for us as we embark on our next chapter of growth.

PUNCAK NIAGA GROUP FACT SHEET

NUMBER OF SHARES ISSUED AS AT 31 DECEMBER 2017

449,283,784

SHARE CAPITAL AS AT 31 DECEMBER 2017

RM554,662,005

WARRANTS MATURITY DATE

20 JULY 2018

NUMBER OF UNCONVERTED WARRANTS AS AT 31 DECEMBER 2017

5,269,720

LIST OF CORPORATE MEMBERSHIPS

		MEMBER SINCE
1.	Malaysia South-South Association (MASSA)	**1995**
2.	Federation of Public Listed Companies (FPLC)	**1997**
3.	Malaysian Employers Federation (MEF)	**1999**
4.	Malaysian Industry-Government Group for High Technology (MIGHT)	**2001**
5.	Malaysian-German Chamber of Commerce and Industry (MGCC)	**2002**
6.	Malaysian-French Chamber of Commerce and Industry (MFCCI)	**2002**
7.	Malaysia-Russia Business Council	**2002**
8.	British Malaysian Chamber of Commerce (BMCC)	**2003**
9.	Malaysia-Japan Economic Association (MAJECA)	**2003**
10.	Commonwealth Partnership for Technology Management (CPTM)	**2003**
11.	Institute of Marketing Malaysia (IMM)	**2003**
12.	Singapore Water Association	**2006**
13.	Malaysian Investors Relations Association (MIRA)	**2008**
14.	Environmental Management & Research Association of Malaysia (ENSEARCH)	**2009**
15.	Malaysia External Trade Development Corporation (MATRADE)	**2012**
16.	Arab-Malaysian Chamber of Commerce	**2012**
17.	EU-Malaysia Chamber of Commerce and Industry	**2012**

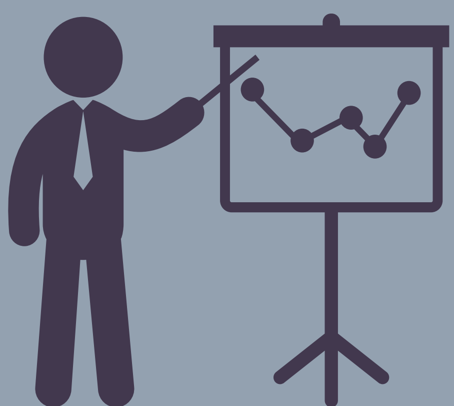
KEY HIGHLIGHTS 2017

ON 3 JULY 2017

Puncak Niaga completed the proposed acquisition of the entire stake of Danum Sinar Sdn Bhd by Danau Semesta Sdn Bhd with 46,674 hectares of oil palm plantation land in Sarawak.

PNCSB achieved

ZERO LOSS TIME INJURY IN 2017



Puncak Niaga's Market Capitalisation as at 31 December 2017 stood at

RM277.3 MILLION

Puncak Niaga was awarded the

BIZZ AWARD

on 27 July 2017

Puncak Niaga was awarded

'ASIA BEST EMPLOYER BRAND AWARD 2017'

on 1 August 2017

21ST ANNUAL GENERAL MEETING OF PUNCAK NIAGA HOLDINGS BERHAD

Concorde I, Level 2, Concorde Hotel Shah Alam,
No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam,
Selangor Darul Ehsan

Wednesday
30 May 2018

9.30
A.M.

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6 OUR LEADERSHIP AND THEIR ROLES

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NEW FEATURES IN THIS REPORT

Tells you where you can find more information in the Annual Report.

Tells you where you can find more information online at **www.puncakniaga.com.my**

3

OUR ORGANISATION'S D.N.A.

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MESSAGE TO SHAREHOLDERS

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OTHERS

Puncak Vision & Mission And Values

OUR VISION

To Be The Leading Regional Integrated Water, Wastewater And Environmental Solutions Provider With Involvement In The Oil And Gas Sector And To Emerge As A Prominent Player In The Plantation And Property Development Sectors.

OUR MISSION

- To meet the increasing challenges in the demand for water, wastewater and environmental engineering, property development, plantation and construction sector through the continuous implementation of strategic planning, high quality standards, efficient services, human capital development, innovative technologies and operational systems.
- To actively participate in local, regional and global business opportunities with linkages to the Company's core activities.
- To share experience and offer our expertise through Smart Business Partnerships, Public Private Partnerships or other innovative business models in order to expand business growth.

PUNCAK VALUES

Our Company's values, the PUNCAK Values shape our organisational culture and guide the way we run our business. They are integrated into our business processes and our core values.

At PUNCAK, we are and continuously seek to be:

P

Passionate about our business for sustainable performance.

U

United as one in our corporate responsibility strategy to align with our Vision To Be The Leading Regional Integrated Water, Wastewater And Environmental Solutions Provider With Involvement In The Oil & Gas Sector And To Emerge As A Prominent Player In The Plantation And Property Development Sectors.

N

Nurture our human capital towards an exemplary workforce.

C

Corporate Governance guides the way we run our business in an evolving global business environment.

A

Accountable for all our actions and engagement process with our stakeholders.

K

Knowledgeable in all aspects of our business operations and continue to be the trusted and reliable service provider.

About This Report

THE NEXT CHAPTER

Puncak Niaga Holdings Berhad (Puncak Niaga) is committed to creating long-term sustainable value for our stakeholders through the Group's operations and within our diverse business units. This report highlights our operating environment, along with challenges encountered and our achievements for the year 2017 as we continue with our value creation endeavours.

As we embark on the next chapter of our business growth and value creation journey, we remain committed to upholding corporate governance and ethical business practices as the foundations of our organisation. Our report aims to provide a transparent, balanced and comprehensive account and analysis of our strategy, performance and prospects in relation to material financial, economic, social, environmental and governance issues. Our sustainability performance focuses on material issues that affect the long-term success of our business, relating to any significant impacts we may have on the economy, environment or social spheres within which we operate.

Forward moving statements should be taken with a degree of caution as they are reliant on various events, risks, uncertainties and other factors beyond our control. These statements can be identified through the use of key words such as "believes", "intend", "will", "plans", "outlook" and other similar words in conjunction with discussions on our future operating or financial performance. In the coming years, we hope to report with more comprehensive data and improve the assessment on our material focus areas.

This report is aimed at a broad audience of our stakeholders, including employees, local communities, non-governmental organisations (NGOs), customers and the government. Our disclosures adhere to requirements of the Malaysian Code on Corporate Governance 2017 (MCCG 2017), the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad and Sustainability Guidelines, and the Core option of the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines. Details of compliance with GRI G4 indicators can be found on pages 239 to 242.

This report has been developed under the oversight of Puncak Niaga's Board of Directors, who have given their approval for the contents. KPMG PLT audited our Financial Statements and approved them free of qualification.

The hard copy of this report is available to our stakeholders upon request. A soft copy is publicly available at www.puncakniaga.com.my.

BOUNDARY AND REPORTING PERIOD

This report refers to the period 1 January 2017 to 31 December 2017 (unless otherwise specified) and:

- refers to all activities of Puncak Niaga Group (including principal subsidiaries)
- addresses all operations of Puncak Niaga Group
- contains quantitative and qualitative results for all indicators presented for the last three (3) years (unless otherwise specified)

FEEDBACK

Comments, thoughts or remarks, if any, may be directed to:

PUNCAK NIAGA HOLDINGS BERHAD
c/o Secretarial Department
10th Floor, Wisma Rozali
No. 4, Persiaran Sukan
Seksyen 13
40100 Shah Alam
Selangor Darul Ehsan

Telephone : 03 5522 8589
Fax : 03 5512 0220
Email : investors@puncakniaga.com.my

To access our Annual Report, please download the QR code reader to your smartphone by scanning the image on the left.

Five-Year Financial Highlights

	31-Dec-17 RM'000	31-Dec-16 RM'000	31-Dec-15 RM'000	31-Dec-14 RM'000	31-Dec-13 RM'000
KEY RESULTS					
Revenue					
- Continuing Operations	101,095	73,755@	187,987@	604,020@	511,506@
- Discontinued Operations	185	636@	475,901@	565,349@	635,198@
Total	101,280	74,391	663,888	1,169,369	1,146,704
(Loss)/Profit Before Tax					
- Continuing Operations	(195,709)	(192,091)#	180,880#	(4,596)@	(76,214)@
- Discontinued Operations	(4,600)	(27,845)@	249,070@	298,066@	312,578@
Total	(200,309)	(219,936)#	429,950#	293,470	236,364
Net (Loss)/Profit attributable to owners of the parent	(201,282)	(245,747)#	364,826#	248,383	200,551
STATEMENTS OF FINANCIAL POSITION					
Property, plant and equipment	530,533	161,871	195,194	244,414	426,219
Investment properties	601,367	539,520#	496,557#	181,495	-
Bearer biological assets	282,867	-	-	-	-
Operating financial assets	-	-	-	-	743,771
Service concession assets	-	14,506	61,203	64,512	84,562
Other non-current assets	6	3,991	27,712	45,438	1,883,573
Current assets	729,648	1,264,369	1,400,297	703,944	1,508,230
Assets classified as held for sale	-	24,834**	-	3,618,098**	-
Total assets	2,144,421	2,009,091#	2,180,963#	4,857,901	4,646,355
ISSUED AND PAID-UP CAPITAL					
Share capital	554,663^	449,284	449,284	415,960	411,261
Reserves	981,487	1,291,549#	1,528,366#	1,659,988	1,365,495
Equity attributable to owners of the parent	1,536,150	1,740,833#	1,977,650#	2,075,948	1,776,756
Net assets per share attributable to owners of the parent (RM)	3.43	3.89#	4.42#	5.02	4.34
RATIOS AND STATISTIC					
Net (Loss)/profit margin attributable to owners of the parent (%)	(198.74)	(330.35)#	54.95#	21.24	17.49
Basic (Loss)/earnings per share attributable to owners of the parent (sen)	(45.00)	(54.94)#	81.57#	60.51	49.02
Loans and borrowings (RM'000)	163,252	22,067*	71,182	221,361*	2,053,751
Gearing ratio (%)	10	1	3	10	54
Current ratio (times)	2.27	5.99	9.31	1.68	3.31
**Assets classified as held for sale are comprised of the following items:-					
Property, plant and equipment	-	323	-	2,596	
Operating financial assets	-	-	-	780,058	
Service concession assets	-	24,146	-	14,329	
Trade and other receivables	-	118	-	2,567,324	
Inventories	-	20	-	5,857	
Tax recoverable	-	-	-	80,173	
Cash and cash equivalents	-	227	-	167,761	
	-	24,834	-	3,618,098	
* Loans and borrowings included in liabilities classified as held for sale	-	14,600	-	1,725,899	

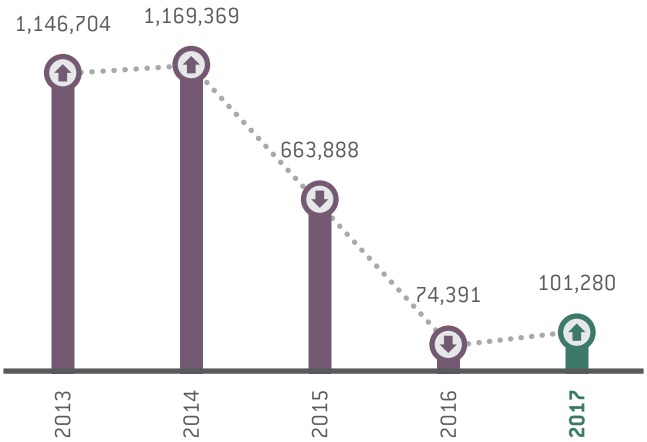
\# These comparatives have been restated retrospectively in accordance with MFRS 108, please refer to Note 42 to the Financial Statements. The prior year adjustments in relation to financial year 2015 has been included in the retained earnings as at 1 January 2016

@ These comparatives have been restated to take into account the effects of the adoption of MFRS 5

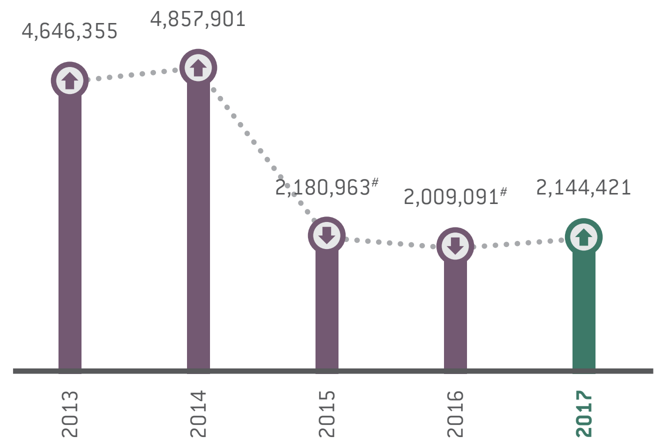
^ In accordance with Section 618 of Companies Act 2016, any amount standing to the credit of the share premium account has become part of the share capital

Five-Year Group Performance

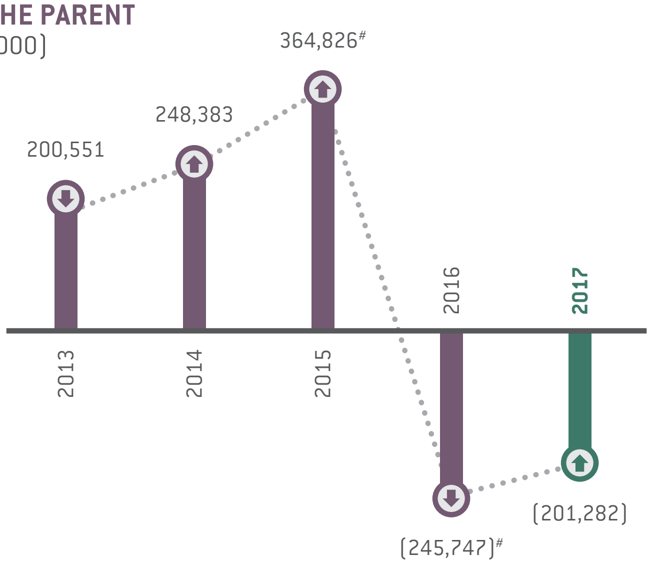
REVENUE
(RM'000)



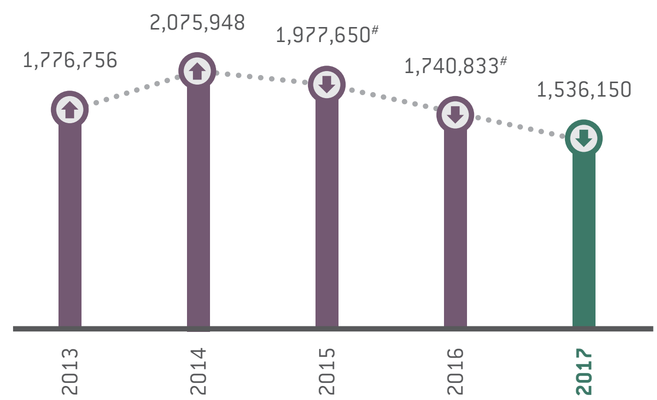
TOTAL ASSETS
(RM'000)



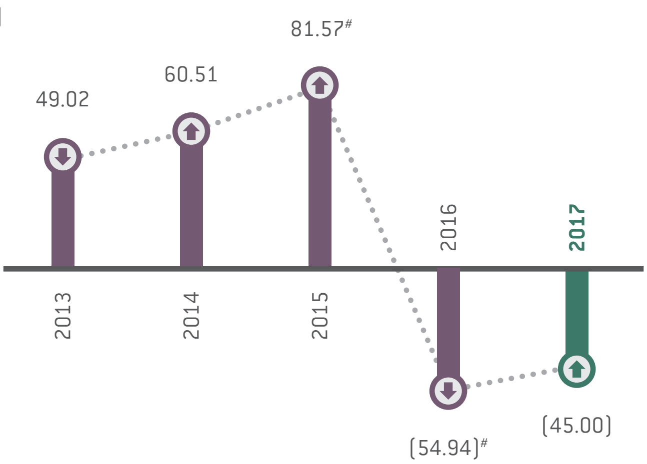
NET (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT
(RM'000)



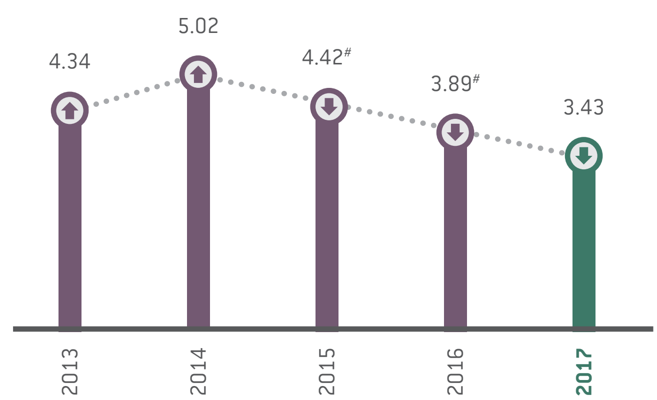
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT
(RM'000)



BASIC (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT
(Sen)



NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT
(RM)



These comparatives have been restated retrospectively in accordance with MFRS 108, please refer to Note 42 to the Financial Statements. The prior year adjustments in relation to financial year 2015 has been included in the retained earnings as at 1 January 2016

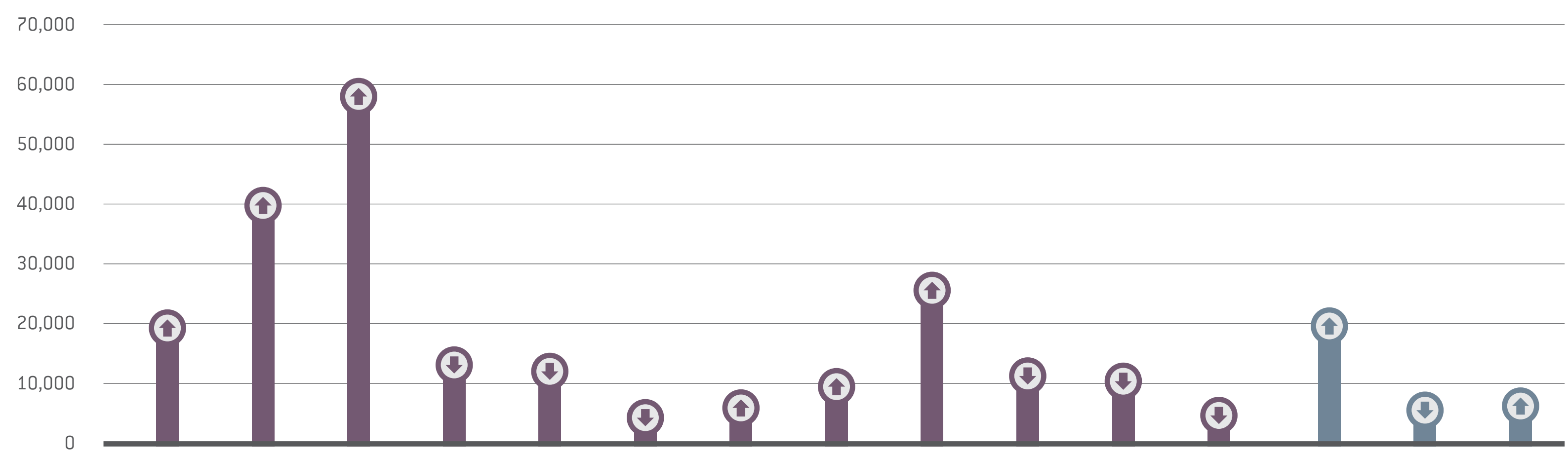
Share Price & Volume Traded

SHARE PRICE MOVEMENT

Stock Name: PUNCAK	Stock Code: 6807

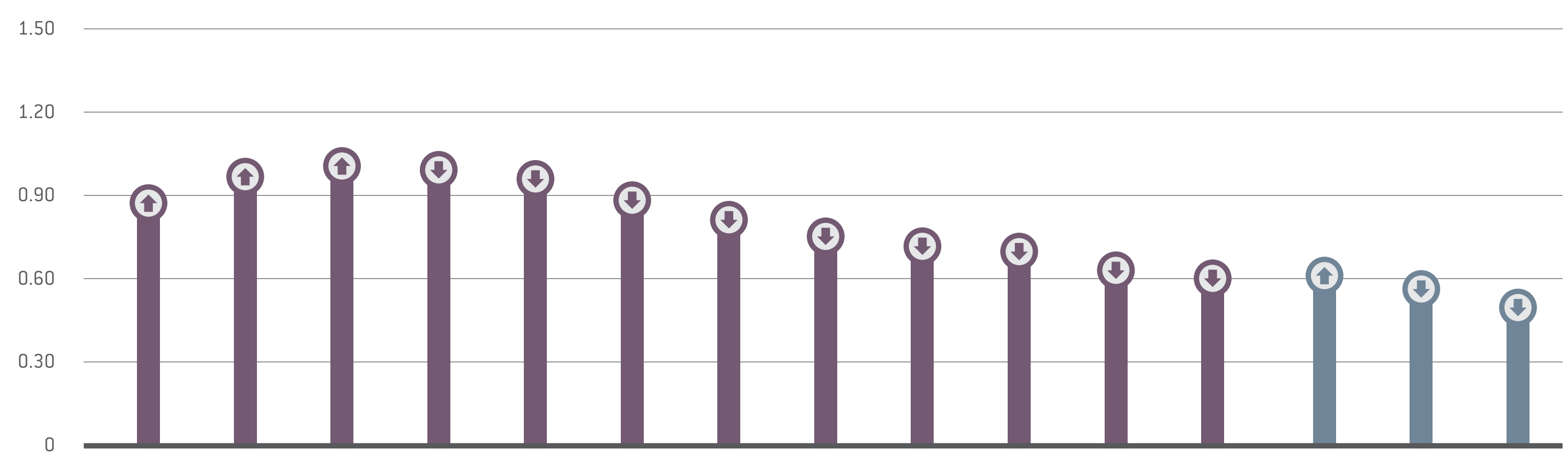
VOLUME OF SHARES TRADED

	2017												2018		
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
'000	21,350	42,925	60,366	16,925	16,775	5,968	9,375	12,411	29,396	13,409	12,794	5,223	23,083	6,187	6,843



MONTHLY AVERAGE CLOSING SHARE PRICES

	2017												2018		
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
'000	0.93	0.99	1.07	1.01	0.98	0.94	0.88	0.79	0.74	0.73	0.69	0.63	0.68	0.61	0.51



Financial Calendar

YEAR 2017

TUESDAY, 30 MAY 2017

First Quarter
Results ended
31 March 2017

MONDAY, 28 AUGUST 2017

Second Quarter
Results ended
30 June 2017

WEDNESDAY, 29 NOVEMBER 2017

Third Quarter
Results ended
30 September 2017

YEAR 2018

TUESDAY, 27 FEBRUARY 2018

Fourth Quarter
Results ended
31 December 2017

THURSDAY, 29 MARCH 2018

Audited Financial Statements
for the financial year ended
31 December 2017

MONDAY, 30 APRIL 2018

Published Annual
Report 2017

WEDNESDAY, 30 MAY 2018

Twenty-First
Annual General Meeting

Corporate Profile

OUR COMPANY

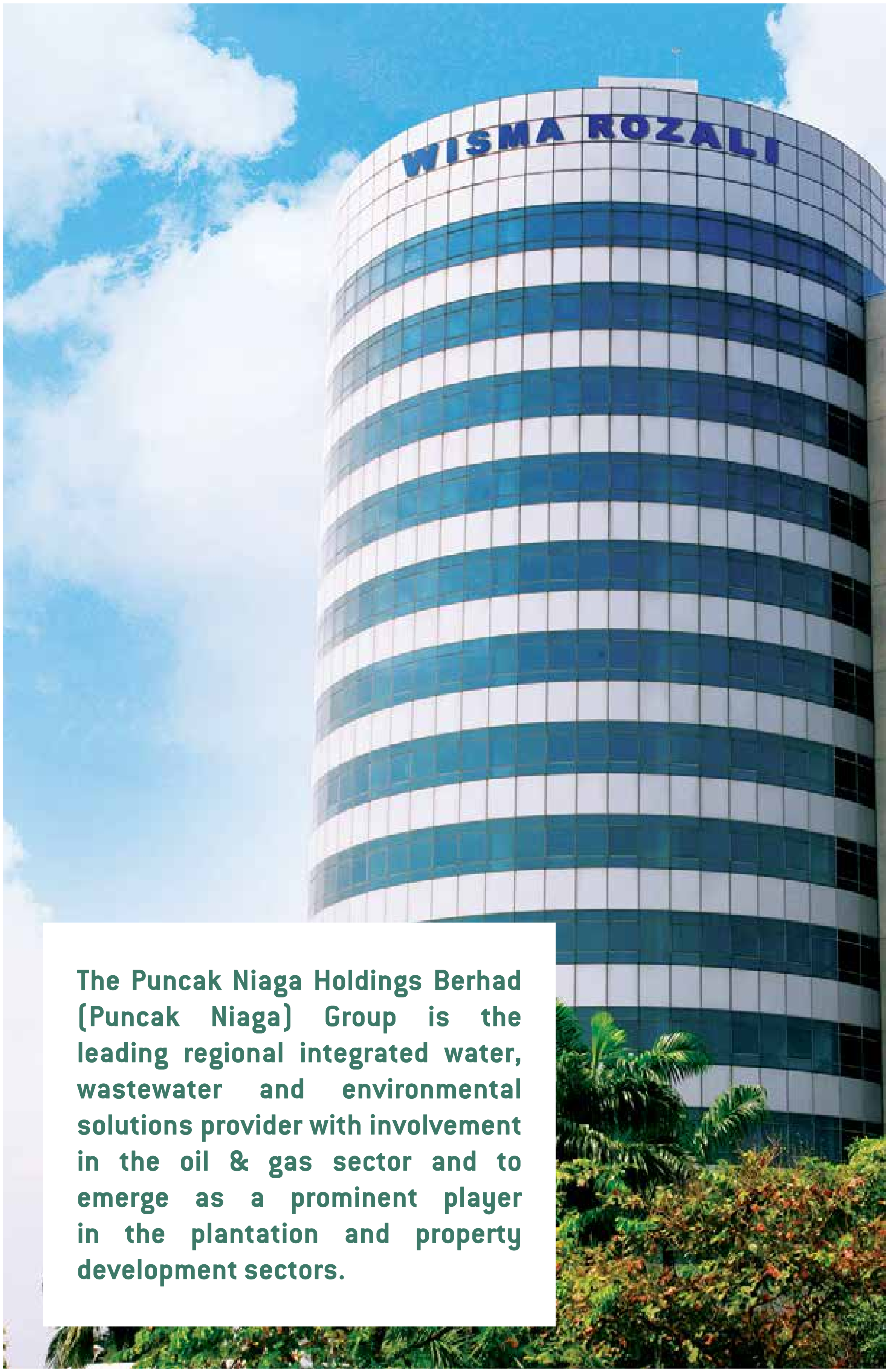
Puncak Niaga is an investment holding company whilst its subsidiaries are principally involved in the construction, water, wastewater, sewerage and environmental engineering sectors including undertaking research and development and technology development for the water, wastewater and environmental sectors, management and advisory services, integrated transportation and installation of offshore facilities in the oil and gas sector and plantation.

Established on 7 January 1997, Puncak Niaga was listed on the Main Board of Bursa Malaysia Securities Berhad (now known as the Main Market of Bursa Malaysia Securities Berhad) on 8 July 1997. As at the end of 31 December 2017, Puncak Niaga's market capitalisation stood at RM277.3 million. It is the first water treatment and supply concession company to be listed on Bursa Malaysia Securities Berhad under the Infrastructure Project Company guidelines issued by Securities Commission and was reclassified to the Construction sector on 13 November 2015.

OUR CORE BUSINESS AND CAPABILITIES

Our wholly-owned subsidiary, Puncak Niaga Construction Sdn Bhd's (PNCSB) principal business activities are construction works, general contracts and its related activities. As the construction arm of Puncak Niaga, PNCSB had completed two (2) water supply projects in October and December 2015, respectively, in Sarawak and currently manages one (1) water supply project in Sabah and another sewerage project in Kuala Lumpur.

On 10 March 2011, Puncak Niaga formed a 100% owned subsidiary in India, Puncak Niaga Infrastructures & Projects Private Limited which will focus primarily on potential markets in India.



The Puncak Niaga Holdings Berhad (Puncak Niaga) Group is the leading regional integrated water, wastewater and environmental solutions provider with involvement in the oil & gas sector and to emerge as a prominent player in the plantation and property development sectors.

Corporate
Profile

On 28 September 2011, Puncak Oil & Gas Sdn Bhd (POG) completed the 100% equity acquisitions of two (2) oil and gas entities, namely GOM Resources Sdn Bhd (GOM Resources) and KGL Ltd. (KGL) with proven track records in undertaking oil and gas works for Petronas. The acquisitions enabled Puncak Niaga Group to diversify into the oil & gas sector.

Puncak Niaga has two (2) branch offices in South East Asia namely, Puncak Niaga Holdings Berhad (Myanmar Branch) to facilitate Puncak Niaga Group's exploration of potential water and wastewater related businesses opportunities in Myanmar and Puncak Niaga Holdings Berhad (Brunei Branch) to facilitate the business development efforts for Puncak Niaga Group in Brunei Darussalam.

Puncak Niaga Management Services Sdn Bhd provides management and advisory services to the Puncak Niaga Group whereas Murni Estate Sdn Bhd (MESB) and Unggul Raya (M) Sdn Bhd will be the wholly-owned plantation and property development subsidiaries of Puncak Niaga.

On 17 October 2016, MESB acquired a 60% subsidiary, namely Danau Semesta Sdn Bhd (Danau Semesta) to facilitate the Group's business expansion plans in the oil palm plantation sector. On 28 June 2017, MESB's equity interest in Danau Semesta increased to 90%. On 3 July 2017, Danau Semesta acquired a wholly-owned subsidiary, Danum Sinar Sdn Bhd with its principal activities in the oil palm cultivation with 46,674 hectares plantation land in Murum, Sarawak.

After being in the Selangor water services industry since 1994, on 15 October 2015, both PNSB Water Sdn Bhd (formerly known as Puncak Niaga (M) Sdn Bhd) (PNSB) and Syarikat Bekalan Air Selangor Sdn Bhd (SYABAS) were disposed to Pengurusan Air Selangor Sdn Bhd and ceased to be a wholly-owned subsidiary and jointly controlled entity of Puncak Niaga Group in line with the consolidation of the Selangor water services industry by the Federal Government and the State Government of Selangor.

OUR PEOPLE

Out of the manpower strength of more than 600 employees in Puncak Niaga Group, more than half comprise Management, professionals, technical and supervisory executives with core competencies in engineering, accountancy, legal, management, administration and business; which are instrumental in supporting the Group's existing and future businesses and operations.

OUR COMMITMENT TO CORPORATE CITIZENSHIP

Puncak Niaga Group is committed to upholding the principles of good corporate governance and core values such as quality, value, service, innovation, integrity and trust in the conduct of our business which are integral to the Group's success over the years. We have received various repeat awards and accolades for good governance, annual reporting, occupational safety and health; and environmental and social reporting.

OUR FUTURE PLANS

As Puncak Niaga Group seeks to grow its business and deliver value to the stakeholders, we will look into expanding our operations in areas related to our core businesses and core competencies in water and wastewater, sewerage, environmental engineering and construction as well as exploring opportunities in new business sectors such as oil palm plantation and property development.

Corporate Information

BOARD OF DIRECTORS

YANG BERBAHAGIA TAN SRI ROZALI ISMAIL
Executive Chairman

ENCIK AZLAN SHAH TAN SRI ROZALI
Acting Managing Director

YANG BERBAHAGIA TAN SRI DATO' SERI DR TING CHEW PEH
Independent Non-Executive Director

YANG BERBAHAGIA TAN SRI DATO' AHMAD FUZI HAJI ABDUL RAZAK
Independent Non-Executive Director

YANG AMAT MULIA TENGKU DATO' RAHIMAH ALMARHUM SULTAN MAHMUD
Non-Independent Non-Executive Director

YANG BERBAHAGIA DATO' SRI ADENAN AB RAHMAN
Independent Non-Executive Director

YANG BERBAHAGIA DATUK DR MARIMUTHU NADASON
Independent Non-Executive Director

YANG BERBAHAGIA DATO' RANDHIR SINGH JASBIR SINGH
Executive Director,
Operations Division

MR NG WAH TAR
Executive Director,
Corporate Finance Division

CHIEF FINANCIAL OFFICER

Madam Wong Ley Chan

COMPANY SECRETARIES

Madam Tan Bee Lian
(MAICSA 7006285)

Madam Lim Shook Nyee
(MAICSA 7007640)

Ms Lee Siew Yoke
(MAICSA 7053733)

REGISTERED OFFICE

10th Floor, Wisma Rozali
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Seksyen 13
40100 Shah Alam
Selangor Darul Ehsan
Tel : +603-5522 8428
Fax : +603-5512 0220

PRINCIPAL OFFICE

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Selangor Darul Ehsan
Tel : +603-5522 8589
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e-mail (general):
pr@puncakniaga.com.my
e-mail (investors):
investors@puncakniaga.com.my
website: www.puncakniaga.com.my

SUBSIDIARY OFFICES

MALAYSIA

Puncak Niaga Management Services Sdn Bhd's Office
Wisma Rozali
No. 4, Persiaran Sukan
Seksyen 13
40100 Shah Alam
Selangor Darul Ehsan
Tel : +603-5522 8589
Fax : +603-5522 8598

Puncak Niaga Construction Sdn Bhd's Office
3rd Floor, Wisma Rozali
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Murni Estate Sdn Bhd's Office
Wisma Rozali
No. 4, Persiaran Sukan
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40100 Shah Alam
Selangor Darul Ehsan
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Fax : +603-5522 8598

Danum Sinar Sdn Bhd's Office
No. 68, 1st & 2nd Floor
Medan Sentral Commercial Centre
Jalan Tanjung Kidurong
97010 Bintulu
Sarawak
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Fax : +086-351 418

Puncak Oil & Gas Sdn Bhd's Office
Wisma Rozali
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Fax : +603-5522 8598
e-mail:info@puncakoil.com

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Seksyen 13
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Fax : +603-5522 8598
e-mail:info@gomresources.com

KGL Ltd.'s Office
Level 15(A1)
Main Office Tower
Financial Park Labuan
Jalan Merdeka
87000 Federal Territory of Labuan
Tel : +6087-443 118
Fax : +6087-451 288
e-mail:info@gomresources.com

SINGAPORE

Sino Water Pte Ltd's and Puncak Niaga Overseas Capital Pte Ltd's Offices
No. 8, Eu Tong Sen Street
#22-85 & #22-86
The Central
Singapore 059818
Tel : +65 6224 9220 (Main Line)
+65 6222 7926
Fax : +65 6222 6812

INDIA

Puncak Niaga Infrastructures & Projects Private Limited
No. 12, 7th Main Road
First Floor, Kasturibai Nagar
Adyar, Chennai 600020
Tamil Nadu, India
Tel : +91-44-4210 2058
Fax : +91-44-4210 2028

OVERSEAS BRANCH OFFICES

MYANMAR

Puncak Niaga Holdings Berhad (Myanmar Branch)
c/o Building C 1,
Room No. 005, Ground Floor
Hninnsi Street
Yuzana Highway Complex
Kamayut Township
Yangon,
Myanmar
Tel : +951 701 225 /
+951 700 659
Fax : +951 524 828

Corporate
Information

BRUNEI

Puncak Niaga Holdings Berhad (Brunei Branch)
c/o Room 308B, 3rd Floor
Wisma Jaya, Jalan Pemancha
Bandar Seri Begawan
BS 8811
Negara Brunei Darussalam
Tel : + 673-223-2780/1/2
Fax : + 673-223-2783

DATE AND PLACE OF INCORPORATION

7 January 1997, Malaysia

COMPANY NUMBER

416087-U

AUDITORS

KPMG PLT
(LLP0010081-LCA & AF 0758)

TAX ADVISORS

Ernst & Young Tax Consultants Sdn Bhd

PRINCIPAL BANKERS

- RHB Islamic Bank Berhad (680329-V)
- CIMB Islamic Bank Berhad (671380-H)
- Affin Islamic Bank Berhad (709506-V)
- RHB Bank Berhad (6171-M)
- United Overseas Bank (Malaysia) Bhd (271809-K)

SHARE REGISTRAR

(place where all registers of securities are kept)
Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +603-2783 9299
Fax : +603-2783 9222

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Construction Sector

EXECUTIVE COMMITTEE

Chairman
Yang Berbahagia Tan Sri Rozali Ismail

Members
Encik Azlan Shah Tan Sri Rozali

Yang Berbahagia Dato' Zainal Abidin Salleh

Yang Berbahagia Dato' Randhir Singh Jasbir Singh

Yang Berbahagia Dato' Nasir Khan Illadad Khan

Mr Ng Wah Tar

Madam Wong Ley Chan

Madam Tan Bee Lian

Puan Faridatulzakiah Mohd Bakhry

AUDIT COMMITTEE

Chairman
Yang Berbahagia Tan Sri Dato' Seri Dr Ting Chew Peh

Members
Yang Amat Mulia Tengku Dato' Rahimah Almarhum Sultan Mahmud

Yang Berbahagia Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak

Yang Berbahagia Dato' Sri Adenan Ab Rahman

Yang Berbahagia Datuk Dr Marimuthu Nadason

REMUNERATION COMMITTEE

Chairman
Yang Berbahagia Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak

Members
Yang Berbahagia Tan Sri Dato' Seri Dr Ting Chew Peh

Yang Berbahagia Dato' Sri Adenan Ab Rahman

Yang Berbahagia Datuk Dr Marimuthu Nadason

Mr Ng Wah Tar

NOMINATION COMMITTEE

Chairman
Yang Berbahagia Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak

Members
Yang Berbahagia Tan Sri Dato' Seri Dr Ting Chew Peh

Yang Berbahagia Dato' Sri Adenan Ab Rahman

Yang Berbahagia Datuk Dr Marimuthu Nadason

COMPLIANCE, INTERNAL CONTROL AND RISK POLICY COMMITTEE (CICR)

Chairman
Yang Berbahagia Tan Sri Dato' Seri Dr Ting Chew Peh

Members
Encik Azlan Shah Tan Sri Rozali

Madam Wong Ley Chan

Mr Ng Wah Tar

Madam Tan Bee Lian

Tuan Haji Sonari Solor

Corporate Structure

PUNCAK NIAGA HOLDINGS BERHAD
(416087-U)

INVESTMENT HOLDING

100% (MALAYSIA) **PUNCAK NIAGA MANAGEMENT SERVICES SDN BHD** provision of management, advisory and consultancy services

100% (MALAYSIA) **PUNCAK NIAGA CONSTRUCTION SDN BHD** construction work, general contracts and related activities

100% (MALAYSIA) **PUNCAK RESEARCH CENTRE SDN BHD** research & development and technology development for water, wastewater and environment sectors

100% (MALAYSIA) **PUNCAK COMMUNICATION SDN BHD** (formerly known as Anugerah Prasarana Sdn Bhd) mobile dealer, telecommunication and other related services

100% (MALAYSIA) **IDEAL WATER RESOURCES SDN BHD** dormant

100% (MALAYSIA) **MAGNUM NATURE SDN BHD** dormant

100% (MALAYSIA) **PUJIAN BAYU SDN BHD** dormant

100% (MALAYSIA) **PUNCAK NIAGA (INDIA) SDN BHD** dormant

100% (MALAYSIA) **UNGGUL RAYA (M) SDN BHD** dormant

100% (MALAYSIA) **MURNI ESTATE SDN BHD** investment holding and oil palm plantation business
- 90% (MALAYSIA) **DANAU SEMESTA SDN BHD** investment holding and oil palm plantation business
  - 100% (MALAYSIA) **DANUM SINAR SDN BHD** development of oil palm plantation and tree plantation

100% (MALAYSIA) **PUNCAK SERI (M) SDN BHD** food and beverage related activities

100% (MALAYSIA) **PUNCAK OIL & GAS SDN BHD** investment holding and provision of services for offshore logistics and marine management
- 100% (MALAYSIA) **GOM RESOURCES SDN BHD** offshore installation services of integrated transportation & installation of offshore facilities
- 100% (LABUAN) **KGL LTD.** offshore leasing of vessel on time charter basis
- 100% (MYANMAR) **GOM RESOURCES LIMITED** (in member's voluntary winding up)

100% (MALAYSIA) **ANEKA SURIAMAS SDN BHD** dormant

100% (INDIA) **PUNCAK NIAGA INFRASTRUCTURES & PROJECTS PRIVATE LIMITED** dormant

100% (SINGAPORE) **PUNCAK NIAGA OVERSEAS CAPITAL PTE LTD** dormant

98.65% (SINGAPORE) **SINO WATER PTE LTD** investment in water, wastewater projects in China
- 100% (CHINA) **SINO WATER ENVIRONMENTAL CONSULTANCY (SHANGHAI) CO. LTD** (in voluntary dissolution)

60% (MALAYSIA) **ASPEN STREAMS SDN BHD** dormant

50% (HONG KONG) **JADEKIND LIMITED** dormant

ASSOCIATE COMPANY

50% (MALAYSIA) **PURNAMA PERSADA SDN BHD** dormant

Organisation Structure

PUNCAK NIAGA

PUNCAK NIAGA HOLDINGS BERHAD
(416087-U)

BOARD OF DIRECTORS

BOARD COMMITTEES

- Audit Committee
- Remuneration Committee
- Nomination Committee
- Compliance, Internal Control And Risk Policy Committee
- Executive Committee

EXECUTIVE CHAIRMAN
YBhg Tan Sri Rozali Ismail

ACTING MANAGING DIRECTOR
Encik Azlan Shah Tan Sri Rozali

FINANCE DIVISION	CORPORATE FINANCE DIVISION	CORPORATE SERVICES DIVISION	OPERATIONS DIVISION	HUMAN RESOURCES & ADMINISTRATION DIVISION	STRATEGIC RESOURCE & PUBLIC RELATIONS DIVISION	BUSINESS DEVELOPMENT DIVISION
Chief Financial Officer	Executive Director	Executive Director	Executive Director	Executive Director	Executive Director	Executive Director
Madam Wong Ley Chan	**Mr Ng Wah Tar**	**Madam Tan Bee Lian**	**YBhg Dato' Randhir Singh Jasbir Singh**	**Puan Faridatulzakiah Mohd Bakhry**	**YBhg Prof Dato' Dr Mohd Zainul Fithri Othman**	**YBhg Dato' Nasir Khan Illadad Khan**

Note: Information as at 29 March 2018

Chairman's Letter To Shareholders

Tan Sri Rozali Ismail

Dear Shareholders of Puncak Niaga,

Please allow me to present to you Puncak Niaga Holdings Berhad's (Puncak Niaga) Annual Report for the Financial Year ended 31 December 2017 (FY2017).

Build Strong And Stable Foundations For Our Existing And New Businesses Which Are Focused On Ensuring Our Group's Long-Term Growth And Profitability.

During the year, Puncak Niaga faced an intensely challenging operating environment characterised by regulatory, socio-political and economic uncertainties. Despite this, we remained focused to build strong and stable foundations for our existing and new businesses which are focused on ensuring our Group's long-term growth and profitability.

We consolidated our core business, and leveraged on our strengths and business capabilities to expand our future capacities within our water and wastewater, environmental engineering and construction segments. The year 2017 also heralded the commencement of our newly acquired business activities within the Plantation segment in July 2017. I am pleased to share that we managed to record some progress which we can further build upon to strengthen our future business deliveries within the Plantation segment. As for our Oil and Gas (O&G) segment, we maintained our prudent cautionary approach in the face of a dampened O&G sector, despite some recoveries lately.

PERFORMANCE OVERVIEW 2017

REVENUE	(RM'000)
From Continuing Operations	101,095
From Discontinued Operations	185
Total	101,280

LOSS AFTER TAX	(RM'000)
From Continuing Operations	197,966
From Discontinued Operations	4,577
Total	202,543

In FY2017, Puncak Niaga recorded growth in revenue of RM27.34 million within our continuing operations of RM101.10 million, compared to RM73.75 million in FY2016. The increase in revenue in FY2017 is mainly attributable to higher revenue contributions from the water and wastewater segment of RM24.81 million compared to RM15.18 million in FY2016; construction segment of RM66.11 million against FY2016 revenue of RM57.98 million; and contributions from the Group's new business segment of plantations in the second half of 2017 of RM8.24 million in revenue. There were no revenue contributions from the O&G segment.

Our Loss After Tax (LAT) from our continuing operations for the year stood at RM197.97 million, lower loss by RM21.13 million from FY2016 LAT of RM219.10 million. The lower loss is mainly due to profit generated from the water and wastewater segment as well as lower loss from the construction segment. Within our discontinued operations, the Group recorded a LAT of RM4.58 million, as a result of the disposal of the subsidiaries of Luwei (Pingdingshan) Water Co Ltd (Luwei Co Ltd) and Xinnuo Water (Binzhou) Co Ltd (Xinnuo Co Ltd) in China.

CREATING SUSTAINABLE LONG-TERM VALUE

During the year under review, Puncak Niaga was focused on building up our business foundations, through targeted acquisitions of companies and assets to shore up our sustained growth and performance.

We identified long-term growth opportunities within our Construction segment, and have strategically built up our land banks for future property development prospects. The acquisition of 8.413 hectares of land in Ijok, District of Kuala Selangor by our wholly-owned subsidiary, Puncak Niaga Management Services Sdn Bhd for RM40.73 million was in tandem with this. As a result of this acquisition, we have expanded our land banks in Shah Alam and Kuala Selangor from 291 acres to 311 acres. Although Malaysia is currently experiencing a soft property development market, with developers struggling to sell on their developments, we are confident that there will be a turnaround in the sector in the mid-term future. When that occurs, Puncak Niaga will be in a prime position to capitalise on a revived property market to further augment our growth and profitability through strategic developments of our land banks.

Throughout the years, we have built a considerable reputation for ourselves within the construction industry for our water and wastewater construction projects, such as the sewerage network Bunus Project in Kuala Lumpur. Moving forward, our intention is to expand our capacities and enhance our construction expertise and skills. With this in mind, we had identified the acquisition of TRIplc Berhad (TRIplc) for RM210.00 million. In 2017, upon conducting our due diligence on the proposed acquisition, we obtained approval from Securities Commission Malaysia to go ahead with the proposed acquisition. We have since obtained your approval on the transaction on 13 February 2018 and hope to complete this transaction in the second quarter of 2018.

The addition of TRIplc into our Group brings us various benefits. Among them is the enhancement of our revenue, with the addition of TRIplc's two (2) existing concession contracts with the Government of Malaysia and Universiti Teknologi MARA (UiTM). Both are long-term contracts, one comprising a period of 20 years while the other is for 25 years. They present Puncak Niaga with the opportunity to augment our long-term profitability. Furthermore, the proposed acquisition will also enlarge our land banks in Selangor and Negeri Sembilan, from 311 acres to around 696 acres.

A game changer for us in 2017 was the completion of the acquisition of Danum Sinar Sdn Bhd (Danum Sinar) by our 90% owned sub-subsidiary Danau Semesta Sdn Bhd on 3 July 2017. The acquisition of the oil palm plantation company has added a total area of 46,674 hectares of plantation land in Sarawak to our Group's assets. While we do not expect our new venture to contribute immediate profits to the Group in the near future, we managed to achieve a revenue of RM8.24 million for the sale of Fresh Fruit Bunches (FFB) for the period of July till December 2017. We have and will continue to focus our efforts on building up our new business segment, by implementing operational measures aimed at ensuring productive and efficient outputs.

We were also able to achieve significant progress with regards to our decision to exit our businesses in China in order to limit losses arising from our investments there. On 10 May 2017, the Chinese regulatory authorities issued the Business Licence approving the transfer

of our 93.81% equity interest in Luwei Co Ltd held by Sino Water Pte Ltd (Sino Water), Puncak Niaga's 98.65% owned subsidiary, to Lushan County Chengnan Water Co., Ltd and henceforth, Luwei Co Ltd ceased to be a subsidiary of Sino Water.

Additionally, Sino Water also entered into an Equity Interest Transfer Agreement with Binzhou Haifu Water Co., Ltd on 20 June 2017 for the disposal of 100% equity interest in Xinnuo Co Ltd for a total consideration of RMB350,000.00 (equivalent to RM220,500.00). Xinnuo Co Ltd ceased to be a subsidiary of Sino Water on 11 July 2017.

In-depth details on the corporate exercises which have contributed to our long-term value creation efforts can be found within our Management Discussion and Analysis on page 27 of this Annual Report.

“EXTRAORDINARY CIRCUMSTANCES, STEADFAST RESILIENCE AND A PROMISING FUTURE.”

UPHOLDING CORPORATE GOVERNANCE

Throughout the years, Puncak Niaga has consistently maintained the highest levels of governance, in our bid to provide our shareholders and stakeholders with transparent and accountable disclosures in our business dealings. In 2017, we stepped up efforts in this sphere, by implementing the appropriate governance processes and systems to ensure compliance with the Malaysian Code on Corporate Governance 2017 and the Companies Act 2016.

Our Board of Directors has always upheld a strong commitment towards observing the highest levels of ethics and integrity as exemplified in our Code of Ethics and Conduct which is based on the code of conduct expected of directors of companies as set out in the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

There were several changes in our Board within the past year. During the year, we bid farewell to Dato' Ruslan Hassan, Dato' Ir Lee Miang Koi and Tan Sri Dato' Hari Narayanan Govindasamy, who have served on our Board since the 1990s. On behalf of the Board, I would like to express our deepest gratitude and appreciation for their stellar service, in sharing their wisdom, experiences and insights in steering the Group through both good and challenging times since our listing in 1997.

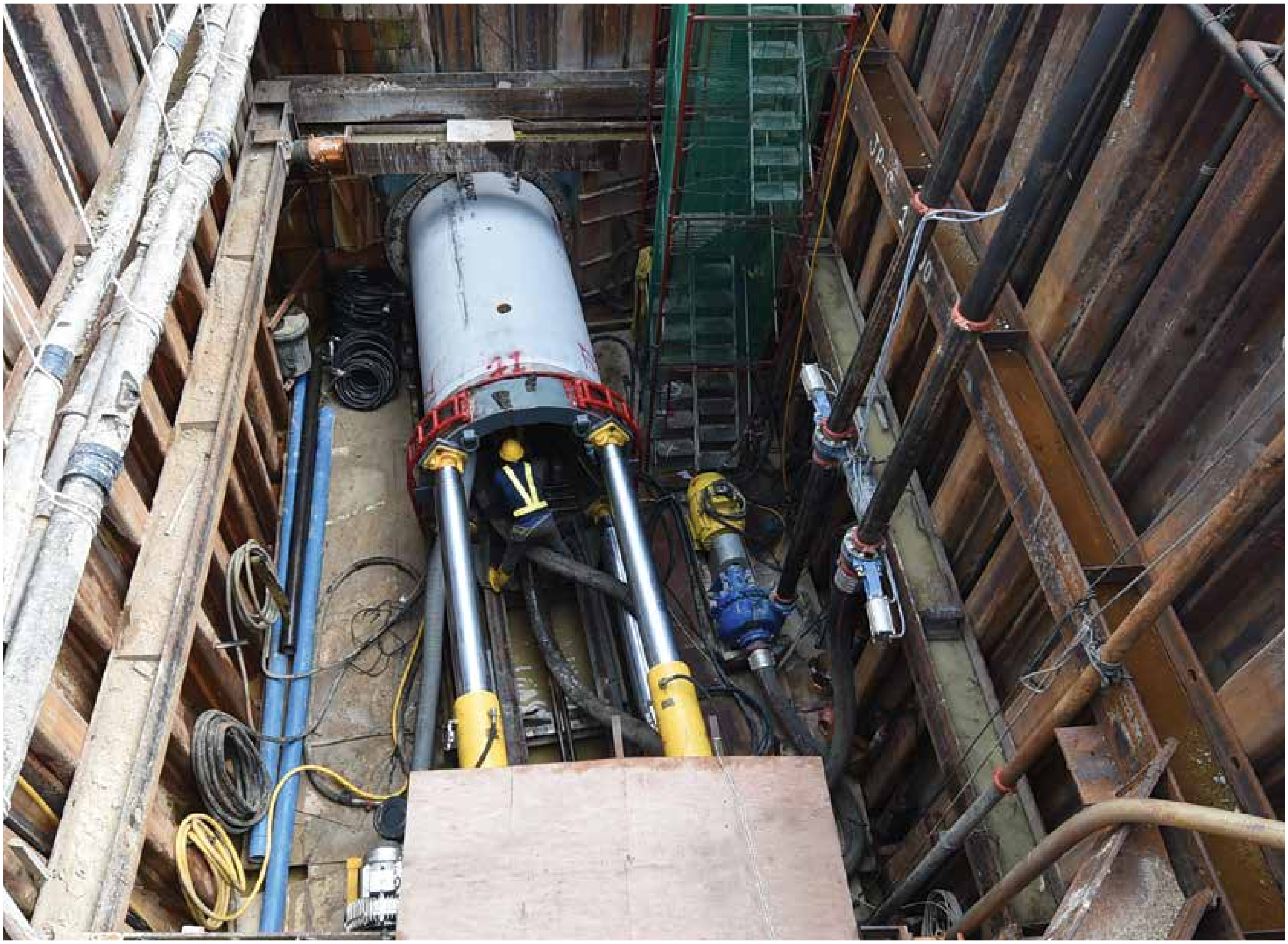
In their place, we welcomed Dato' Sri Adenan Ab Rahman to our Board on 1 December 2017 and both Datuk Dr Marimuthu Nadason and Dato' Randhir Singh Jasbir Singh on 1 February 2018. We look forward to working with our new Board members, and benefiting from their invaluable opinions and advice in guiding our Group on its path of sustained future growth.

A FOCUSED UNDERSTANDING OF OUR RISKS

Effective risk management has always been firmly embedded within Puncak Niaga's management of its business and operations, and also within the identification of our growth strategies. We view it as an effective tool utilising a structured approach to minimise uncertainties in order to achieve our long-term strategic objectives. In 2017, we identified a number of risks and implemented mitigation measures which resulted in minimising adverse impacts on our bottom line.

Securing new businesses is key to ensure our continuing business sustainability. We encountered some difficulties in securing new contracts within the water industry post disposal of our water concession business to the Selangor State Government in 2015. Since then, we have focused on exploring new opportunities by conducting detailed analysis to identify new ventures which will provide us with sustainable revenue streams. The corporate acquisitions conducted in 2017 as outlined above were in line with this. We also identified new projects to secure within our areas of expertise and proven track record in the water industry. To enhance our opportunities, we have intensified our business networking efforts and engaged in proactive discussions with our stakeholders to build up our reputation within the industry.

Managing cost efficiencies is essential to ensure that we are able to effectively control our operating costs, especially when venturing into new areas of business to generate a sustainable income. To ensure that we remain on target with our cost efficiency agenda, we implemented a Group-wide cost control plan which included salary cut for General Managers and above, no bonus, multitasking, freeze of leave passage for all Directors, review of employees' benefits, stringent control of general expenditures, etc. We justify any major cost variances through strict and diligent monitoring of our budgets against actual costs.



We remain committed to driving operational excellence and have incorporated a Project Management Risk assessment within our project deliveries. Through this measure, we are able to closely monitor and supervise progress works within our projects and ensure site issues are resolved expeditiously. We have incorporated the lessons learnt from previous instances of poor delivery from our sub-contractors by conducting detailed assessments of potential sub-contractors' technical and financial capabilities in the selection process.

Where we have identified any delays in the schedule of works, as we did within our Bunus Project, we have applied for an Extension of Time (EOT) to ensure we are not liable for any Liquidated Ascertained Damages (LAD). We have sucessfully obtained the EOT to complete the Project in June 2019. In order to maintain a good relationship with our clients, we maintain constant engagement with them on site issues encountered and work out the best means to resolve them.

In May 2017, Pengurusan Air Selangor Sdn Bhd (PASSB) filed a suit against Puncak Niaga claiming RM63.24 million for losses they allege arose as a result of breaches under the Sale and Purchase Agreement dated 11 November 2014 (SPA) relating to the disposals by Puncak Niaga of the entire equity interest and cumulative convertible redeemable preference shares held in Puncak Niaga (M) Sdn Bhd (PNSB) and 70% equity interest and RM212.00 million nominal value of redeemable convertible loan stocks held in Syarikat Bekalan Air Selangor Sdn Bhd (SYABAS) to PASSB. In November 2017, Puncak Niaga initiated a lawsuit against the Selangor State Government, as well as the former and present Menteri Besar of Selangor, claiming for damages, interests on damages and costs of the difference between the value of PNSB and SYABAS at the range from RM2.08 billion to RM2.35 billion, and the actual purchase consideration of RM1.55 billion under the SPA and loss of business opportunities (local and foreign) totalling RM13.49 billion.

In line with our commitment to transparency and accountability, all announcements on these two (2) ongoing litigations can be assessed at Bursa Malaysia's website as well as our corporate website.

TOWARDS ENSURING OUR LONG-TERM GROWTH

As we move into the year 2018, economic sentiments remain optimistic, with projected real Gross Domestic Product (GDP) growth of between 5% and 5.5%, driven by resilient domestic demand and favourable external factors. However, we remain cautiously optimistic that our prudent approach coupled with our strategic focus will further strengthen our fundamental business proposition.

Growth within the construction sector is projected to be driven by major civil engineering projects. In line with this, our proposed acquisition of TRIplc will enhance our market share within the construction industry. We will leverage on our enhanced capacities to tender for large value specialised projects within the construction industry.

Our proven track record in the operations and maintenance (O&M) of water treatment plants also present us with a source of growth, and we will be exploring opportunities for similar long-term O&M contracts.

The Malaysian oil palm sector is also expected to continue with its current trajectory of growth. Our Plantation company, Danum Sinar heralds the way forward for us in our Group's new business segment.

A number of large projects have been identified under the 2018 Malaysian Budget and the Transformasi Nasional 2050 Aspiration (TN50) plan which fall within our areas of expertise. These include allocations for the enhancement of national water infrastructure and non-revenue water programmes to reduce the average loss of water. We will tap into these opportunities to enhance the performance of our Group.

We will continue to be focused on our risk mitigation strategies, embedding these into our forward moving strategies as well as project and operations management. Achieving operational excellence and cost efficiencies remains as one of our key priorities as a means to generate meaningful long-term rewards for our shareholders.

AWARDS & RECOGNITIONS

Puncak Niaga has always maintained a sterling reputation in the industry, as evidenced by the awards we have consistently received over the years as testament of our organisation's capabilities.

In 2017, Puncak Niaga received The Bizz Award by the World Confederation of Business in recognition of companies which have stood out in their high standards in business leadership, management systems, quality of goods or services, innovation and creativity, corporate social responsibility, and other areas.

I was also personally humbled to receive The Bizz 2017 – World Business Leader Award and World Leader Businessperson Award by the World Confederation of Business on behalf of the Group on 27 July 2017. The award would not have been possible without the sustained commitment of our talented Puncak Niaga workforce who have contributed their best efforts in keeping Puncak Niaga at the forefront despite the challenges encountered.

Our commitment towards developing the capacities and potential of our people also received international recognition at the World HRD Congress and CHRO Asia. On 1 August 2017,

we were awarded the Asia's Best Employer Brand Award as external validation of our efforts within the sphere of talent development.

ACKNOWLEDGEMENTS

Notwithstanding the challenges we have encountered in 2017, we have remained on course with our growth strategy and delivered on significant value creation efforts to drive our sustained performance.

None of this would have been possible without the focused and single-minded efforts of our Management and employees. We are also indebted to our Board of Directors for their strategic counsel and advice, which have kept us on course with our forward moving trajectory.

To our shareholders and stakeholders including our investors, customers, financiers and business partners, the Board and I would like to record our deepest heartfelt appreciation and gratitude for their continuous support and faith in us. Their trust and confidence forms the driving motivation propelling us forward in our journey to create long-term shareholder and stakeholder value and wealth.

We also extend our heartfelt thanks to the Government and the various regulatory authorities, agencies and organisations who continue to believe in our capabilities as their vendor of choice. Puncak Niaga remains committed to continue in the ongoing socio-economic development of our nation, contributing our expertise and efforts towards the achievement of TN50.

Thank you.

TAN SRI ROZALI ISMAIL
Executive Chairman
Puncak Niaga Group

29 March 2018

Management Discussion And Analysis

Our wholly-owned subsidiary, Puncak Niaga Construction Sdn Bhd (PNCSB) is involved in construction works, general contracts and its related activities. Its primary projects are the operations and maintenance (O&M) of the Beaufort Water Treatment Plant (WTP) in Sabah, and the Bunus sewerage project in Kuala Lumpur.

Puncak Oil and Gas Sdn Bhd (POG) represents our interests in the Oil & Gas (O&G) sector, and has 100% equity interest in two (2) O&G entities with proven industry track records, namely, GOM Resources Sdn Bhd (GOM Resources) and KGL Ltd (KGL).

Puncak Niaga ventured into the oil palm plantations business in July 2017 through its 90% newly acquired indirect sub-subsidiary, Danum Sinar Sdn Bhd (Danum Sinar).

FY2017 FINANCIAL REVIEW

For the Financial Year Ended 31 December 2017 (FY2017), the Group recorded revenue of RM101.10 million, compared to RM73.75 million reported in FY2016. FY2017 Loss After Tax (LAT) for continuing operations were RM197.97 million compared to RM219.10 million in FY2016. The lower loss was mainly due to profit earned from water and wastewater segment and lower loss from construction segment.

Within our business segment of water and wastewater, Puncak Niaga reported Profit Before Interest and Tax (PBIT) of RM5.36 million in FY2017, compared to RM5.32 million previously. The slight increase of RM0.04 million was mainly due to full year contribution from the Beaufort Water Treatment Plant in 2017, as the project only commenced in February 2016.

In the construction segment, there was a Loss Before Interest and Tax (LBIT) of RM104.64 million, compared to LBIT of RM151.39 million in FY2016. This represents a decrease of RM46.75 million or 30.88%, off the back of higher revenue and lower provision of allowance for foreseeable losses in the current financial year-to-date.

The Group has accounted for the results of the newly acquired plantation segment, upon the completion of the acquisition of Danum Sinar on 3 July 2017. For the six (6) month period ended 31 December 2017, the segment reported a revenue of RM8.24 million and a LBIT of RM31.71 million.

The O&G segment reported a LBIT of RM33.82 million in FY2017, compared to a FY2016 LBIT of RM66.59 million. The decrease of RM32.77 million or 49.21% was mainly due to lower operating expenses.

STRATEGIC PERFORMANCE FOR THE YEAR

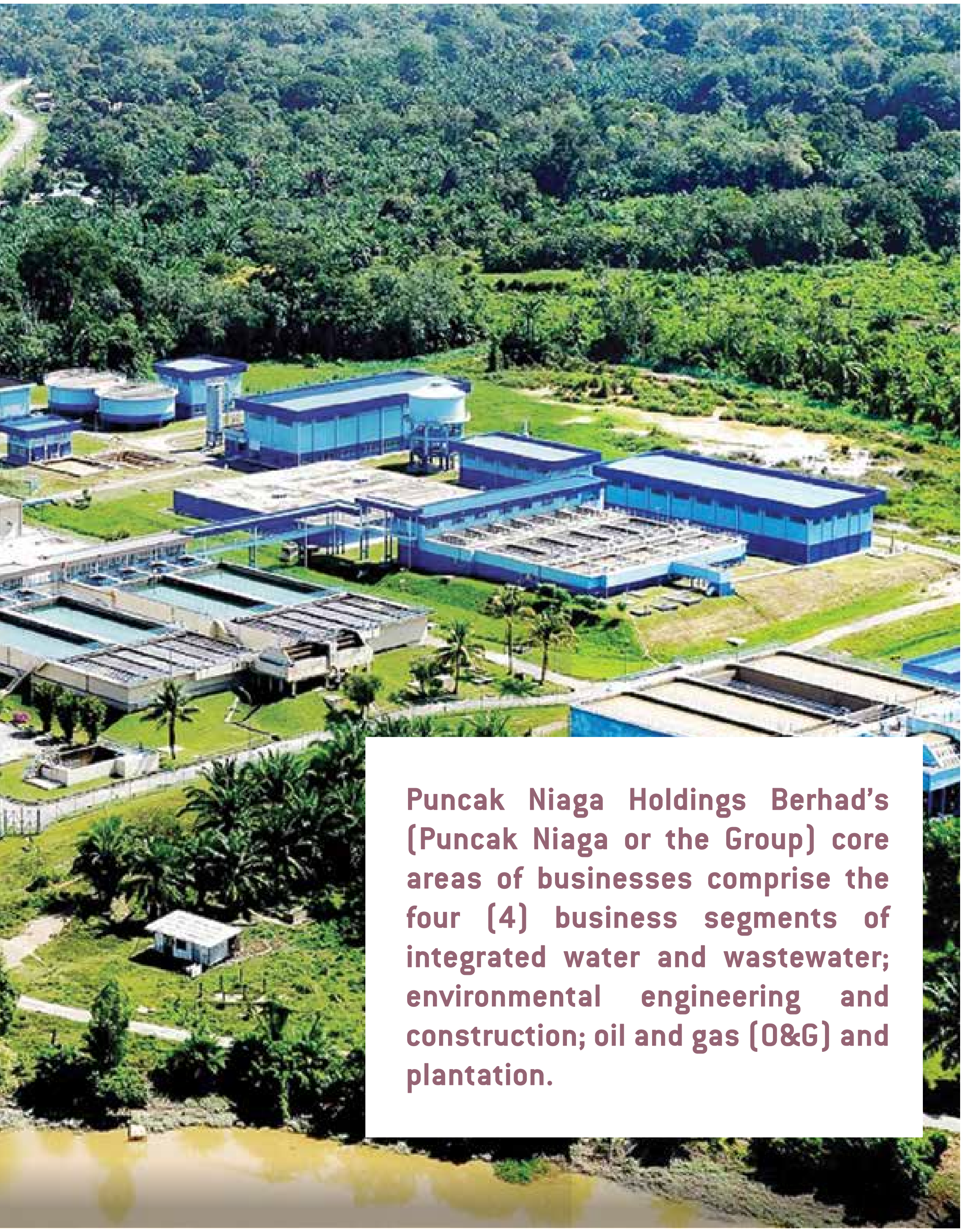
For FY2017, Puncak Niaga Group remained on course with its long-term growth strategy, despite the challenging operating environment we had to contend with. We continued to build the foundations for our existing and new businesses, remaining focused on creating long-term value for our shareholders and stakeholders. We identified objectives, goals and targets for each of our business segments, and worked on our short-term priorities through effective management strategies.

WATER AND WASTEWATER

A major business activity within this segment is our O&M contract for Beaufort Water Treatment Plant in Sabah. The three-year contract commenced on 1 February 2016 and expires on 31 January 2019. Our client is the Labuan Department of Water Supply, under the purview of the Water Safety Division of the Ministry of Energy, Green Technology and Water (KeTTHA).

Leveraging on our long-standing participation in the water and wastewater industry in the country, we will be exploring opportunities available through allocations aimed at improving the national water sector under the 2018 Malaysian Budget. Among them include allocations by KeTTHA of RM1.4 billion to implement non-revenue water programmes to reduce the average loss of water and RM1.3 billion to construct off-river storage as an alternative water resource.

Beaufort WTP



Puncak Niaga Holdings Berhad's (Puncak Niaga or the Group) core areas of businesses comprise the four (4) business segments of integrated water and wastewater; environmental engineering and construction; oil and gas (O&G) and plantation.

Throughout the year, we have ensured the highest standards of delivery on the operations and maintenance of the WTP.

We are able to consistently achieve our contractual requirements and Key Performance Indicators (KPI) targets. We implemented various effective and strategic maintenance initiatives to improve the reliability of the WTP to ensure uninterrupted water supply to the surrounding population.

These include focused programmes which have significantly improved health and safety levels at the WTP, as well as enhancing overall operational efficiencies through good housekeeping, landscaping, the creation of Innovative Creative Circles to solve operational issues, and ensuring compliance with both regulatory and ISO certification requirements. Our talent management programmes for our WTP employees are focused on increasing and enhancing their skills and capabilities.

ENVIRONMENTAL ENGINEERING AND CONSTRUCTION

Our strategic focus within our environmental engineering and construction segment is geared towards securing engineering and construction projects which leverage on our specialised experience and skills in water and wastewater construction projects.

Our main project within this segment is the Package D44, Bunus Project for the construction of a sewerage pipe network for the Sewerage Services Department of KeTTHA. Throughout the year, we have been working closely with all our sub-contractors to ensure delivery on this project.

Various opportunities exist for us to tap into and we intend to leverage on our expertise and quality project deliveries to participate in selected tenders within this business segment.

Over the past few years, Puncak Niaga has been exploring opportunities to increase our income stream and minimise our dependency on our existing businesses. A key move in 2017 which will enhance our construction revenue and long-term growth prospects is our decision to acquire TRIplc Berhad (TRIplc) from Pimpinan Ehsan Berhad for RM210.00 million. TRIplc has been building up its construction order book and tender book over the past few years and its inclusion within our Group will further augment our construction capacities and skills as well as contribute positively to our revenue streams in the longer term.

OIL AND GAS

Following on from our decision in 2016 to minimise our involvement in the O&G sector in order to mitigate the Group's exposure to sectoral risks, we continued to maintain a cautious outlook in 2017. Our prudent approach in maintaining a low level of exposure in the O&G sector is pending the stabilisation of crude oil prices. These have risen slightly above USD60 per barrel in early 2018, after the downturn in recent years where crude oil prices dropped to a low of below USD40 per barrel in 2015.

We have kept ourselves open to opportunities in the horizon, which is relevant to our expertise within the O&G segment covering integrated transportation, installation of offshore facilities and the leasing of our installation barge vessel. In order to keep doors within the industry open to us, we have continued engaging with clients and potential partners.

PLANTATION

Our expansion into the plantation business segment is a recent move initiated in 2016 when we announced the proposed acquisition of Danum Sinar by our 90% owned sub-subsidiary Danau Semesta Sdn Bhd in October 2016. A key focus in 2017 was to complete the acquisition of Danum Sinar, in order to establish a firm business foundation within this sector.

The acquisition of Danum Sinar in July 2017, gave us immediate access to its plantation assets comprising 46,674 hectares of land in Sarawak. With this valuable asset now in hand, we have identified our long-term strategies to catalyse our business growth within this new business segment of our Group.

Our business growth can only be achieved through effective and efficient plantation management and operations. In order to ensure this, we are abiding with the Malaysian Palm Oil Board's (MPOB) standards of palm oil plantation management and production through the implementation of our own Agricultural Reference Manual (ARM) for our oil palm estates. We are also reducing manual interventions through the implementation of System, Application and Products (SAP) and Integrated Estate Computer (IECS) accounting system. A key factor for success is putting in place a workforce who are able to deliver on the standards we have set, and we began the process of recruiting the right people with proven talents in the oil palm sector.

Our long-term profitability within this segment is dependent on our capacity to sustain the growth of our plantation business. A key way this can be achieved is by developing new planting areas upon the completion of our acquisition and we have targeted the planting of new trees in 1,000 hectares in 2018. To ensure that we will be able to maximise our revenue and provide our shareholders with valuable returns on their investments over the next few years, our short-term priority for the next 12 months for the period from July 2017 to June 2018 was to familiarise ourselves with the estate operations and improve on operational efficiency post completion of the acquisition of Danum Sinar with the objective to maximise our revenue. We were able to achieve decent sales of RM8.24 million for the six (6) month period of July till December 2017.

FY2017 NON-FINANCIAL PERFORMANCE

Talent Development

As our invaluable human capital base, our employees play a crucial role in ensuring our sustained performance in driving long-term growth and profitability. Our talent development platform has been designed to produce a high-performance talent base of people who can deploy their skills and work expertise towards sustaining our organisation's long-term goals. It is a key driver in helping us to attract, develop, motivate and retain productive employees.

Towards this end, in 2017, our Human Capital Development Department (HCDD) conducted a Competency Gap Assessment (CGA) to identify our high performance employees. We identified the current competencies of our employees, assessed their performance on the job and benchmarked within four (4) talent categories as laid out within the table below.

We also crafted a structured talent development programme, focused on enhancing and nurturing their capability, which was tailored according to the gaps and needs identified. We are confident that the implementation of this initiative will enhance our people's capacities and capabilities and contribute towards further strengthening of our organisational performance.

We have four (4) talent categories which represent our employees' current abilities and capabilities. It also identifies how their performance can be enhanced through focused and structured talent management programmes.

TALENT CATEGORIES	DESCRIPTION
HIGH POTENTIAL	Employees demonstrate the capability to move to an expanded role in the near future. All facets of workplace competencies are evident.
AT POTENTIAL	Employees are well placed in their current role. They should remain within the current work capacity or within a similar role for the near future. They exhibit most facets associated with workplace competency. Their future development shall focus on enhancing their capabilities.
MODERATE POTENTIAL	Employees demonstrate capabilities which are either in line with current organisational talent levels, or slightly below current levels. Focused talent development is required to enhance capacities in areas which are not meeting organisational requirements.
LOW POTENTIAL	Employees require significant investment in talent development to remain within their current or in a similar role in the future.

EMPOWERING WOMEN

We have continuously maintained our commitment to workplace diversity, as the key driver in enhancing our organisational capabilities. We strongly believe that we benefit from the perspectives, insights and views of the different genders, ethnicities, age and backgrounds that a diverse workforce offers.

In particular, we recognise the value of gender diversity as a means of enhancing our performance, improving employee retention and accessing different perspectives and ideas. We support the Government's national aspirations in providing equal opportunities to both men and women in the workforce. In line with this, we practise a non-discriminatory policy with regards to gender diversity, whereby we offer equal opportunities with regards to the hiring, training and career advancement of our female Directors, Senior Management, executives and general employees within our Group.

Breakdown of female employees empowered for Senior Management and Management Categories of Puncak Niaga Group

Senior Management	Management
21.05%	39.77%

ECONOMIC, ENVIRONMENTAL AND SOCIAL (EES) HIGHLIGHTS

In FY2017, we continued delivering on our Economic, Environmental and Social (EES) Sustainability initiatives. Our EES measures are embedded within our organisational and business processes and activities, as the means to ensure a sustainable business model.

Through our sustained focus on job creation and procurement from local vendors, we are contributing to positive socio-economic growth. Our water treatment and construction projects are a significant enabler of the continuous socio-economic development of the Malaysian population and business sector. As well as that, these projects present huge environmental benefits to the Malaysian natural landscape in creating sustainable environmental value for our nation. Our foray into the oil palm sector has been grounded on sustainable initiatives which take into consideration the environmental conservation needs through biodiversity protection and conservation measures.

Within our internal workplace environment, we have sustained a slew of green initiatives which are both environmentally friendly and cost-efficient. These include setting targets for our water and electricity consumption, and effectively managing our waste within Wisma Rozali in Shah Alam or Bunus Project site in Kuala Lumpur, our WTP operational activities in Sabah and our plantations in Sarawak.

We remain committed to creating social value for our employees and the communities where we operate. Our employees come from diverse gender, age, ethnicity and cultural backgrounds. Their dynamic skills and perspectives form a crucial component of our organisation's strength in business deliveries. To show them our appreciation of their efforts, we prioritise their welfare through a comprehensive set of benefits and work-life balance initiatives. We also support their aspirations to succeed and advance in their career through focused talent development programmes.

Through the various activities and events conducted during the year, we consistently engage with our communities, in creating positive and lasting impacts on their lives. More details on our EES policies, initiatives and outcomes can be found in our Sustainability Statement on pages 38 to 57 of this Annual Report.

KEY PERFORMANCE INDICATORS

WATER AND WASTEWATER

Amount of Water Treated

In FY2017, there was a 8% reduction in the amount of water treated at the WTP as there was less treated water take-up by the Labuan Water Services Department. This was due to the economic slowdown in Labuan, which affected its' O&G industry in particular.

ITEM	2017		2016*
	Target	Achievement	
Water treated	26,280,000 cubic metres	23,099,603 cubic metres	23,026,989 cubic metres

Ensuring Continuous Supply and Quality of Treated Water

In 2017, we continued with our sustained performance in ensuring the highest quality of treated water. We were able to ensure a continuous supply of water to the surrounding communities by maintaining efficient operations, and ensuring there were no plant shutdowns due to equipment or treatment process failures which affected water supply for more than 12 hours.

ITEM	2017		2016*
	Target	Achievement	
Violations of MOH health quality standards	Zero Violations	Zero Violations	Zero Violations
Number of unscheduled shutdowns	Zero	Zero	Zero

Learning and Growth

We remained focused on human capital development at the WTP through comprehensive training programmes to upskill our staff and enhance their capacities.

ITEM	2017		2016*
	Target	Achievement	
Training Mandays	1.53	2.95	1.53

* *2016 amount was recorded for a period of 11 months beginning from the commencement of the contract on 1 February 2016.*

ENVIRONMENTAL ENGINEERING AND CONSTRUCTION

Within the Bunus Project, we were unable to achieve the targets we had set for ourselves for FY2017. This was primarily due to delays in the requisition of permits and approvals from various local authorities and agencies necessary for ongoing construction works. As well as that, the works were conducted in public areas, and inevitable delays were encountered as a result of work stoppages to ensure compliance with public health and safety requirements. We also encountered difficult ground conditions at the project site, which added to the intricacy of constructions works.

BUNUS PROJECT PROGRESS	2017		2016
	Target	Achievement	
Accumulatively	99.71%	63.97%	36.93%
Annually	24.17%	28.66%	20.76%

PLANTATION

We managed to record modest progress within this segment in the first six (6) months of our operations post completion of the Danum Sinar acquisition in July 2017.

Production

Our KPI was aligned to revenue maximisation within this segment to ensure the long-term profitability of our Group.

As at December 2017, we achieved a revenue of RM8.24 million.

Development of New Planting Areas

We had identified new planting areas for oil palm trees and will carry out new development progressively in 2018.

Systems Integration for the Plantation Segment

In December 2017, we completed the integration of the Plantation segment's SAP and the IECS into the Group's headquarters' systems to enable more efficient management of this division.

Talent Recruitment Drive

As this is a new venture for the Group, our focus in kick starting activities within this segment is premised on ensuring that we recruit and retain a competent workforce at Danum Sinar to ensure operational excellence.

GROUP OPERATIONS REVIEW

Our Operating Environment in 2017

Over the past few years, the Malaysian Government has been restructuring the water sector in an attempt to improve the quality of service of the nation's heavily indebted water utilities sector. The Government's predominant focus in this area has been the production and supply of clean potable water for the consumption of the population.

Consequently, Puncak Niaga has encountered challenges stemming from shifts and changes in the socio-economic, political and regulatory landscape pertaining to the water industry in Malaysia.

Corporate Exercises in 2017

We conducted two (2) major corporate exercises in 2017.

With the aim to expanding our land bank in Shah Alam and Kuala Selangor from 291 acres to 311 acres for future property development purposes, our wholly-owned subsidiary Puncak Niaga Management Services Sdn Bhd acquired a piece of leasehold land in Mukim of Ijok, District of Kuala Selangor, Selangor, measuring approximately 8.413 hectares for approximately RM40.73 million.

We also continued with our proposed acquisition of TRIplc for the amount of RM210.00 million. In September 2017, we obtained the Securities Commission Malaysia's approval for this corporate exercise. Our minority shareholders have approved the proposed acquisition on 13 February 2018. Once completed, the acquisition will increase our land banks from approximately 311 acres to around 696 acres.

It also provides us a means to enhance our revenue streams and gain immediate access into a profitable business. TRIplc currently holds two (2) concessions awarded by the Government of Malaysia and Universiti Teknologi MARA (UiTM). One of the concessions is for maintenance services for Z1P2 of UiTM Puncak Alam Campus for a 20 year period, commencing from April 2014 till April 2034. The other is for Z1P3 of UiTM Puncak Alam Campus for 25 years, comprising three (3) years of construction works and 22 years of maintenance services.

A FOCUSED UNDERSTANDING OF RISKS

Puncak Niaga Group remains cognisant of the risks its diverse business faces, and has implemented policies and procedures aimed at mitigating their impacts upon our business. The Group has an ongoing process for identifying, evaluating, monitoring and managing significant risks faced, monitored by the Compliance, Internal Control and Risk Policy Committee (CICR) under the Board of Directors.

During the year under review, the CICR deliberated and implemented a number of actions pertaining to risks identified. Among them was directing a revised risk profile to reflect the latest risk position of the Group with regards to the sale of its Water Treatment Plant and Waste Water Treatment Plant owned by our 98.65% owned subsidiary Sino Water Pte Ltd in China. Another key risk was the issue of cyber security in the wake of recent incidents affecting companies locally and worldwide to ensure that appropriate controls and mitigation measures are in place. The CICR also deliberated on updates relating to risk management matters pursuant to the release of the Malaysian Code on Corporate Governance 2017 by the Securities Commission on 27 April 2017.

Further details on our risk identification and management can be found within our Statement on Risk Management and Internal Control on pages 93 to 99 of this Annual Report.

SEGMENTAL REVIEW

WATER AND WASTEWATER

OPERATIONAL PERFORMANCE

Since the commencement of our O&M contract at the WTP located in Kg Lawa Gadong near the town of Beaufort in Sabah, we have maintained consistently high standards in fulfilling our contractual obligations of the treatment and supply of water for the Labuan Water Services Department.

Beaufort WTP

We introduced various measures in phased stages, centred around strategic maintenance of major and key equipment, human capital development, improvements on WTP outlook and boosting safety and health processes to ensure the safety of our staff, contractors,

tory

WATER and WASTEWATER

FINANCIAL PERFORMANCES

Within the water and wastewater segment of our business, we recorded a

Revenue 2017	Profit before Interest & Tax 2017
RM24.81 million	RM5.36 million
2016 : RM15.18 million	2016 : RM5.32 million

Reason for increase/decrease:

The slight increase in PBIT was mainly due to full year contribution from the Beaufort Water Treatment Plant in 2017, as the project only commenced in February 2016.

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the laboratory
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water samples

presents the public face of the WTP for any visitors we have onsite, which include representatives from our client, officials from Government Ministries and Agencies, Government health and dental clinics, schools and even members of the public.

at each stage of the treatment process. As a result, the number of visitors to the WTP has increased, particularly from local government agencies and Government health and dental clinics, which has further boosted our reputation in the marketplace.

Quantity of treated water supplied to Water Services Department of Labuan in 2017

MONTH	PRODUCTION IN MILLION LITRES PER DAY
JANUARY	63.965
FEBRUARY	63.201
MARCH	64.562
APRIL	64.569
MAY	62.006
JUNE	61.390
JULY	64.678
AUGUST	63.996
SEPTEMBER	64.918
OCTOBER	61.236
NOVEMBER	62.775
DECEMBER	62.153

SEGMENTAL REVIEW

WATER AND WASTEWATER

OPERATIONAL PERFORMANCE

Since the commencement of our O&M contract at the WTP located in Kg Lawa G
high standards in fulfilling our contractual obligations of the treatment and su

Beaufort WTP

FUTURE PROSPECTS

Leveraging on our long-standing participation in the water and wastewater industry in the country, we will be exploring opportunities available through allocations aimed at improving the national water sector under the 2018 Malaysian Budget. Among them include allocations by KeTTHA of RM1.4 billion to implement non-revenue water programmes to reduce the average loss of water and RM1.3 billion to construct off-river storage as an alternative water resource.

We introduced various measures in phased stages, centred around strategic maintenance of major and key equipment, human capital development, improvements on WTP outlook and boosting safety and health processes to ensure the safety of our staff, contractors, visitors and the surrounding community. We also successfully created a 'Safe Work Place' with 'Zero Accident' at the WTP and enhanced operations through value added programmes emphasising on the transformation of the work culture and the beautification of the WTP to increase its appeal to visitors.

Please refer to our Sustainability Statement on pages 38 to 57 of this Annual Report for details of all the programmes and initiatives we undertook during the year at the WTP.

Beaufort WTP Laboratory

ENHANCING THE BEAUFORT WTP LABORATORY

The WTP Laboratory is considered the heart of the WTP as it is the focal point of our processes in ensuring the quality of treated water we produce to ensure compliance with the Ministry of Health (MOH) regulatory standards whereby tests are carried out and quality consistently monitored. It also presents the public face of the WTP for any visitors we have onsite, which include representatives from our client, officials from Government Ministries and Agencies, Government health and dental clinics, schools and even members of the public.

In 2017, we focused on enhancing the efficiencies of the laboratory through improvements aimed at expanding its functions and through clinically cleaning it. To further develop its proposition as an educational centre, we have exhibits on various raw water quality which are displayed as water samples at each stage of the treatment process. As a result, the number of visitors to the WTP has increased, particularly from local government agencies and Government health and dental clinics, which has further boosted our reputation in the marketplace.

Quantity of treated water supplied to Water Services Department of Labuan in 2017

MONTH	PRODUCTION IN MILLION LITRES PER DAY
JANUARY	63.965
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OCTOBER	61.236
NOVEMBER	62.775
DECEMBER	62.153

SEGMENTAL REVIEW

ENVIRONMENTAL ENGINEERING & CONSTRUCTION

OPERATIONAL PERFORMANCE

Puncak Niaga's project within this segment is the RM394 million Package D44, Bunus Project in Kuala Lumpur awarded by the Sewerage Services Department, KeTTHA. The project site is located within the Ampang and Kuala Lumpur areas and comprises the design and construction of sewer pipe networks to channel sewerage into the new Bunus Sewerage Treatment Plant located at Bunus, Kuala Lumpur. It is part of the Government's National Transformation Plan's (NTP) Greater Kuala Lumpur River of Life initiative, which seeks to revitalise areas along the Klang River and transform the city into a vibrant commercial and tourist hub.

Pipe Jacking Works at Package D44, Bunus Project

We have always maintained an attitude of not compromising on ensuring the delivery on our projects. In line with this, in our 2016 Annual Report we had highlighted the poor performance of our sub-contractor on the project which had resulted in the Group terminating their contract.

Bunus Project Progress 2017

2016	**2017**
6.694 kilometres	**14.217** kilometres

ENVIRONMENTAL ENGINEERING and CONSTRUCTION

Revenue 2017	Loss before Interest & Tax 2017
RM66.11 million	(RM104.64) million
2016 : RM57.98 million	2016 : (RM151.39) million

Reason for increase/decrease:
The decrease in LBIT of RM46.75 million or 30.88%, off the back of higher revenue and lower provision of allowance for foreseeable losses in the current financial year-to-date.

KLR289 Network Pumping Station

SEGMENTAL REVIEW

ENVIRONMENTAL ENGINEERING & CONSTRUCTION

OPERATIONAL PERFORMANCE

Puncak Niaga's project within this segment is the RM394 million Package
Department, KeTTHA. The project site is located within the Ampang and Kual
networks to channel sewerage into the new Bunus Sewerage Treatment Pla
Transformation Plan's (NTP) Greater Kuala Lumpur River of Life initiative, whic
a vibrant commercial and tourist hub.

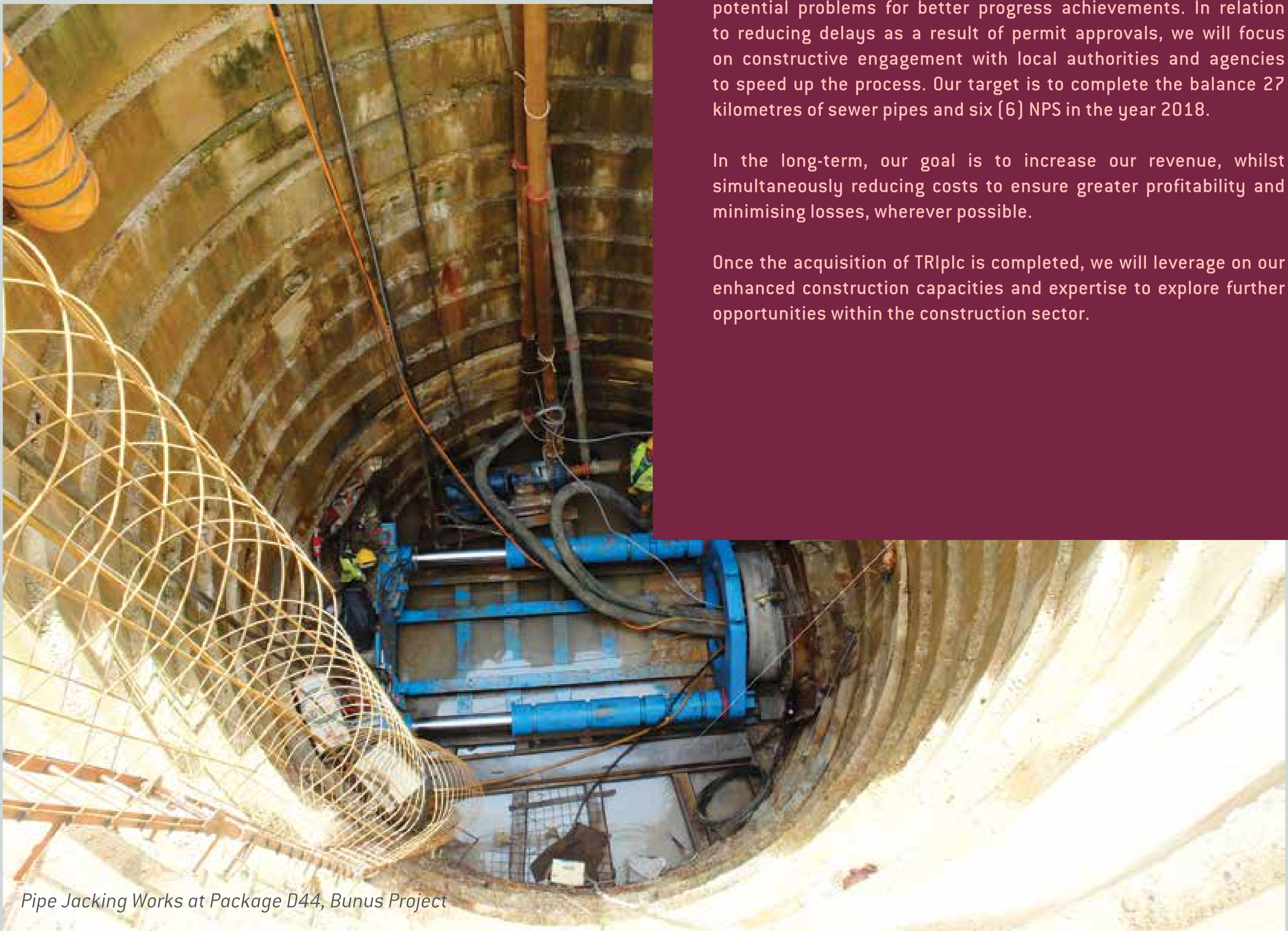
FUTURE PROSPECTS

Our mid-term strategy is to ensure the completion of the Bunus Project as any further delays will expose the Group to the risk of additional overhead costs. To ensure we remain on track, we will be investing in more project resources such as machineries to increase site productivity.

With new specialist sub-contractors in place, we will expedite our activities, and work hand and hand with them to resolve any potential problems for better progress achievements. In relation to reducing delays as a result of permit approvals, we will focus on constructive engagement with local authorities and agencies to speed up the process. Our target is to complete the balance 27 kilometres of sewer pipes and six (6) NPS in the year 2018.

In the long-term, our goal is to increase our revenue, whilst simultaneously reducing costs to ensure greater profitability and minimising losses, wherever possible.

Once the acquisition of TRIplc is completed, we will leverage on our enhanced construction capacities and expertise to explore further opportunities within the construction sector.



Pipe Jacking Works at Package D44, Bunus Project

We have always maintained an attitude of not compromising on ensuring the delivery on our projects. In line with this, in our 2016 Annual Report we had highlighted the poor performance of our sub-contractor on the project which had resulted in the Group terminating their contract. This had resulted in inevitable delays in the progress of the project which was initially slated to be completed by February 2018.

Since the termination of the sole specialist contractor and seven (7) general contractors in June 2016, we have employed more resources to catch up with work onsite including the engagement of 11 pipe jacking specialist contractors. In 2017, we laid in 14.217 kilometres of sewer pipe lines. Besides that, works on five (5) out of eight (8) network pumping station (NPS) are in progress, with two (2) of them completed.

We also encountered delays in obtaining the requisite permits from various local authorities and agencies. We have applied for an Extension of Time (EOT) on the project and have managed to obtain an EOT till June 2019 to complete the works from our client recently thus eliminating the risk of LAD.

Bunus Project Progress 2017

2016	**2017**
6.694 kilometres	**14.217** kilometres

Raw Sewage Pump at KLR289 Network Pumping Station

SEGMENTAL REVIEW

PLANTATION

OPERATIONAL PERFORMANCE

Since the completion of the acquisition of Danum Sinar, we have been focusing on building strong foundations for our plantation segment to ensure long-term growth and profitability. In the next 12 months following the completion of our acquisition in July 2017, our Plantation Division was focused on familiarising ourselves with the estate operations and improve operational efficiencies.


Plantation view at Marong 1 Estate

These included housekeeping, decentralisation, rectification works and mobilisation of staff workers within our plantation estates as follows:

- **Marong 1 Estate**
  We upgraded the poor road conditions which

Plantation

Despite only six (6) months of operations from July 2017 till December 2017 following the completion of the Danum Sinar acquisition, we achieved a total revenue of RM8.24 million. As it is a new venture for the Group, we have been focused on rehabilitating the plantation during the start-up period, which led to a LBIT of RM31.71 million.

Revenue 2017	Loss before Interest & Tax 2017
RM8.24 million	(RM31.71) million

These include recruiting the right people with proven talents in the industry. As well as that, we have been integrating our plantation segment into the headquarters' systems to enable more efficient management of this division, through the integration of SAP and the IECS accounting system.

Crude Palm Oil (CPO) prices in the global commodities market is subject to price fluctuations and variations, which affects the bottom line of producers like Puncak Niaga. To ensure we remain ahead of the curve in this regard, we have implemented an internal CPO price monitoring system, conducted on a weekly and monthly basis. Our Strategic Resource and Public Relations Division also provides regular economic and market updates on this sector.

...of operations in 2017, we are able to record production of 16,083.51 metric ...317.89 hectares of matured oil palm areas. This has translated to a yield of ...er hectare and a total revenue of RM8.24 million.

...lue with the Acquisition of Danum Sinar

...of Danum Sinar was a game ...cak Niaga as it signified the ...endous long-term value for ...pon the completion of the Group became the owners ...d at Murum Land District in ...sing Lots 13-15, 18, 20-25 ...strict- Lot 1.

The plantation's total land size is about 46,674 hectares and is located approximately 45 kilometres east of Belaga Town, about four (4) hour road journey from Bintulu Town.

Harvesting fresh fruit bunches from oil palm tree

SEGMENTAL REVIEW

PLANTATION

OPERATIONAL PERFORMANCE

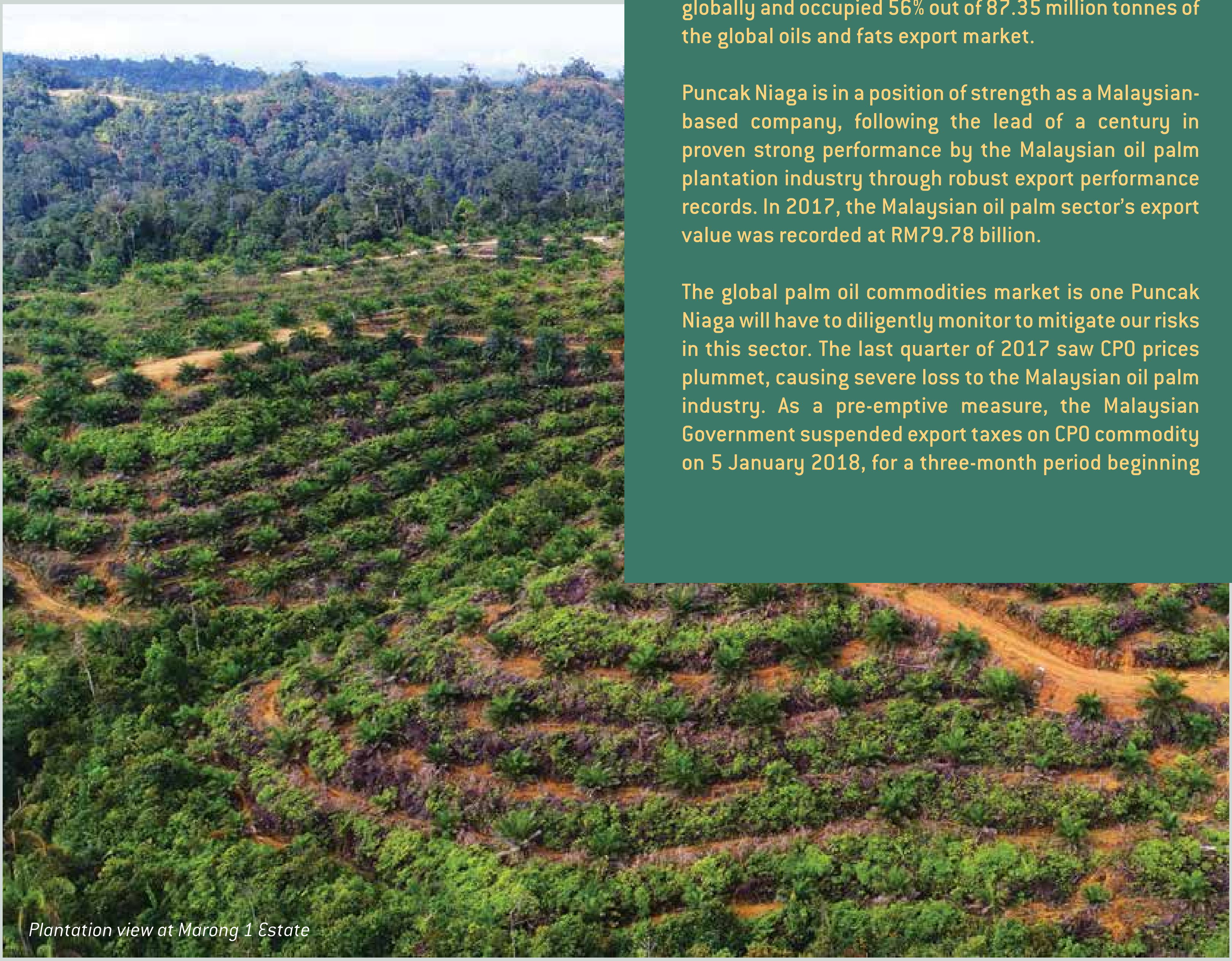
Since the completion of the acquisition of Danum Sinar, we have been focu long-term growth and profitability. In the next 12 months following the comple familiarising ourselves with the estate operations and improve operational ef

FUTURE PROSPECTS

The Group foresees a promising good momentum in the oil palm segment off the back of increasing global consumption of palm oil. In 2017, palm oil accounted for 31% out of 220.27 million tonnes of oil and fats produced globally and occupied 56% out of 87.35 million tonnes of the global oils and fats export market.

Puncak Niaga is in a position of strength as a Malaysian-based company, following the lead of a century in proven strong performance by the Malaysian oil palm plantation industry through robust export performance records. In 2017, the Malaysian oil palm sector's export value was recorded at RM79.78 billion.

The global palm oil commodities market is one Puncak Niaga will have to diligently monitor to mitigate our risks in this sector. The last quarter of 2017 saw CPO prices plummet, causing severe loss to the Malaysian oil palm industry. As a pre-emptive measure, the Malaysian Government suspended export taxes on CPO commodity on 5 January 2018, for a three-month period beginning



Plantation view at Marong 1 Estate

These included housekeeping, decentralisation, rectification works and mobilisation of staff workers within our plantation estates as follows:

- **Marong 1 Estate**
  We upgraded the poor road conditions which

8 January 2018 and now extended to 30 April 2018. However, the export tax suspension will be lifted before the three-month period if CPO stocks falls to 1.6 million tonnes.

The Government's rationale for the suspension of export taxes was to boost palm oil prices and reduce high stockpiles. This offers a more structured approach in managing the fall in CPO prices to mitigate its impacts on smallholders' incomes and to ensure the country's oil palm sector remains competitive.

Concurrently with this, the Malaysian Ministry of Plantation and Commodities announced that the Malaysian Sustainable Palm Oil (MSPO) certification scheme is to be made mandatory by 2019. The MSPO certification is being introduced to ensure the long-term sustainability of the local oil palm industry, to ensure its future success.

These include recruiting the right people with proven talents in the industry. As well as that, we have been integrating our plantation segment into the headquarters' systems to enable more efficient management of this division, through the integration of SAP and the IECS accounting system.

Crude Palm Oil (CPO) prices in the global commodities market is subject to price fluctuations and variations, which affects the bottom line of producers like Puncak Niaga. To ensure we remain ahead of the curve in this regard, we have implemented an internal CPO price monitoring system, conducted on a weekly and monthly basis. Our Strategic Resource and Public Relations Division also provides regular economic and market updates on this sector.

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Harvesting fresh fruit bunches from oil palm tree

SEGMENTAL REVIEW

PLANTATION

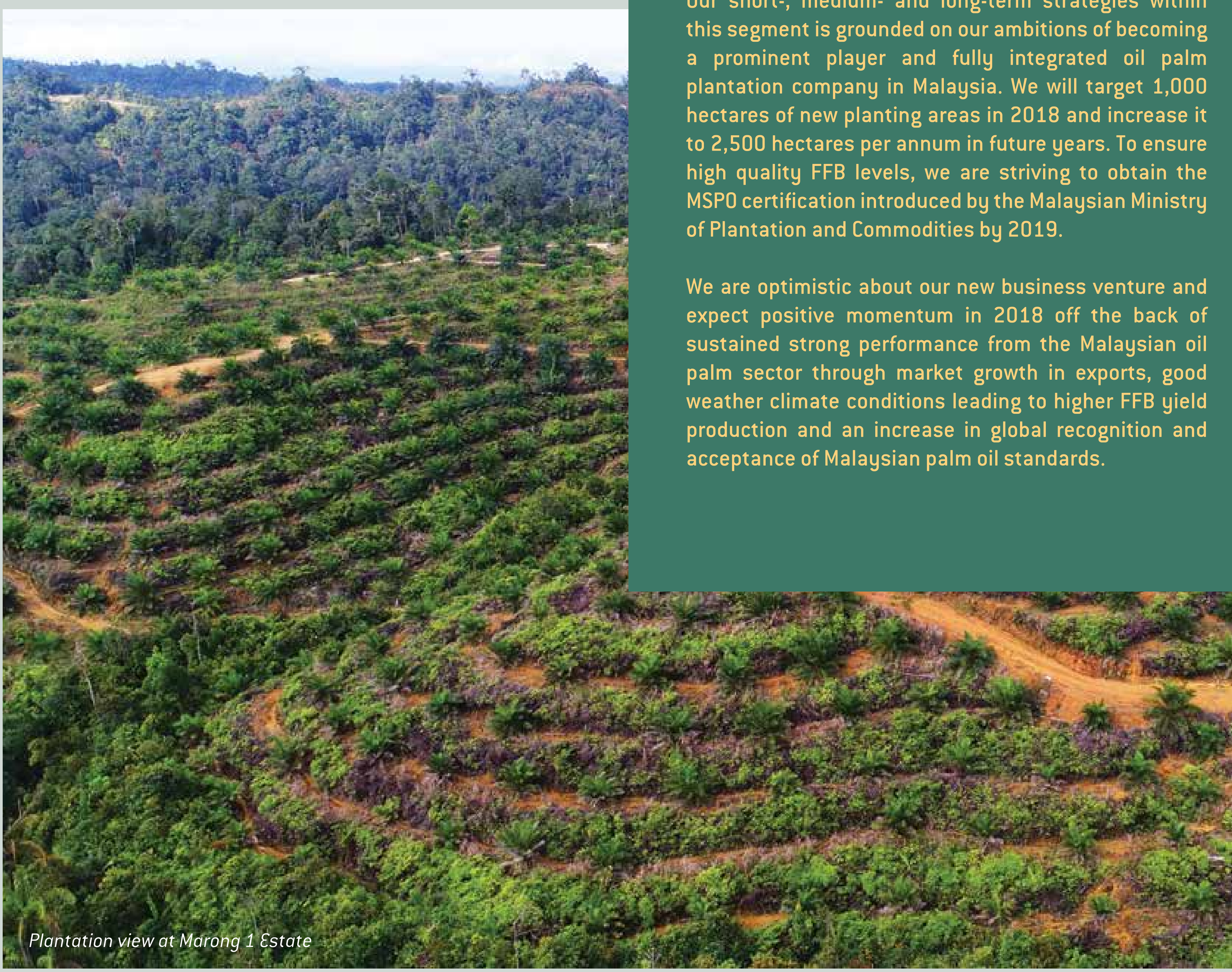
OPERATIONAL PERFORMANCE

Since the completion of the acquisition of Danum Sinar, we have been focu long-term growth and profitability. In the next 12 months following the comple familiarising ourselves with the estate operations and improve operational ef

If the MSPO is adhered to, palm oil products would be able to retail at premium prices in the international market, in line with demand from European countries which only allow for palm oil imports with accredited certification.

Our short-, medium- and long-term strategies within this segment is grounded on our ambitions of becoming a prominent player and fully integrated oil palm plantation company in Malaysia. We will target 1,000 hectares of new planting areas in 2018 and increase it to 2,500 hectares per annum in future years. To ensure high quality FFB levels, we are striving to obtain the MSPO certification introduced by the Malaysian Ministry of Plantation and Commodities by 2019.

We are optimistic about our new business venture and expect positive momentum in 2018 off the back of sustained strong performance from the Malaysian oil palm sector through market growth in exports, good weather climate conditions leading to higher FFB yield production and an increase in global recognition and acceptance of Malaysian palm oil standards.



Plantation view at Marong 1 Estate

These included housekeeping, decentralisation, rectification works and mobilisation of staff workers within our plantation estates as follows:

- **Marong 1 Estate**
  We upgraded the poor road conditions which were resulting in the frequent breakdown of estate vehicles. We also embarked on plans for provision of onsite accommodation for plantation workers and launched a recruitment drive to add to our base of estate workers.

- **Marong 2 Estate**
  We upgraded the road conditions, especially in high slope areas to speed up crop evacuation to the mills.

- **Arau Estate**
  We conducted urgent compaction and desilting in peat areas and commenced other rehabilitation works.

- **Kalayan Estate**
  We conducted road works to increase our accessibility to the field and reduce land slide incidents as a result of soil erosion.

- **Lakin Estate**
  We focused on a recruitment drive, enhancing our accessibility to the fields, and upgrading estate workers accommodation.

A quarter of the land on our estates have been planted with oil palm trees, while the rest is yet to be developed. To expand our capacities in the plantation segment, we have been setting in place strategies to optimise our resources. These include recruiting the right people with proven talents in the industry. As well as that, we have been integrating our plantation segment into the headquarters' systems to enable more efficient management of this division, through the integration of SAP and the IECS accounting system.

Crude Palm Oil (CPO) prices in the global commodities market is subject to price fluctuations and variations, which affects the bottom line of producers like Puncak Niaga. To ensure we remain ahead of the curve in this regard, we have implemented an internal CPO price monitoring system, conducted on a weekly and monthly basis. Our Strategic Resource and Public Relations Division also provides regular economic and market updates on this sector.

In the six (6) months of operations in 2017, we are able to record production of 16,083.51 metric tonnes of FFB from 3,317.89 hectares of matured oil palm areas. This has translated to a yield of 4.85 metric tonnes per hectare and a total revenue of RM8.24 million.

How We Created Value with the Acquisition of Danum Sinar

The acquisition of Danum Sinar was a game changer for Puncak Niaga as it signified the creation of tremendous long-term value for our business. Upon the completion of the acquisition, the Group became the owners of plantation land at Murum Land District in Sarawak, comprising Lots 13-15, 18, 20-25 and Silat Land District- Lot 1.

The plantation's total land size is about 46,674 hectares and is located approximately 45 kilometres east of Belaga Town, about four (4) hour road journey from Bintulu Town.

Harvesting fresh fruit bunches from oil palm tree

Plantation Land Segmentation

	AREA (HECTARES) AS AT 31 DECEMBER 2017
Young Mature Areas	3,317.89
Immature Areas	5,583.73
Planted portion (Estates)	**8,901.62**
Non-Crop Areas (Area Cleared for Development)	1,713.70
Unplanted portion	32,524.18
Total area	**43,139.50**
Others*	3,534.50
Total land size	**46,674.00**

* *"Others" refers to the portion of the Land categorised as "flood zone" areas and the Menawan wood mill site which was excluded from the purchase acquisition price.*


Harvested Fresh Fruit Bunches at field site

Since our takeover of the estates, we have been focused on rehabilitating the land, and actively pursuing the development of strategic projects that will transform it into cultivated oil palm estates. Presently, Danum Sinar owns and operates six (6) oil palm estates which consist of Arau, Lakin, Kalayan, Marong 1, Marong 2 and Jabon.

In line with our determination to succeed, the key focus areas in 2018 are as follows:-

KEY FOCUS AREAS IN 2018

Development of New Planting Areas	Incorporating Best Plantation Practices	Ensuring Sufficient And Best Workforce
1,000 hectares of new planting areas in 2018 and gradually increase to 2,500 hectares of new planting areas per annum in future years.	• Strengthening our deliveries based on our standard best practices to drive operational excellence in achieving higher yield improvement and cost reduction approaches. • Initiating and preparing for MSPO certification scheme.	Recruiting and retaining the right individuals to fit job vacancies based on qualifications, experience and performance potential.

SEGMENTAL REVIEW

OIL & GAS

OPERATIONAL PERFORMANCE

In 2017, our O&G Division recorded a lower LBIT as compared to the previous year due to lower operating expenses arising from the rightsizing exercises conducted in 2016 and cost control measures implemented Group-wide. There was no revenue contribution from this segment as our barge remained idle for the year due to the weak O&G industry outlook for the year under review.

DLB 264 barge

ITEM	2017 (RM 'MILLION)	2016 (RM 'MILLION)
Revenue	-	-
Loss before interest & tax	33.82	66.59

FUTURE PROSPECTS

Amidst the uncertain O&G sectoral backdrop, our Group continues to maintain a cautious outlook within this segment. We will continue to undertake mitigation measures on risks that have been identified to weather the downturn. Despite more positive market sentiment as a result of crude oil prices rising above USD60 per barrel as we enter into the first quarter of 2018 supported by demand growth and measures by the Organisation of the Petroleum Exporting Countries (OPEC) with regards to output cuts to manage global crude oil supply, we believe maintaining a prudent approach is the best way forward. Nevertheless, our Group remains open to future opportunities which may be worthwhile pursuing should there be a significant rebound and stabilisation of global crude oil prices.

GROUP FORWARD MOVING STATEMENT

For the year 2018, the Malaysian economy is projected to continue with its strong momentum with real Gross Domestic Product (GDP) expanding between 5% and 5.5% during the year, a slight reduction compared to between 5.2% and 5.9% in 2017. Growth will predominantly be driven by resilient domestic demand amid favourable external factors.

Despite this positive prognosis, Puncak Niaga is mindful that Malaysia's open economy is not immune to external headwinds such as rising protectionism, policy uncertainties in advanced and developed countries and increased volatility in the financial markets. We remain optimistic on the Group's future prospects, bearing in mind these market landscape uncertainties.

The Group is continuously looking to expand its operations in areas related to its core businesses and competencies in the water and wastewater, sewerage, environmental engineering and construction, and our new venture into the oil palm sector.

We will continue to introduce measures to upgrade and enhance the water treatment plant's performance and efficiency for our existing client.

Our focus within the construction segment will continue with our ongoing involvement in water and wastewater infrastructure-related projects. The Group is focused on mitigating the cost increase of the project and accelerating works to complete the project within the revised construction schedule. Amidst a challenging business environment in the construction sector, we will continue to improve our operational efficiency and plan to clinch projects which fall within our areas of expertise.

In the O&G segment, the Group maintains a cautious outlook and continues to undertake mitigation measures on risks that had been identified. Nevertheless, we remain open to future opportunities which may be worthwhile to be considered contingent upon a significant rebound in the price of crude oil.

Our new business sector in the plantation segment has the ability to generate a steady flow and recurring source of income which will contribute positively to the Group's earnings in the long-term. Growth within the agriculture sector is forecast supported by higher output and firmer commodity prices. Additionally, the 2018 Malaysian Budget provides allocations of RM140 million to develop and replant oil palm, as well as enhancing marketing programmes within the sector. Within our new plantation business, we will be capitalising on opportunities accordingly. The Group remains cautious in managing the various challenges in the oil palm plantation sector such as fluctuations in crude palm oil prices, labour shortage and adverse weather conditions.

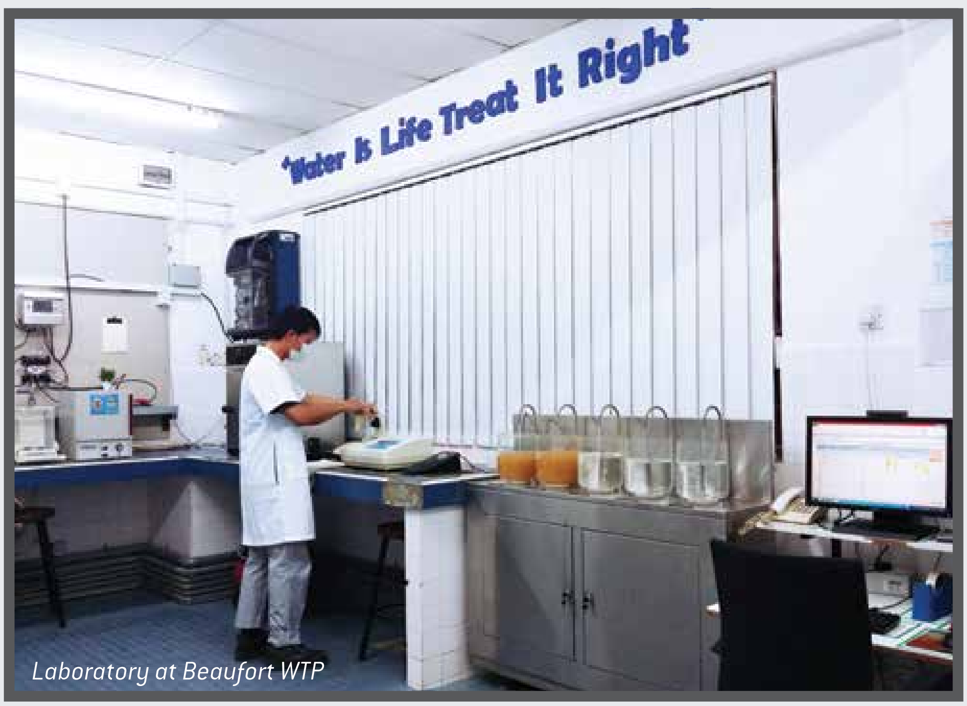
As we move into 2018, Puncak Niaga remains committed to sustaining our prudent management policies, whilst building firm business foundations which will sustain our long-term value creation measures to generate the growth and profitability of our business.

Sustainability Statement

Introduction

Puncak Niaga Holdings Berhad's (Puncak Niaga or the Group) approach to sustainability is founded on value creation and sustainable development, within a governance process committed to full accountability and a pledge to continuously improve our operations through a disciplined approach in building an effective and efficient organisation.

We are dedicated to minimising our impact on the environment and creating sustainable long-term value for the local economy as well as the communities we operate within. Our sustainability efforts are geared towards generating benefits for our stakeholder ecosystem of employees, investors, local communities, civil society, the Government and business associates.



Laboratory at Beaufort WTP

SUSTAINABILITY GOVERNANCE

Puncak Niaga Group remains resolute in upholding the principles of good corporate governance and ethical business practices. Our business conduct embodies the core Puncak Values of quality, value, service, innovation, integrity and trust, an integral component of the Group's success throughout the years.

Our Board of Directors oversees the Group's corporate governance framework, risk management policies and structures, as well as sustainability policies. We have developed decision-making frameworks and structures to ensure a more effective organisation with clear lines of reporting and accountability.

In 2017, we implemented measures aimed at further improving our Economic, Environmental and Social (EES) practices, guided by the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Sustainability Statements in Annual Reports published in 2016.

To ensure that the Group achieves our sustainability goals, we have aligned our governance structure and policies to enable sustainable programmes to be embedded into our business operations. Our stakeholder engagement is conducted in a transparent and inclusive manner to generate a culture of trust and accountability. Our ultimate aim is that through our sustainability approach, we will be able to deliver new business solutions, deliverables and services to our stakeholders. The Group's Risk Management Policy Statement assigns responsibility for risk management to all Puncak Niaga Group's employees, with ultimate oversight by our Board of Directors.

Our Group is committed to workplace diversity, based on the philosophy that diversity is a powerful tool to enhance performance, improve employee retention and a means to access different perspectives and ideas. Within our Group, diversity includes, but is not limited to, gender, age, ethnicity, religion, beliefs, origin and cultural backgrounds. Our diversity policy leverages on diverse skills, experiences and talents from different backgrounds to add to the strengths of our Group. The Board steers the Group's direction on diversity on a periodic basis, aligning it with our organisational and policy objectives and needs.

PUBLIC POLICY

We strongly believe in conducting the Group's business according to the highest standards of integrity and ethics. Our code of conduct lays down our business principles to guide our employees on their application within their respective roles and departments. Within Puncak Niaga, we have implemented a wide spectrum of codes of conduct and policies which embrace good governance and responsible business. To complement our Puncak Values, the entities within the Group implement the following Codes and Policies:

For more details on our Group's policies, please refer to our website at **www.puncakniaga.com.my**.

PUNCAK NIAGA HOLDINGS BERHAD

- Standard Operating Procedures
- Corporate Disclosure Policy
- Information Technology Policies (Software License Policy, IT Security Policy and Copying Software Statement)
- Investor Relations Policy
- Health, Safety and Environmental Policy
- Quality Policy
- Risk Management Policy
- Code of Business Ethics
- Sexual Harassment Policy
- Diversity Policy
- Board Diversity Policy
- Whistle Blowing Policy
- Corporate Social Responsibility Policy
- Code Of Conduct – Board Of Directors
- Code of Conduct – Employees
- No Smoking Policy
- Board Charter
- Energy Management Policy
- Puncak Niaga's Employee Handbook

PUNCAK NIAGA CONSTRUCTION SDN BHD (PNCSB)

- Standard Operating Procedures
- Integrated Management System (ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007)
- HSE Policy Statement
- HSE Manual
- HSE Procedure
- Water Quality Policy
- Emergency Response Plan and Intervention Procedures for WTP
- '5S' Housekeeping Procedures
- Water Treatment Plant's Operation And Maintenance Manual
- Back Parking Policy at WTP
- Zero Accident Policy at WTP
- 'Right First Time Every Time' Work Culture at WTP
- 'Kawasan Larangan. Tempat Larangan' Procedures for WTP

PUNCAK OIL & GAS SDN BHD (POG)

- Standard Operating Procedures
- Quality Policy
- Health, Safety & Environment Protection Policy
- Drug & Alcohol Abuse Policy
- No Smoking Policy
- Stop Work for Safety Policy

GOM RESOURCES SDN BHD (GOM RESOURCES)

- Standard Operating Procedures
- Quality Policy
- Health, Safety & Environment Protection Policy
- Drug & Alcohol Abuse Policy
- No Smoking Policy
- Stop Work for Safety Policy

MURNI ESTATE SDN BHD (MESB)

- MESB and Subsidiaries Employee Handbook
- Agriculture Reference Manual (ARM)

DANAU SEMESTA SDN BHD

- MESB and Subsidiaries Employee Handbook

DANUM SINAR SDN BHD

- MESB and Subsidiaries Employee Handbook
- Agriculture Reference Manual (ARM)

SCOPE

This report uses global reporting guidelines, namely the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines – Core disclosure requirements. It is guided by the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Sustainability Statements in Annual Reports published in 2016.

The scope of this Sustainability Statement is consistent with the scope of our Annual Report 2017. We have excluded supplier activities as we do not have operational control over their business operations. However, information on our activities that are related to promoting a more sustainable supply chain has been disclosed.

STAKEHOLDER ENGAGEMENT

Our primary aim in the conduct of our stakeholder engagement is aligned to our Puncak Values to be transparent and accountable by fostering inclusive and meaningful dialogue with all our stakeholders, including suppliers, customers, public policy makers, industry bodies, non-governmental organisations (NGOs) and sector experts. The Group's operating model sets out how our business units converge to transform customer, partner, government, and broader stakeholder and shareholder needs into long-term value creation.

Each stakeholder group is listed based on their importance and influence. As a responsible corporate citizen, Puncak Niaga is committed to upholding the highest standards of transparency, accountability and integrity in the disclosure of all material information pertaining to the Group to our investors, shareholders and stakeholders in an accurate and timely manner.

The following outlines our key stakeholders and some engagement approaches in 2017:-

STAKEHOLDER GROUP	METHOD OF ENGAGEMENT	2017 HIGHLIGHTS
EMPLOYEES	• Surveys • Town hall meetings • Code of ethics • Community development programmes • Induction programmes • Internal communications • Staff assemblies and meetings • Recreational activities and religious functions • Performance reviews • Puncak Niaga competency model briefings	• **Community Development Programmes:-** The Staff Association of Puncak Niaga Group of Companies or Persatuan Kakitangan Kumpulan Syarikat Puncak Niaga (PEKA) conducted a number of activities during the year. These included three (3) charity events. Two (2) of them involved visits to an old folks home and a lunch gathering for the Company's foster families in January 2017 where cash and hampers were given out. A third event was held in June 2017 where two (2) welfare homes were given '*bubur lambuk*'. • **Visits by employees to Kelab Golf & Equestrian Puncak Niaga (KGEPN)** • **Staff Assemblies** Staff assemblies were held in March, April, May, August and October in 2017. • **Recreational Activities** PEKA conducted three (3) recreational activities during the year. These included a climbing expedition to Gunung Ledang, fishing competition in Port Klang and white water rafting in Perak. To support our staff's children with their education, we held a UPSR/PT3/SPM Motivation Seminar in August 2017 which was attended by 28 children. • **Religious Activities** PEKA held monthly '*Solat Hajat*' (special prayers) at Wisma Rozali. • **Performance Reviews** Two (2) performance reviews were conducted in June and October 2017.
INVESTORS	• Press releases • Meetings • Corporate website	• Attended to queries by investors and analysts in a prompt manner.

STAKEHOLDER GROUP	METHOD OF ENGAGEMENT	2017 HIGHLIGHTS
LOCAL COMMUNITIES	• Town hall meetings • Community development programmes	• Engaged with local residents on the construction of the Bunus Project. • Handled complaints without delay and took into account the local communities' needs. • Engagement with Local Authorities and 'Jawatankuasa Keselamatan Kampung' at the Beaufort Water Treatment Plant (WTP) on risks associated with WTP activities. • WTP educational visits by schools and Government Agencies.
CIVIL SOCIETY	• Community development programmes • Press releases • Meetings	• Breaking of fast session (Majlis Berbuka Puasa) during Ramadan.
GOVERNMENT	• Meetings and events	• Regular meetings and briefings.
MEDIA	• Community development programmes • Press releases • Advertising	• Regular meetings and briefings.
SUPPLIERS	• Supplier evaluations	• A transparent platform for evaluation of suppliers.

MATERIALITY

Our assessment of material issues for the year 2017 were based on issues which are critical to the non-financial aspects of our business and operations. We continue to improve our assessments periodically as the basis of our disclosures moving forward.

Aspects

ECONOMIC	ENVIRONMENTAL	SOCIAL
	Material Issues	
• Creating Economic Value	• Conserving Biodiversity • Energy Management • Noise Management • Water Management • Our Internal Environmental Footprint – Workplace • Waste Management Practices	• Our Employees • Workplace Diversity • A Commitment to Training • Occupational Health and Safety • Human Rights • Benefits and Compensation • Performance and Appraisal • Value to Our Communities

We have laid down the Group's response towards specific key topics, concerns and issues brought forward by our stakeholders throughout this report. In 2017, we made progress in the area of our environmental indicators, with water management as a material topic due to the nature of our business. We have also disclosed the energy impacts of some areas of our business, along with reports on noise management. For our internal energy footprint, our areas of improvement relate to our efforts in driving digitisation and investing in Information Technology.

Sustainability Performance
On Material Issues

CREATING ECONOMIC VALUE

A core business of the Group is the environmental engineering and construction segment, which is under the purview of PNCSB, with water supply and wastewater treatment as its key business drivers. Demands for these integral services for the Malaysian public form the cornerstone for the continuing socio-economic development of the nation. In our quest to provide the highest quality of services to our customers, we remain committed to increasing and upgrading our capacities to deliver, whilst meeting environmental regulations and limitations.

Our two (2) main projects within this segment comprise Package D44, Bunus Project in Kuala Lumpur, and the operation and maintenance of Kg Lawa Gadong Water Treatment Plant in Beaufort, Sabah.

Pipe Jacking of 1500mm Sewer Pipe

PACKAGE D44, BUNUS PROJECT

The Bunus Project is part of the Greater Kuala Lumpur River of Life initiative, an Entry Point Project which was identified within the Greater Kuala Lumpur/Klang Valley National Key Economic Area launched in 2011 under the Economic Transformation Programme. The pioneer project's aim is to make Kuala Lumpur a liveable world-class city by reviving the Klang River and Gombak River, both of which flow through the heart of our capital. Through river cleaning, beautification and strategic land development, the goal is to transform the river banks into aesthetic waterfront areas with economic and commercial value, thus reviving the identity of these two (2) rivers within the city of Kuala Lumpur.

PNCSB's role in the project is to design and built a sewerage pipe network within the Bunus catchment area in Kuala Lumpur. An estimated 1.1 million people are expected to benefit from the completion of Package D44, Bunus Project through the rejuvenation of the area as a vibrant commercial tourist hub. Covering a service area of approximately 72 square kilometres, the sewerage pipe network includes Setapak, Ampang, Melawati, AU Keramat and Dato Keramat. The project provides for vital socio-economic development within these areas as it caters for future sewerage needs and provides sewerage services to communities of Kuala Lumpur and as far as Ampang Jaya in Selangor. The project which was originally scheduled for completion in February 2018 is now expected to be completed in June 2019.

Upon completion of the project, a total of 73 old Sewage Treatment Plants (STP) which are unable to comply with revised Department of Environment effluent requirements will be closed down. All sewage in this area will be treated by a centralised STP that is built according to the latest effluent discharge standards. This will tremendously improve the condition of the Klang River with regards to reducing pollution in the river. Our involvement in the project has created numerous job opportunities for Malaysians. In 2017, we supported 15 SMEs and 300 contract workers through this project.

BEAUFORT WTP

Sedimentation Tank at Beaufort WTP

Quick Facts

Location	Kg Lawa Gadong, approximately 30 km from Beaufort Town, Sabah.
Source of raw water	Sungai Padas
Intake point of raw water abstraction	1.1 km from the WTP
Government Ministry responsible for the WTP	Water Supply Department, Ministry of Energy, Green Technology and Water (KeTTHA).
PNCSB's Contract	Contract for the Operation and Maintenance of the WTP obtained through open tender. The contract period is for 36 months, commencing 1 February 2016 and ending 31 January 2019. The terms and conditions of the contract includes taking over the employment of 60 existing WTP staff. The contract is administered and supervised by the Labuan Water Supply Department.
PNCSB's Contractual Responsibilities	To operate and maintain the WTP and to produce the required quantity of treated water to Labuan with the quality in compliance with Ministry of Health's (MOH) drinking water quality standard besides compliance to safety, health and environmental statutory requirements.

KEY SUSTAINABILITY ACHIEVEMENTS 2017

PNCSB is committed to ensuring that the WTP is operated and maintained to the highest performance standards, synonymous with the Group's good reputation in the water supply industry.

We are able to consistently fulfil our contractual obligations and requirements, in particular with respect to the quantity and quality of treated water supplied to Labuan since our takeover of the WTP on 1 February 2016.

Throughout the year, there was no incident of water supply interruption in Pulau Labuan. There was also no incident of water pollution recorded.

Treated water produced has consistently satisfied the demands of the consumers, adhering to safe water quality standards in compliance with MOH standards and guidelines. Our success was due to the various initiatives and programmes introduced and implemented at the WTP, with the commitment and hard work contributed by all staff members on site.

The initiatives and programmes implemented are as follows:

- Scrutinised, reviewed and improved the existing Standard Operating Procedures aligned to the objective and relevance of the WTP, inclusive of operation and maintenance.
- Focused on availability of critical equipment, in particular pumping equipment, to ensure these are in good operating condition, with spares readily available for immediate repair and complete reconditioning of poor performing pumps bearing in mind that most equipment in Phase 1 of the WTP have reached the end of its operating life span after more than 30 years of use.
- Restructured the WTP organisational set up, with emphasis on enhancing the performance of the maintenance team in undertaking the array of maintenance activities required to be carried out in view of the age and neglect of the equipment by the previous operators.
- Provided training, both internally and externally, to enhance the skills and competency of all staff with a training target of at least three (3) mandays per staff member.

How We Created Value By Enhancing Health and Safety at the WTP

During the year, we introduced and implemented a number of health and safety initiatives at the WTP through the creation of a 'Safe Work Place' with 'Zero Accident' target which resulted in us recording 241,652.89 manhours of free Lost Time Injury (LTI). Among the programmes we had in place were:

- Required mandatory application of "Permit to Work" to carry out any work that has an effect on safety and WTP operations which is applicable to all our maintenance team, appointed contractors as well as contractors appointed by the Water Supply Department.
- Establishment of an Occupational Safety & Health (OSH) Committee comprising representatives from management and workers to discuss all matters pertaining to safety and health at the WTP.
- Conducting a Toolbox Meeting before the start of any work to highlight and remind workers of related safety risks including the inspection of Personal Protective Equipment (PPE).
- Developed a Safety and Health Manual in booklet and pocket size form which were distributed amongst all staff and encouraging them to carry the Manual with them at all times at the WTP for reference when in need.
- Procured Safety Equipment and PPE appropriate for the task undertaken by staff and implemented mandatory wearing of appropriate PPEs at designated areas within the WTP for all staff, contractors and visitors.
- Enhanced warnings and guides on dangers through installation of appropriate safety signages and warning signboards at all locations.
- Established an Emergency Response Committee and Intervention Teams equipped with the necessary rescue equipment to handle, address and mitigate any emergency that may arise from the operation of the WTP that could impact the health of staff, contractors and the surrounding community. To date, four (4) Mock Drill exercises have been carried out since its formation in early 2017 as part of the ongoing training in response to crisis events.

How We Created Value Through Work Culture Initiatives

- Evolved the normal work culture into a clean and disciplined workforce by adopting the 5S Housekeeping concept whereby cleanliness and neatness is embedded into all aspects of the operations and is viewed as a collective responsibility.
- Adopted the slogan of "Right First Time Every Time" by all departments and staff in the transformation of an excellent work culture aimed at effective and efficient management and operation of the WTP.
- Enhanced human capital development through the formation of seven (7) "Mini Kaizen", a programme initiated under Innovative and Creative Circles (ICC) initiatives to enable staff to resolve workplace related problems collectively, as well as to share knowledge and to develop our staff's analytical thinking capabilities.

Five days Precipitation Test

How We Created Value Through A Beautification Programme

- Widening the access road shoulder from 15 feet to 33 feet, complete with landscaping and installation of appropriate signboards.
- Beautification of the main entrance to the WTP with landscaping and installation of advisory, promotion and prohibitive signboards.
- Creation of landscaping at the entrance of the Administration Building.
- Repainting of plant facilities and equipment.
- Improvement of meeting rooms with the requisite equipment and fittings.
- Enhancing the image of the WTP's Laboratory as centre for control and monitoring of efficient treatment process and production of high quality filtered water.

INDICATOR	UNIT	2017
Total volume of water abstracted from source	m^3	23,520,948 m^3 is abstracted from Sg Padas at Kg Lawa Gadong, Beaufort, Sabah
Total volume of treated water	m^3	23,099,603 m^3
Plant water loss (Non-revenue water normally applies to the distribution network)	%	1.79
% of water quality compliance	%	100.00

SUPPLY CHAIN

Within our procurement practices, we employ a strategy of a supply chain of vendors who are able to give us competitive prices, without compromising on product quality and work delivery. Within each of our business segments, we try our level best to keep the procurement of materials or work to local. This can be seen within the WTP where most services are obtained locally, while specialised services which require specialist expertise are procured either from Kota Kinabalu, Sabah or Peninsular Malaysia.

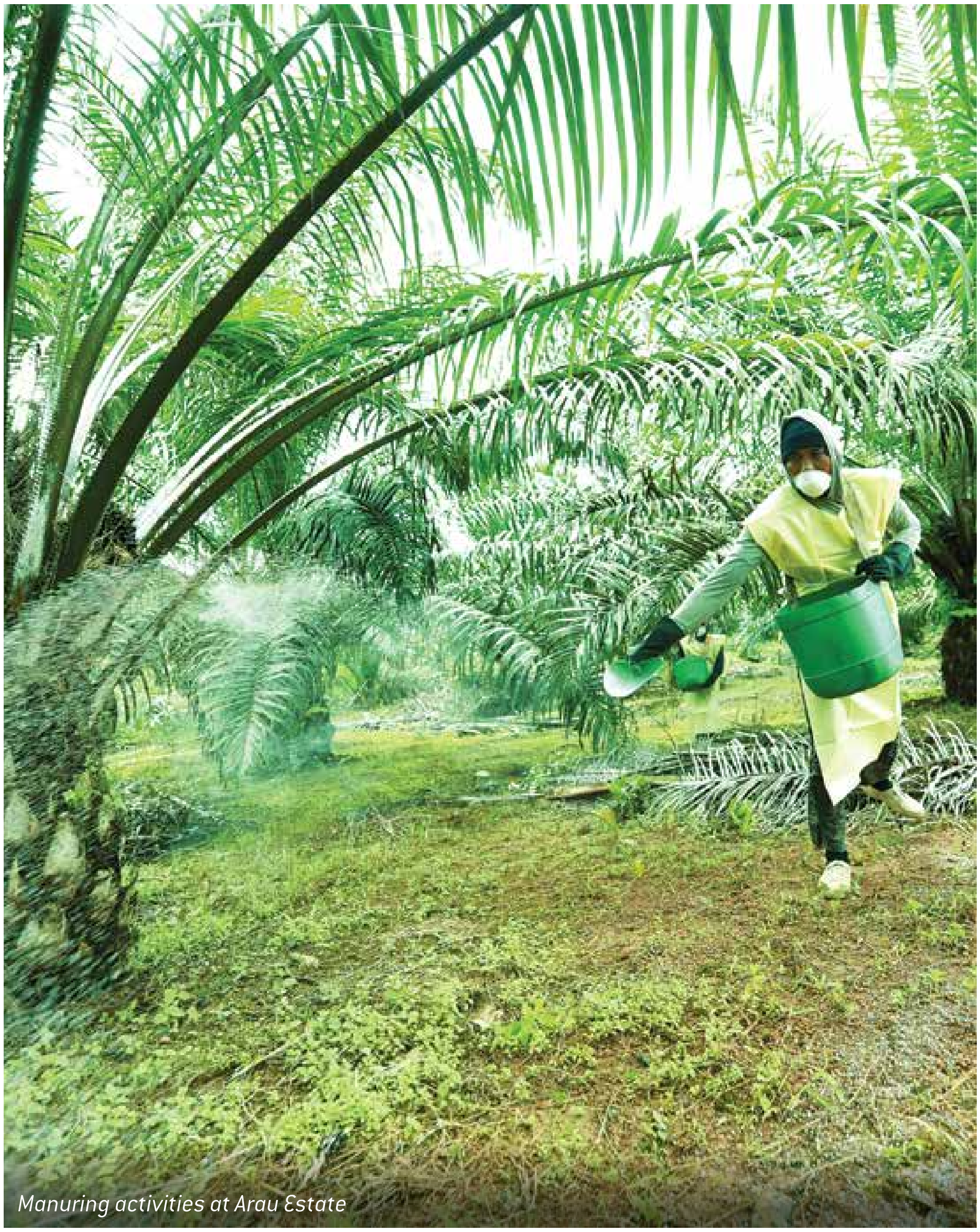
100% Local Suppliers/Vendors

31% Bumiputra Suppliers/Vendors

Sustainability Performance
On Material Issues

ENVIRONMENTAL VALUE

As an organisation whose business is founded on the scarcity of water resources, we are serious in our environmental responsibility to continuously monitor and evaluate the impact of our business on the planet. Our Group's aim is to reduce our carbon footprint, through the employment of innovative technology, while remaining true to our corporate philosophy of delivering high quality services. Our creation of environmental value in the course of our operations is centred on minimising activities that could harm the environment and nature, and supporting a precautionary approach towards environmental challenges.



Manuring activities at Arau Estate

CONSERVING BIODIVERSITY

In July 2017, we commenced operations within our new oil palm plantations in Sarawak following the acquisition of Danum Sinar Sdn Bhd. We have embedded the element of conservation of biodiversity into our EES practices in order to ensure sustainable development within our plantation business segment.

We recognise the importance of biodiversity conservation and strictly adhere to all relevant laws in order to protect, conserve and rehabilitate the environment by adopting beneficial practices and incorporating the protection of High Conservation Value (HCV), High Carbon Stock (HCS) and peat areas to ensure the sustainability of our resource base.

We are managing a total of 3,600 hectares of HCV areas within our plantations in Murum, near Bintulu, Sarawak which contributes towards safeguarding and enhancing the importance of biodiversity conservation. We strive to conserve and rehabilitate biodiversity and ecology within and in the vicinity of our estates through the following agricultural practices:-

- Planting of cover crops as one of the soil conservation measures to prevent soil run-off into waterways and avoiding any planting on steep terrains;
- Conserving water channels, streams, ponds and undisturbed natural riparian buffer zones and reserves in tandem with the overall flood mitigation plan;
- Linking riparian buffer zones and other reserve areas within the plantation estates and surrounding neighbourhoods.

ENERGY MANAGEMENT

The operations and maintenance processes associated with the water industry, especially the WTPs, are energy intensive by nature. However, Puncak Niaga has been consistently striving to reduce our energy consumption, minimise our carbon emissions and utilise natural resources more efficiently to reduce our carbon footprint.

Within the WTP, one of our primary energy management practices is optimising the pumping at the Clear Water Tank during the low electricity tariff hours of between 2200 hours and 0600 hours the following day to achieve the maximum reservoir level. However, the pump operations within the terminal storage reservoirs located in Pulau Enoe, Labuan and 43km away from the WTP is within the client's control, and therefore not within Puncak Niaga's purview.

Other energy management initiatives at the WTP include switching off lights at non-critical and low security areas, and progressively replacing high energy sodium lighting with energy saving LED type lighting.

Wisma Rozali

1,747,753 kWh
2017
(2016: 1,922,224 kWh)

Beaufort WTP

21,438,796 kWh
2017
(2016: 21,091,055* kWh)

Total

23,186,549 kWh
2017
(2016: 23,013,279 kWh)

*Note: * February to December 2016*

Marong 1 Estate

NOISE MANAGEMENT

We continuously strive to reduce the noise levels of the projects we work on. We recognise that efficient noise control is important for the wellbeing of people with unwanted and disturbing sound increasing health risks.

The WTP houses pumping stations are located in an isolated area and therefore are not audible from any homes located nearby. The generator building for temporary power supply has been sound proofed to reduce audible noise levels when in operation.

We have also made it mandatory for our WTP staff and contractors to wear protective ear equipment when inside the pumping station or at designated areas and affected staff are provided with ear plugs and ear muffs.

Within the Bunus Project, we have implemented mitigation measures to ensure noise levels conform to DOE requirements. Should noise levels be a disturbance to the local community, we have in place a complaints process for them to channel their grievances. Additionally, the sewage network pumping stations we are constructing are equipped with noise reduction apparatus to reduce noise pollution.

WATER MANAGEMENT

Water is essential for life, covering almost 80% of the earth's surface. Good water quality is vital for the health and wellbeing of our people and the local communities in which we operate.

Within our plantation business segment, water is one of the key elements in the entire oil palm supply chain. With our reputation as a specialist in the water industry, we have made it our top priority to minimise the risk of water contamination by our oil palm production activities to ensure a clean and healthy environment.

We are fortunate that we are able to use good quality water in our plantation which enhances the quality of our Fresh Fruit Bunches (FFB) resulting in high-yielding oil palm trees. Efficient water management is important in providing good water supply within our plantation while reducing the aeration and moisture stress to the planted oil palm trees during unexpected dry or rainy climatic conditions.

To safeguard this precious resource, our Group has implemented the following initiatives:

- Planting Legume Cover Crop (LCC) as a soil conservation measure to prevent soil run-off into plantation waterways and also avoiding any planting on the steep terrain areas;
- Maintaining adequate levels of water in plantation areas to manage potential rain shortfall and fire risks;
- Maintaining riparian buffer zones and reserves to minimise soil run-off incidents. The riparian buffer zones also serves as a filtration system to preserve the quality of water entering the plantation waterways;
- Monitoring and treating all wastewater before discharging into natural waterways.


Process tank cleaning works undertaken by staff at Beaufort WTP

At Wisma Rozali, we have implemented internal water management controls to ensure effective use of this resource. Among them is setting an annual water usage cap of 11,600 cubic metres at Wisma Rozali, along with measures to meet this target.

LOCATION	2017
Wisma Rozali	13,701 m^3

REDUCING OUR INTERNAL ENVIRONMENTAL FOOTPRINT

Within the Group, we remain committed to reducing our energy consumption through initiatives aimed at conserving the use of electricity at our various facilities and buildings. We also strive to reduce the amount waste produced, through measures such as:

- Using recycled paper and double sided printing to reduce paper consumption.
- Replacing obsolete office equipment such as photocopier machines with current energy-saving models.
- Inculcating an energy saving culture amongst our employees such as switching off the lights when not in use.

As a result of our sustained initiatives, in 2017 we consumed 3,625 reams of paper throughout all our offices.

TECHNOLOGY AND INNOVATION

Technological innovation is a crucial enabler of our competitive advantage. It allows us to innovate the processes which augment our production output and results in efficiencies which mitigate our environmental impact.

In 2017, the Information and Communication Technology Department (ICTD) introduced several new technological innovations to further strengthen the Group's business operations and management by providing a seamless and more efficient Information System and Communication Technology.

Key outcomes achieved in 2017 were as follows:

Improvement of Business Applications

improving current business applications through the introduction of new systems and the upgrading of existing systems featuring up to date and modern ICT technology which promote greater operational efficiencies.

Digital Meeting Management System

implemented e-MMS, a Meeting Management System which allows the Group's Directors to access and view all Company related documentation at Board Meetings on their tablet device, in compliance with the Malaysian Code on Corporate Governance 2017. This has reduced consumption of paper.

Systems Integration

finalised the systems integration between plantation applications and finance applications in order to reduce repetitive and redundant cross-checking in generating reports.

ICT Infrastructure Platform

continuing to provide a secure network infrastructure to ensure corporate data is delivered reliably and securely across the organisation. In 2017, ICTD conducted an upgrade of hardware and software for critical systems on the legacy platform. These upgrading activities will continue into 2018.

Infrastructure Setup

participated in the infrastructure setup of the Group's regional office in Bintulu, Sarawak.

Moving forward, ICTD is looking into disaster recovery plans to ensure a smooth business operation under all circumstances. ICTD will also continue to automate manual processes into systems in preparation for a strong, cutting-edge development strategy that prepares our business for the future.

WASTE MANAGEMENT PRACTICES

Our waste management practices cuts across all our business segments and locations.

Within our plantation segment, we intend to initiate the following practices as part of our environmental responsibility:

- Practice a zero burning policy and strictly prohibit any open burning for new planting or replanting of oil palm areas;
- Implementing best agronomic practices via Agriculture Reference Manual (ARM) and efficient land utilisation to lead to higher productivity, thus reducing the usage of chemical fertilisers, pesticides and improving energy efficiency which will result in lower Greenhouse Gas (GHG) emissions;
- Palm biomass such as pruned fronds and old palm trunks will be recycled into the soil as compost or natural fertilisers;
- With regards to waste management for chemical products, we strive to reuse, recycle and conserve our resources as much as possible.

Waste generated from our WTP activities is mostly effluent and sludge. Most of the effluent and sludge from Phase 2 of the WTP is discharged and contained into sludge lagoons. Spent oil and grease from our pumps and motors are collected by DOE registered contractors for disposal, while general waste is disposed by control burning and the burnt residue is planted in the ground.

At Wisma Rozali, we have maintained a paper recycling programme through the years as part of our green efforts.

LOCATION	2017
Wisma Rozali	700 kg

Sustainability Performance
On Material Issues

VALUE TO OUR EMPLOYEES

At Puncak Niaga, we firmly believe that our employees form the valuable human capital base through which we are able to serve the community, and ensure the creation of long-term value for our stakeholders through the sustained operations of our businesses. Without our employees' perseverance and hard work, we would not have achieved the various positive outcomes we have throughout the years.

Our employees form the crux of the furtherance of our vision to be a leading regional integrated water, wastewater and environmental solutions provider, develop our capacities in the oil and gas sector, and become known as a prominent player in the plantation and property development sectors. To support our diverse base of employees in carrying out their duties and responsibilities to the best of their abilities, we have in place a comprehensive set of policies and support systems which are aimed at nurturing their capacities and enhancing their skills, as they advance their career within the Group.

In 2017, we received international recognition for our sterling efforts in human capital development when we were awarded the prestigious Asia Best Employer Brand Awards in Singapore. Hosted by Employer Branding Institute, World HRD Congress and Stars of the Industry Group, with CHRO Asia as a strategic partner and endorsed by the Asian Confederation of Businesses, this is the second year running that we have received this award which sees participation from companies from 16 countries in Asia.

Staff Assembly

OUR EMPLOYEES

We continued with our significant investments in our people, through programmes on safety processes, employee wellness, training and development, and labour engagement practices to develop an agile work environment which is able to evolve over time to meet the changing needs of our people, customers and the marketplace.

Safety remains a key priority, as our strategic response to maintain sustainable and competitive operations, and we continue to strive for a workplace that achieves zero harm. We practice inclusive labour practices in the management of our people and suppliers. To attain our objective of becoming a high-performance organisation, we harness and enhance demographic diversity, as well as the diversity of skills, perspectives and ideas of our people.

To create a culture of trust and openness, we actively encourage an open door, two-way communication process with our employees. We constantly engage with them through diverse ways including our Motivational Transformational Programme, staff assemblies, recreational activities and religious functions. We also regularly facilitate the mutual sharing of knowledge and information at the workplace between Management and employees.

PUNCAK NIAGA SEXUAL HARASSMENT POLICY

Puncak Niaga Group is committed to providing a safe environment for all its employees which is free from all forms of discrimination, This includes the issue of harassment at the workplace, including sexual harassment. In 2017, we updated our Sexual Harassment Policy to enhance our current framework and procedures in dealing with complaints of sexual harassment at the workplace.

In 2017, no complaints were received.

GRIEVANCE MECHANISMS

We have in place a structured grievance mechanism process for our employees, suppliers, local communities and social groups, as part of our ongoing commitment to create open lines of communication and ensure full accountability to our stakeholders. Our mechanism covers grievance areas pertaining to labour practices and issues as well as human rights.

In 2017, no grievance cases were reported.


PEKA Bowling Tournament at Wangsa Bowl, One Utama Mall on 22 April 2017

PEKA

Persatuan Kakitangan Kumpulan Syarikat Puncak Niaga (PEKA), our Group's staff welfare association, is the vehicle through which the Group provides our employees a platform to participate in community activities, as well as to foster greater bonds between them and the local communities they work within. This adds to their wellbeing, an integral component of job satisfaction.

In 2017, PEKA organised and participated in a total of 21 sports, social, religious and charitable activities.

PEKA Expedition to Gunung Ledang in August 2017

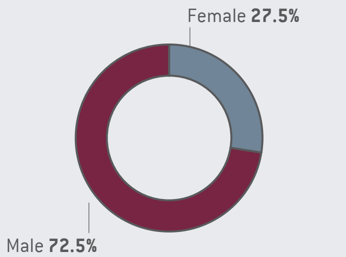
KGEPN

In 2017, a total of nine (9) visits were organised by the Company to KGEPN for our employees from the respective Divisions/Departments of the Group totalling 153 employees as an engagement programme to foster greater bonds between the employees of the Group.

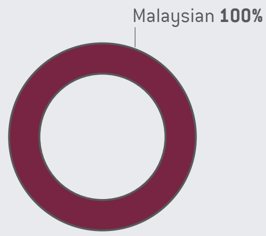
WORKPLACE DIVERSITY

In 2017, we implemented a Board Diversity Policy aimed at ensuring a diverse workforce cascading from the Board. We are committed to achieving a more equitable and fair gender representation rate at all levels of the organisation, including at Board level and Senior Management. Currently, 11.11% of our Board comprises women.

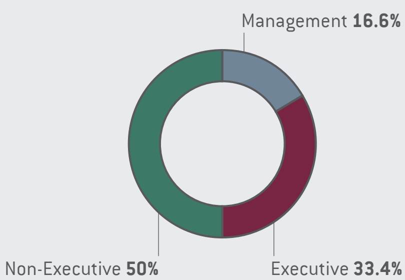
GROUP BREAKDOWN BY GENDER



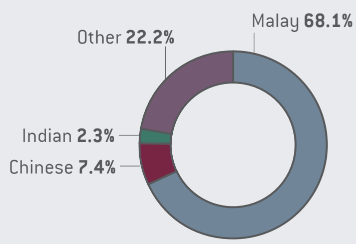
GROUP BREAKDOWN BY NATIONALITY



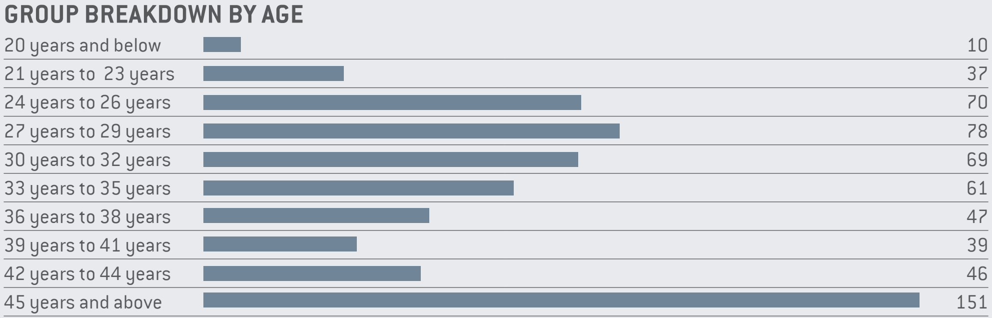
GROUP BREAKDOWN BY EMPLOYEE CATEGORY



GROUP BREAKDOWN BY ETHNICITY CATEGORY



GROUP BREAKDOWN BY AGE



The turnover rate for Puncak Niaga Group as at 31 December 2017 is 25.13%.

TRAINING AND DEVELOPMENT

We continuously support our employees to enhance their skills and opportunities to progress their career. Throughout 2017, we spent RM212,454.49 on training and development programmes for both internal and external (public programme) training. We ensure that our employees, at all levels receive relevant continuous training and development programmes.

Our employees attended the following external training in 2017:

- Risk Management Conference 2017
- Malaysian Code on Corporate Governance 2017
- Quantity Surveying International Convention 2017
- Criminal Misconduct in Employment
- Companies Act 2016
- Traffic Management Officer
- Construction Safety and Health Officer
- Radiation Protection Officer
- Schedule Waste Management
- Authorised Entrant and Standby Person (AESP)

To drive the sustained growth of the Group, we continued with our talent development programmes in 2017 as follows:

- **Knowledge Sharing Session (KSS)** – Our Human Capital Development Department (HCDD) coordinated KSS for all Puncak Niaga staff with the objective of enhancing our people's capabilities through knowledge transfer. Knowledge Sharing allows for the transfer of information and expansion of our staff's knowledge base. It helps people learn from their peers, and acquire specific information and knowledge relevant to their roles.

- **On-the-Job Training (OJT)** – Through OJT, HCDD empowered leadership abilities within our people. We will reinforce the implementation of the OJT framework and continuously educate and encourage Heads of Departments to apply training interventions to address competency gaps within their staff.

To save on training costs, HCDD engaged internal trainers to conduct training programmes as follows:

- Strengthening Work Culture Series 2: 5S at Work (*Pemantapan Budaya Kerja Cemerlang Siri 2: 5S di Tempat Kerja*)
- Contract Management In Relation To Existing Letter of Award (LOA) & Standard Operating Procedures (SOP)
- Safety Awareness And Basic Life Support
- Musketry and Firearms Training (*Latihan "Musketry" & Sengaraan Senjata Api*)
- Contract Management And Legal Compliance

In 2017, the average number of training mandays for employees of Puncak Niaga and its subsidiaries was 3.06 mandays which was slightly above our target of 3 mandays.

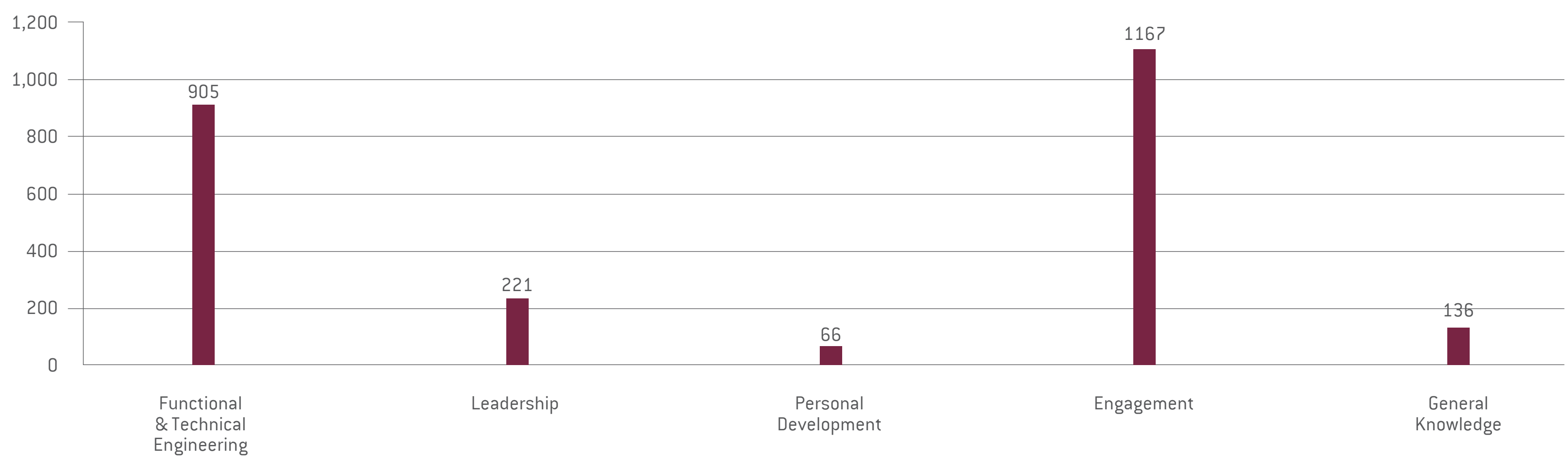
Breakdown of Training Programmes by Puncak Niaga Group

COMPANY	TYPES OF LEARNING & DEVELOPMENT	NO. OF TRAINING ACTIVITIES
PUNCAK NIAGA GROUP	In-House Training	47
	External Training	81
	KSS / OJT	47

Types of Training Courses Conducted in 2017

COURSE CATEGORY	DESCRIPTION
TECHNICAL ENGINEERING	Conducted one (1) in-house training programme, and two (2) external training programmes.
FUNCTIONAL	287 staff attended the functional programme with 17 in-house training programmes, 50 external training programmes and 12 OJT.
LEADERSHIP	Leadership programme is intended to enhance leadership skills so as to lead their team effectively. The Company has conducted four (4) in-house training programmes, and one (1) OJT.
PERSONAL DEVELOPMENT	The personal development programme is to enhance staff growth by expanding self-awareness and knowledge. A total of six (6) staff has attended three (3) external training programmes, while a total of 58 staff attended two (2) in-house training programmes and three (3) staff attended one (1) OJT.
ENGAGEMENT	HCDD has conducted nine (9) in-house training programmes and 25 knowledge sharing programmes for Engagement.
GENERAL KNOWLEDGE	HCDD has conducted one (1) in-house training programme and one (1) knowledge sharing programme for General Knowledge.

NUMBER OF EMPLOYEES TRAINED WITHIN COURSE CATEGORIES



TRAINING EXPENDITURE 2017

COMPANY	TYPES OF LEARNING & DEVELOPMENT	UTILISED AMOUNT (RM)
PUNCAK NIAGA GROUP	In-House Training	122,200.49
	External Training	90,254.00

COLLABORATIONS TO ENHANCE OUR EMPLOYEES' CAPACITIES

We have in place ongoing collaborations with institutions of higher learning to support the development of our employees capacities, namely Management Science University (MSU) and Politeknik Sultan Idris Shah (PSIS).

At MSU, our employees can apply for academic sponsorships for a Bachelor Degree in Law and Commerce. They were also able to participate in the four-day MSU Fuyoo Carnival in December 2017 which besides fun activities, also featured a number of academic sessions.

PSIS's 12th Convocation Ceremony featured two (2) awards sponsored by Puncak Niaga, namely the Tan Sri Rozali Award, and the Industry Award which were presented by Puncak Niaga's Executive Chairman Tan Sri Rozali Ismail, who is also the Chairman of the PSIS Advisory Committee. The Group also conducted a Corporate Social Responsibility (CSR) programme with PSIS where we planted mangrove trees in November 2017 to inculcate an awareness of environmental conservation amongst the student population.

Occupational Health and Safety

At PNCSB, we have an Integrated Management System in place to eliminate and minimise risks at the workplace. This is achieved through various health and safety initiatives that emphasise the prevention of injuries, ill health and pollution. In 2017, we managed to achieve zero non-compliance with regard to health and occupational safety related issues at the WTP. You can read more about our key achievements with regards to the WTP in our Case Study on page 44 of the Sustainability Statement in this Annual Report.

Through conducting site safety inspections, we are able to continuously evaluate our health and safety practices and improve upon them. We encourage our employees to maintain good housekeeping and to wear their personal protective equipment (PPE) at all times. Before implementation of any work at the WTP, it is mandatory for toolbox briefings to be held in order to brief on the dangers and risks associated with the work as well as to check on the availability and condition of the PPE.

Within the Bunus Project and our pipe-laying activities, we ensure that there are enough safety signs on site. Flagmen are positioned at the corner of roads at the locations of the pipe-laying projects. We regularly suggest different ways our employees can improve health and safety at work. We have appointed assessors for Control of Industrial Major Accident Hazards (CIMAH) which could have impact on the environment as well as the local community and Chemical Health Risk Assessment (CHRA) to identity and minimise risks for workers who are in contact or have to handle chlorine and other hazardous chemicals.

We have also implemented a Health, Safety and Environment (HSE) policy onsite at the Bunus Project which has been duly approved by our client. The HSE policy provides a means for us to enhance onsite safety through preventive measures.

Additionally, we also conduct regular safety inductions, safety tool box talks, Hazard Identification, Risk Assessment and Risk Control (HIRARC) analysis for site works, frequent safety inspections, housekeeping programmes and external safety audits ensure the highest level of safety.

As construction works on the Bunus Project are conducted on public roads, we have in place a comprehensive Traffic Management Plan to ensure public safety. The Traffic Management Plan has been designed by professional engineers and its implementation onsite is monitored by certified Traffic Management Officers.

Lost Time Injury (LTI)

To gauge the effectiveness of health and safety protocols at work, we use LTI as a major safety index.

From January 2015 up to 31 December 2017, three (3) Business Units including our HQ managed by PNCSB achieved zero LTI.

LTI Achievements in 2017 for Puncak Niaga Group

BUSINESS UNITS	MANHOUR/DAYS
PNCSB HQ	207,248 manhours
Bunus Project	537,320 manhours
Beaufort WTP	262,344 manhours
Total manhours PNCSB	1,006,912 manhours

Summary of LTI and Incidents for Puncak Niaga Group

TYPE OF INCIDENTS	PNCSB HQ	BUNUS PROJECT	BEAUFORT WTP
Fatality	0	1	0
LTI (manhours)	207,248	537,320 (Frequency rate of 4.24)	262,344
Medical Treatment Injury (MTI)	0	0	0
Dangerous Occurrence	0	0	0
Property Damage	0	1	0
Others (first aid, near miss, fire and others	0	3	0

Auxiliary Police

Puncak Niaga's Auxiliary Police was formed on 9 June 2006 and comprises a team fully trained by the Royal Malaysia Police (PDRM) who grants authority to enforce law, rules and regulations.

Our objectives in forming the Auxiliary Police team were three (3) fold, namely to enhance Puncak Niaga's security services; to create and maintain a safe working environment; and to protect the Group's offices, properties and assets.

The Auxiliary Police team are tasked with the following:

- Crime prevention in the Group's premises
- Beat, patrol and static duties
- Crowd control and inspection on persons and vehicles
- Protecting and escorting of the employer's property
- Assisting PDRM in conducting joint patrols in specified area under the National Key Result Areas (NKRA)
- Participating in PDRM's official activities by invitation such as Auxiliary Police Association

As at end 2017, we employed 105 Auxiliary Police, Security Guards and surveillance officers, who man security at Puncak Niaga's offices, WTP, estates and all sites belonging to the Group. During the year, we sent a total of 18 members of the Auxiliary Police to PULAPOL to undergo training in order to meet the requirements set by PDRM. Along with standard security duties, our Auxiliary Police performs the task of developing the trust of Puncak Niaga, the Government and the public within the local communities where we operate, by contributing towards a safe and secure environment. We also set up a new team of fully trained security guards within our estates in Bintulu, Sarawak.

In 2017, our Auxiliary Police team continued with its outstanding services to the Group, working closely in tandem with PDRM and local authorities in dealing with any security issues in the surrounding areas. We constantly monitor the training provided to the team to reinforce human rights awareness to enhance knowledge of law and regulations and any potential impact that they may have.

YEAR	2016	2017
Total number of Auxiliary Police	128	105

Human Rights

The upholding of human rights is a key area of responsibility we undertake as a responsible corporate citizen. We do not employ child labour or practise forced or compulsory labour in the Group. There has never been violations of human rights or the rights of indigenous people at any time in the Group's history.

Benefits and Compensation

In order to attract and retain the best talent in the industry, we provide our employees with a comprehensive array of benefits and compensations, which are periodically reviewed through the Malaysian Employers Federation and other external independent sources. Our Group employees' insurance scheme is extended to the families of our employees, a sign of our commitment to family wellbeing. As well as that, we also offer financial aid and provide our female employees with statutory two-month maternity leave and our male employees with two-day paternity leave.

Comprehensive Employee Benefits

- Competitive salary packages
- Comprehensive insurance coverage for staff and their immediate family members
- Housing and car loan interest subsidies
- Interest-free education assistance loan scheme
- Insurance coverage for Group Term Life and Group Personal Accident
- Tabung Kebajikan (Welfare Fund)
- Personal computer loans
- Personal loans
- Medical benefits that cover outpatient treatment, hospitalisation and surgical, dental and maternity benefit for up to five (5) children
- Higher statutory rate of employer's contribution to the Employees Provident Fund (EPF) for employees who have served more than two (2) years

Performance & Appraisal

We conduct a biannual performance review for our employees, using the internal Electronic Performance Development Appraisal Forms (e-Appraisal). These appraisals are conducted for all employees of the Group.

In 2017, we conducted the following performance reviews for our employees:

Puncak Niaga's Independent Employees Performance Review Committee (IEPRC)

The IEPRC is responsible for reviewing, evaluating and harmonising assessments and scores as rated by the Heads of Departments and Divisions. The final recommendations of the IEPRC are submitted to the Executive Committee (EXCO) of Puncak Niaga and ultimately, the Board. The Board decides on rewards to employees based on individual performance and that of the Company. It also proposes an appropriate plan of action for any employees whose performance does not meet the Company's requirements.

Performance Improvement Programme

Non-performing employees who have been rated within the Poor Performance category of 49% and below undergo a Performance Improvement Programme (PIP) for a period of six (6) months. The objective of the PIP is to verify the Company's strategy in managing our non-performing staff by analysing the methodology and approach to enhance our staff's performance levels. Recommendations are then made to Management on the most appropriate actions to be taken.

The PIP is essentially a formal process used by superiors and managers to assist in improvements in employee performance by enabling a change in behavior by identifying performance issues and remedial action plans. The process is not considered as a disciplinary action against the employee. Instead, it is an opportunity for personal face-to-face communications between the manager and the employee. These are conducted in private to address a particular aspect of the employee's performance which requires attention, or the overall performance and conduct of the employee which has been identified by the manager as requiring some adjustment in attitude. It is intended as a constructive engagement process whereby employees are provided feedback to correct the problem.

Total Number of Employees Who Received Regular Performance and Career Development Review

CATEGORY	% WHO RECEIVED REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEW
Male	100
Female	100
Management	100
Executive	100
Non-Executive	100

Sustainability Performance
On Material Issues

VALUE TO OUR COMMUNITIES

The nature of our business operations lies in providing fundamental services to the community related to treated water supply wastewater treatment and our plantation estates. Our presence is marked not just through our corporate offices, but also our WTP operations and projects such as the River of Life Bunus Project. Local communities are therefore central to our business and operations and we are passionately committed to ensuring a positive impact on them through our activities.

Visit to old folks home on 26 January 2017

Our policy on community engagement and bringing value to our communities is dictated by our Corporate Social Responsibility Policy which was revamped in 2015 to align our strategic direction with greater community engagement events to strengthen our presence in local communities. In 2017, we spent a total of RM2.2 million on community initiatives.

In 2017, we visited the Seri Kembangan Old Folks Home in Serdang during the Chinese New Year, donated Braille books to disabled students at Sekolah Kebangsaan Pendidikan Khas (Buta) Jalan Batu in Kuala Lumpur in August 2017 and distributed gifts to the natives at the Murum Plantation, Sarawak in December 2017.

Corporate Events

26 January 2017

13 May 2017

13 April 2017

23 May 2017

JANUARY

26 Visit to old folks' home

APRIL

7 Puncak Niaga attended the awards ceremony at Fiesta Bikers

13 Launching of Puncak Niaga's In-house Portal at Wisma Rozali

MAY

11 Puncak Niaga 2017 Seminar & Health Examination Programme with the National Kidney Foundation

13 "Gotong-Royong Perdana Siri Ke-4" at Bandar Puncak Alam

23 Puncak Niaga's 20th Annual General Meeting

JULY

25 A handing-over ceremony of JERNIH (Jointly Developed, Efficient, Robust, Novel, Innovation & Handy), a distillation and water purification system from the joint venture between Puncak Niaga & Angkatan Tentera Malaysia at Wisma Rozali

27 Puncak Niaga was awarded The Bizz Award held in US Virgin Island

AUGUST

1 Puncak Niaga was awarded "Asia's Best Employer Brand Awards for 2017" held in Singapore

3 Puncak Niaga donated Braille books to Sekolah Kebangsaan Pendidikan Khas (Buta) Jalan Batu, Kuala Lumpur

Corporate Events

25 July 2017

3 August 2017

27 July 2017

20 September 2017

SEPTEMBER

20 Programme on "Sentuhan Kasih" with students from Sekolah Kebangsaan Pendidikan Khas (Buta) Jalan Batu, Kuala Lumpur

NOVEMBER

8 The official visit by the Ambassador of the Republic of Iran to Puncak Niaga

8 November 2017

Board Of Directors' Profile

YBhg Tan Sri Rozali Ismail is the founder of PNSB Water Sdn Bhd (formerly known as Puncak Niaga (M) Sdn Bhd) (PNSB), the Executive Chairman of Puncak Niaga Holdings Berhad (Puncak Niaga) Group and major shareholder of Puncak Niaga. He was appointed to the Board of Puncak Niaga on 24 April 1997. He is the Chairman of Puncak Niaga's Executive Committee (EXCO) and Executive Vice Chairman of Puncak Niaga's Oil & Gas Division.

YBHG TAN SRI ROZALI ISMAIL

–

Executive Chairman of Puncak Niaga Group

–

Aged 61, Male, Malaysian

Board Meetings of Puncak Niaga held in the financial year ended 31 December 2017

Attended

6/9

A Bachelor of Laws Degree holder from the University of Malaya in 1981, YBhg Tan Sri Rozali began his career as Legal Advisor with the Urban Development Authority (UDA) before joining Bank Islam (M) Berhad in 1983. Together with a few pioneer bank staff, he conceptualised the first institution of Islamic banking in Malaysia. Subsequently, in 1987, he started his own legal practice as an Advocate and Solicitor for seven (7) years, specialising in corporate, property and banking works.

In 1989, YBhg Tan Sri Rozali set up a family-owned company and embarked into the property development sector, with involvement in several development projects in the Klang Valley, Kuantan and Johor. Under the banner of Puncak Alam Housing Sdn Bhd, he developed a new township known as Bandar Baru Puncak Alam. The family-owned company also ventured into the utility business in 1989 with the setting up of PNSB. Due to his vast experience in various fields, he was entrusted by the Selangor State Government, via PNSB, to manage the water treatment plants for the whole of the State of Selangor Darul Ehsan and the Federal Territory of Kuala Lumpur. Puncak Niaga was subsequently incorporated in January 1997 as the holding company of Puncak Niaga and was listed on the Main Board of Bursa Malaysia Securities Berhad (now known as the Main Market of Bursa Malaysia Securities Berhad) on 8 July 1997.

YBhg Tan Sri Rozali was conferred a Fellowship Award by the Institute of Marketing Malaysia (IMM) on 6 November 2001 for his invaluable contributions to promote the growth and development of the Malaysian property market. In recognition of his outstanding contributions in championing management excellence and best practices in the Malaysian water and wastewater industry, YBhg Tan Sri Rozali was awarded the prestigious Asia Water Management Excellence Award 2002 – Individual Award Category, an award at Asian level, by the Regional Institute of Environmental

Technology on 26 March 2002. YBhg Tan Sri Rozali was a Top 10 Nominee for the Ernst & Young Entrepreneur Of The Year – Malaysia 2002 and Malaysia 2003 (Master Entrepreneur Category) Award in recognition of his outstanding entrepreneurship and leadership skills. He was conferred an Honorary Doctorate in Complementary Medicines (Humanity Services) by the Open International University for Complementary Medicines, Colombo, Sri Lanka on 24 September 2004. YBhg Tan Sri Rozali was conferred the Jaksa Pendamai (JP) award in conjunction with the 72nd birthday of the Yang di-Pertua Negeri Melaka on 9 October 2010.

On 30 November 2007, YBhg Tan Sri Rozali was bestowed the SME Platinum Award 2007 by the SMI Association of Malaysia for his outstanding entrepreneurship, leadership and achievements in the water industry. This award signals the SMI Association of Malaysia's recognition of YBhg Tan Sri Rozali as a role model for budding entrepreneurs, especially in view of his rapid rise from a small and medium business entrepreneur to becoming a Chief Executive Officer of a large listed company. On 16 January 2009, YBhg Tan Sri Rozali received the title of Kolonel Kehormat "60 Rejimen Pakar Pengendalian Air (AW)". In recognition of his excellent services performed with utmost dedication towards the betterment of the community, YBhg Tan Sri Rozali was the proud recipient of the Vocational Excellence Service Award 2009, conferred by the Paul Harris Fellow Award and inducted as an Honorary Rotarian by the Rotary Club of Kuala Lumpur West on 6 November 2009. On 16 June 2010, YBhg Tan Sri Rozali received the Anugerah Perdana (Kepimpinan), a Premier Award for Leadership at the 'Anugerah Usahawan Bumiputera 2010' organised by Gagasan Badan Ekonomi Melayu (GABEM). On 20 June 2010, YBhg Tan Sri Rozali was honoured with the Top Achiever Of The Year 2009 Award at the Fourth Business Of The Year Award organised by the SMI and SME Worldwide Network.

On 28 June 2011, YBhg Tan Sri Rozali was honoured with Technology CEO of the Year-Global Award by World Finance Magazine under the World Finance Technology Awards 2011 in recognition of his contributions towards the water sector in Malaysia and the region over the past 15 years and commitment to continuously innovate and improve lives in the process. YBhg Tan Sri Rozali received the title "Brigedier Jeneral (Kehormat) Pakar Pengendalian Air Ke-60 RAJD (AW)" on 4 July 2011. On 20 July 2011, YBhg Tan Sri Rozali received the prestigious Entrepreneur of the Year 2011 Award at the Asia Pacific Entrepreneurship Awards 2011. On 28 July 2011, YBhg Tan Sri Rozali was awarded the Masterclass Leader Award at the International Standard Quality (ISQ) Award 2011. On 9 January 2012, YBhg Tan Sri Rozali was recognised as International Distinguished Entrepreneur Of The Year for the Asia Pacific International Brands Summit (Malaysia) 2011 by the Asia Entrepreneur Alliance. On 23 February 2012, YBhg Tan Sri Rozali was awarded the Special Individual Achievement Category at the 1st Malaysia Achievement Awards 2012. On 10 February 2015, YBhg Tan Sri Rozali was awarded the "Utility Man Of The Year" at the Brandlaureate Brand Leadership Award 2014-2015. On 27 March 2015, YBhg Tan Sri Rozali was awarded the "Munisaraphoin Medal" by the Prime Minister of Cambodia, H.E Hun Sen. On 18 October 2015, YBhg Tan Sri Rozali received two (2) international recognitions, namely the Certificate of World Business Leader for being a successful leader who works in an innovative, knowledgeable and systematic manner and the Certificate of Excellence in Business Leadership from the World Confederation of Businesses (WORLDCOB). On 15 May 2016, YBhg Tan Sri Rozali was recognised as World Leader Businessperson by WORLDCOB at The Bizz 2016. On 17 November 2016, YBhg Tan Sri Rozali was awarded the Outstanding Leaders in Asia at the Asia Corporate Excellence & Sustainability Award 2016 by MORS Group. On 27 July 2017, YBhg Tan Sri Rozali was again recognised as World Leader Businessperson by WORLDCOB at The Bizz 2017.

YBhg Tan Sri Rozali is a member of various influential governmental and non-governmental associations such as Malaysian Industry-Government Group for High Technology, Malaysian Institute of Directors, Malaysian-British Business Council, Malaysia-Indonesia Business Council, Corporate Malaysia Roundtable, Malaysia-Russia Business Council, Malaysia India Business Council, Commonwealth Partnership for Technology Management, Yayasan Budi Penyayang Malaysia, Malaysian Institute of Management (MIM). He is the Advisor to IMM, Governor for Malaysia of Asia Pacific Marketing Federation Foundation and Advisor of "Persatuan Bola Sepak Melayu Malaysia". He is also the Chairman of Gabungan Wawasan Generasi Felda Berhad and Chairman of Majlis Perundingan Ekonomi Melayu.

YBhg Tan Sri Rozali was the past Deputy President of the Malaysian Water Association (MWA) (2003/2005 Session), former Board Member of the Universiti Utara Malaysia (2004-2006), and past Advisor of the Business and Accounting Faculty Council, the University of Malaya (21 May 2004 to 20 April 2007), past advisor of Gabungan Persatuan Usahawan Melayu Selangor/Wilayah Persekutuan (GAPUMS) (2005-2008), former Trustee of Yayasan WAQAF Malaysia (January 2008 - December 2009), past President of the Malay Chamber of Commerce for the State of Selangor (2005-2013), former President of the Water Association of Selangor, Kuala Lumpur and Putrajaya (SWAn) (2006-2013), a non-profit organisation which represents the common interest of all water supply and wastewater industries within the State of Selangor, and the Federal Territories of Kuala Lumpur and Putrajaya with the aim of promoting interaction with the general public, and enhancing their understanding of water resources and former Pro-Chancellor of the Universiti Putra Malaysia (July 2007 - June 2015).

YBhg Tan Sri Rozali is a major shareholder of TRIplc Berhad and the Chairman of Pimpinan Ehsan Berhad.

He is the father of Encik Azlan Shah Tan Sri Rozali, the Acting Managing Director of Puncak Niaga and Acting Chief Executive Officer of Puncak Niaga's Oil & Gas Division.

Encik Azlan Shah Tan Sri Rozali was appointed as the Acting Managing Director of Puncak Niaga Holdings Berhad on 3 August 2016.

ENCIK AZLAN SHAH TAN SRI ROZALI

–

Acting Managing Director of Puncak Niaga

–

Aged 32, Male, Malaysian

Prior to his appointment as the Acting Managing Director of Puncak Niaga and Acting Chief Executive Officer of Puncak Niaga's Oil & Gas Division, he was the Alternate Director to YBhg Tan Sri Rozali Ismail, the Executive Chairman of the Company since 6 January 2016 and also the former Head of Information Technology overseeing the overall of the Information Technology Department of Puncak Niaga Group.

He is a Member of Puncak Niaga's CICR and Puncak Niaga's EXCO. Encik Azlan Shah completed his University Foundation Programme in Business Administration from London School of Commerce in 2004. He graduated with a Bachelor of Arts Degree in Business Studies and Marketing from the Middlesex University, London, United Kingdom in 2009. He completed the "Program For Leadership Development (PLD)" at Harvard Business School in February 2017.

In 2010, Encik Azlan Shah joined SYABAS as an Executive and gained exposures and experiences in the area of human resources & administration, finance & accounts and operations in SYABAS.

In 2016, Encik Azlan Shah received the title of 'Captain', Rejimen Pakar Pengendalian Air ke-60 RAJD (Askar Wataniah).

Encik Azlan Shah is a shareholder of Puncak Niaga and is the eldest son of YBhg Tan Sri Rozali Ismail, the Executive Chairman and major shareholder of Puncak Niaga. He currently sits on the Board of most of the subsidiary companies of Puncak Niaga Group.

Board Meetings of Puncak Niaga held in the financial year ended 31 December 2017

Attended

8/9

YBhg Tan Sri Dato' Seri Dr Ting Chew Peh was appointed to the Board of Puncak Niaga Holdings Berhad on 15 July 2000 as an Independent Non-Executive Director.

YBHG TAN SRI DATO' SERI DR TING CHEW PEH

–

Independent Non-Executive Director of Puncak Niaga

–

Aged 75, Male, Malaysian

YBhg Tan Sri Dato' Seri Dr Ting Chew Peh was also appointed a member of the Remuneration Committee and the Nomination Committee of Puncak Niaga on 27 June 2001 and he is currently the Chairman for both Puncak Niaga's Audit Committee and Compliance, Internal Control and Risk Policy Committee.

He graduated with a Bachelor of Arts Degree from the University of Malaya in 1970 and obtained a Master of Science Degree from the University of London in 1972. He also holds a Doctorate in Philosophy, which he obtained from the University of Warwick in 1976. YBhg Tan Sri Dato' Seri Dr Ting is a member of the Malaysian Institute of Directors.

YBhg Tan Sri Dato' Seri Dr Ting started his career as a lecturer in the Faculty of Humanities and Social Sciences at the Universiti Kebangsaan Malaysia from 1974 to 1980 and was subsequently an Associate Professor at the Faculty until 1987. Between 1979 to 1986, YBhg Tan Sri Dato' Seri Dr Ting Chew Peh published two books entitled "Konsep Asas Sosiologi" and "Hubungan Ras dan Etnik".

In 1987, YBhg Tan Sri Dato' Seri Dr Ting ventured into politics with his election as a Member of Parliament for the Gopeng constituency, which he held until the 2008 general elections. He previously served as Parliamentary Secretary of the Ministry of Health (1988-1989), Deputy Minister in the Prime Minister's Department (1989-1990), Minister of Housing and Local Government (1990-1999) and Secretary-General of the Malaysian Chinese Association (MCA) (1990-2005). He also sits on the Boards of Hua Yang Berhad, Johan Holdings Berhad, Sycal Ventures Berhad, UTAR Education Foundation and also serves as a director of several private companies.

Board Meetings of Puncak Niaga held in the financial year ended 31 December 2017

Attended

9/9

YBhg Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak was appointed to the Board of Puncak Niaga Holdings Berhad on 6 October 2008 as an Independent Non-Executive Director.

YBHG TAN SRI DATO' AHMAD FUZI HAJI ABDUL RAZAK

–

Independent Non-Executive Director of Puncak Niaga

–

Aged 69, Male, Malaysian

YBhg Tan Sri Dato' Ahmad Fuzi is a member of Puncak Niaga's Audit Committee and Chairman of Puncak Niaga's Remuneration Committee and Nomination Committee. He holds a Bachelor of Arts Degree (Honours) from the University of Malaya (1972) and a Certificate in Diplomacy (Foreign Service Course) from the University of Oxford (1974). In recognition of his service to the nation, he was awarded the AMN (1979), the JSM (1999), the DSPN (1999), the DMPN (2002), the PSM (2003) and the DLSJ Brunei (2014).

YBhg Tan Sri Dato' Ahmad Fuzi was previously the Secretary General of the Ministry of Foreign Affairs Malaysia. He joined the Malaysian Diplomatic and Administrative Service in 1972, and served in various capacities at the Ministry of Foreign Affairs, mainly in the Political Division, and at the Malaysian Missions abroad in Moscow, the Hague, Canberra, Washington and Dhaka. He also served as the Director General, Institute of Diplomacy and Foreign Relations.

YBhg Tan Sri Dato' Ahmad Fuzi is currently the Secretary General of the World Islamic Economic Forum Foundation (WIEF), Trustee of MERCY Malaysia, Perdana Global Peace Foundation (PGPF) and Yayasan Sarana Pendidikan Malaysia. He also sits on the Board of the Governors of Meritus University.

YBhg Tan Sri Dato' Ahmad Fuzi is the Chairman of Seremban Engineering Berhad, Syarikat Takaful Malaysia Berhad, Connectcounty Holdings Berhad, Theatre Management Associates Sdn Bhd, Optima Capital Sdn Bhd, Sofgen (Malaysia) Sdn Bhd, IMAN Research Consulting Sdn Bhd, Ace Holdings Sdn Bhd, APEX Equity Holdings Berhad, TAERG International Sdn Bhd, Ultra Deep Subsea Sdn Bhd and Director of MDIS (Malaysia) Sdn Bhd, WEROS Technology Sdn Bhd, Lejadi Medimax Sdn Bhd, Alstar Solutions Sdn Bhd, MDIS Unicampus (Malaysia) Sdn Bhd and Ace Investment Bank.

YBhg Tan Sri Dato' Ahmad Fuzi is also a Distinguished Fellow, Institute of Strategic and International Studies; Distinguished Fellow, Institute of Diplomacy and Foreign Relations; Malaysian Member Committee of the Council for Security Cooperation in the Asia Pacific; Member, Institute of Advanced Islamic Studies; Member, Advisory Board, Asia Pacific Entrepreneurship Award.

He is also Advisor of Tripfez Sdn Bhd, Asia Pacific Entrepreneurship Award, Malaysia-Myanmar Chamber of Commerce and High School Bukit Mertajam Alumni Malaysia.

Board Meetings of Puncak Niaga held in the financial year ended 31 December 2017

Attended

9/9

Y.A.M. Tengku Dato' Rahimah Almarhum Sultan Mahmud was appointed to the Board of Puncak Niaga Holdings Berhad and Audit Committee from 1 August 2006 as an Independent Non-Executive Director.

Y.A.M. TENGKU DATO' RAHIMAH ALMARHUM SULTAN MAHMUD

–

Non-Independent Non-Executive Director of Puncak Niaga

–

Aged 52, Female, Malaysian

On 1 January 2007, Y.A.M. Tengku Dato' Rahimah was re-designated as a Non-Independent Non-Executive Director of Puncak Niaga following her appointment as Executive Director of Puncak Research Centre Sdn Bhd (PRCSB). On 26 February 2008, Y.A.M. Tengku Dato' Rahimah was re-invited to sit on Puncak Niaga's Audit Committee until present. On 31 May 2017, she resigned as a Director of PRCSB.

Y.A.M. Tengku Dato' Rahimah holds a BSc in Economics and Accountancy from the City of London University, England. She is a member of the Malaysian Institute of Management.

Upon completing her degree, Y.A.M. Tengku Dato' Rahimah started her career with the Hongkong Bank in London, England and upon her return to Malaysia, she joined Esso Malaysia Berhad.

Y.A.M. Tengku Dato' Rahimah was appointed the Chairman of Loh and Loh Corporation Berhad (LLCB) from 19 September 2008 until 2012. From 2012 until 2017, she co-owned shares in LLCB and continued to hold the position of the Chairman of LLCB and Director in Loh and Loh Construction Sdn Bhd until November 2017. The company covered both spectrums of engineering namely civil & structural and mechanical & electrical. The company specialises in building dams, water and waste water treatment plants and also ventured into property development sector.

Throughout the years, Y.A.M. Tengku Dato' Rahimah formed her own private limited companies which involved various sectors namely, automobile, agriculture, construction, investment in real estate and now in tourism industry.

Board Meetings of Puncak Niaga held in the financial year ended 31 December 2017

Attended

7/9

YBhg Dato' Sri Adenan Ab Rahman was appointed to the Board of Puncak Niaga Holdings Berhad on 1 December 2017 as an Independent Non-Executive Director.

YBHG DATO' SRI ADENAN AB RAHMAN

–

Independent Non-Executive Director of Puncak Niaga

–

Aged 61, Male, Malaysian

YBhg Dato' Sri Adenan was also appointed a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of Puncak Niaga on 1 December 2017.

He graduated from Universiti Malaya with a Bachelor of Arts degree in Southeast Asian Studies in 1979. Subsequently, he obtained his Master of Arts majoring in Defence Studies from the Universiti Kebangsaan Malaysia in 2002.

YBhg Dato' Sri Adenan started his career as Assistant Manager, Lembaga Kemajuan Negeri Pahang on 1 June 1979 and has served the Government for more than 38 years in various positions and Departments/Ministries including the Public Service Department of Malaysia, Prime Minister's Department, various Embassies, Ministry of Home Affairs and Ministry of Human Resources holding several prominent positions such as First Secretary, Malaysian Embassy for Sarajevo, Bosnia and Herzegovina (1996-2000), Director, Malaysian Friendship and Trade Centre Taipei, Taiwan (2004-2006), Minister Counsellor, Embassy of Malaysia in Jakarta, Indonesia (2006-2007), Director-General, Research Division, Prime Minister's Department (2011-2014), Deputy Secretary-General (Security and Policy), Ministry of Home Affairs (2014-2015) and Secretary-General, Ministry of Human Resources (16 December 2015 - 4 October 2017) prior to his retirement from Government service on 5 October 2017.

He has vast knowledge and experience in administrative matters, diplomatic and international relations, compensation & benefits, human resources, strategy and policy matters at national and international levels.

YBhg Dato' Sri Adenan was appointed as Deputy Chairman of the National Wages Consultative Council, Ministry of Human Resource on 5 October 2017 and also as Chairman of Skills Development Fund Corporation (Perbadanan Tabung Pembangunan Kemahiran), a Federal Statutory Body under the Ministry of Human Resources on 1 December 2017.

YBhg Dato' Sri Adenan did not attend any Board Meetings of Puncak Niaga held in the financial year ended 31 December 2017 as he was only appointed to the Board of Puncak Niaga on 1 December 2017.

Board Of
Directors' Profile

YBhg Datuk Dr Marimuthu Nadason was appointed to the Board of Puncak Niaga Holdings Berhad on 1 February 2018 as an Independent Non-Executive Director.

YBHG DATUK DR MARIMUTHU NADASON

–

Independent Non-Executive Director of Puncak Niaga

–

Aged 56, Male, Malaysian

YBhg Datuk Dr Marimuthu was also appointed a member of Puncak Niaga's Audit Committee, Remuneration Committee and Nomination Committee on 1 February 2018.

He holds a Doctorate of Business Administration (DBA) from the International American University in 2012 and a Master in Business Administration (with a Concentration in Human Resource Management) from the International American University and a Master in Business Administration from the Phoenix International University, both in 2008. He was conferred an Honorary Professorship in Consumer Behaviour by the Stichting Eurogio University College Netherlands in 2014, Honorary Professor and Panel Expert for IIC University of Technology Cambodia in 2014 and Visiting Professor in Consumer Relations by the International University of Georgia in 2016. He is also an accredited Public Relations Practitioner (APR) by the Institute of Public Relations Malaysia (2005) and a Certified Professional Marketeer (CPM) by the Asia Marketing Federation (2008).

YBhg Datuk Dr Marimuthu is a consumer activist, social worker and campaigner in Malaysia. He holds Honorary Positions in several Non-Governmental Organisations (NGOs) at national and international levels such as :-

National level
- Chairman, Malaysian Standards and Accreditation Council, Department of Standards Malaysia, Ministry of Science, Technology and Innovation (2018 - 2020)
- Commissioner, National Water Services Commission (SPAN) (2007 - 2017)
- President, Federation of Malaysian Consumers Association (FOMCA) (2004 - Present)
- Independent Director, Ombudsman For Financial Services (Previously known as Financial Mediation Bureau) (2004 - Present)
- Member, Institute of Integrity Malaysia (2004 - Present)
- Chief Executive Officer, Education and Research Association for Consumers (ERA Consumer Malaysia) (1997 - Present)

International level
- Council Member, Consumers International (CI), London (2008 - Present)
- Chairperson, Asian Partnership for Development of Human Resources in Rural Asia (AsiaDHRRA), Philippines (2006 - 2010)

He has also held various advisory roles, both present and past in several Government/Independent Boards at national and international levels.

YBhg Datuk Dr Marimuthu did not attend any Board Meetings of Puncak Niaga held in the financial year ended 31 December 2017 as he was only appointed to the Board of Puncak Niaga on 1 February 2018.

YBhg Dato' Randhir Singh Jasbir Singh was appointed to the Board of Puncak Niaga Holdings Berhad on 1 February 2018 as Executive Director, Operations Division. He is also the Managing Director of Puncak Niaga Construction Sdn Bhd since December 2017.

YBHG DATO' RANDHIR SINGH JASBIR SINGH

–

Executive Director, Operations Division of Puncak Niaga and Managing Director of Puncak Niaga Construction Sdn Bhd

–

Aged 55, Male, Malaysian

YBhg Dato' Randhir Singh is a Member of Puncak Niaga's EXCO.

He graduated from University of Malaya with a Bachelor of Science (Hons) in 1988. He also holds a Bachelor of Law Degree (Hons) from University of London in 1995 and a Master in Science (Corporate Communications) from University Putra Malaysia in 1999. He completed his ISO9000 in Lead Auditor Training in 2000.

YBhg Dato' Randhir Singh holds membership in various professional organisations. He is a Fellow of the Institute of Professional Managers UK and Malaysian Institute of Management and Associate Member of the Institute for Personnel and Development, United Kingdom.

He started his career with the Asia Foundation in 1988 as a Program Manager for Malaysia, Singapore and Brunei and later became the Assistant General Manager – Corporate Communications for Indah Water Konsortium until 2000. He has previously held positions as Executive Director for National Chambers of Commerce and Industry of Malaysia (NCCIM) and Chief Executive Officer for Yayasan Strategik Social (YSS). He still sits on the Board of Trustees of YSS.

YBhg Dato' Randhir Singh did not attend any Board Meetings of Puncak Niaga held in the financial year ended 31 December 2017 as he was only appointed to the Board of Puncak Niaga on 1 February 2018.

Board Of
Directors' Profile

Mr Ng Wah Tar was appointed to the Board of Puncak Niaga Holdings Berhad and PNSB on 1 January 2010 as the Executive Director, Finance Division and was re-designated to Executive Director, Corporate Finance Division on 1 January 2011. On 15 October 2015, Mr Ng resigned as a Director of PNSB following the disposal of PNSB to Pengurusan Air Selangor Sdn Bhd.

MR NG WAH TAR

–

Executive Director,
Corporate Finance Division of Puncak Niaga

–

Aged 54, Male, Malaysian

Mr Ng is a Member of Puncak Niaga's Remuneration Committee, CICR and EXCO. He is a Member of the Water Association of Selangor, Kuala Lumpur and Putrajaya (SWAn), a non-profit organisation which represents the common interest of all water supply and wastewater industries within the State of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya. He is also a member of the Malaysian Water Association.

Mr Ng has more than 34 years of working experience in various areas covering auditing, accounting, finance and corporate finance. He commenced his articleship with an accounting firm in 1984 and is a member of the MIA, MICPA and CPA Australia. He had previously worked with United Engineers (M) Berhad (UEM) from 1994 to 2000 overseeing the finance and accounting functions of UEM.

Mr Ng joined PNSB as General Manager, Finance & Accounts in February 2000 and was promoted to Senior General Manager, Finance & Accounts on 1 April 2006 and thereafter to Executive Director, Corporate Finance under the Executive Chairman's Office on 1 April 2007. He left PNSB on 1 September 2007 to assume the position of Executive Vice Chairman of WWE Holdings Bhd till 30 June 2009. Following his resignation as the Executive Vice Chairman of WWE Holdings Bhd, Mr Ng re-joined Puncak Niaga Group on 1 July 2009. He currently sits on the Board of most of the subsidiary companies of the Group.

Board Meetings of Puncak Niaga held in the financial year ended 31 December 2017

Attended

9/9

Notes:-

Save where disclosed above, none of the Director has:-

- Any family relationship with any Director and/or major shareholder of the Company.
- Any conflict of interest with the Company.
- Any conviction for offences within the past 5 years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, other than traffic offences.

Key Personnel Profile - Puncak Niaga Group

Chairman, GOM Resources

YBHG TAN SRI DATO' SRI DR WAN ABDUL AZIZ WAN ABDULLAH

Aged 66, Male, Malaysian

YBhg Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah was appointed to the Board of GOM Resources Sdn Bhd (GOM Resources) on 1 March 2013.

YBhg Tan Sri Dato' Sri Dr Wan Abdul Aziz graduated with a Bachelor of Economics (Honours) from the University of Malaya, Masters in Philosophy (Development Studies) from the Institute of Development Studies, University of Sussex, Brighton, United Kingdom and obtained a Doctor of Philosophy (Economics) from the School of Business and Economic Studies, University of Leeds, United Kingdom. He also attended the Advanced Management Program at the Harvard Business School, Harvard University, Boston USA.

YBhg Tan Sri Dato' Sri Dr Wan Abdul Aziz has spent more than 38 years in the Public Service with vast experience in finance and economic sectors. He began his career in 1975 as the Assistant Director in the Economic Planning Unit (EPU), Prime Minister's Department and was promoted to Senior Assistant Director in 1984, before assuming the role of Director of Energy Section in the same department. In late 1998, YBhg Tan Sri Dato' Sri Dr Wan Abdul Aziz was seconded by the Government of Malaysia to the World Bank Group, Washington D.C, USA as the Alternate Executive Director representing the South East Asia Group.

YBhg Tan Sri Dato' Sri Dr Wan Abdul Aziz returned to Malaysia in 2001 and assumed the role of Deputy Under Secretary (Macro), Economics, and International Division, Ministry of Finance (MOF). In 2004, he served the EPU, Prime Minister's Department as Deputy Director General in the Macro Planning Division.

He was appointed as the Deputy Secretary General of Treasury (Policy), MOF in 2005 and was promoted on 28 February 2007 as the Secretary General of Treasury, MOF. He retired from the Public Service on 23 May 2008 and subsequently continued to serve as Secretary General of Treasury until 23 August 2012.

He also served as an Executive Director at the Islamic Development Bank based in Jeddah representing South East Asian countries from 2011 to 2013.

Currently, he is the Chairman of Bank Pembangunan Malaysia Berhad and Sime Darby Berhad. He is also a Board Member of Permodalan Nasional Berhad, RAM Holdings Berhad and Sabah Economic Development and Investment Authority (SEDIA).

Chief Financial Officer

MADAM WONG LEY CHAN

Aged 58, Female, Malaysian

Madam Wong Ley Chan graduated with a Bachelor of Accountancy Degree from the prestigious National University of Singapore.

Madam Wong is a member of Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants (MIA). She has more than 34 years of working experience and extensive knowledge in various areas covering auditing, corporate banking, corporate finance, accounting, taxation and strategic financial management.

Madam Wong started her career in 1984 as a young auditor in an established accounting firm. Since then, she had served diligently in several companies at senior management level, including a six (6) year stint in UEM Land Group of Companies, five (5) years in TRIplc Bhd and three (3) years in SYABAS. Prior to joining Puncak Niaga Holdings Berhad, she was the Vice President, Finance of Scomi Engineering Bhd.

On 25 November 2010, she was appointed as Executive Director, Finance Division of PNSB. She is responsible for the overall finance and accounting functions of Puncak Niaga Group of Companies.

On 15 April 2015, Madam Wong was appointed as the Chief Financial Officer of Puncak Niaga Holdings Berhad. She is a member of Puncak Niaga's CICR and EXCO. She also sits on the Board of several subsidiary companies of the Group.

Key Personnel Profile
- Puncak Niaga Group

Managing Director of Murni Estate Sdn Bhd,
Danau Semesta Sdn Bhd and Danum Sinar Sdn Bhd

YBHG DATO' ZAINAL ABIDIN SALLEH

Aged 55, Male, Malaysian

YBhg Dato' Zainal Abidin Salleh joined Puncak Niaga Holdings Berhad in August 2015 and was appointed as the Managing Director of Murni Estate Sdn Bhd on 9 November 2015 to lead the plantation and agro business of the Group. He is also the Managing Director of Danau Semesta Sdn Bhd and Danum Sinar Sdn Bhd, both subsidiaries of Murni Estate Sdn Bhd.

Prior to this appointment, YBhg Dato' Zainal Abidin was the Group Chief Executive Officer with KUB Malaysia Berhad. He has been with KUB Group since July 2010 and holds various senior management positions in the Group, namely Group Chief Operating Officer for KUB Malaysia Berhad, Executive Director & Chief Executive Officer for KUB Agro Holdings Group as well as Executive Director & Chief Executive Officer for KUB Sepadu Sdn Bhd and KUB Maju Mills Sdn Bhd. He also sat on the Board of several companies.

YBhg Dato' Zainal Abidin started his career with Harrison Malaysian Plantations Berhad, then changed name to Golden Hope Plantations Berhad. He has vast experience in plantation business, an expert in rehabilitation of oil palm estate and had turnaround few plantation companies during his career in plantation. YBhg Dato' Zainal Abidin has more than 27 years experiences in managing plantation business and conglomerate business in plantations, properties and educations.

As part of his employment, YBhg Dato' Zainal Abidin was also known as a Plantation Consultant within the plantation players in Malaysia and Indonesia, and had experienced in overseeing more than 100,000 hectares of oil palm plantation in Indonesia.

He previously served as a committee member under the World Bank Poverty Alleviation Program from 2011 to 2013 in introducing Oil Palm Plantation Blueprint in Nigeria, Africa.

He was also a former Principal at International Islamic University Gombak and has extensive experience in corporate management, strategic operational management particularly in plantation industries and corporate management. He was also exposed to international business environments while serving at Cerio Group Company in Italy during his time with Harrison Malaysian Plantations Berhad.

YBhg Dato' Zainal Abidin holds a Bachelor of Science (Agribusiness) Hons and Diploma in Agriculture Sciences from University Putra Malaysia. He has also attended many courses particularly in corporate management skills at international level.

Besides his career in corporate sector, YBhg Dato' Zainal Abidin is also involved in social and welfare activities. He was a former Honorary Secretary for National Council of Welfare Malaysia and the Advisor to Women's Committee of PEMADAM. He has also had a vast experience in training and conducting conferences, seminars, workshops at national and international levels.

Executive Director, Business Development Division

YBHG DATO' NASIR KHAN ILLADAD KHAN

Aged 65, Male, Malaysian

YBhg Dato' Nasir Khan Illadad Khan joined PNSB on 21 February 2006 as Executive Director, Corporate Affairs Division before being appointed as PNSB's Executive Director, Business Development Division on 1 January 2010. He is currently the Executive Director, Business Development Division, Puncak Niaga.

YBhg Dato' Nasir Khan holds a Bachelor Degree in Social Science, Political Science (Hons) from the Universiti Sains Malaysia and a Masters Degree in Public Administration from the Pennsylvania State University, United States of America. He also possesses a Diploma in Public Management from the National Institute of Public Administration (INTAN), and attended an Executive Management Programme at the School of Government, Harvard University, United States of America. YBhg Dato' Nasir Khan has more than 36 years of management experience with the Government, holding various positions and covering areas of human resources, security, land development and finance. Prior to joining PNSB, he was serving at the Ministry of Finance, Malaysia. He was also appointed as a member of the Malaysian Cambodia Business Council.

On 27 March 2015, he was awarded the Munisaraphoin Medal by H.E Hun Sen, Prime Minister of the Kingdom of Cambodia.

Executive Director, Strategic Resource & Public Relations Division

YBHG PROF DATO' DR MOHD ZAINUL FITHRI OTHMAN

Aged 53, Male, Malaysian

YBhg Professor Dato' Dr Mohd Zainul Fithri Othman was appointed as an Executive Director, Strategic Resource and Public Relations Division (SR&PRD) of PNSB on 4 March 2014. He is currently the Executive Director, SR&PRD of Puncak Niaga.

His passion in the field of education was evident since the early days of his career. YBhg Professor Dato' Dr Mohd Zainul Fithri started his profession as a lecturer at Universiti Sains Malaysia in 1994 and six (6) years after, he was attached to the Unitek College Malaysia as the President/CEO. He then served as the Director of Management Studies of the World Enterprise Institute at the International Medical University (IMU) in 2000. In the same year, he was attached to Institut Kajian Pembangunan Bangsa as the CEO and as an Associate Professor of the Faculty of Humanities and Social Sciences, Universiti Tun Abdul Razak. He was the Chairman of the International Society of Business Administration Center Malaysia, and was also the Political Secretary to the Minister in the Prime Minister's Department, YAB Dato' Seri Dr Ahmad Zahid Hamidi from 2008 until 2009.

YBhg Professor Dato' Dr Mohd Zainul Fithri held various prominent positions in the Management & Science University (MSU) and has served at the institution for a considerable number of years. During his stint, he was appointed as the Vice President/Deputy Vice Chancellor of Industrial Linkages & Students Career Development in 2003, a position he held before he moved to Puncak Niaga (M) Sdn Bhd. He was also appointed as the Dean at Centre of Flexible Learning, and simultaneously, a Director of Akademi Kaunseling Komuniti Malaysia (AKKMA) in 2006. He was then seconded to the Prime Minister's Department for a year during his position as a Professor in Policy Studies in 2003 until 2008.

YBhg Professor Dato' Dr Mohd Zainul Fithri holds a Bachelor of Science in Political Science and International Relations from Oregon State University, Corvallis, United States in 1988 and a Master of Arts (MA) in International Relations (Security and International Political Economy) from the University of Hull, United Kingdom in 1990. He also holds a Doctor of Philosophy in Global Political Economy from the University of Sheffield, United Kingdom since 1994.

Executive Director, Corporate Services Division and Group Company Secretary

MADAM TAN BEE LIAN

Aged 52, Female, Malaysian

Madam Tan Bee Lian joined PNSB as Company Secretary on 7 November 1994 and was promoted thrice before assuming the position of Executive Director, Corporate Services Division, PNSB on 1 January 2010. In her current position as Executive Director, Corporate Services Division of Puncak Niaga, she oversees the Legal Department and Secretarial Department. As Group Company Secretary, Madam Tan is responsible for Puncak Niaga Group's company secretarial and regulatory compliance. Madam Tan is a member of Puncak Niaga's CICR and EXCO and holds directorships in Puncak Niaga Holdings Berhad's subsidiaries, namely Sino Water Pte Ltd, Puncak Niaga Overseas Capital Pte Ltd and Puncak Niaga Management Services Sdn Bhd. Madam Tan is a Fellow of the Malaysian Association of the Institute of Chartered Secretaries and Administrators (MAICSA) and has more than 30 years of working experience in company secretarial practice and corporate work. She had previously served on MAICSA's sub-committees and taskforce on law review and company secretarial practice and public affairs and is currently a member of MAICSA's National Disciplinary Tribunal. She had previously worked with Projek Lebuhraya Utara-Selatan Berhad (PLUS) and Metramac Corporation Sdn Bhd/Metacorp Berhad and was the winner of the ROC-MAICSA Company Secretary Award 2001 for the Listed Company Category.

Key Personnel Profile
- Puncak Niaga Group

Executive Director, Human Resources & Administration Division

PUAN FARIDATULZAKIAH MOHD BAKHRY

Aged 42, Female, Malaysian

Puan Faridatulzakiah holds a degree in Law (LLB, Hons) from the Hertfordshire University, United Kingdom.

She started her legal career at Messrs Malek & Associate in 2003, handling civil and criminal cases. In 2006, she served as Legal Officer in Great Eastern Life Assurance (Malaysia) Berhad where she was exposed to Human Resources and Industrial Relations matter.

She then joined SYABAS in 2008 as Assistant Manager, Legal Department and subsequently promoted to Manager of Industrial Relations a year later before being promoted as Senior Manager in 2010. She continued leading the department until she joined PNSB in 2012 as Assistant General Manager of the Human Resources & Administration Division, overseeing the full spectrum of Human Resources Management.

On 1 February 2013, Puan Faridatulzakiah assumed the position of Executive Director, Human Resources & Administration Division of Puncak Niaga Management Services Sdn Bhd (PNMSSB). She is responsible for the overall HRAD functions of Puncak Niaga Group of Companies. Puan Faridatulzakiah is a member of Puncak Niaga's EXCO.

Executive Director, Special Functions Division and
Managing Director Puncak Seri (M) Sdn Bhd

YBHG DATO' MAT HAIRI ISMAIL

Aged 56, Male, Malaysian

YBhg Dato' Mat Hairi Ismail obtained his Bachelor Degree in Accountancy from the University Kebangsaan Malaysia in 1985. He began the career as an Accountant with the Jabatan Akauntan Negara Malaysia (JANM) in 1985 as Head of JANM in Labuan in 1989. YBhg Dato' Mat Hairi was later appointed as the Representative Accountant of Malaysia, in UK and EIRI Office London from 1990-1992 and upon his return to Malaysia, YBhg Dato' Mat Hairi was appointed as Senior Accountant with the Langkawi Development Authority till 1994.

YBhg Dato' Mat Hairi is the younger brother of YBhg Tan Sri Rozali Ismail, the Executive Chairman and major shareholder of the Company.

YBhg Dato' Mat Hairi began his involvement in business in 1994 together with his elder brothers, YBhg Tan Sri Rozali Ismail and YBhg Dato' Shaari Ismail to set up PNSB which has now successfully become the leading regional integrated water, wastewater and environmental solutions provider.

In 2011, Puncak Niaga Holdings Berhad has expanded its involvement in Oil & Gas business and YBhg. Dato' Mat Hairi Ismail was appointed as Director of GOM Resources Sdn Bhd on 2 January 2013 and Director of KGL Ltd on 7 March 2013.

He is currently an Executive Director of Special Functions Division of PNMSSB and he was also appointed as Managing Director of Puncak Seri (M) Sdn Bhd on 8 March 2017 to lead the food and beverage business.

Executive Director, Finance Division, Danum Sinar Sdn Bhd

MADAM KAREN CHAN YIT HWA

Aged 55, Female, Malaysian

Madam Karen Chan holds a Bachelor of Accounting (Hons) from the University of Malaya. She is a member of the Malaysian Institute of Accountants.

She has vast experience of more than 30 years in various areas covering Auditing, Accounting, Finance and Corporate Finance.

Madam Karen Chan was appointed as Executive Director, Finance of Danum Sinar Sdn Bhd on 19 December 2017. Prior to joining Danum Sinar Sdn Bhd, she was a Director with a financial consultancy company and was the Executive Director, Finance of Syarikat Bekalan Air Selangor Sdn Bhd from 2012 to 2016.

She was previously a Senior General Manager with the Scomi Group of Companies from 2006 to 2012 with two (2) years of overseas assignment based in Dubai overseeing the Middle East operations. She worked with Price Waterhouse Coopers from 1987 to 1991 before joining various companies within the Hong Leong Group of Companies and various Malaysian public listed companies.

Senior General Manager, Internal Audit Department

TUAN HAJI SONARI SOLOR

Aged 62, Male, Malaysian

Tuan Haji Sonari Solor joined PNSB on 10 September 1998 and was appointed as Senior General Manager, Internal Audit Department of SYABAS for the period from 1 September 2006 to 15 February 2012. He re-joined PNSB on 16 February 2012 as the Senior General Manager, Internal Audit Department. He is currently the Senior General Manager, Internal Audit Department of Puncak Niaga.

Tuan Haji Sonari Solor is a Chartered Accountant with the Malaysian Institute of Accountants and Fellow of the Association of Chartered Certified Accountants (U.K). He also holds a professional qualification from the Chartered Institute of Management Accountants (U.K). Tuan Haji Sonari Solor has more than 28 years of working experience at the managerial level in the area of accounting and auditing with several public listed companies.

Prior to joining Puncak Niaga Group, Tuan Haji Sonari Solor held the position of Group Division Head, Internal Audit with Land & General Berhad.

Key Personnel Profile
- Puncak Niaga Group

General Manager, Secretarial Department and Company Secretary

MADAM AGNES LIM SHOOK NYEE

Aged 50, Female, Malaysian

Madam Agnes Lim joined Puncak Niaga Management Services Sdn Bhd on 16 March 2017 as General Manager, Secretarial Department, Corporate Services Division. She was appointed as the Joint Company Secretary of Puncak Niaga and the Group on 23 March 2017. She is a Chartered Secretary and an Associate of the Malaysia Association of the Institute of Chartered Secretaries and Administrators (MAICSA) since 1995.

Madam Agnes Lim has more than 25 years of corporate secretarial experience in both public listed and private limited companies, most recently serving as the Group Company Secretary for a group of public companies listed on both the Main Market and ACE Market of Bursa Malaysia Securities Berhad for 14 years. Over the years, her responsibilities have included attending to all the corporate secretarial matters as well as supporting the Board of Directors and Management of various organisations in a wide range of corporate secretarial and statutory matters. She has been involved in advising on compliance with the various regulatory and statutory requirements.

Company Secretary

MS IRENE LEE SIEW YOKE

Aged 46, Female, Malaysian

Ms Irene Lee Siew Yoke joined PNSB on 27 June 2011 as Senior Manager, Secretarial Department, Corporate Services Division and was promoted to Assistant General Manager on 1 January 2018. She was appointed as the Joint Company Secretary of Puncak Niaga on 3 August 2015. She is a Chartered Secretary and an Associate of the Malaysian Association of the Institute of Chartered Secretaries and Administrators (MAICSA). She has more than 21 years of working experience in Company secretarial practice. She had previously worked with Tay & Partners, Securities Services (Holdings) Sdn Bhd and PROTON Holdings Berhad. Prior to joining Puncak Niaga Group, she was a Manager in Secretarial Department, PROTON Holdings Berhad.

Notes:-

Save where disclosed above, none of the Key Personnel has:-

- Any family relationship with any Director and/or major shareholder of the Company.
- Any conflict of interest with the Company.
- Any conviction for offences within the past 5 years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, other than traffic offences.

Corporate Governance Overview Statement

GOVERNANCE FRAMEWORK

The Board of Puncak Niaga Holdings Berhad (Puncak Niaga) is responsible to all stakeholders, including the Company's shareholders, for the approval and delivery of the Group's strategic objectives. It makes sure that the necessary financial, technical and human resources are in place for the Company to meet its objectives. The Board leads the Group within a framework of practical and effective controls which enable risk to be assessed and managed.

Responsibility for the development and implementation of the Group's strategy and overall commercial objectives is delegated to the Acting Managing Director who is supported by the Puncak Niaga's Executive Committee (EXCO). The Group's principal decision-making body is the Board. In line with both the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities) and the Malaysian Code on Corporate Governance 2017 (MCCG 2017), the Board delegates certain roles and responsibilities to its various Committees (Board Committees). The Board Committees assist the Board by fulfilling their roles and responsibilities, focusing on their respective activities, reporting to the Board on decisions and actions taken, and making any necessary recommendations in line with their Terms of Reference. The Terms of Reference of each Board Committee comply with the provisions of the MCCG 2017 and have been updated to take account of best practice, and reflect the requirements of the MCCG 2017.

The Board Committee structure is detailed in the governance framework below and key responsibilities are set out on pages 82, 85, 88 to 90 and 96 to 97 of this Annual Report.

EXECUTIVE CHAIRMAN

Leads our unified Board, ensuring that the principles and processes of the Board are maintained in line with our Board Charter which is available online at www.puncakniaga.com.my.

BOARD

The Board's roles are to understand and meet its obligations to the Company's stakeholders; lead the Group within a framework of practical and effective controls which enable risk to be assessed and managed; approve the Group's strategic objectives and ensure that sufficient resources are available to enable it to meet those objectives; and monitor and review the operating and financial performance of the Group. It has responsibility and accountability for the long term success of the Group. Detailed roles and responsibilities of the Board can be found in our Board Charter, accessible online through www.puncakniaga.com.my.

AUDIT COMMITTEE

The Audit Committee assists the Board in discharging its responsibilities for the integrity of the Company's financial statements, the assessment of the effectiveness of the systems of Internal Controls, Risk Management and the internal and external Auditors.

More information can be found on pages 88 to 91.

REMUNERATION COMMITTEE

On behalf of the Board, the Remuneration Committee determines the Company's policy on the remuneration of Executive Directors, Senior Management and the Chairman of the Board.

More information can be found on page 85.

NOMINATION COMMITTEE

The Nomination Committee assists the Board by keeping the structure, size, composition and succession needs of the Board under review. It also assists the Board on issues of Directors' conflicts of interest and independence.

More information can be found on page 82.

COMPLIANCE, INTERNAL CONTROL AND RISK POLICY COMMITTEE

The Compliance, Internal Control and Risk Policy Committee provides guidance and direction to the Company's Compliance and Internal Control programmes. It also reviews the Group's financial risks and opportunities.

More information can be found on pages 96 to 97.

ACTING MANAGING DIRECTOR

Delegated responsibility for the development and implementation of the Group's strategy and overall commercial objectives. Responsible for the day-to-day management of the business and the communication of Board agreed objectives to employees. Reports directly to the Executive Chairman. Further details of the roles and responsibilities of the Acting Managing Director can be found in our Board Charter, which is available online at www.puncakniaga.com.my.

EXECUTIVE COMMITTEE

The EXCO operates under the direction and authority of the Executive Chairman/Acting Managing Director overseeing the development and execution of strategy. It also has accountability for achieving financial and operational performance.

MALAYSIAN CODE ON CORPORATE GOVERNANCE 2017

The version of the Corporate Governance Code applicable to the current reporting period is the Malaysian Code on Corporate Governance 2017 (MCCG 2017). The MCCG 2017 is available on the Securities Commission website www.sc.com.my.

This Corporate Governance Overview Statement is to be read in conjunction with the Corporate Governance Report, which is available online at www.puncakniaga.com.my. We are pleased to confirm that Puncak Niaga was generally compliant with all of the provisions set out in the MCCG 2017 for the period under review.

The Board is guided by the Board Charter which sets out the Board's strategic intent and the specific roles and responsibilities to be discharged by the Board members collectively in discharging its fiduciary and leadership functions, the individual roles expected from the Executive Chairman, Acting Managing Director, Executive Directors and Non-Executive Directors, and the role of the Board Committees.

The Board is responsible for the stewardship of the Company and in discharging its obligations. The key responsibilities of the Board are:-

- Providing leadership and vision to the Company that enhances shareholder value and also ensures long-term sustainable development and growth of the Company.
- Reviewing and adopting a strategic plan for the Company.
- Overseeing the conduct of the Company's businesses and ensuring the appropriate corporate disclosure policies and procedures.
- Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures and establishing a sound framework to manage risks and to prevent fraud.
- Retaining full and effective control over the Company, and monitor the Management in implementing the Board's plans and strategies including the financial and non-financial performance measurements.
- Succession planning.

Executive Chairman	• Leadership of the Board and the Group • Ensure Board effectiveness • Representing the Board to the shareholders • Ensure integrity and effectiveness of the corporate governance process of the Group • Set Board Agenda
Acting Managing Director	• Implement policies and strategies as approved by the Board and report to the Executive Chairman/Board • In association with the Executive Chairman, accountable to the Board for the achievement of the Company's goals and performance targets • Ensure the assets of the Company are adequately maintained and protected, and not unnecessarily placed at risk
Non-Executive Directors	• Bring an external perspective and effective challenge to the Board • Provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests • Ensure effective Corporate Governance process is applied
Senior Independent Director	• Address and clarify shareholders' concerns and issues raised
Executive Directors	• Responsible for the operational and business units, organisational effectiveness and implementation of the Board's policies, directives, strategies and decisions

COMPANY SECRETARIES

The Company Secretaries are responsible for advising the Board on regulatory compliance matters and providing good information flow and comprehensive practical support to Directors, both as individuals and collectively, with particular emphasis on supporting the Non-Executive Directors in maintaining the highest standards of probity and corporate governance. They are also responsible for ensuring the Group's compliance with the relevant statutory and regulatory requirements. All Directors have unrestricted access to the advice and services of the Company Secretaries to facilitate the discharge of their duties.

The Company Secretaries of Puncak Niaga are qualified to act under Section 235(2) of the Companies Act, 2016. One of them is a Fellow of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) whilst the other two are Associates of MAICSA.

LEADERSHIP AND EFFECTIVENESS

Matters Reserved for the Board

The schedule of Matters Reserved for the Board sets out the processes in place regarding the Board's tasks and activities and the matters specifically reserved for the Board's decision-making are set out in our Board Charter which is available online at www.puncakniaga.com.my.

The matters reserved for the Board's decision are:-

- Financial
- Statutory and Administrative
- Regulatory
- Manpower

Board Meetings and Attendance

The composition of the Board and Board Committees is tabled below. The Board held nine (9) meetings during the year, and the Board's attendance is set out below. For additional information on the activities of the Board, see page 80. All meetings were held at the Boardroom on the 12th Floor, Wisma Rozali, No. 4, Persiaran Sukan, Sekysen 13, 40100 Shah Alam, Selangor Darul Ehsan.

NAME OF DIRECTOR	NO. OF BOARD MEETINGS ATTENDED	AUDIT COMMITTEE	REMUNERATION COMMITTEE	NOMINATION COMMITTEE	COMPLIANCE, INTERNAL CONTROL AND RISK POLICY COMMITTEE (CICR)
Current Directors					
YBhg Tan Sri Rozali Ismail Executive Chairman	6 out of 9				
Encik Azlan Shah Tan Sri Rozali Acting Managing Director	8 out of 9				Head of CICR
YBhg Tan Sri Dato' Seri Dr Ting Chew Peh Independent Non-Executive Director	9 out of 9	Chairman	Member	Member	Chairman
Y.A.M. Tengku Dato' Rahimah Almarhum Sultan Mahmud Non-Independent Non-Executive Director	7 out of 9	Member			
YBhg Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak Independent Non-Executive Director	9 out of 9	Member	Chairman	Chairman	
Mr Ng Wah Tar Executive Director, Corporate Finance Division	9 out of 9		Member		Member
YBhg Dato' Sri Adenan Ab Rahman *(appointed on 1 December 2017)* Independent Non-Executive Director	N/A	Member	Member	Member	
YBhg Datuk Dr Marimuthu Nadason *(appointed on 1 February 2018)* Independent Non-Executive Director	N/A	Member	Member	Member	
YBhg Dato' Randhir Singh Jasbir Singh *(appointed on 1 February 2018)* Executive Director, Operations Division	N/A				
Former Directors					
YBhg Dato' Ruslan Hassan *(resigned on 1 September 2017)* Non-Independent Non-Executive Director	6 out of 8				
YBhg Dato' Ir Lee Miang Koi *(resigned on 18 October 2017)* Executive Director, Operations Division	8 out of 8				Member
YBhg Tan Sri Dato' Hari Narayanan Govindasamy *(resigned on 19 December 2017)* Independent Non-Executive Director	4 out of 9	Member	Member	Member	

EXCO
Chairman
Alternate Chairman/ Member
Member
Member
Member

2017 BOARD MEETING CALENDAR

FEB	27, MON 11.25AM
MAR	30, THUR 11.45AM
APR	19, WED 12.15PM
MAY	30, TUE 11.35AM
JUL	11, TUE 11.40AM
JUL	14, FRI 09.00AM
AUG	9, WED 4.30PM
AUG	28, MON 12.00 NOON
NOV	29, WED 12.15PM
TOTAL :	**9 MEETINGS**

INDEPENDENCE

The independence of our Non-Executive Directors is formally reviewed annually by the Nomination Committee. The Nomination Committee and Board consider that there are no business or other circumstances that are likely to affect the independence of any Non-Executive Director and that all Independent Non-Executive Directors continue to demonstrate independence.

Furthermore, the presence of Independent Non-Executive Directors (INED) comprise 43% of the Board members as at the end of the financial year under review. Though not forming half of the Board as recommended under MCCG 2017, the Board is of the view that it is sufficient to provide the necessary checks and balances on the decision-making process of the Board. All Directors hold integrity at the highest level and possess extensive experience to provide unbiased and independent views to the Board. They consistently challenge the Management and the Board in an effective and constructive manner and therefore are able to function as a check and balance forming justified opinions to the Board of Directors. The Executive Chairman also encourages healthy debate on important issues and promotes active participation by Board members. In pursuing the requirements under the MCCG 2017, an additional Independent Non-Executive Director was appointed in February 2018.

During the year under review, the Nomination Committee recommended that YBhg Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak, who has served on the Board for a cumulative term of more than nine (9) years to be granted the authority to continue to serve as Independent Non-Executive Director of the Company and to hold office until the conclusion of the next AGM of the Company.

Additionally, the Nomination Committee has recommended that YBhg Tan Sri Dato' Seri Dr Ting Chew Peh, who has served on the Board for a cumulative term of more than 12 years to be granted the authority to continue to serve as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next AGM of the Company, subject to the approval of the shareholders through a two-tier voting process at the 21st AGM.

CONFLICTS

The Company requires that members of the Board make a declaration of interests in the event that they may have conflicts, particularly in relation to businesses transacted by the Group or the Company, including where such interests arise through close family members. These procedures are in line with various statutory requirements on the disclosure of Director's interest as set out in our Board Charter.

BOARD ACTIVITIES IN 2017

In the financial year 2017, the Board primarily focused on strategic matters, in particular, various matters concerning the acquisition of new businesses/ corporate exercises. Significant time was also spent on financial, business performance and sustainability as well as assessing and deliberating the strategic direction of the Company, and new appointments to the Boards and Board Committees of the Company and Group.

TRAINING AND CONTINUING PROFESSIONAL DEVELOPMENT

As well as Board agenda items, training sessions in relation to specific topics of interest that were presented to Directors during the year are set out below.

The Board via the Nomination Committee with the assistance of the Human Resources and Administration Division had undertaken an assessment of the training programmes attended by the Directors for the financial year ended 31 December 2017 and the future training needs of the Directors for the current year.

The aim of the training sessions is to continually refresh and enhance the Board's knowledge and skills to enable them to effectively fulfil their roles on the Board and its Committees and contribute to discussions on technical and regulatory matters. These sessions also serve as an opportunity for the Board to discuss strategy and risks with the Management below EXCO level and gain further insight into our businesses and management capability.

PERIODS	TOPICS	
January – March 2017	• Sustainability Forum for Directors/CEOs: "The Velocity of Global Change & Sustainability – The New Business Model" • In-House Training Programme – Leadership Series Programme 1: "Sejarah Puncak Niaga: Kecemerlangan Pengurusan"	• Highlights Of The Companies Act 2016 – Changes & Implications • Strategic Finance For Decision Makers: Understanding Finance To Make Critical Strategic & Economic Decisions In Your Organisation • Financial Reporting For Public Listed Company
April – June 2017	• Leadership Series Programme 6: "12 Leadership Essential For The 21st Century" • Cyber In The Boardroom: The First Place To Address Cyber Security Risk • Release of The Malaysian Code on Corporate Governance • Audit Committee Institute (ACI) Breakfast Roundtable 2017: Malaysian Code on Corporate Governance	• 7th WIEF Global Discourse On Artificial Intelligence • Malaysian Code On Corporate Governance Update (MCCG Briefing) • SDG Business Summit 2017: Business As A Force For Good. The Role Of Private Sector In Achieving The Sustainable Development Goals • 3rd Annual International CSR Summit – Sustainability Beyond Borders (Bangkok, Thailand) • 2017 Hainan Comprehensive Investment Promotion – Cooperation And Communication Activities For Foreign Invested Enterprises
July – September 2017	• Singapore International Water Week Spotlight (SIWW) 2017 • Invest Malaysia 2017 – Malaysia At 60: Maximising Potential • WIEF IdeaLab 2017, Opportunities for Startups • Malaysian Code On Corporate Governance: Dealing With Issues And Expectations On Board Leadership And Effectiveness • Credit Suisse Outlook Seminar 2017	• Malaysian Code On Corporate Governance: Dealing With Issues And Expectations On Audit Committee, Risk Management And Stakeholder Management • Roundtable 30% Club at Securities Commission • Directors Risk Management Programme – I Am Ready To Manage Risks • Advocacy Session On Corporate Disclosure For Directors And Principal Officers Of Listed Issuers • The Malaysian Code On Corporate Governance 2017 – Comprehensive Actionable Work Plan
October – December 2017	• Audit Committee Leadership Track • The Breakfast Talk – Leading in a Volatile, Uncertain, Complex, Ambiguous (VUCA) World	• 13th WIEF, Kuching • The CG Breakfast Series For Directors – Leading Change @ The Brain

SUPPLY OF INFORMATION AND ACCESS TO ADVICE

Each Board member is supplied with accurate, complete, adequate, unrestricted and quality information on a timely basis to enable them to effectively discharge their duties and responsibilities. Except under exceptional circumstances, Board members are given at least seven (7) days' notice before any Board Meeting is held and the Board's meeting materials are uploaded to the E-Meeting Management System which is accessed by the Directors via their personal tablets at least five (5) days prior to the date of the Meeting to facilitate the Directors to peruse the meeting materials and to review the issues to be deliberated at the Board Meeting well ahead of the meeting date. Where necessary, the Company's personnel will be called upon by the Board during the Board Meetings to present and to clarify any Board papers presented.

All Board members are expected to participate actively in Board deliberations and to bring the benefit of their particular knowledge, skills and abilities to the Board. Where a potential conflict with his duties or of interests as Director arises, it is mandatory for the Director concerned to declare the fact and nature of his interests and extent of the conflict at a Board Meeting and abstain from the deliberation and decision-making process. In the event the proposal requires shareholders' approval, the interested Board members shall abstain from voting on the resolution at the General Meeting and shall ensure that persons connected to them also abstain from voting on the proposal.

The Company Secretaries organise and attend all Board Meetings and ensure that all issues discussed with the conclusions are minuted accurately in the minutes of each meeting and that all records are kept properly at the registered office of the Company.

The Board is regularly updated and kept informed by the Company Secretaries and the Management of the requirements such as restriction in dealing with the securities of the Company and updates as issued by the various regulatory authorities including the latest developments in the legislations and regulatory framework affecting the Group. The Board has unrestricted and constant access to and interaction with the Senior Management of the Company. Each Board member also has full access to the advice and services of the Company Secretaries.

Where necessary, the Directors may, whether collectively as a Board or in their individual capacities, seek external and independent professional advice from experts on any matter in furtherance of their duties as they may deem necessary and appropriate at the Company's expense.

NOMINATION COMMITTEE REPORT

"We continue to assess board capability and composition."

Name	Attendance
Chairman YBhg Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak	4/4
Member YBhg Tan Sri Dato' Seri Dr Ting Chew Peh	4/4
YBhg Tan Sri Dato' Hari Narayanan Govindasamy *(resigned on 19 December 2017)*	NIL
YBhg Dato' Sri Adenan Ab Rahman *(appointed on 1 December 2017)*	N/A
YBhg Datuk Dr Marimuthu Nadason *(appointed on 1 February 2018)*	N/A

The members of the Nomination Committee (NC) comprise wholly of Independent Non-Executive Directors of the Company. Only members of the NC have the right to attend NC meetings. Other individuals such as the Acting Managing Director, members of Senior Management and external advisers may be invited to attend meetings as and when deemed appropriate.

RESPONSIBILITIES OF THE NOMINATION COMMITTEE

The responsibilities of the NC include:

- review the structure, size and composition (including the skills, knowledge, experience, time available and diversity) of the Board;
- review the leadership needs of the Company, both Executive and Non-Executive, at regular intervals;
- review the adequacy of Board and Executive succession planning in the long and short term;
- ensure an effectiveness review is conducted annually of the Board, Board Committees and Directors;
- recommend to the Board the appointment or reappointment by shareholders of Directors at the Annual General Meetings (AGM).

The NC's terms of reference can be found at www.puncakniaga.com.my.

MATTERS DISCUSSED DURING THE YEAR

1. Deliberated on the appointment of Directors of the Company.
2. Deliberated on the appointment of the Group's Senior Key Personnel.
3. Deliberated on the findings of the Annual Board assessment.
4. Deliberated on the findings of the Annual Audit Committee assessment.
5. Deliberated on the findings of the Annual Independent Directors assessment.
6. Recommended the re-election, retirement and continuing in office of Directors at AGM.
7. Reviewed the assessment on Directors' Training.

BOARD DIVERSITY POLICY

Purpose and Scope of Application

The Board Diversity Policy sets out the approach for achieving diversity for Puncak Niaga Group's Board.

The Policy applies to the Board of Puncak Niaga and its Group. It does not apply to diversity in relation to the employees of Puncak Niaga Group, all of whom are covered by Puncak Niaga's Diversity Policy.

Puncak Niaga's Board Diversity Policy and Diversity Policy are set out in pages 106 and 107 of this Annual Report.

Policy Statement

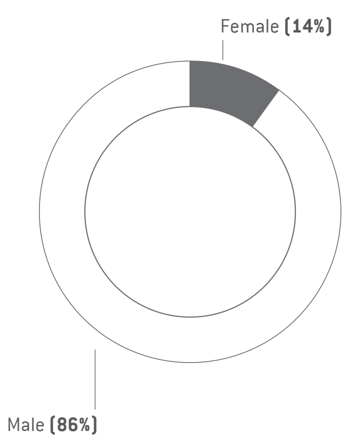
Puncak Niaga believes in diversity and values the benefits that diversity can bring to its Board. The Company seeks to maintain a Board comprised talented and dedicated directors with a diverse mix of expertise, skills and backgrounds, which reflect the diverse nature of the business environment in which the Group operates.

In designing the Board's composition, diversity includes but is not limited to, skills, knowledge, industry experience, gender, age, cultural, education and socioeconomic backgrounds, ethnicity and expertise required to achieve effective stewardship and management.

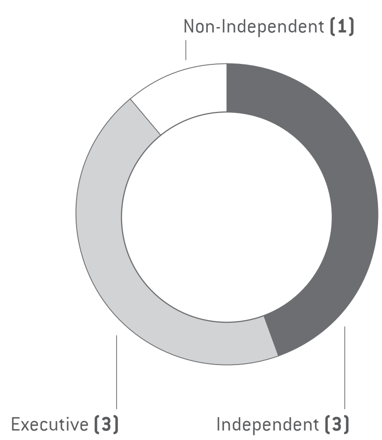
When assessing the Board's composition and performance of the Board, as well as identifying suitable candidates for appointment or re-election to the Board, the Company will consider the benefits of diversity and the needs of the Board in order to maintain an optimum mix of skills, knowledge and experience on the Board.

The Board through the Nomination Committee reviews this Policy and assesses its effectiveness in promoting a diverse Board which includes an appropriate number of women directors on the Board. At any given time, the Board may seek to improve one or more aspects of its diversity.

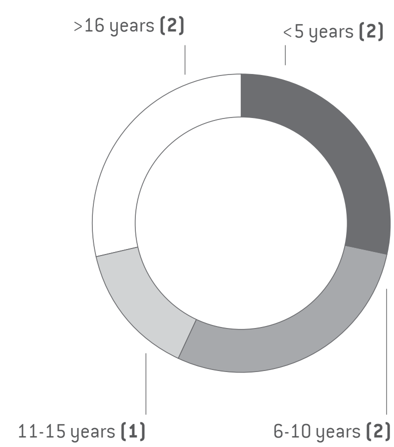
BOARD BREAKDOWN BY GENDER
As at 31 December 2017



BOARD BREAKDOWN BY COMPOSITION
As at 31 December 2017



BOARD BREAKDOWN BY TENURE
As at 31 December 2017



APPOINTMENT

- YBhg Dato' Sri Adenan Ab Rahman was appointed as an Independent Non-Executive Director of the Company on 1 December 2017.
- YBhg Datuk Dr Marimuthu Nadason was appointed as an Independent Non-Executive Director of the Company on 1 February 2018.
- YBhg Dato' Randhir Singh Jasbir Singh was appointed as the Executive Director, Operations Division of the Company on 1 February 2018.

RE-ELECTION OF DIRECTORS

The following Directors of the Company shall retire at the forthcoming 21st AGM of the Company and being eligible, had offered themselves for re-election:-

Article 98
1. Y.A.M. Tengku Dato' Rahimah Almarhum Sultan Mahmud; and
2. Mr Ng Wah Tar.

Article 103
1. YBhg Dato' Sri Adenan Ab Rahman;
2. YBhg Datuk Dr Marimuthu Nadason; and
3. YBhg Dato' Randhir Singh Jasbir Singh.

EVALUATION OF THE BOARD

As in the previous years, the Board has, with the assistance of the Company Secretaries, conducted an annual peer evaluation of the Board's effectiveness in the following key areas:-

(i) Compliance;
(ii) Board Meetings;
(iii) Board Functions;
(iv) Board Structure;
(v) Board Committees;
(vi) Board Operations;
(vii) Board Chairman's Roles and Responsibilities;
(viii) Financial and Operational Reporting;
(ix) Planning and Objectives;
(x) Risk Assessment;
(xi) New Business Opportunities and Projects;
(xii) Human Resources; and
(xiii) Directors' Observations and Additional Comments.

The 2017 performance evaluation of the Board has been structured to ensure a balanced and objective review by the Directors for the above key areas.

Following the evaluation, the Board concluded that the Board as a whole and its Board Committees had performed well, were effective and had all the necessary skills, experiences, qualities and integrity to lead the Company and each of the Director including the Independent Directors, in their capacities as Independent Directors had fulfilled their responsibilities and obligations and have carried out their duties as required and in accordance with the Board Charter of the Company.

QUESTIONNAIRE

A comprehensive questionnaire with an opportunity to provide qualitative feedback in respect of all areas covered was sent to all Board members, along with a summary of the previous year's evaluation, action plan and a progress update against actions identified.

EVALUATION AND REPORTING

The Company Secretaries compiled responses from questionnaires into a report, identifying areas requiring further focus and attention, where appropriate. The report included recommendations taking into account the best practice, the MCCG 2017 and other corporate governance guidance.

DISCUSSION WITH THE NOMINATION COMMITTEE AND BOARD

Draft conclusions were discussed with the Nomination Committee and then the Board.

REMUNERATION COMMITTEE REPORT

"We continue to assess remuneration levels to ensure its industry competitiveness and attractiveness to enable greater retention rates."

Name	Attendance
Chairman YBhg Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak	5/5
Member YBhg Tan Sri Dato' Seri Dr Ting Chew Peh	5/5
Mr Ng Wah Tar	4/5
YBhg Tan Sri Dato' Hari Narayanan Govindasamy *(resigned on 19 December 2017)*	2/5
YBhg Dato' Sri Adenan Ab Rahman *(appointed on 1 December 2017)*	N/A
YBhg Datuk Dr Marimuthu Nadason *(appointed on 1 February 2018)*	N/A

The Remuneration Committee comprises five (5) Directors, four (4) of whom are Independent Non-Executive Directors of the Company and one (1) Executive Director of the Company.

RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

The primary objectives of the Remuneration Committee (RC) are as follows:-

(i) To establish and annually review the remuneration packages for each individual Executive Directors such that the levels of remuneration are sufficient to attract and retain the Directors needed to run the Company successfully and aligned to the business strategy and long term objectives of the Company.

(ii) To establish and review the Directors' Remuneration Policy for the Board of Directors and Senior Management taking into account the demands, complexities and performance of the Company as well as skills and experience required.

(iii) The RC shall make its recommendation to the Board and the respective Directors shall abstain from the discussion of their own remuneration.

The levels of remuneration of the Executive Directors should reflect their experience, level of responsibilities, expertise and complexity of the Company's activities and contribution to the Company.

(iv) To consider and examine such other matters as the RC considers appropriate.

The RC's terms of reference can be found at www.puncakniaga.com.my.

MATTERS DISCUSSED DURING THE YEAR

1. Reviewed the contract of employment of Executive Directors of the Company.
2. Reviewed the Report on the Employee Performance & Development Appraisal.
3. Reviewed the Remuneration Packages for the Independent Non-Executive Directors and Non-Independent Non-Executive Directors of the Company.
4. Reviewed the contract of employment of the Group's Key Personnel.

REMUNERATION POLICY

The Company has a formal procedure to determine the remuneration of each Board member which are reviewed, from time to time, against market practices. In the case of the Executive Directors, their remuneration are structured so as to link rewards to corporate and individual performance and their remuneration packages comprise salary, allowances, bonuses and other benefits as normally accorded to similar positions in other comparable companies and sufficiently attractive to retain persons of high caliber. Performance is measured against profits and other targets set from the Company's annual budget and business plans as well as achievements of targeted returns to shareholders.

In the case of the Independent Non-Executive Directors, their remunerations reflect their experiences, level of responsibilities and contributions and the time spent attending to the Group's affairs and they are paid a fixed monthly allowance and meeting allowances for each Board and Board Committee meeting that they attend.

The Remuneration Committee is responsible for recommending the remuneration packages of the Directors to the Board. The Board, as a whole, determines the remuneration of the Non-Executive Directors. Individual Directors shall abstain from discussing and voting on their own remuneration at the Board and Remuneration Committee Meetings.

The details of the remuneration of the Directors of the Company received and receivable from the Company and on Group basis for the financial year ended 31 December 2017 is set out in Note 30 of the Audited Financial Statements of the Company on page 189 of this Annual Report.

The disclosures of Senior Management's remuneration that include the top five (5) Senior Management personnel is set out in Note 36B of the Audited Financial Statements of the Company on page 205 of this Annual Report.

ACCOUNTABILITY

Financial Reporting

The Board is responsible for the quality and completeness of publicly disclosed financial reports. In presenting the annual financial statements, quarterly reports and the annual reports to the shareholders of the Company, the Board takes appropriate steps to present a clear and balanced assessment of the Group's position and prospects. This also applies to other price-sensitive public announcements and reports to the regulatory authorities.

The Group's financial statements and quarterly announcements, prepared using appropriate accounting policies, consistently and supported by reasonable and prudent judgements and estimates, will be reviewed and deliberated by the Audit Committee in the presence of the External Auditors, Internal Auditors of the Company and the Chief Financial Officer prior to recommending them for adoption by the Board. The Audit Committee ensures that the information to be disclosed are accurate, adequate and in compliance with the various disclosure requirements imposed by the relevant authorities. The Board discusses and reviews the recommendations proposed by the Audit Committee prior to its adoption. The Board also ensures accurate and timely release of the Group's quarterly and annual financial results to Bursa Securities.

The Statement on Directors' Responsibility in respect of the preparation of the Annual Audited Financial Statements of the Group is set out on page 108 of this Annual Report.

Relationship with External Auditors

The Board maintains a transparent and professional relationship with the Group's External Auditors. The Audit Committee, with the assistance of the Finance Division of the Company, has assessed the suitability and independence of the External Auditors of the Company. In March 2017, the Board has established a Policy and Procedures on assessment of the External Auditors with the objective to outline the guidelines for the Company to assess and review the External Auditors.

The External Auditors attended four (4) out of seven (7) Audit Committee meetings of the Company held during the financial year. These quarterly meetings enabled the exchange of views on issues requiring attention. A formal mechanism has been established by the Audit Committee to ensure there is frank and candid dialogue with the External Auditors. The Audit Committee will meet the External Auditors twice a year without the presence of the Executive Directors and Management. This allows the Audit Committee and the External Auditors the exchange of free and honest views and opinions in matters related to External Auditors' audit and audit findings.

The Audit Committee has considered the provision of non-audit services by the External Auditors during the year and concluded that the provision of these services did not compromise the External Auditors' independence and objectivity.

A report by the Audit Committee is set out on pages 88 to 91 of this Annual Report.

Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls, which provides reasonable assurance in ensuring the effectiveness and efficiency of the Group's operations and to safeguard shareholders' investment and its assets and interests in compliance with the relevant laws and regulations as well as the internal financial administration procedures and guidelines.

The effectiveness of the system of internal controls of the Group is reviewed by the Audit Committee. The Internal Audit Department, led by the Head of Internal Audit will conduct internal audit covering the financial, operational and compliance controls, processes to identify and evaluate the significant risks faced by the Group including the governance, risk management and internal control processes within the Company. The reports of the Internal Audit Department will be tabled to the Audit Committee for review and deliberation.

The Group's Statement on Risk Management and Internal Control is set out on pages 93 to 99 of this Annual Report.

Risk Management Framework

The Board recognises that risk management involves a structured approach, combining the efforts of all functions within the Group, to minimise the possibility and impact of unexpected damages so as to contribute towards greater efficiency and better decision-making. The Group's Enterprise-Wide Risk Profile is reviewed annually to take into consideration changes in the business environment, strategies and functional activities of the Group for determining the Group's level of risk tolerance and identify, assess and monitor key business risks to safeguard shareholders' investments and the Company's assets.

The Group's Statement on Risk Management and Internal Control is set out on pages 93 to 99 of this Annual Report.

RELATIONS WITH STAKEHOLDERS

Shareholders Communication and Investor Relations Policy

The Board acknowledges the need for the Company's shareholders and investors to be informed of all material business and corporate developments concerning the Group in a timely manner. In addition to various announcements made during the year, the timely release of the Group's consolidated financial results on quarterly basis provides the shareholders and investors with an overview of the Group's financial and operational performances.

The Company maintains regular and effective communication with its shareholders and stakeholders through one-to-one or group dialogues, participation in investor conferences organised by local and foreign institutional houses, attending to shareholders' and investors' e-mails and phone calls enquiries, Company's General Meetings and other Company's events. The Notice for the Company's AGMs contains relevant information including the shareholders' rights to demand for a poll vote to enable them to exercise their rights.

The Notice for the Company's AGM is posted at the Investor Relations link - Annual Report at the Company's website, www.puncakniaga.com.my.

The Annual Report of Puncak Niaga which is produced in line with best corporate governance practices also serves as a key channel of communication with shareholders and investors. Information on the Group is also accessible via the Company's website, www.puncakniaga.com.my.

The Company's Investor Relations Policy & Report is set out on pages 103 to 104 of this Annual Report. The Investor Relations Policy is also posted at the Investor Relations link - Corporate Governance at the Company's website, www.puncakniaga.com.my.

AGM

At the last AGM of the Company, no substantive resolutions were put forth for shareholders' approval, except for the routine resolutions pertaining to receiving of audited financial statements, re-appointment and re-election of Directors and re-appointment of Auditors and all resolutions were voted on by poll by shareholders.

For the current year, the resolutions set out in the notice of any general meeting will be conducted via poll voting as mandated in Paragraph 8.29A of the MMLR of Bursa Securities.

Statement of Going Concern

Barring any unforeseen circumstances and upon making due and reasonable enquiry into the affairs of the Group, the Board firmly believes that the Group shall continue to operate as a going concern business in the foreseeable future.

This Corporate Governance Overview Statement has been approved by the Board of Puncak Niaga on 29 March 2018.

Audit Committee Report

"The Board of Directors of Puncak Niaga Holdings Berhad (Puncak Niaga) is pleased to present the report of the Audit Committee for the financial year ended 31 December 2017."

1. MEMBERSHIP AND MEETINGS

The Audit Committee comprises Non-Executive Directors, a majority of whom are Independent Non-Executive Directors. The composition of the Audit Committee members and their attendance at the Audit Committee Meetings held during the year 2017 were as follows:

Composition of Audit Committee	Attendance/ Number of Meetings held	Percentage (%)
YBhg Tan Sri Dato' Seri Dr Ting Chew Peh Chairman/ Independent Non-Executive Director	7/7	100
Y.A.M. Tengku Dato' Rahimah Almarhum Sultan Mahmud Member/Non-Independent Non-Executive Director	6/7	85
YBhg Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak Member/Independent Non-Executive Director	7/7	100
YBhg Tan Sri Dato' Hari Narayanan Govindasamy# Member/Independent Non-Executive Director	3/7	42
YBhg Dato' Sri Adenan Ab Rahman Member/Independent Non-Executive Director	n/a*	n/a*
YBhg Datuk Dr Marimuthu Nadason Member/Independent Non-Executive Director	n/a*	n/a*

 # resigned as Director and Member of the Audit Committee on 19 December 2017.
** YBhg Dato' Sri Adenan Ab Rahman and YBhg Datuk Dr Marimuthu Nadason were only appointed as Directors of the Company and Members of the Audit Committee on 1 December 2017 and 1 February 2018 respectively.*

During the financial year, the Chief Financial Officer, Senior General Manager (Internal Audit Department) and other members of Senior Management attended the Audit Committee Meetings upon the invitation of the Chairman of the Audit Committee to ensure the Audit Committee keep abreast of matters and issues affecting the Group. The Group's External Auditors were also invited to attend the Audit Committee Meetings where matters relating to the audit of the statutory accounts, quarterly financial results and/or the external auditors are to be discussed.

The Secretaries to the Audit Committee are the Company Secretaries.

2. TERMS OF REFERENCE

Information on terms of reference of the Audit Committee can be viewed at Puncak Niaga's website, www.puncakniaga.com.my under the Investor Relations link.

3. SUMMARY OF AUDIT COMMITTEE'S WORKS

During the financial year 2017, the Audit Committee carried out its duties as set out in its Terms of Reference. The main works carried out by the Audit Committee during the financial year included the following:

Financial Reporting

- Reviewed the quarterly and year-to-date unaudited financial results of the Company and Group before tabling to the Board for consideration and approval.

- Reviewed the reports and the audited financial statements of the Company and Group together with the External Auditors prior to tabling to the Board for approval.

- Deliberated on matters relating to changes in accounting policies, significant and unusual events, compliance with accounting standards and other disclosure requirements and noted that the financial statements of Puncak Niaga Group have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

- Discussed key financial issues affecting the Puncak Niaga Group, namely:

  i. The proposed acquisition of Danum Sinar Sdn Bhd (which was completed on 3 July 2017) at the 97th, 98th, 99th Audit Committee Meeting held on 27 February 2017, 30 March 2017 and 30 May 2017 respectively.
  ii. Latest status of material litigations and the financial impact to the Group at the 97th, 98th, 99th 100th and 101st Audit Committee Meeting held on 27 February 2017, 30 March 2017, 30 May 2017, 28 August 2017 and 29 November 2017 respectively.
  iii. Assessment of fair values of Fresh Fruit Bunches (FFB) for Danum Sinar Sdn Bhd's inventories in line with the Malaysian Financial Reporting Standard 141 – Agriculture at the 101st Audit Committee Meeting held on 29 November 2017.
  iv. Valuation of investment properties of the Group based on the valuation report, which resulted in a fair value gain, which required prior year and current period adjustment in the financial statements at the 101st Audit Committee Meeting held on 29 November 2017.

  Internal Control Environment

  - Reviewed and discussed all internal audit reports issued by the Internal Audit Department which highlighted key internal control issues/weaknesses and corresponding management responses and actions.

  - Received the Statement of Assurance from the respective Heads of Divisions of the auditee unit/department to resolve all outstanding findings within a stipulated time committed in the internal audit report, improve all areas of operations consistent with the applicable rules and regulations, Standard Operating Procedures (SOPs) and good industrial practice and ensure the risk management and internal control system is operating adequately and effectively.

- Risk Scorecards of business units, projects and support services of the Group is reviewed by a dedicated Board Committee, namely, the Compliance, Internal Control and Risk Policy Committee. The details of the risk management activities are in Statement of Risk Management and Internal Control in pages 93 to 99 of this Annual Report.

External Audit

- Discussed on significant accounting and auditing issues, the impact of new or proposed changes in accounting standards and recent guidelines such as the Guideline on Management of Cyber Risk issued by Securities Commission Malaysia and updates on MFRS 15-Revenue from Contracts with Customers, MFRS-9 Financial Instruments and MFRS-16 Leases as briefed by the External Auditors.

- Reviewed and discussed the External Auditors' audit report and key audit matters for the financial year ended 31 December 2016 at the 98th Audit Committee Meeting held on 30 March 2017.

- Reviewed and recommended to the Board to approve the Policy and Procedure on Assessment of External Auditors at the 98th Audit Committee Meeting held on 30 March 2017.

- Assessed the suitability and independence of the External Auditors based on the calibre of the external audit firm, quality processes/ performance, audit team, scope, audit fees and recommended to the Board to reappoint the External Auditors at the 98th Audit Committee Meeting held on 30 March 2017.

- Reviewed the External Auditors' scope of work, audit plan, audit timetable and audit focus areas for the financial year ended 31 December 2017 prior to the commencement of the annual audit at the 100th Audit Committee Meeting held on 28 August 2017.

- Held the informal discussions with the External Auditors without the presence of the Management of the Company twice at the 98th and 101st Audit Committee Meeting held on 30 March 2017 and 29 November 2017 respectively. At the 101st Audit Committee Meeting held on 29 November 2017, the Audit Committee highlighted the concern of the External Auditors on high staff turnover at the Finance Division which was duly clarified by the Chief Financial Officer at the same Meeting.

- Reviewed the extent of the assistance rendered by the Management to the External Auditors.

Internal Audit

- Approved the Annual Audit Plan for the year 2017 at the 96th Audit Committee Meeting held on 24 November 2016. Subsequently, at the 99th Audit Committee Meeting held on 30 May 2017, the Audit Committee approved the revised Annual Internal Audit Plan for 2017 which was tabled by the Internal Audit Department after assessing the current business environment of the Company and the audit timing particularly in view of the pending completion of the proposed acquisition of the Group's new plantation business i.e Danum Sinar Sdn Bhd.

- Reviewed the competency, resources and assessed the performance of the Internal Audit Department at the 96th Audit Committee Meeting held on 24 November 2016. The Internal Audit Department is manned by competent professionals from Accounting and Construction Management discipline with the requisite work experience and internal audit experiences.

- Reviewed the Internal Audit reports, which highlighted the audit issues, recommendations and the Management's responses and directed for action to be taken by the Management to rectify and improve the system of internal control.

- For the critical areas, the Audit Committee invited the relevant Heads of Divisions and/or Heads of the operating subsidiaries to attend the Audit Committee Meeting.

- Monitored the implementation of recommendations made by the Internal Audit Department arising from its audits in order to obtain assurances that all key risks and control concerns have been fully addressed.

- Reviewed the status of audit assignment reported by Internal Audit Department to ensure that the progress is in line with the approved Audit Plan for 2017 where any revision or deferment has been tabled by Internal Audit Department for approval of the Audit Committee.

Related Party Transactions

- Reviewed all related party transactions entered into by the Company and the Group.

- During the year, two (2) Special Audit Committee Meetings were held on 11 July 2017 and 9 August 2017 to deliberate on a related party transaction, namely the proposed acquisition of a piece of leasehold land in Mukim of Ijok, District of Kuala Selangor by Puncak Niaga Management Services Sdn Bhd from Puncak Alam Housing Sdn Bhd, a company owned and controlled by the Executive Chairman and Acting Managing Director of Puncak Niaga Group and their family members.

  The Audit Committee, after having considered all aspects of the proposed acquisition, including but not limited to the rationale for the proposed acquisition, the basis of arriving at the purchase price for the proposed acquisition and the terms of the Sale and Purchase Agreement, is of the view that the proposed acquisition is in the best interest of the Company, fair, reasonable and on normal commercial terms and not detrimental to the interest of the non-interested shareholders of the Company.

Reporting

- Reviewed the Statement on Risk Management and Internal Control and Audit Committee Report for the financial year ended 31 December 2016 and recommended the same for the Board's approval at the 98th Audit Committee Meeting held on 30 March 2017.

4. INTERNAL AUDIT FUNCTIONS

Puncak Niaga has an established in-house and independent Internal Audit Department reporting directly to the Audit Committee. The Internal Audit Department assists the Audit Committee in the discharge of its duties and responsibilities. The Internal Audit Department's primary responsibility is to provide an independent assurance on the adequacy and effectiveness of internal control systems, risk management and governance process. The Internal Audit Department focuses on regular and systematic review and has conducted an evaluation of the internal control, management information systems, and compliance with established procedures, including the system for compliance with applicable laws, regulations, rules, directives and guidelines.

Resources and Continuous Development

The Internal Audit Department is led by its Senior General Manager, Tuan Haji Sonari Solor who is a member of Malaysian Institute of Accountant (MIA) and Fellow of the Association of Chartered Certified Accountant (U.K). He possesses more than 28 years of accounting and auditing experience. The Internal Audit Department has a total of four (4) internal auditors, including the Head of Internal Audit who possess the requisite qualifications as well as vast experiences in various aspects of auditing in the water, construction and plantation industries.

The internal auditors have completed at least three (3) mandays of training in 2017 which consist of relevant professional courses, seminars and on-the-job trainings including industry related trainings. All internal auditors have signed the declaration that they were and have been independent, objective and in compliance with the Code of Ethics of the Institute of Internal Auditors in carrying out their duties for the financial year under review.

The total cost incurred by the Internal Audit Department in relation to the conduct of the internal audit functions of Puncak Niaga Group during the financial year ended 31 December 2017 was approximately RM770,000.00.

Guideline and Framework

The Internal Audit Department is guided by the Internal Audit Department's Department Manual which was duly approved by the Executive Committee and aligned to the International Professional Practices Framework issued by the Institute of Internal Auditors.

Internal Audit Scope and Coverage

The 2017 Annual Internal Audit Plan of the Internal Audit Department was developed based on a risk based approach and covers the business units, projects and support services of the Group which were duly approved by the Audit Committee.

In line with the approved Annual Audit Plan, the Internal Audit Department completed a total of 22 audit assignments including ad hoc audit assignments requested by the Senior Management in the financial year ended 31 December 2017. All audits were performed in-house.

Key areas audited during the year included the following:

- Audit on the Oil & Gas Division's vessel, DLB 264
- Site management of Project D44
- Beaufort Water Treatment Plant
- Project related procurement activities
- Preliminary study and background review post acquisition of Danum Sinar Sdn Bhd, the Group's new Plantation subsidiary
- Compliance with Personal Data Protection Act on staff matters
- Compliance with Goods & Services Tax
- Adequacy and validity of insurance coverage on Puncak Niaga's assets

The relevant audit reports which comprise the audit findings and observations, recommendations, Management's responses and target deadlines for corrective action are presented to the Audit Committee for their deliberation and notation. The Internal Audit Department also conducts follow-up reviews to determine the adequacy, effectiveness and timeliness of actions taken by the Management to rectify past audit findings and provide updates arising from the follow-up reviews to the Audit Committee for their deliberation and notation.

Additional Compliance Information

In accordance with Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:-

(a) UTILISATION OF PROCEEDS RAISED FROM ANY CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year.

(b) AUDIT AND NON-AUDIT FEES

For the financial year ended 31 December 2017,

(i) The audit fee payable to the external auditors, KPMG PLT and their affiliated companies for services rendered to the Group and Company amounting to RM380,000.00 and RM65,000.00 respectively; and

(ii) The non-audit fee payable to the external auditors, KPMG PLT and their affiliated companies for audit/assurance and tax related services rendered to the Group and Company amounting to RM214,000.00 and RM188,000.00 respectively.

(c) RECURRENT RELATED PARTY TRANSACTION

The Company did not enter into any recurrent related party transaction, which requires the shareholders' mandate during the financial year ended 31 December 2017.

(d) MATERIAL CONTRACTS INVOLVING DIRECTORS, CHIEF EXECUTIVE WHO IS NOT A DIRECTOR OR MAJOR SHAREHOLDERS

Material contracts entered into by the Company and the Group, which involve the interests of Directors, Chief Executive who is not a Director or major shareholders of the Company and its subsidiary companies, either still subsisting at the end of the financial year ended 31 December 2017 or entered into since the end of the previous financial year, are as follows:

<table>
<tr><th>DATE</th><th>NATURE OF CONTRACT</th><th>PARTIES</th><th>CONSIDERATION/ MODE OF SATISFACTION</th><th>RELATIONSHIP WITH DIRECTORS/CHIEF EXECUTIVE WHO IS NOT A DIRECTOR OR MAJOR SHAREHOLDERS</th></tr>
<tr><td>16 December 2016</td><td>Conditional Share Sale Agreement (SSA) between Puncak Niaga Holdings Berhad (Puncak Niaga) and Pimpinan Ehsan Berhad for Puncak Niaga to purchase the entire issued and paid-up share capital of TRIplc Berhad.</td><td rowspan="2">Puncak Niaga and Pimpinan Ehsan Berhad</td><td rowspan="2">RM210.00 million/cash</td><td rowspan="2">YBhg Tan Sri Rozali Ismail is a major shareholder of Puncak Niaga held directly under his name and indirectly held through his 100% equity interests in Central Plus (M) Sdn Bhd and Corporate Line (M) Sdn Bhd. He is also a major shareholder of TRIplc Berhad.</td></tr>
<tr><td>15 September 2017</td><td>Supplemental Agreement to the SSA with Pimpinan Ehsan Berhad for Puncak Niaga to purchase the entire issued and paid-up share capital of TRIplc Berhad.</td></tr>
<tr><td>28 September 2017</td><td>Sale And Purchase Agreement between Puncak Alam Housing Sdn Bhd (the Seller) and Puncak Niaga Management Services Sdn Bhd (the Buyer), a wholly-owned subsidiary of the Company, for the acquisition of a piece of leasehold land held under Title No. PN80453 located at Lot 19255, Mukim of Ijok, District of Kuala Selangor, State of Selangor Darul Ehsan.</td><td>Puncak Alam Housing Sdn Bhd (PAHSB) and Puncak Niaga Management Services Sdn Bhd</td><td>RM40,732,956.00/ cash</td><td>a) YBhg Tan Sri Rozali Ismail is the Executive Chairman and major shareholder of Puncak Niaga and also a major shareholder of PAHSB, and is the father of Encik Azlan Shah Rozali, the Acting Managing Director of Puncak Niaga.
b) Encik Azlan Shah Rozali is the Acting Managing Director and shareholder of Puncak Niaga and also a Director and shareholder of PAHSB and is the son of Tan Sri Rozali Ismail.</td></tr>
</table>

Statement On Risk Management And Internal Control

The Board of Directors (Board) of Puncak Niaga Holdings Berhad (Puncak Niaga) Group is pleased to provide the Statement on Risk Management and Internal Control pursuant to the Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad that requires the Board to disclose in the Annual Report a statement on the state of risk management and internal control of the Group.

The Statement is prepared in accordance with Part II of Principle B, Intended Outcome 9.0, Practices 9.1 and 9.2 as set out in the Malaysian Code on Corporate Governance and guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Companies (Guidelines).

BOARD'S RESPONSIBILITY

The Board acknowledges its overall responsibility in establishing a sound risk management and internal control system and for reviewing its adequacy and effectiveness so as to safeguard the shareholders' investment and the Group's assets. This internal control system, by its nature, can only provide reasonable and not absolute assurance against material financial misstatement, fraud or losses.

The Board affirms that there is an ongoing process for identifying, evaluating, monitoring and managing significant risks faced by the Group. The Board has mandated the Management to implement a control system designed to identify and manage risks facing the Group in pursuit of its business objectives. The outcome of this process is monitored by the Board of Puncak Niaga via a specific Board Committee, namely the Compliance, Internal Control and Risk Policy Committee (CICR), which dedicates its time on a quarterly basis for discussion on this matter. The reports of the CICR meetings are duly submitted for the Board's deliberation and information.

RISK MANAGEMENT POLICY

The Board of Puncak Niaga Holdings Berhad has approved the following Group's Risk Management Policy Statement:-

The Puncak Niaga Group's Risk Management Policy is to identify, measure and control risks that may prevent the Group from achieving its objectives.

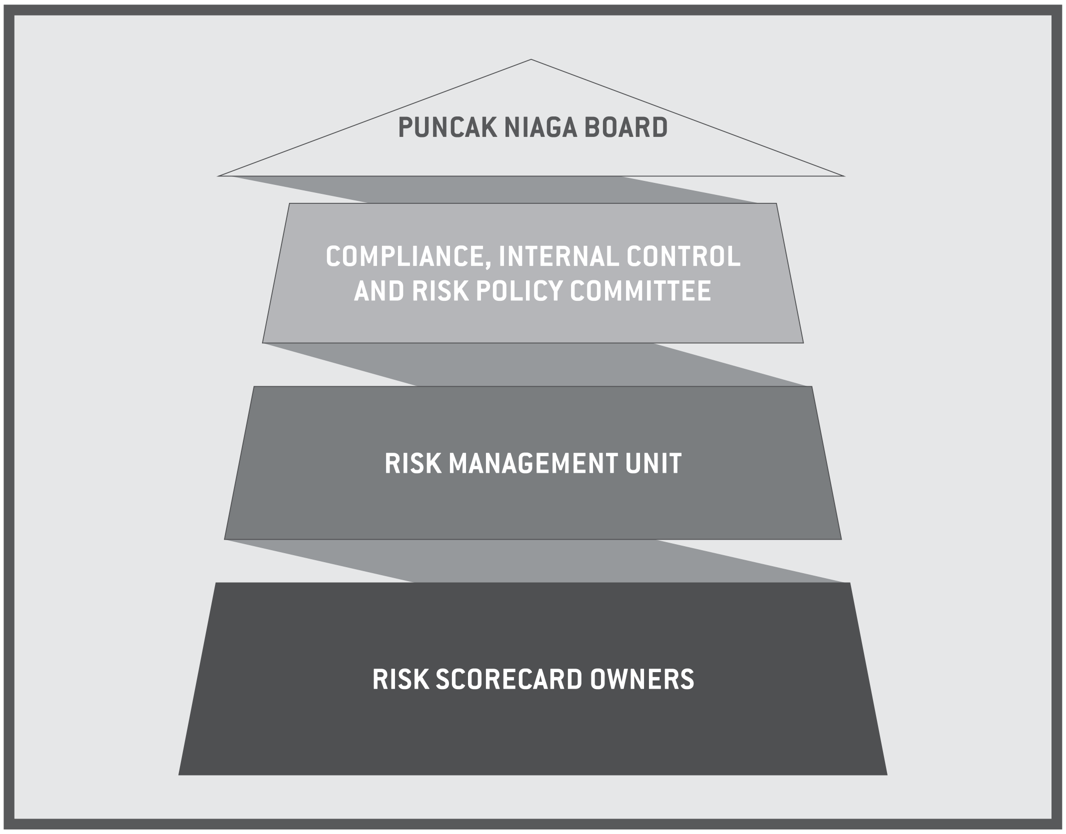
Our challenge is to apply risk management to all parts of our business to ensure business risks are minimised and opportunities enhanced.

We will achieve, maintain and review a proper risk management system which is implemented by the Management and extended to all employees of the Group. This is the commitment of the Board of Directors.

This policy statement assigns responsibility for risk management to all Puncak Niaga Group employees and acknowledges that corporate responsibility lies with the Board of Directors of the Puncak Niaga Group.

RISK MANAGEMENT FRAMEWORK

Risk Management is firmly embedded in the Group's management system and is every employee's responsibility. The Board of Puncak Niaga has formally approved a systematic risk management structure and process for the Group which clearly defines the authority and accountability in implementing the framework. The risk management model is aligned to ISO 31000 : 2009 Risk Management – Principle and Guideline standard as contained in the Risk Management Manual approved by the Executive Committee and used as a framework in Risk Management training conducted for the Senior Management of Puncak Niaga Group. An overview of the Group's Risk Management structure is shown below:



RISK MANAGEMENT PROCESS

The key features of the Group's risk management process are:

- Puncak Niaga Group utilises a risk management tool, namely, the Q-Radar Corporate Risk Scorecard (CRS) software to identify, measure and manage all risks affecting Puncak Niaga Group. The software is web-based and allows the authorised users to monitor their respective risks on-line from any location.

- Each key business unit/project/support service has its own Risk Scorecard and an assigned Risk Scorecard Owner, who is primarily responsible for identifying the risks and assessing the probability and impact of their occurrence as well as the effectiveness of controls/mitigating measures to determine the residual risks known as nett score in the Risk Scorecard. The risk and control owners are also identified to assign responsibility and ensure accountability.

- The Group's Risk Scorecards are reviewed on a quarterly basis by the respective Risk Scorecard Owners to ensure that the Group's risk profile and controls are updated based on the latest operating environment and risk positions.

- In tandem with the quarterly reviews, the Risk Scorecard Owners also submit their respective assurances that in relation to the risk management process:

  – the risks, controls and management action plan in the Corporate Risk Scorecard are accurate and complete;

  – where the risk exposure is considered acceptable, the Risk Scorecard Owners have documented and validated that control activities are in place and are effective; and

  – where an individual risk has been evaluated as unacceptable, the management action plan have been formulated and individuals have been identified as owners with the accompanying due dates to address the risks.

- The Risk Management Section analyses and consolidates the Risk Scorecard reports submitted for the deliberation of the CICR at the quarterly meetings of the CICR.

- The CICR reviews and deliberates on the reports submitted and focuses on changes in the overall business risk profile, new areas for risk identification and assessment as well as ensure that necessary changes have been made to the existing risks. The CICR also provides feedback to the Risk Scorecard Owners and/or moderates the risk profile prior to submitting the report to the Board on a quarterly basis. The key activities of the CICR are detailed on pages 96 to 97 of this Statement.

- The Enterprise-Wide Risk profile of Puncak Niaga Group, which was deliberated by the Risk Management Scorecard Working Group (RMSWG) is also reviewed on an annual basis at the beginning of each calendar year by the CICR as detailed further in the following section.

PUNCAK NIAGA GROUP ENTERPRISE-WIDE RISKS

The Board recognises that Risk Management involves a structured approach, combining the efforts of all functions within the Puncak Niaga Group to minimise uncertainties in order to achieve Puncak Niaga Group's business objectives. In view of this, the Risk Management Scorecard Working Group (RMSWG) Meetings are held annually whereby Puncak Niaga Group's Enterprise-Wide Risks Profile is deliberated taking into account Puncak Niaga Group's strategic business plan and existing business environments and business segments in which the Group operates including the current issues which may have risk impact on Puncak Niaga Group's operations.

For the year 2018, the RMSWG Meeting which was chaired by the Acting Managing Director who is the Head of CICR and attended by Puncak Niaga Group's Managing Directors, Executive Directors and Senior Management was held on 5 February 2018 to deliberate on the risks highlighted by the different business sectors and to determine Puncak Niaga Group's Enterprise-Wide Risks Profile for the year 2018.

The deliberations of the RMSWG Meeting were subsequently reviewed by the CICR at the CICR Meetings which were chaired by the Head of CICR and Chairman of CICR on 7 February 2018 and 12 February 2018 respectively. Subsequently, a Board Paper on the Group's "Top Nine (9) Enterprise-Wide Risks Facing Puncak Niaga Group for the Year 2018" was tabled at the 105th Board of Directors Meeting held on 27 February 2018.

For 2018, the following are the strategic risks which have impact on Puncak Niaga's Group's operations:

KEY RESULT AREA	STRATEGIC RISK	MITIGATION
Securing New Businesses to ensure sustainability of Puncak Niaga Group	Inability to secure new projects/ businesses for the Group post disposal of the water concession business.	1. Explore new opportunities and conduct detailed analysis to identify and venture into good and sustainable businesses. 2. Enhanced business networking and proactive stakeholder engagement. 3. Secure new projects in niche areas based on the strength and track record of Puncak Niaga Group.
Managing Cost Efficiencies	Failure to control operating cost pending new income generating businesses	1. Implement effective cost control measures. 2. Monitor budget vs actual cost and ensure proper justifications of major variances. 3. Create awareness and implement various cost savings initiatives.
Driving Operational Excellence	Project Management Risk such as delay in Project D44 progress resulting in imposition of Liquidated Ascertained Damages on PNCSB and containing losses incurred by the Project will have a financial impact on the Company/Group and affect the Group's reputation and chances to secure new projects.	1. Application for approval of Extension of Time, wherever possible. 2. Close monitoring and supervision of the work progress at site and ensure site issues are resolved expeditiously. 3. Maintain good relationship with the client and authorities and ensure contractual and site issues are discussed and resolved in an expeditious manner. 4. Close monitoring and control of the project expenses to ensure they are within the approved limits.

COMPLIANCE, INTERNAL CONTROL AND RISK POLICY COMMITTEE (CICR)

The CICR was established by the Board in October 2001. The members of the CICR comprise the following:

Chairman	:	YBhg Tan Sri Dato' Seri Dr Ting Chew Peh **(Independent Non-Executive Director)**
Members	:	Encik Azlan Shah Tan Sri Rozali **Head of Compliance, Internal Control and Risk Policy Committee/ Acting Managing Director, Puncak Niaga Group**
		YBhg Dato' Ir. Lee Miang Koi (resigned on 18 October 2017) **Executive Director, Operations Division/ Managing Director, Puncak Niaga Construction Sdn Bhd**
		Madam Wong Ley Chan **Chief Financial Officer**
		Mr Danny Ng Wah Tar **Executive Director, Corporate Finance Division**
		Madam Tan Bee Lian **Executive Director, Corporate Services Division**
		Tuan Haji Sonari Solor **Senior General Manager, Internal Audit Department**
Secretary	:	Madam Johty Priyatharashani **Assistant General Manager, Internal Audit Department**

The Terms of Reference of the CICR can be viewed at Puncak Niaga's website, www.puncakniaga.com.my under the Investor Relations link.

COMPLIANCE, INTERNAL CONTROL AND RISK POLICY COMMITTEE ACTIVITIES

During the year 2017, the CICR held a total of eight (8) meetings.

At its meetings, the CICR reviewed the Status Report prepared by the Risk Management Section of the Internal Audit Department. The issues deliberated at the CICR Meetings include the following:

- The level of readiness of Puncak Niaga Group with regards to the "Statement on Risk Management and Internal Control" requirements.

- The progress of the risk assessment and risk monitoring exercises at Puncak Niaga Group and Enterprise-Wide levels. The main risks, controls and management action plans were highlighted by the Secretary of the CICR to the CICR for deliberation.

- The review of the assurance status and validations given by the Risk Scorecard Owners of Puncak Niaga Group via the Corporate Digital Assurance Module of the Q-Radar software.

- The effective utilisation of the Q-Radar Corporate Risk Scorecard software to identify, evaluate, monitor and report risks and internal controls identified within Puncak Niaga Group.

- The status of Self-Assessment Audit Forms submitted by the relevant Divisions/ Departments in Puncak Niaga Group as to whether the key internal controls have been complied with.

- It has been a practice for the Chairman of CICR and/or the CICR Members to invite the relevant Risk Scorecard Owners to attend the CICR Meetings, as and when appropriate.

- During the year 2017, amongst others, the CICR deliberated and implemented the following:

  i) Reviewed the Statement on Risk Management and Internal Control for the year 2016 which was prepared by the Secretary of CICR at the CICR Meetings held on 13 and 15 February 2017 respectively.
  ii) Directed the Risk Scorecard Owner of Sino Water Pte Ltd to revisit the risk profile to reflect the latest risk position of the company, taking into account the sale of its Water Treatment Plant and Waste Water Treatment Plant as well as identification of post–sale risks at the 116th CICR Meeting held on 15 May 2017. The revised risk profile was reviewed and approved at the 118th and 119th CICR Meetings held on 14 and 16 August 2017 respectively.
  iii) Discussed on the risk relating to cyber security in the wake of recent data breach incidents affecting companies locally and worldwide and ensure that appropriate controls/mitigation measures are in place within the Puncak Niaga Group at the 116th CICR Meeting held on 15 May 2017.

iv) Reviewed the updates relating to risk management matters pursuant to the release of the Malaysian Code on Corporate Governance by the Securities Commission on 27 April 2017 at the 116th and 117th CICR Meeting held on 15 and 18 May 2017 respectively.

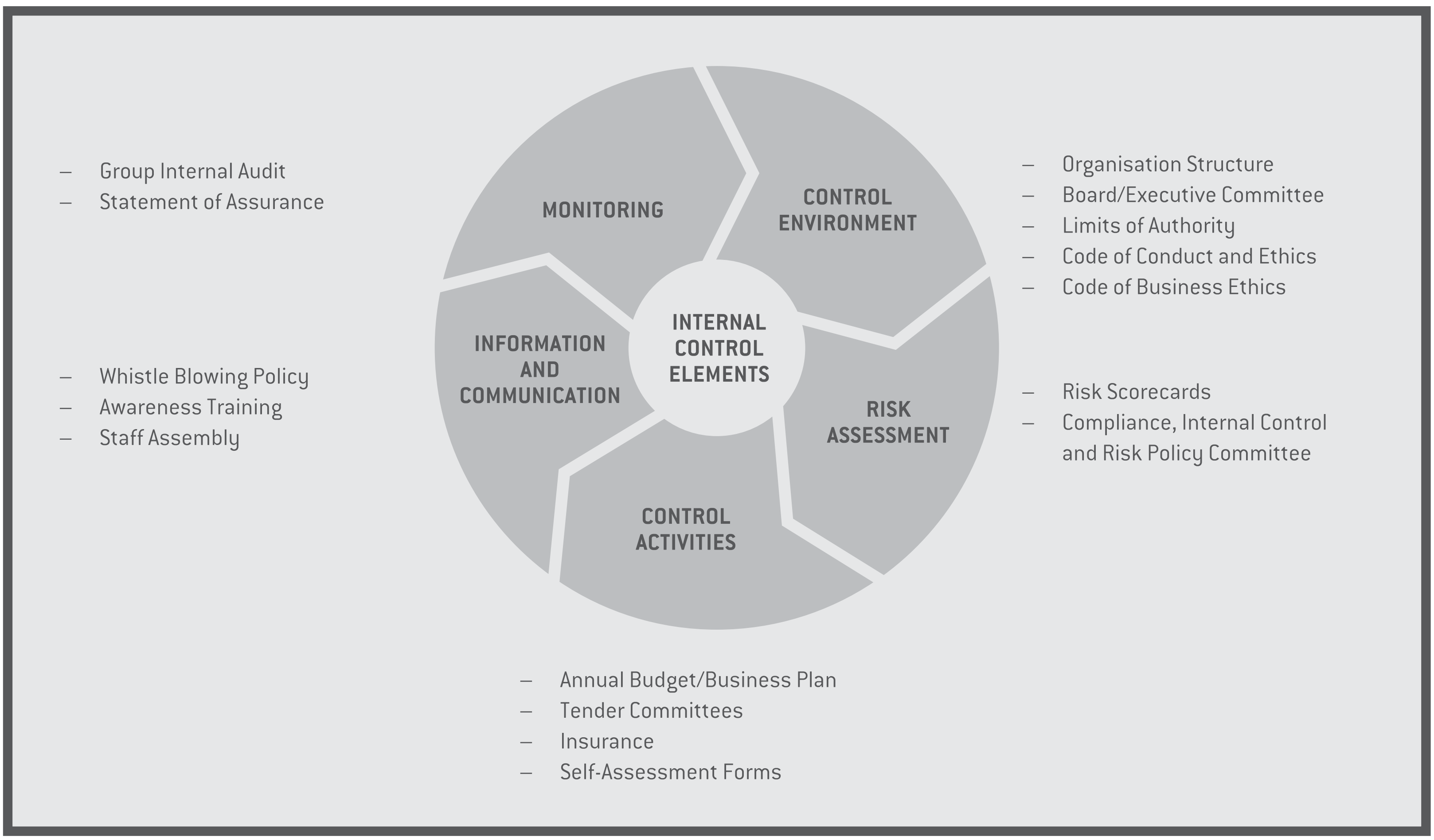
v) Directed that the risk relating to cost control and its control/mitigating measures should be recorded by all the business units/departments in line with the Puncak Niaga Group's Enterprise-Wide Risks at the 116th CICR Meeting held on 15 May 2017. The CICR reviewed the risk and controls recorded in each Risk Scorecard at the 118th and 119th CICR Meeting held on 14 and 16 August 2017 respectively.

vi) Directed the creation of a Risk Scorecard for Danum Sinar Sdn Bhd to ensure that the risks relating to the operations of the newly acquired plantation business of the Group are identified, evaluated and monitored at the 118th CICR Meeting held on 14 August 2017. The Risk Scorecard was subsequently prepared and submitted for the quarter ended 30 September 2017 and was deliberated and approved at the 120th and 121st CICR Meetings held on 15 and 16 November 2017 respectively.

vii) Discussed on the assessment of risk rating for the risk of "No new projects secured" recorded by Business Development Division. After due deliberation and taking into account the possibility and impact of the risk as well as the control effectiveness, the CICR agreed to revise the risk rating upwards as a very significant risk at the 121st CICR Meeting held on 16 November 2017.

INTERNAL CONTROL SYSTEM

The key elements of the Puncak Niaga Group's internal control system and assurance process, inter alia, encompass the following:



Control Environment

- The operating subsidiaries of Puncak Niaga Group have a formal organisation structure with clearly defined reporting structures and responsibilities. This promotes ownership and accountability of the duties assigned to the employees of the operating subsidiaries.

- Puncak Niaga Group's Code of Conduct and Ethics covers the Board and employees of the Group and is found in the Board Charter and Puncak Niaga's Employee Handbook. The Code of Conduct and Ethics sets out the principles and standard's of good practice.

- On 5 January 2018, the Puncak Niaga's Executive Committee (EXCO) approved the Code of Business Ethics for the Group which provides guidance on business ethical issues in the conduct of business and standards of behaviour expected of all Directors and employees in fundamental areas such as dealings with stakeholders, gift, hospitality, favours or other advantages, conflict of interest and harassment as well as the policy and procedures for compliance.

- The roles and responsibilities of the Board members are governed by the Board Charter.

- The Board Committees, namely the Audit Committee, Remuneration Committee, Nomination Committee, CICR, EXCO and Board Tender Committee are established to assist the Board in executing its fiduciary duties. The responsibility and authority of the Board Committees are governed by their respective Terms of Reference which are approved by the Board.

- All major decisions require the approval of the respective Boards/EXCOs within Puncak Niaga Group in line with the Group's Limit of Authority. The EXCO is established at Puncak Niaga and Puncak Niaga Construction Sdn Bhd (PNCSB) and comprises the Heads of Divisions of the respective companies. The relevant Management of Puncak Niaga Group are invited to attend the meeting, if required. The respective Boards/EXCOs are kept updated on information covering the Divisions/Departments in the respective companies within the Group at the Board/EXCO Meetings, as appropriate.

- Written procedures and policies which incorporate control procedures and scope of responsibilities are in place for all the operating subsidiaries of Puncak Niaga Group. The written procedures and policies are updated where appropriate to incorporate elements necessitated by changes in the legislation, industry best practices and business dynamics. During the year, the Standard Operating Procedures (SOP) of the operating subsidiaries/divisions/departments were updated based on the latest organisation structure and the operating environment of Puncak Niaga Group. The SOPs were approved at the 78th Puncak Niaga EXCO Meeting held on 30 November 2017.

- The Limits of Authority approved by the Board for Puncak Niaga and its operating subsidiaries clearly set out the operational matters with the designated authority levels accorded to the Executive Chairman/Managing Directors/Executive Directors and critical matters which are reserved for the Board's/EXCO's approvals and matters which are delegated to Puncak Niaga's operating subsidiaries' Management.

Risk Assessment

- Risk Scorecards are created and maintained for each business unit and support services within the Puncak Niaga Group to ensure risks affecting the businesses of the Group are properly identified and assessed in terms of likelihood and impact, adequacy of existing controls is evaluated and the residual risks are treated accordingly. A Risk Scorecard Owner is appointed for each risk scorecard and is responsible for evaluating the risk profile on a quarterly basis and to provide the relevant assurance to the Board.

- The Compliance, Internal Control and Risk Policy Committee, which is chaired by YBhg Tan Sri Dato' Seri Dr Ting Chew Peh, an Independent Non-Executive Director of Puncak Niaga was established in October 2001. This Committee closely monitors the risk management process within the Group and the extent of compliance with the Statement on Risk Management and Internal Control requirements.

Control Activities

- Annual Business Plans are prepared by the Group. The Annual Business Plans are presented and approved by the respective subsidiaries before tabling to Puncak Niaga's EXCO and Board for ultimate approval.

- A detailed budgeting process has been established for Puncak Niaga Group to prepare their respective budgets annually. These budgets are then reviewed and approved by the respective Boards/EXCOs prior to actual implementation each year. The monitoring of actual performance versus budget with major variances being followed up is done on a monthly basis by the Finance Division and Management action is taken to rectify any shortcomings, where necessary.

- There are five (5) Tender Committees established at Puncak Niaga Group. These Tender Committees are accorded with their respective limits of authority of decision making and mandatory recommendations to the Board for approval, as appropriate. The Tender Committees play a critical role to ensure transparency and competitive pricing in the award of contracts within the Puncak Niaga Group.

- Puncak Niaga Group has insurance programmes in place to safeguard the Group's assets against any mishaps that could result in material losses.

- The Self-Assessment Audit Forms (which list the key internal controls), have been developed in-house for the relevant

Departments of the operating subsidiaries of Puncak Niaga. The respective Departments are required to submit a quarterly declaration to the Internal Audit Department as to whether key internal controls have been complied with. Effective quarter ended 30 September 2012, the Self-Assessment Audit Forms are submitted and monitored online through the Audit Monitoring System. The special feature in the Self-Assessment Audit Form is that it requires written assurance from the operating level to the Head of Division. For the year 2017, approximately 78% of the key internal controls declared in the Self-Assessment Audit Forms were in compliance with the Company's Standard Operating Procedures (SOP) and the applicable Regulations. The balance 22% was mainly self-assessed as not applicable to the particular operating areas or period.

- Training programs were conducted internally and externally for the Directors, Senior Management and employees of Puncak Niaga.

Information and Communications

- New policies/procedures approved by the Management are communicated via Internal Memorandums which are circulated to all employees. Awareness training as well as dissemination at the Staff Assembly are conducted to ensure the policies/procedures are cascaded to the staff accordingly.

- Puncak Niaga Group has in place a Whistle Blowing Policy which provides employees with an avenue to disclose any malpractice or misconduct. The Whistle Blowing Policy has set out a clear communication line for the employees to report in an independent and safe manner.

Monitoring

- The Internal Audit Department independently reviewed the control processes implemented by the Management according to the Annual Audit Plan and reported on its findings and recommendations to the Audit Committee of Puncak Niaga five (5) times in 2017. The duties and responsibilities of Puncak Niaga's Audit Committee are detailed in the Terms of Reference of Puncak Niaga's Audit Committee. The Audit Committee, by consideration of both Internal and External Audit Reports, is able to gauge the effectiveness and adequacy of the internal control system, for the presentation of its findings to the Board.

- The Internal Audit Department conducted audits of the declarations made in the Self-Assessment Audit Forms.

- All Heads of Divisions are required to give a written assurance (Statement of Assurance) to the Executive Chairman in the Internal Audit Report that all issues highlighted would be rectified within the stipulated timelines.

BOARD'S ASSESSMENT

The Board has received assurance from the respective companies' Heads of Divisions and the respective Managing Directors/Chief Executive Officer/Chief Financial Officer that the Group's risk management and internal control system are operating adequately and effectively at the operating companies. Based on the assurances received and review of the risk management and internal control activities, the Board is of the view that the Group's risk management and internal control system for the year under review and as at the date of this statement is sound and sufficient to safeguard the shareholders' investment and the Group's assets.

This Statement on Risk Management and Internal Control has been prepared in accordance with the Guidelines and has been approved by the Board of Puncak Niaga on 29 March 2018.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide (AAPG) 3, [previously Recommended Practice Guide 5 (Revised 2015)], *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants (MIA) for inclusion in the annual report of the Group for the year ended 31 December 2017 and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

(b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon.

The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

For and on behalf of the Board of Puncak Niaga Holdings Berhad

TAN SRI DATO' SERI DR TING CHEW PEH
Chairman
Compliance, Internal Control and Risk Policy Committee

29 March 2018

Corporate Disclosure Policy

As a responsible corporate citizen, Puncak Niaga is totally committed to upholding the highest standards of transparency, accountability and integrity in the disclosure of all material information on the Company to the investing public in an accurate, clear, complete and timely manner in accordance with the corporate disclosure requirements as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities).

The primary objectives of Puncak Niaga's Corporate Disclosure Policy are:-

1. To promote and maintain market integrity and investor confidence.
2. To provide equal access to the Company's material information in an accurate, clear, timely and complete manner and to avoid selective disclosure to the investing public.
3. To exercise due diligence such that information disseminated to the investing public will be as far as possible accurate, clear, timely and complete.
4. To put in place an efficient management of information procedure that promotes accountability for the dissemination of material information to the investing public.
5. To build good investor relations with the investing public based on the principles of trust, honesty, openness, transparency and sound understanding of the Company.

To achieve its objectives, the Company will endeavour to undertake the following:-

1. ESTABLISH POLICIES AND PROCEDURES

- ➔ Ensure written policies and procedures of the Company (Puncak Niaga's Corporate Disclosure Policy and Procedure) that encompass the Puncak Niaga's Corporate Disclosure Policy and Procedure and other requirements relating to corporate disclosure as set out in the Main Market Listing Requirements of Bursa Securities.
- ➔ Appoint a senior officer of the Company to oversee and coordinate disclosures to ensure the Company complies with the Main Market Listing Requirements of Bursa Securities.
- ➔ Ensure that only designated persons are the Company's spokespersons.
- ➔ Ensure due compliance with Puncak Niaga's Corporate Disclosure Policy and Procedure.

2. EXERCISE DUE DILIGENCE AND PREPARATION

- ➔ Ensure that the persons responsible for disseminating material information to the investing public, exercise due diligence in ensuring that information to be released is accurate, clear, timely and complete.
- ➔ Ensure that due care is observed when briefing and responding to analysts, institutional investors, the media and the investing public.

3. USE OF INFORMATION TECHNOLOGY

- ➔ Take advantage of current information technology to disseminate information to the investing public.

Our commitment to the above Policy is driven by the Board of Directors of the Puncak Niaga Group and implemented by the Management.

Corporate Social Responsibility Policy

Puncak Niaga Holdings Berhad recognises the significance of being an organisation that practises the highest standard of work ethics. As a responsible company to its shareholders, business associates, suppliers, employees and various stakeholders, we therefore take our corporate social responsibility seriously as our vision is to be the leading regional integrated water, wastewater and environmental solutions provider with involvement in the oil and gas sector and to emerge as a prominent player in the plantation and property development sectors.

ENVIRONMENTAL

We advocate sustainable environment through managing our daily operation and activities in a responsible manner to minimise activities that could harm the environment and nature. We support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibilities and encourage the development and diffusion of environmentally friendly technologies.

COMMUNITY

We support philanthropic and charitable giving, support for and active engagement with the local communities through volunteering and other programmes. We also support and encourage our employees to help local community organisations and activities in the areas where we operate in.

STAKEHOLDERS

We protect the interests and priorities of our stakeholders as well as managing risks in order to maximise profits for the success and growth of the Company.

EMPLOYEES

We respect the rights and diversity of our employees, irrespective of race and gender whilst providing a dynamic workplace and equal opportunities, improving employee satisfaction whilst enhancing the intellectual capital through continuous investment in training and development of employees' skills for the Company's quantum growth.

STRATEGIC COLLABORATION AND KNOWLEDGE ENHANCEMENT AT ALL LEVELS

We promote continuous education and knowledge enhancement at all levels through collaborations with local and international higher education institutions and corporations.

We are equally dedicated not only to maintaining the highest ethical standards but also to achieving sustainability, both in our operations and in our impact on the environment for the benefits of our customers, shareholders, stakeholders and business associates. We believe that responsible business practices can unlock value, increase competitiveness, enhance reputations, and increase brand and stakeholders' value for business excellence and corporate sustainability.

Health, Safety And Environmental Policy

It is the policy of Puncak Niaga Holdings Berhad and its subsidiaries (Puncak Niaga Group) to provide, so far as is practicable healthy, safe and environmental friendly workplace for all employees, contractors, visitors, interested members of society and others, and in the spirit of consultation and cooperation, the Management and employees will together strive to achieve goals and objectives of this Policy.

Without prejudice to the generality of the above statement, the Policy of Puncak Niaga Group is:-

- ➔ to provide and maintain a healthy, safe and environmental friendly workplace and system of work, and to continually improve its environment and safety performance;
- ➔ to continuously emphasise on the prevention of injury, ill health and pollution in all activities;
- ➔ to ensure environmental and safety objectives and targets are set and reviewed;
- ➔ to ensure all employees are informed, instructed, trained and supervised on how to perform their jobs safely and without risk to health and without any harm to the environment;
- ➔ to investigate all occupational health, safety and environment incidents, and to make corrective measures to ensure the incidents will not recur;
- ➔ to comply with all legal and other requirements on health, safety and environment and other good practices which the Group subscribes;
- ➔ to review this policy as and when appropriate and to ensure it is understood by all employees and is available to all interested parties.

Investor Relations Policy & Report

As a responsible corporate citizen, Puncak Niaga is totally committed to upholding the highest standards of transparency, accountability and integrity in the conduct of our business activities in the best interest of our shareholders as well as to allow potential investors to make careful and informed investment decisions based on full and transparent disclosure of information.

Puncak Niaga's Investor Relations Policy aims to build long-term relationships and credibility with our shareholders and potential investors based on trust, honesty, openness, transparency and sound understanding of the Company.

To achieve its objectives, the Company will endeavour to undertake the following:-

1. CREATING QUALITY DIALOGUE

➔ To create an environment where the effective bilateral communication between the Company and our shareholders and investors both inform and educate through regular, open and transparent provision of relevant and invaluable information over the long-term, which will build mutually beneficial long-term relationships vis-à-vis to foster a clearer understanding of the shareholders' and investors' expectations of the Company.

➔ To engage in quality dialogue with our shareholders and investors whereby the relationship is based on the principles of honesty, openness and transparency and to foster mutual understanding between the Company and our shareholders and investors.

➔ To reap the benefits of engaging in quality dialogue:-

- Perception on our Company's risk is reduced;
- Enhance feedback of our Company's performance;
- Our Company's share valuation becomes more realistic;
- Develop confidence in our Management team and management style; and
- Works as a guide in the evaluation of our Company's business strategy.

2. INVESTOR COMMUNICATIONS STATEMENT

➔ To implement an efficient and effective Investor Relations Programme as part of our ongoing shareholders' and investors' communication obligations.

➔ To provide high quality, meaningful and timely information over and above that is required by law in order to improve the shareholders' and investors' understanding of our Company.

➔ To strive for key competence in the area of professional investor relations vide adequate resources and capabilities.

➔ To earn the trust, respect and confidence of our existing shareholders and investors.

➔ To build and maintain long-term relationships with our existing shareholders and investors.

➔ To initiate long-term relationship building with potential shareholders and investors.

Our commitment to the above Policy is driven by the Board of Directors of Puncak Niaga Group and implemented by the Management.

INVESTOR RELATIONS REPORT

Investor relations is the means by which listed companies maintain dialogue with their existing shareholders and potential investors. It is a strategic management responsibility to present an accurate picture of corporate performance and prospects, thus enabling the investment community, through an informed market, to determine a realistic share price. As a result, investor relations can have a positive impact on the Company's market value and cost of capital relative to its industry sector and the overall economic climate.

The Board of Puncak Niaga is pleased to report on the Company's investor relations activities in 2017 as follows:-

DIALOGUES WITH INVESTORS

The Top Management of the Group actively engages in meetings, dialogues and briefing sessions with local and foreign institutional groups. In 2017, two (2) dialogues and group briefing sessions were conducted with existing and potential investors, local and foreign fund managers and financial analysts from research and asset management houses.

INVESTORS' ACCESS TO INFORMATION

In line with our Investor Relations Policy, Puncak Niaga ensures timely disclosure of information over and above the regulatory authorities' disclosure requirements so as to enable the investment community to make careful and informed investment decisions on the Company's securities. Shareholders and investors can contact us at investors@puncakniaga.com.my and access the Group's information and corporate announcements at our website, www.puncakniaga.com.my. All announcements made to Bursa Malaysia Securities Berhad (Bursa Securities) are published shortly after the same is released on Bursa Securities' website. All shareholders' queries will be received by the Executive Director, Corporate Services Division/Group Company Secretary who will provide the relevant feedback and responses to shareholders' queries where such information can be made available to the public.

Since 22 October 2004, in our efforts to meet disclosure obligations towards our shareholders, investors and stakeholders, the Group had adopted and implemented the Puncak Niaga Corporate Disclosure Policy (as set out on page 100 of this Annual Report), formulated in line with the 'Guide On Best Practices In Corporate Disclosure' issued by Bursa Securities' Task Force on Corporate Disclosure Best Practices.

For more information, kindly refer page 100

ANNUAL GENERAL MEETING (AGM)

The Board of Puncak Niaga firmly believes that the AGM is the best forum to promote a closer relationship with our shareholders, enabling us to continue our engagement process with them.

Since 2003, our AGMs have been preceded by a Company Presentation followed by a Question and Answer Session. Our shareholders are updated on the Group's corporate and financial performances, latest developments and issues of concern to the shareholders. It is Puncak Niaga's way of saying 'We value your views' and 'We are here to serve you better'. At the same time, our shareholders' feedbacks, which are relevant to our operations, are taken into consideration in our business decisions. Puncak Niaga's Annual Report in the form of CD-ROM is sent to the entitled shareholders of the Company at least 21 days prior to the AGM as required by the Companies Act, 2016 and the Main Market Listing Requirements of Bursa Securities.

The 2018 AGM will be held on Wednesday, 30 May 2018 at the Concorde Hotel Shah Alam. The Notice of AGM is enclosed with this Annual Report. The results of all resolutions proposed at the 2018 AGM will be posted on Bursa Securities' website and the Company's website on the evening of 30 May 2018.

INVESTOR RELATIONS UNIT

The Investor Relations Unit (IRU) maintains a database of shareholders and investors who wish to be updated on the Group's corporate developments and performances via e-mail.

Kindly e-mail us your contact details to the attention of Madam Tan Bee Lian, Executive Director, Corporate Services Division/Group Company Secretary at investors@puncakniaga.com.my or by mail at Investor Relations Unit, c/o Secretarial Department, Puncak Niaga Holdings Berhad, 10th Floor, Wisma Rozali, No. 4, Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan, should you wish to be included in our database.

Similarly, to enable us to further improve our level of services to the community and our stakeholders, kindly forward your comments, views and concerns to us at pr@puncakniaga.com.my for public enquiries and investors@puncakniaga.com.my for investors' enquiries.

Quality Policy

It is the Policy of Puncak Niaga to provide quality services and products to meet the customer requirements and satisfaction.

Puncak Niaga shall strive to consistently adopt and maintain a quality management system based on all regulated requirements, internationally recognised standard which will ensure a planned, systematic, and proactive approach to quality in all aspects of our work.

Puncak Niaga is also committed in providing a safe, harmonious and conducive working environment and continuously equips our employees with knowledge and skill to improve our quality systematically.

Puncak Niaga Quality Management will be characterised by:

- A culture of continual improvement and teamwork.
- Pro-activeness at all levels.
- The consistent application of 'Right First Time Every Time' principle.
- Empowerment of personnel to solve problems expeditiously.

All employees shall share the responsibility to understand and diligently implement the Quality Policy.

Board Diversity Policy

1.0 PURPOSE AND SCOPE OF APPLICATION

The Policy sets out the approach for achieving diversity for Puncak Niaga Holdings Berhad's Group's Boards of Directors (Board).

The Policy applies to the Board of Puncak Niaga Holdings Berhad and its Group. It does not apply to diversity in relation to the employees of Puncak Niaga Holdings Berhad Group, all of whom are covered by Puncak Niaga Holdings Berhad's Diversity Policy.

2.0 POLICY STATEMENT

Puncak Niaga Holdings Berhad believes in diversity and values the benefits that diversity can bring to its Board. The Company seeks to maintain a Board comprised talented and dedicated directors with a diverse mix of expertise, skills and backgrounds, which reflect the diverse nature of the business environment in which the Group operates.

In designing the Board's composition, diversity includes but is not limited to, skills, knowledge, industry experience, gender, age, cultural, education and socioeconomic backgrounds, ethnicity and expertise required to achieve effective stewardship and management.

When assessing the Board's composition and performance of the Board, as well as identifying suitable candidates for appointment or re-election to the Board, the Company will consider the benefits of diversity and the needs of the Board in order to maintain an optimum mix of skills, knowledge and experience on the Board.

The Board through the Nomination Committee reviews this Policy annually and assesses its effectiveness in promoting a diverse Board which includes an appropriate number of women directors on the Board. At any given time, the Board may seek to improve one or more aspects of its diversity.

Diversity Policy

1.0 POLICY STATEMENT

Puncak Niaga Holdings Berhad and its Group of Companies (the Group) is committed to incorporating diversity into every aspect of our organisation's functions and objectives. The Group recognises diversity as a means of enhancing the Group's performance, improving employee retention, accessing different perspectives and ideas.

Diversity includes, but is not limited to gender, age, ethnicity, religion, beliefs, origin, race and cultural background. It involves leveraging the diverse skills, experiences and talents from different backgrounds within our organisation.

2.0 MEASURABLE OBJECTIVES

The Group recognises diversity and supports national aspirations in providing equal opportunities to its employees regardless of gender, age, ethnicity, religion, beliefs, race and socioeconomic background. The Group believes that the Group's success and competitiveness depends upon its ability to embrace diversity and realise the benefits that diversity brings to the Group, such as:-

- The Group is free from any form of discrimination where equal opportunity is given in hiring, training and career advancement of its employees at all levels.
- A diverse workforce from various education backgrounds, experiences, skills, languages and cultural understanding can supply a greater variety of solutions to problems in the workplace and allows a company to provide service to customers on a global basis. It could drive the Group's business success and sustain its competitiveness in all areas of business.
- A diverse workforce inspires our people to perform to their highest ability and encourages them to express their ideas and opinions and attribute a sense of equal value to all.
- In promoting diversity, we seek to identify, develop and implement the appropriate action plans to remove diversity barriers and obstacles in the workplace.

3.0 RESPONSIBILITIES

The Board is responsible to foster an inclusive workplace where each individual is respected and equal opportunity is given to all employees in respect of career development based on performance with a particular focus on participation of female employees on the Group's Board and Senior Management. The Board may seek to improve and set a direction on diversity from time to time to achieve the objectives of this Policy.

Statement On Directors' Responsibility

For Preparation of Financial Statements

The Financial Statements of the Group and Company have been drawn up in accordance with the applicable approved accounting standards in Malaysia and the requirements of the Companies Act, 2016. The Directors take responsibility in ensuring that the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Ensured that all applicable accounting standards have been followed; and
- Made an assessment of the Group's and of the Company's ability to continue as a going concern.

The Board has the overall responsibility to take all steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect frauds and other irregularities.

TABLE OF CONTENTS

Approaching Our Financial Statements

The purpose of financial statements is to communicate the Group's financial information to its stakeholders. This section is to assist and guide the readers to understand our financial information by explaining the functions and relationships between the essential financial statements: the statements of profit or loss and other comprehensive income, the statements of financial position and the statements of cash flows. For comprehensive and authoritative definitions and explanations, readers should refer to the relevant accounting standards.

I

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STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Financial performance measured by recording the flow of income and expenses over a period of time

This statement is to present all income or expenses in a performance statement during the financial year.

II

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STATEMENTS OF FINANCIAL POSITION

A snapshot of all the assets the company owns and all the claims against those assets, as at a point in time

This statement sums up the Group's non-current assets and working capital, debts and other non-current liabilities and owners' equity at 31 December 2017.

III

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STATEMENTS OF CASH FLOWS

A statement that provides an overview of the cash inflows and outflows of the Company over a period of time

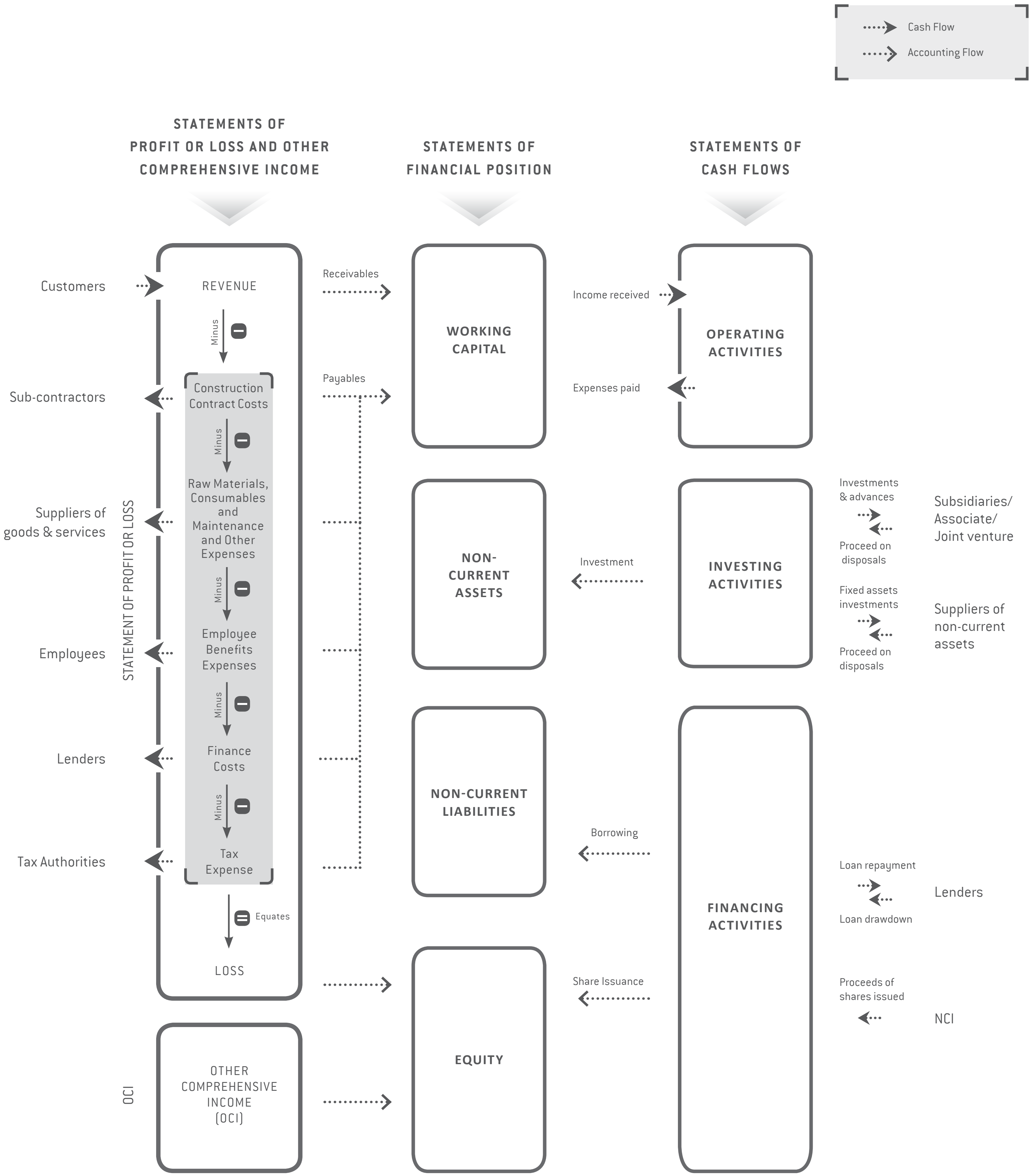
This statement divides the cash flows during the financial year into operating, investing and financing cash flows.

Operating cash flows are the cash inflows and outflows from working capital.

Investing cash flows are the cash flows arising from the purchase or disposal of non-current assets.

Financing cash flows represent the cash flows between the Group, its lenders and Non-Controlling Interest (NCI).

FINANCIAL STATEMENTS – AN ILLUSTRATION



Definitions

Except where the context otherwise requires, the following definitions shall apply throughout the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2017:

"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"CGU"	:	Cash Generating Unit
"CLMSB"	:	Corporate Line (M) Sdn. Bhd.
"Company"	:	Puncak Niaga Holdings Berhad
"CPMSB"	:	Central Plus (M) Sdn. Bhd.
"DSSB"	:	Danau Semesta Sdn. Bhd.
"Danum Sinar"	:	Danum Sinar Sdn. Bhd.
"Federal Government"	:	Government of Malaysia
"Genbina"	:	Genbina Sdn. Bhd.
"GOM Resources"	:	GOM Resources Sdn. Bhd.
"GOL"	:	GOM Resources Limited
"Group"	:	Puncak Niaga Holdings Berhad Group of Companies
"KGL"	:	KGL Ltd.
"KHEC"	:	Kris Heavy Engineering & Construction Sdn. Bhd.
"LUWEI"	:	Luwei (Pingdingshan) Water Co. Ltd.
"MESB"	:	Murni Estate Sdn. Bhd.
"NCI"	:	Non-controlling interests
"PASSB"	:	Pengurusan Air Selangor Sdn. Bhd.
"PNCSB"	:	Puncak Niaga Construction Sdn. Bhd.

Definitions (continued)

“PNHB” or “Puncak”	:	Puncak Niaga Holdings Berhad
“PNIPPL”	:	Puncak Niaga Infrastructures & Projects Private Limited
“PNMSSB”	:	Puncak Niaga Management Services Sdn. Bhd.
“PNOC”	:	Puncak Niaga Overseas Capital Pte. Ltd.
“PNSB”	:	PNSB Water Sdn. Bhd.
“POG”	:	Puncak Oil & Gas Sdn. Bhd.
“PRC”	:	People’s Republic of China
“PRCSB”	:	Puncak Research Centre Sdn. Bhd.
“RM”	:	Ringgit Malaysia
“RMB”	:	Chinese Yuan Renminbi
“SGD”	:	Singapore Dollar
“SINO”	:	Sino Water Pte. Ltd.
“Sino Water (Shanghai)”	:	Sino Water Environmental Consultancy (Shanghai) Co. Ltd.
“State Government”	:	The State Government of Selangor
“SYABAS”	:	Syarikat Bekalan Air Selangor Sdn. Bhd.
“TRIplc”	:	TRIplc Berhad
“USD”	:	United States Dollar
“Vessel”	:	Derrick pipe-lay barge “DLB 264”
“XINNUO”	:	Xinnuo Water (Binzhou) Co. Ltd.

Directors' Report

For the Year Ended 31 December 2017

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITIES

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

There has been no significant change in the nature of the principal activities, other than with the acquisition of subsidiary as disclosed in Note 37 to the financial statements where the Group has expanded its principal activities to the oil palm plantation.

SUBSIDIARIES

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

Results	Group RM'000	Company RM'000
Loss for the year	(202,543)	(194,417)
Loss attributable to:		
Owners of the Group/Company	(201,282)	(194,417)
Non-controlling interests	(1,261)	-
	(202,543)	(194,417)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

No dividend was paid during the financial year ended 31 December 2017 and the Directors do not recommend any dividend to be paid by the Company for the financial year under review.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Directors
Tan Sri Rozali Bin Ismail
Tan Sri Dato' Seri Dr Ting Chew Peh
Tengku Dato' Rahimah Binti Almarhum Sultan Mahmud
Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak
Ng Wah Tar
Azlan Shah Bin Rozali
Dato' Ruslan Bin Hassan (Resigned on 1 September 2017)
Dato' Ir Lee Miang Koi (Resigned on 18 October 2017)
Tan Sri Dato' Hari Narayanan A/L Govindasamy (Resigned on 19 December 2017)
Dato' Sri Adenan Bin Ab. Rahman (Appointed on 1 December 2017)
Dato' Randhir Singh A/L Jasbir Singh (Appointed on 1 February 2018)
Datuk Dr Marimuthu A/L Nadason (Appointed on 1 February 2018)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
Name of Director	**1.1.2017**	**Acquired/ Conversion**	**Sold/ Conversion**	**31.12.2017**
Direct Interest:				
Ordinary shares of the Company				
Tan Sri Rozali Bin Ismail	1,901,900	-	-	1,901,900
Azlan Shah Bin Rozali	389,400	-	-	389,400
Deemed Interest:				
Ordinary shares of the Company				
Tan Sri Rozali Bin Ismail	175,140,824*	-	-	175,140,824*
Tan Sri Dato' Seri Dr Ting Chew Peh	46,200**	-	-	46,200**

* Deemed interest by virtue of 100% shareholding interest in CPMSB and CLMSB, both are substantial corporate shareholders of the Company, of which 55% is held in his own name and 45% in his spouse's and children's names.

** Deemed interest by virtue of shares held by his spouse, Tay Boon Ling pursuant to Section 59 of the Companies Act 2016.

By virtue of his interests in the shares of the Company, Tan Sri Rozali Bin Ismail, is also deemed interested in the shares of the subsidiaries during the financial year to the extent that Puncak Niaga Holdings Berhad has an interest.

None of the other Directors holding office at 31 December 2017 had any interest in the shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

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

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES, WARRANTS AND DEBENTURES

During the financial year, there were no changes in the issued and paid-up capital of the Company and the warrants of the Company. The Company has not issued any debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

INDEMNITY AND INSURANCE COSTS

During the current financial year, there is no indemnity cost for Directors or officers of the Company. The insurance cost for Directors and officers liability of the Group and Company was RM171,200.

QUALIFICATION OF SUBSIDIARIES' FINANCIAL STATEMENTS

There is no qualification for the auditors' report on the audit of the financial statements of the Company's subsidiaries.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) all known bad debts have been written off and adequate provision made for doubtful debts, and

(ii) any current assets which were unlikely to be realised in the ordinary course of business have 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:

(i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

(iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

(i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

(ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2017 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report except as disclosed in the following notes to the financial statements:

- Note 4.4 - Impairment loss on property, plant and equipment
- Note 8.2 - Impairment loss on investment in subsidiaries
- Note 14.4 - Impairment of amount due from subsidiaries
- Note 21 - Provision for foreseeable loss
- Note 37 - Acquisition of subsidiary
- Note 42 - Prior year adjustments/Comparative figures

SIGNIFICANT EVENTS

Significant events are disclosed in Note 39 to the financial statements.

SUBSEQUENT EVENTS

Subsequent events are disclosed in Note 41 to the financial statements.

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 26.1 to the financial statements.

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

....
Tan Sri Rozali Bin Ismail
Director

....
Azlan Shah Bin Rozali
Director

Shah Alam

Date: 29 March 2018

Statements Of Financial Position

As at 31 December 2017

		Group			Company		
	Note	2017 RM'000	2016 RM'000 (Restated)	2015 RM'000 (Restated)	2017 RM'000	2016 RM'000 (Restated)	2015 RM'000 (Restated)
Assets							
Non-current assets							
Property, plant and equipment	4	530,533	161,871	195,194	106	714	1,244
Investment properties	5	601,367	539,520	496,557	305,757	299,630	272,895
Bearer biological asset	6	282,867	-	-	-	-	-
Service concession assets	7	-	14,506	61,203	-	-	-
Investment in subsidiaries	8	-	-	-	571,506	249,474	181,878
Investment in associates	9	6	5	2	14	12	9
Investment in joint ventures	10	-	627	739	-	-	-
Goodwill	11	-	1,249	1,249	-	-	-
Deferred tax assets	12	-	2,110	25,722	-	-	-
		1,414,773	719,888	780,666	877,383	549,830	456,026
Current assets							
Inventories	13	10,627	151	106	-	-	-
Trade and other receivables	14	180,156	159,511	97,063	118,282	66,243	185,848
Short-term investments	15	290,778	835,053	922,146	290,090	834,965	922,146
Tax recoverable		1,912	2,709	2,433	152	521	6
Cash and cash equivalents	16	246,175	266,945	378,549	196,553	222,707	286,367
		729,648	1,264,369	1,400,297	605,077	1,124,436	1,394,367
Assets classified as held for sale	17	-	24,834	-	-	-	-
		729,648	1,289,203	1,400,297	605,077	1,124,436	1,394,367
Total assets		2,144,421	2,009,091	2,180,963	1,482,460	1,674,266	1,850,393

Statements Of Financial Position

As at 31 December 2017

		Group			Company		
	Note	2017 RM'000	2016 RM'000 (Restated)	2015 RM'000 (Restated)	2017 RM'000	2016 RM'000 (Restated)	2015 RM'000 (Restated)
Equity and liabilities							
Equity attributable to owners of the Company							
Share capital		554,663	449,284	449,284	554,663	449,284	449,284
Share premium		-	105,379	105,379	-	105,379	105,379
Treasury shares		(5,941)	(5,941)	(5,941)	(5,941)	(5,941)	(5,941)
Reserves		105,336	108,737	99,807	16,305	16,305	16,305
Retained earnings		882,092	1,083,374	1,329,121	898,803	1,093,220	1,266,248
	18	1,536,150	1,740,833	1,977,650	1,463,830	1,658,247	1,831,275
Non-controlling interests	8.3	33,900	12,963	(4,183)	-	-	-
Total equity		1,570,050	1,753,796	1,973,467	1,463,830	1,658,247	1,831,275
Non-current liabilities							
Loans and borrowings	19	143,407	11,127	31,694	-	-	-
Deferred tax liabilities	12	110,160	28,983	25,470	13,876	13,578	12,279
		253,567	40,110	57,164	13,876	13,578	12,279
Current liabilities							
Loans and borrowings	19	19,845	10,940	39,488	-	-	-
Trade and other payables	20	221,430	119,643	110,700	4,754	2,441	6,839
Provision for foreseeable loss	21	78,488	66,226	-	-	-	-
Tax payable		1,041	2	144	-	-	-
		320,804	196,811	150,332	4,754	2,441	6,839
Liabilities classified as held for sale	17	-	18,374	-	-	-	-
		320,804	215,185	150,332	4,754	2,441	6,839
Total liabilities		574,371	255,295	207,496	18,630	16,019	19,118
Total equity and liabilities		2,144,421	2,009,091	2,180,963	1,482,460	1,674,266	1,850,393

The notes on pages 128 to 224 are an integral part of these financial statements.

Statements Of Profit Or Loss And Other Comprehensive Income

For the year ended 31 December 2017

	Note	Group 2017 RM'000	Group 2016 RM'000 (Restated)	Company 2017 RM'000	Company 2016 RM'000 (Restated)
Continuing operations					
Revenue	22	101,095	73,755	-	-
Other income		43,953	97,375	39,207	74,766
Items of expense					
Raw materials, consumables and maintenance		(29,299)	(7,510)	-	-
Construction contract costs		(113,744)	(88,372)	-	-
Employee benefits expense	23	(66,845)	(73,483)	(1,536)	(2,878)
Impairment losses		(25,892)	(41,622)	(176,489)	(188,845)
Provision for foreseeable loss		(12,262)	(66,226)	-	-
Depreciation and amortisation expense		(13,148)	(13,136)	(613)	(620)
Other expenses		(77,562)	(70,159)	(54,600)	(54,515)
Finance costs	24	(1,918)	(2,602)	(33)	(114)
Share of results of equity accounted entities		(87)	(111)	-	-
Loss before tax	26	(195,709)	(192,091)	(194,064)	(172,206)
Tax expense	27	(2,257)	(27,009)	(353)	(822)
Loss from continuing operations		(197,966)	(219,100)	(194,417)	(173,028)
Discontinued operations					
Loss from discontinued operations, net of tax	25	(4,577)	(27,754)	-	-
Loss for the year		(202,543)	(246,854)	(194,417)	(173,028)

Statements Of Profit Or Loss And Other Comprehensive Income
For the year ended 31 December 2017

		Group		Company	
		2017	2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
	Note		(Restated)		(Restated)
Loss for the year (continued)		(202,543)	(246,854)	(194,417)	(173,028)
Other comprehensive (expense)/income					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation	28	(9,272)	8,944	-	-
Items that are or may not be reclassified subsequently to profit or loss					
Revaluation of land and building, net of tax	28	5,812	-	-	-
Total comprehensive expense for the year		(206,003)	(237,910)	(194,417)	(173,028)
Loss attributable to:					
Owners of the Group/Company		(201,282)	(245,747)	(194,417)	(173,028)
Non-controlling interests		(1,261)	(1,107)	-	-
Loss for the year		(202,543)	(246,854)	(194,417)	(173,028)
Total comprehensive expense attributable to:					
Owners of the Group/Company		(204,796)	(236,817)	(194,417)	(173,028)
Non-controlling interests		(1,207)	(1,093)	-	-
		(206,003)	(237,910)	(194,417)	(173,028)
Basic loss per ordinary share (sen per share):	29				
from continuing operations		(43.98)	(48.74)		
from discontinued operations		(1.02)	(6.20)		
		(45.00)	(54.94)		

The notes on pages 128 to 224 are an integral part of these financial statements.

Statements Of Changes In Equity

For the year ended 31 December 2017

		Attributable to owners of the Company		
		Non-distributable		
Group	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Treasury shares RM'000**
At 1 January 2016, as previously stated		449,284	105,379	(5,941)
Prior year adjustment		-	-	-
At 1 January 2016, restated	42	449,284	105,379	(5,941)
Foreign currency translation		-	-	-
Total other comprehensive income/(expense)		-	-	-
Loss for the year		-	-	-
Total comprehensive income/(expense)		-	-	-
Contribution by and distributions to owners of the Company				
Effect arising from acquisition of subsidiary		-	-	-
Subscription of shares by NCI in a subsidiary		-	-	-
Others		-	-	-
Total transactions with owners of the Company		-	-	-
At 31 December 2016, restated		449,284	105,379	(5,941)
At 1 January 2017, restated	42	449,284	105,379	(5,941)
Foreign currency translation		-	-	-
Revaluation of land and buildings, net of tax		-	-	-
Total other comprehensive (expense)/income		-	-	-
Loss for the year		-	-	-
Total comprehensive (expense)/income		-	-	-
Transfer in accordance with Section 618(2) of the Companies Act 2016	18.1	105,379	(105,379)	-
Contribution by and distributions to owners of the Company:				
Subscription of shares by NCI in a subsidiary	8.3	-	-	-
Total transactions with owners of the Company		-	-	-
Others		-	-	-
At 31 December 2017		554,663	-	(5,941)

Statements Of Changes In Equity

For the year ended 31 December 2017

			Distributable			
Foreign currency reserve RM'000	Revaluation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
211	119,719	(20,123)	1,029,871	1,678,400	(4,183)	1,674,217
-	-	-	299,250	299,250	-	299,250
211	119,719	(20,123)	1,329,121	1,977,650	(4,183)	1,973,467
8,934	-	(4)	-	8,930	14	8,944
8,934	-	(4)	-	8,930	14	8,944
-	-	-	(245,747)	(245,747)	(1,107)	(246,854)
8,934	-	(4)	(245,747)	(236,817)	(1,093)	(237,910)
-	-	-	-	-	400	400
-	-	-	-	-	17,860	17,860
-	-	-	-	-	(21)	(21)
-	-	-	-	-	18,239	18,239
9,145	119,719	(20,127)	1,083,374	1,740,833	12,963	1,753,796
9,145	119,719	(20,127)	1,083,374	1,740,833	12,963	1,753,796
(9,326)	-	-	-	(9,326)	54	(9,272)
-	5,812	-	-	5,812	-	5,812
(9,326)	5,812	-	-	(3,514)	54	(3,460)
-	-	-	(201,282)	(201,282)	(1,261)	(202,543)
(9,326)	5,812	-	(201,282)	(204,796)	(1,207)	(206,003)
-	-	-	-	-	-	-
-	-	-	-	-	18,763	18,763
-	-	-	-	-	18,763	18,763
-	-	113	-	113	3,381	3,494
(181)	125,531	(20,014)	882,092	1,536,150	33,900	1,570,050

Company	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000
		Attributable to owners of the Company					
		Non-distributable				Distributable	
At 1 January 2016, as previously stated		449,284	105,379	(5,941)	16,305	1,111,208	1,676,235
Prior year adjustment		-	-	-	-	155,040	155,040
At 1 January 2016, restated	42	449,284	105,379	(5,941)	16,305	1,266,248	1,831,275
Loss and total comprehensive expense for the year		-	-	-	-	(173,028)	(173,028)
At 31 December 2016/ 1 January 2017, restated	42	449,284	105,379	(5,941)	16,305	1,093,220	1,658,247
Transfer in accordance with Section 618(2) of the Companies Act 2016	18.1	105,379	(105,379)	-	-	-	-
Loss and total comprehensive expense for the year		-	-	-	-	(194,417)	(194,417)
At 31 December 2017		554,663	-	(5,941)	16,305	898,803	1,463,830

The notes on pages 128 to 224 are an integral part of these financial statements.

Statements Of Cash Flows

For the year ended 31 December 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Continuing operations					
Cash flows from operating activities					
Receipts from customers		58,166	82,452	-	-
Other income		723	5,414	90	-
Payments for operating expenses		(259,060)	(138,699)	(20,410)	(18,828)
Payments to contractors		(129,774)	(88,966)	-	-
Payment of management fee to a subsidiary		-	-	(32,597)	(40,971)
Cash used in operations		(329,945)	(139,799)	(52,917)	(59,799)
Tax (paid)/refunded		(7)	(290)	313	(59)
Interest income		8,758	9,389	7,473	7,420
Net cash used in operating activities		(321,194)	(130,700)	(45,131)	(52,438)
Cash flows from investing activities					
Net cash (outflow)/inflow from acquisition of subsidiaries		(231,832)	400	-	(996)
Investment in ordinary/redeemable preference shares of a subsidiary		-	-	(355,821)	(10,067)
Deposits paid for proposed acquisitions	14.5	-	(65,650)	-	(21,000)
Acquisition of property, plant and equipment	(iii)	(9,722)	(12,390)	(5)	(96)
Acquisition of investment properties	5	(42,147)	(1,129)	(195)	(744)
Additions of bearer biological asset		(2,856)	-	-	-
Net advances to subsidiaries		-	-	(187,975)	(97,703)
Net advance to associate		(2)	(2)	(2)	(2)
Net advance to joint venture		(190)	-	(190)	-
Cash flows used in investing activities carried forward		(286,749)	(78,771)	(544,188)	(130,608)

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Continuing operations (continued)					
Cash flows used in investing activities brought forward		(286,749)	(78,771)	(544,188)	(130,608)
Disposal of discontinued operations - Proceeds from disposal of investment in subsidiary, net of cash and cash equivalents disposed of	25	6,865	340	-	-
Net proceeds from short-term investments		562,562	119,058	563,162	119,058
Proceeds from disposal of property, plant and equipment		435	102	-	7
Net cash generated from/(used in) investing activities		283,113	40,729	18,974	(11,543)
Cash flows from financing activities					
NCI subscription of share capital in a subsidiary		18,763	17,860	-	-
Proceeds from loans and borrowings		156,774	492	-	-
Interest paid		(4,022)	(1,837)	-	-
Increase in pledged deposit		(2,332)	(5)	-	-
Repayment of loan and borrowings		(152,100)	(34,802)	-	-
Repayment of obligation under finance leases		(1,759)	(1,839)	-	-
Net cash generated from/(used in) financing activities		15,324	(20,131)	-	-
Net decrease in cash and cash equivalents from continuing operations		(22,757)	(110,102)	(26,157)	(63,981)
Discontinued operations					
Net cash used in operating activities		-	(1,433)	-	-
Net cash used in investing activities		-	(1)	-	-
Net decrease in cash and cash equivalents from discontinued operations		-	(1,434)	-	-
Net decrease in cash and cash equivalents		(22,757)	(111,536)	(26,157)	(63,981)
Effects of exchange rate changes on cash held		(572)	154	3	321
Cash and cash equivalents at 1 January		267,140	378,522	222,707	286,367
Cash and cash equivalents at 31 December	(i)	243,811	267,140	196,553	222,707

(i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deposits with licensed banks		198,947	204,425	189,118	182,742
Cash and bank balances		47,228	62,747	7,435	39,965
	(ii)	246,175	267,172	196,553	222,707
Less: Cash and bank balances pledged		(2,364)	(32)	-	-
		243,811	267,140	196,553	222,707

(ii) The cash and cash equivalents are as follows:

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deposits with licensed banks	16	198,947	204,425	189,118	182,742
Cash and bank balances	16	47,228	62,520	7,435	39,965
		246,175	266,945	196,553	222,707
Assets classified as held for sale	17	-	227	-	-
		246,175	267,172	196,553	222,707

(iii) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM12,338,000 (2016: RM19,945,000), of which RM2,616,000 (2016: RM2,699,000) were acquired by means of finance leases.

The notes on pages 128 to 224 are an integral part of these financial statements.

Notes To The Financial Statements

Puncak Niaga Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Securities. The addresses of the principal place of business and registered office of the Company are as follows:

PRINCIPAL PLACE OF BUSINESS

Wisma Rozali, No. 4, Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan.

REGISTERED OFFICE

10th Floor, Wisma Rozali, No. 4, Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan.

The consolidated financial statements as at and for the financial year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates and joint ventures. The financial statements of the Company as at and for the financial year ended 31 December 2017 do not include any other entities.

The principal activity of the Company is investment holding while the principal activities of the other Group entities are as disclosed in Note 8 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 29 March 2018.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments* (2014)
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018, except for amendments and interpretation which are not applicable to the Group and the Company.

- from the annual period beginning on 1 January 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

(i) MFRS 9*, Financial Instruments*

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

In respect of impairment of financial assets, MFRS 9 replaces the “incurred loss” model in MFRS 139 with an “expected credit loss” (ECL) model. The new impairment model applies to financial assets measured at amortised cost and contract assets.

The initial application of MFRS 9 is expected to increase the impairment loss on receivables. Management is in the midst of assessing the final impact.

(ii) MFRS 16*, Leases*

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

The Group and the Company will assess the financial impact that may arise from the adoption of MFRS 16.

1. BASIS OF PREPARATION (CONTINUED)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

(c) Functional and presentation currency

These financial statements are presented in RM, which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

(i) Construction contract revenue, amount due from contract customers and provision for foreseeable loss

Significant estimation is involved in determining the costs to completion of the contract of the Group as at the reporting date, which has bearing on the computation of the stage of completion and the provision for foreseeable loss as disclosed in Note 21. The stage of completion requires management to make reasonably dependable estimates of progress towards completion of projects.

These works are subject to final approval by respective customers. There is time lag between the final approval and the completion of work done by the Group. Hence, the actual costs could only be determined reliably on the completion of contracts, which may result in adjustments to the recognised profit or loss of the contracts.

Significant estimation is also involved in determining the adequacy of the Liquidated Ascertained Damages ("LAD") as at period end, due to the uncertainty of approval of the Extension of Time ("EoT").

(ii) Impairment of assets

The Group and the Company have made significant judgments to determine the key assumptions as described in the following notes:

- Note 4.4 - Impairment loss on property, plant and equipment
- Note 8.2 - Impairment loss on investment in subsidiaries
- Note 14.4 - Impairment loss on amount due from subsidiaries

(iii) Acquisition of subsidiary

Significant judgments and estimations are involved in determining the fair value of the identifiable assets and liabilities acquired arising from the acquisition of Danum Sinar as described in Note 37 to the financial statements.

(iv) Revaluation of property, plant and equipment and investment properties comprising properties

Significant judgements are involved in determining the fair value of the property, plant and equipment and investment properties comprising properties as described in Note 4.3 and Note 5 to the financial statements. In addition, there was a correction made on the comparative fair value of certain investment properties as stated in Note 42 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Potential voting rights are considered when assessing control only when such rights are substantive.

The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

For each business combination, the Group elects whether it measures the 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(iii) Acquisitions of non-controlling interests

The Group accounts all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

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 surplus or deficit 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 equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Associates

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

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

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. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

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

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of the investment includes transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(vi) Joint arrangements

Joint arrangements are arrangements of which the Group or the Company has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statements of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) 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 venture are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the 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 the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

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

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

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(c) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(m)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) 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.

Fair value arising from financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(iv) Derecognition

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

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

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost/revaluation less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” and “other expenses” respectively in profit or loss.

Property, plant and equipment under the revaluation model

The Group revalues its properties comprising land and building every 3 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Long-term leasehold land	over the leasehold period from 82 to 92 years
• Buildings	10 to 50 years
• Plantation land	over the leasehold period of 86 years
• Plantation building	50 years
• Leasehold improvement	10 years
• Infrastructure	50 years
• Vessel	11 years
• Plant and equipment	4 to 25 years
• Computers, software and equipment	3 to 5 years
• Furniture and fittings	5 to 10 years
• Motor vehicles	5 to 10 years
• Renovations	3 to 10 years

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Bearer biological asset

Bearer biological asset comprises oil palm plants which are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the plants and any other costs directly attributable to bringing the plants to maturity. The cost also includes the cost of planting, upkeep and maintenance, direct labour and estate overheads. For immature plants, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Upon maturity of the plants, accumulated cost will be depreciated over estimated production life of the plants of approximately 25 years from date of maturity.

The depreciation method of the plants is the units of production method, which results in a charge based on the expected yield of the plants. The depreciation method of the bearer plants (determined by fields of planting or replanting) is reviewed at the end of each reporting period, and any change in estimate is applied prospectively over the remaining useful life of the plants, commencing in the current period.

When the plants reach the end of their useful lives and are replanted, the carrying amount of the plants is derecognised.

(f) Investment properties

(i) Investment properties carried at fair value

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

Investment properties are measured initially at cost and subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in the period in which the item is derecognised.

(ii) Reclassification to/from investment properties

When an item of property, plant and equipment is transferred to investment properties following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of investment properties, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Service concession

A portion of the Group's assets were used within the framework of Concession Agreement granted by the Government ("concession grantor"). The characteristics of the Concession Agreement generally provide, directly or indirectly, for grantor involvement in the determination of the service and its remuneration, and the return of the assets necessary to the performance of the service at the end of the contract.

The Group constructs or upgrades infrastructure used to provide public service and operates and maintains that infrastructure for a specified period of time. The Group recognises and measures revenue in accordance with the accounting policy for construction contract as described in Note 2(k) and Note 2(s)(ii).

The revenue for the construction or upgrade services are measured at fair value and the consideration may be rights to financial assets ("financial asset model") and/or intangible assets ("intangible asset model") depending on the remuneration commitments given by the grantor.

The choice of the financial asset or intangible asset model depends on the existence of payment guarantees granted by the concession grantor. In this case, the investment amount guaranteed by the concession grantor is recognised under the financial asset model and the residual balance is recognised under the intangible asset model.

Intangible asset resulting from the service concession are recorded in the statement of financial position under the heading of "service concession assets" and are amortised over the concession period using straight line method less impairment loss, if any.

(h) Goodwill

Goodwill arises on business combination is measured at cost less any accumulated impairment losses.

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that they may be impaired.

(i) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense 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 accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Leased assets (continued)

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position.

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

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(j) Inventories

Inventories other than agriculture produce are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

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.

Agriculture produce comprises fresh fruit bunches, which have yet to be harvested, are measured at fair value less cost of disposal.

(k) Amount due from contract customer

Amount due from contract customer represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Amount due from contract customer is presented as part of trade and other receivables as amount due from contract customers in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amount due to contract customers as part of trade and other payables in the statement of financial position.

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment

(i) Financial assets

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

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

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment (continued)

(ii) Other assets

The carrying amounts of other assets (except for inventories, amount due from contract customers, investment properties measured at fair value, deferred tax asset and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

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 assets or 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 group of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less costs of disposal. 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.

An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

An impairment loss shall be recognised immediately in profit or loss, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation decrease. An impairment loss on a non-revalued asset is recognised in profit or loss. However, an impairment loss on a revalued asset is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Such an impairment loss on a revalued asset reduces the revaluation surplus for that asset.

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amounts of the other assets in the CGU (groups of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Assets/Liabilities held for sale

Non-current assets, or assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets and liabilities are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets or liabilities on pro rata basis; except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint ventures cease once classified as held for sale.

(o) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity and are stated at cost.

(iii) Warrants

Warrants are classified as equity and are stated at cost.

(iv) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at Group and the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in profit or loss as accrued.

(v) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Compound financial instruments

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component.

The liability component of a compound financial instrument is recognised initially at fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest and losses and gains relating to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

(q) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Group makes contributions to the Employees' Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(iii) Defined benefit plans

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees in accordance with the terms of employment and practices. The Group's obligation under the Scheme is determined internally based on certain assumptions where the amount of benefits that employees have earned in return for their services rendered is estimated.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(s) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Revenue from concession arrangements

Revenue for construction services provided under the concession arrangement for water treatment plants is recognised based on percentage of completion.

When the Group invoices the customer during the operation phase of the concession period, it will apportion the amount to be collected from the invoice between:

(a) a repayment of the operating financial asset, which will be used to reduce the carrying amount of the operating financial asset on the statement of financial position;

(b) interest income, which will be recognised as finance income in the profit or loss; and

(c) revenue from bulk sale of treated water, and operating and maintaining the plants in the profit or loss.

(iii) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(iv) Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to surveys of work performed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Revenue and other income (continued)

(v) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(vii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(viii) Management fee

Management fee income is recognised in the profit or loss when management services are rendered using cost plus method.

(t) Borrowing costs

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

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

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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.

(u) Income tax

Income tax expense comprises current and deferred tax. Current tax 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.

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Income tax (continued)

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(f), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(v) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statements of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

(w) Earnings per ordinary share

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

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential ordinary shares, which comprise warrants and convertible notes.

(x) Operating segments

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefit will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(z) Fair value measurement

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 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 uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group 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 recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. AWARD OF CONCESSIONS

(a) LUWEI was incorporated on 28 January 2005 to undertake the Lushan County Water Supply Project for a concession period of thirty (30) years commencing from 1 May 2008. Under the concession, LUWEI is to invest, finance, construct, design, operate and maintain a 50,000 m^3 per day water treatment plant together with associated pipelines in Lushan County, Henan Province, China.

LUWEI has ceased to be a subsidiary of SINO with effect from 10 May 2017 as disclosed in Note 25 to the financial statements.

(b) XINNUO was incorporated on 7 April 2008 to undertake the Yangxin County Chenluo Industrial and Commercial Park (formerly known as Yangxin County Trade Centre) Wastewater Treatment Project for a concession period of twenty eight (28) years commencing from 8 November 2007. Under the concession, XINNUO is to acquire, invest, finance, construct, design, operate and maintain a 30,000 m^3 per day wastewater treatment plant in Laodian town (formerly known as Laodian Village), Yangxin County, Shandong Province, China.

XINNUO has ceased to be a subsidiary of SINO with effect from 11 July 2017 as disclosed in Note 25 to the financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

	Long-term leasehold land RM'000	Buildings RM'000	Plantation land RM'000	Plantation building RM'000	Leasehold improvement RM'000
	At valuation				
Group					
Cost/Valuation					
At 1 January 2016	35,000	45,486	-	-	-
Additions	-	10,405	-	-	-
Disposals	-	-	-	-	-
Transfer to assets held for sale (Note 17)	-	(269)	-	-	-
Write off	-	-	-	-	-
Reclassification	-	-	-	-	-
Reclassification to service concession assets (Note 7)	-	-	-	-	-
Exchange difference	-	(17)	-	-	-
At 31 December 2016/ 1 January 2017	35,000	55,605	-	-	-
At 31 December 2016/ 1 January 2017	35,000	55,605	-	-	-
Additions	-	83	-	-	-
Disposals	-	-	-	-	-
Acquisitions through a business combination (Note 37)	-	-	293,144	5,265	-
Write off	-	-	-	-	-
Reclassification	2,550	(5,786)	-	-	5,160
Revaluation (Note 18.5)	1,992	4,543	-	-	-
Elimination of accumulated depreciation on revaluation	(1,217)	(1,860)	-	-	-
Disposal of a subsidiary	-	-	-	-	-
Transfer to investment properties (Note 5)	-	(6,449)	-	-	-
Exchange difference	-	-	-	-	-
At 31 December 2017	38,325	46,136	293,144	5,265	5,160

Infrastructure RM'000	Vessel RM'000	Plant and equipment RM'000	Computers, software and equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovations RM'000	Construction in progress RM'000	Total RM'000
At cost								
-	180,454	1,934	27,174	6,773	38,008	21,547	1,634	358,010
-	-	1	2,410	619	3,466	301	2,743	19,945
-	-	-	(10)	-	(560)	-	-	(570)
-	-	(1,365)	(77)	(44)	(231)	-	-	(1,986)
-	-	-	(11)	(1)	-	-	-	(12)
-	-	-	573	-	-	-	(573)	-
-	-	-	-	-	-	-	(1,060)	(1,060)
-	7,207	(106)	-	(16)	(23)	(6)	-	7,039
-	187,661	464	30,059	7,331	40,660	21,842	2,744	381,366
-	187,661	464	30,059	7,331	40,660	21,842	2,744	381,366
369	-	406	1,113	741	9,031	-	595	12,338
-	-	(64)	(250)	(189)	(749)	(55)	-	(1,307)
97,669	-	347	-	290	-	-	4,023	400,738
-	-	-	(942)	(6)	(272)	-	(592)	(1,812)
-	-	-	-	-	-	399	(2,323)	-
-	-	-	-	-	-	-	-	6,535
-	-	-	-	-	-	-	-	(3,077)
-	-	-	(67)	-	-	-	-	(67)
-	-	-	-	-	-	-	(163)	(6,612)
-	(16,273)	-	-	-	-	-	-	(16,273)
98,038	171,388	1,153	29,913	8,167	48,670	22,186	4,284	771,829

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Long-term leasehold land RM'000	Buildings RM'000	Plantation land RM'000	Plantation building RM'000	Leasehold improvement RM'000
	At valuation				
Group					
Depreciation and impairment loss					
At 1 January 2016					
Accumulated depreciation	131	311	-	-	-
Accumulated impairment loss	-	-	-	-	-
	131	311	-	-	-
Depreciation for the year	394	777	-	-	-
Disposals	-	-	-	-	-
Impairment loss	-	-	-	-	-
Transfer to assets held for sale (Note 17)	-	(95)	-	-	-
Write off	-	-	-	-	-
Exchange difference	298	542	-	-	-
At 31 December 2016					
Accumulated depreciation	823	1,535	-	-	-
Accumulated impairment loss	-	-	-	-	-
	823	1,535	-	-	-
At 1 January 2017					
Accumulated depreciation	823	1,535	-	-	-
Accumulated impairment loss	-	-	-	-	-
	823	1,535	-	-	-
Depreciation for the year	394	864	1,113	600	-
Disposals	-	-	-	-	-
Impairment loss	-	-	-	-	-
Write off	-	-	-	-	-
Elimination of accumulated depreciation on revaluation	(1,217)	(1,860)	-	-	-
Reclassification	-	(539)	-	-	539
Disposal of a subsidiary	-	-	-	-	-
Exchange difference	-	-	-	-	-
At 31 December 2017					
Accumulated depreciation	-	-	1,113	600	539
Accumulated impairment loss	-	-	-	-	-
	-	-	1,113	600	539
Carrying amounts					
At 31 December 2017	38,325	46,136	292,031	4,665	4,621
At 31 December 2016/1 January 2017	34,177	54,070	-	-	-
At 1 January 2016	34,869	45,175	-	-	-

Infrastructure RM'000	Vessel RM'000	Plant and equipment RM'000	Computers, software and equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovations RM'000	Construction in progress RM'000	Total RM'000
At cost								
-	28,847	1,331	21,806	4,873	22,968	18,527	-	98,794
-	63,562	-	20	294	-	146	-	64,022
-	92,409	1,331	21,826	5,167	22,968	18,673	-	162,816
-	5,073	48	2,309	414	3,208	1,048	-	13,271
-	-	-	(2)	-	(102)	-	-	(104)
-	41,622	-	-	-	-	-	-	41,622
-	-	(1,254)	(67)	(31)	(216)	-	-	(1,663)
-	-	-	(4)	-	-	-	-	(4)
-	3,697	314	101	31	(1,477)	51	-	3,557
-	37,617	439	24,143	5,287	24,381	19,626	-	113,851
-	105,184	-	20	294	-	146	-	105,644
-	142,801	439	24,163	5,581	24,381	19,772	-	219,495
-	37,617	439	24,143	5,287	24,381	19,626	-	113,851
-	105,184	-	20	294	-	146	-	105,644
-	142,801	439	24,163	5,581	24,381	19,772	-	219,495
980	1,434	72	2,527	510	4,447	909	-	13,850
-	-	(39)	(177)	(129)	(368)	(29)	-	(742)
-	24,643	-	-	-	-	-	-	24,643
-	-	-	(620)	-	(127)	-	-	(747)
-	-	-	-	-	-	-	-	(3,077)
-	-	-	-	-	-	-	-	-
-	-	-	(12)	-	-	-	-	(12)
-	(12,114)	-	-	-	-	-	-	(12,114)
980	26,937	472	25,861	5,668	28,333	20,506	-	111,009
-	129,827	-	20	294	-	146	-	130,287
980	156,764	472	25,881	5,962	28,333	20,652	-	241,296
97,058	14,624	681	4,032	2,205	20,337	1,534	4,284	530,533
-	44,860	25	5,896	1,750	16,279	2,070	2,744	161,871
-	88,045	603	5,348	1,606	15,040	2,874	1,634	195,194

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Computers, software and equipment RM'000	Renovations RM'000	Total RM'000
	At cost		
Cost			
At 1 January 2016	784	1,928	2,712
Additions	96	-	96
Disposal	(9)	-	(9)
At 31 December 2016/1 January 2017	871	1,928	2,799
Additions	5	-	5
At 31 December 2017	876	1,928	2,804
Depreciation			
At 1 January 2016	231	1,237	1,468
Depreciation for the year	275	345	620
Disposal	(3)	-	(3)
At 31 December 2016/1 January 2017	503	1,582	2,085
Depreciation for the year	268	345	613
At 31 December 2017	771	1,927	2,698
Carrying amounts			
At 31 December 2017	105	1	106
At 31 December 2016/1 January 2017	368	346	714
At 1 January 2016	553	691	1,244

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

4.1 Breakdown of depreciation charge for the year, are as follows:

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Recognised in profit or loss		12,551	13,136	613	620
Capitalised in bearer biological asset	6	1,287	-	-	-
Discontinued operations		12	135	-	-
Depreciation charged for the year		13,850	13,271	613	620

4.2 Assets held under finance leases

The carrying amount of motor vehicles of the Group held under finance leases at the reporting date were RM8,322,000 (2016: RM6,859,000).

4.3 Revaluation of leasehold land and buildings

The leasehold land and buildings were revalued to fair values during the financial year under review. Their fair values were arrived at by reference to market evidence of transaction prices for similar properties and were performed by registered independent valuers having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

Valuation processes applied by the Group for Level 3 fair value

The following table shows the valuation technique used in the determination of fair values classified within Level 3, as well as the significant unobservable inputs used in the valuation model.

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison approach: The method involves determining the market value by directly comparing the property under valuation with similar properties, which have been sold, and estimating the fair value from these transactions. This method is based on the principle that the market value of a property would be in line with the market values of similar properties in the same locality as the subject property, the values being indicated through sales transactions of these properties. In arriving at the valuation, the independent professional valuer has made adjustment for factors, which would affect the market value of the investment property including but not limited to location, size, facilities available, market conditions and other factors in order to arrive at a common basis for comparison.	Adjusted values per square foot.	The estimated fair value would increase/ (decrease) if adjusted values per square foot were higher/ (lower).

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

4.3 Revaluation of leasehold land and buildings (continued)

If the leasehold land and buildings were measured using the cost model, the carrying amounts would have been as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Leasehold land at 31 December:		
Cost	21,110	21,110
Accumulated depreciation	(3,130)	(2,919)
Carrying amount	17,980	18,191
Buildings at 31 December:		
Cost	44,246	55,611
Accumulated depreciation	(6,407)	(6,297)
Carrying amount	37,839	49,314
	55,819	67,505

4.4 Impairment loss on property, plant and equipment

An impairment loss on the Vessel of RM24,643,000 (2016: RM41,622,000) is recognised during the year as the carrying amount of the Vessel exceeds its estimated recoverable amount. The impairment loss is included in impairment losses caption in the statements of profit or loss and other comprehensive income. The Vessel is an asset in the Oil and Gas segment.

In view of the decline in crude oil prices and with a significant number of projects being deferred, GOM Resources was not awarded any projects during the financial year ended 2017, which resulted in the Vessel remaining idle. The Directors changed the basis of determining the recoverable amount where in the current year, the Directors determined the recoverable amount of the Vessel by estimating its fair value less cost of disposal ("FVLCD") by reference to a non-binding bid price from an interested party. The Directors assume that the Vessel can be disposed not less than the non-binding bid price. The valuation technique used is classified within Level 2 of the fair value hierarchy.

Following the impairment of the Vessel, the recoverable amount is equal to the carrying amount. The recoverable amount of the Vessel was as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Recoverable amount	14,624	44,860
Fair value hierarchy	Level 2	Level 3

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

4.4 Impairment loss on property, plant and equipment (continued)

The following table shows the valuation technique used in the determination of fair value classified within Level 3, as well as the significant unobservable inputs used in the valuation model in the previous financial year.

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Market comparison approach: The fair value was assessed by reference to comparable vessel steelworks, structures, ancillary machineries and equipments, the vessel's assessed condition and based on the estimated underlying scrap steel price per metric tonne. In arriving at the valuation, the independent valuer has made assumptions on the tonnage and steel quality/condition, which may affect the fair values.	Adjusted steel weight tonnage and steel quantity/ condition determination	The estimated fair value would increase/ (decrease) if adjusted steel weight tonnage and steel quantity/ condition per metric tonne was higher/ (lower).

5. INVESTMENT PROPERTIES

	Note	Group RM'000	Company RM'000
At 1 January 2016, as previously stated		181,557	109,695
Prior year adjustments on fair value gain		315,000	163,200
At 1 January 2016, restated	42	496,557	272,895
Fair value gain recognised during the year			
- as previously stated		27,944	17,781
- prior year adjustments		13,890	8,210
		41,834	25,991
Additions during the year		1,129	744
At 31 December 2016, restated	42	539,520	299,630
Fair value gain recognised during the year		13,088	5,932
Additions during the year		42,147	195
Reclassification	4	6,612	-
At 31 December 2017		601,367	305,757

Included in the above are:

	Group			Company		
	2017 RM'000	2016 RM'000 (Restated)	2015 RM'000 (Restated)	2017 RM'000	2016 RM'000 (Restated)	2015 RM'000 (Restated)
At fair value						
Freehold land	3,265	3,165	3,165	-	-	-
Long-term leasehold land	589,152	533,505	490,530	294,257	286,870	261,895
Buildings	8,950	2,850	2,862	11,500	12,760	11,000
	601,367	539,520	496,557	305,757	299,630	272,895

5. INVESTMENT PROPERTIES (CONTINUED)

5.1 Fair value of investment properties

The fair values of the investment properties during the financial year were arrived at by reference to market evidence of transaction prices for similar properties and were performed by registered independent valuers having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The fair value measurement of the investment properties is based on the highest and best use, which does not differ from their actual use.

During the current financial year, certain properties were transferred from property, plant and equipment to investment properties (refer to Note 4 to the financial statements) since the properties were no longer used by the Group and was leased to a third party.

The following table shows the valuation technique used in the determination of fair values, classified within Level 3, as well as the significant unobservable inputs used in the valuation model.

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison approach: The method involves determining the market value by directly comparing the property under valuation with similar properties which have been sold, and estimating the fair value from these transactions. This method is based on the principle that the market value of a property would be in line with the market values of similar properties in the same locality as the subject property, the values being indicated through sales transactions of these properties. In arriving at the valuation, the independent professional valuer has made adjustment for factors, which would affect the market value of the investment property including but not limited to location, size, facilities available, market conditions and other factors in order to arrive at a common basis for comparison.	Adjusted values per square foot.	The estimated fair value would increase/ (decrease) if adjusted values per square foot were higher/ (lower).

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Rental income	388	406	1,269	1,223
Direct operating expenses				
- income generating investment properties	(296)	(350)	(114)	(108)
- non-income generating investment properties	(432)	(302)	(210)	(151)

6. BEARER BIOLOGICAL ASSET

	Note	Matured area RM'000	Oil palm Immature area RM'000	Total RM'000
Cost:				
At 1 January 2017		-	-	-
Acquisition arising from a business combination	37	93,311	182,477	275,788
Additions	6.1	-	7,676	7,676
At 31 December 2017		93,311	190,153	283,464
Accumulated amortisation:				
At 1 January 2017		-	-	-
Charge of the year		597	-	597
At 31 December 2017		597	-	597
Net book value:				
At 31 December 2017		92,714	190,153	282,867
At 1 January 2017		-	-	-

6.1 Included in the additions during the year are as follows:

	Note	Group 2017 RM'000
Finance cost *		3,533
Depreciation of property, plant and equipment	4.1	1,287

* Finance cost is capitalised at the borrowing cost rate of 5.25% per annum.

7. SERVICE CONCESSION ASSETS

	Note	Group 2017 RM'000	Group 2016 RM'000
Cost			
At 1 January		28,324	84,428
Additions		-	59
Transfer to assets held for sale	17	-	(53,946)
Reclassification from property, plant and equipment		-	1,060
Disposal of subsidiary		(27,289)	-
Exchange differences		(1,035)	(3,277)
At 31 December		-	28,324
Amortisation and impairment loss			
At 1 January			
Accumulated amortisation		4,824	11,225
Accumulated impairment loss		8,994	12,000
		13,818	23,225
Amortisation charge for the year		470	3,054
Impairment loss	25	5,132	18,801
Transfer to assets held for sale	17	-	(29,800)
Disposal of subsidiary		(19,210)	-
Exchange differences		(210)	(1,462)
At 31 December			
Accumulated amortisation		-	4,824
Accumulated impairment loss		-	8,994
		-	13,818
Carrying amount		-	14,506

Service concession assets represent the Group's rights to acquire, invest, finance, construct, design, operate and maintain water and wastewater treatment plants as detailed in Note 3 to the financial statements.

During the current financial year, the disposals of both LUWEI and XINNUO were completed as detailed in Note 25 to the financial statements.

8. INVESTMENT IN SUBSIDIARIES

	Company	
Cost	**2017 RM'000**	**2016 RM'000**
Unquoted shares	877,436	494,826
Less : Accumulated impairment losses	(305,930)	(245,352)
	571,506	249,474

Details of the subsidiaries are as follows:

Name	Principal activities	Effective ownership interest and voting interest 2017 %	2016 %
Principal place of business/ Incorporated in Malaysia			
PNMSSB	Provision of management, advisory and consultancy services	100	100
PNCSB	Construction work, general contracts and related activities	100	100
POG	Investment holding and provision of services for offshore logistics and marine management	100	100
Puncak Seri (M) Sdn. Bhd. *	Food and beverage related activities	100	100
MESB	Investment holding and oil palm plantation business	100	100
PRCSB *	Research and development and technology development for water, wastewater and environment sectors	100	100
Puncak Niaga (India) Sdn. Bhd.*	Dormant	100	100
Magnum Nature Sdn. Bhd.*	Dormant	100	100
Ideal Water Resources Sdn. Bhd.*	Dormant	100	100
Unggul Raya (M) Sdn. Bhd.*	Dormant	100	100
Puncak Communication Sdn. Bhd. (formerly known as Anugerah Prasarana Sdn. Bhd.)*	Mobile dealer, telecommunication and other related services	100	100

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows (continued):

Name	Principal activities	Effective ownership interest and voting interest	
		2017	**2016**
		%	**%**
Principal place of business/ Incorporated in Malaysia (continued)			
Aspen Streams Sdn. Bhd.	Dormant	60	60
Aneka Suriamas Sdn. Bhd. *	Dormant	100	100
Pujian Bayu Sdn. Bhd. *	Dormant	100	100
Principal place of business/ Incorporated in Singapore			
SINO	Investment in water and wastewater projects in PRC	98.65	98.65
PNOC	Dormant	100	100
Principle place of business/ Incorporated in India			
PNIPPL *	Dormant	100	100
Principal place of business/ Incorporated in PRC			
Subsidiaries of SINO			
LUWEI *	Treatment and distribution of water and related services	-+	92.54
XINNUO *	Treatment of wastewater and related services	-+	98.65
Sino Water (Shanghai) * *(In voluntary dissolution)*	Consultancy services for water and wastewater	98.65	98.65
Principal place of business/ Incorporated in Malaysia			
Subsidiaries of POG			
GOM Resources	Offshore installation services of integrated transportation and installation of offshore facilities	100	100
KGL	Offshore leasing of vessel on time charter basis	100	100

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name	Principal activities	Effective ownership interest and voting interest 2017 %	2016 %
Principle place of business/ Incorporated in Myanmar			
Subsidiary of POG			
GOL* *(In member's voluntary winding-up)*	Dormant	100	100
Principle place of business/ Incorporated in Malaysia			
Subsidiaries of MESB			
DSSB	Investment holding and oil palm plantation business	90+	60
Danum Sinar	Oil palm plantation business	90+	-

* Audited by firms other than KPMG PLT

\+ Refer to Note 38 of the financial statements for changes in composition of the Group.

8.1 Increase in investment of subsidiaries

During the current financial year, the Company:

(a) subscribed Redeemable Preference Shares ("RPS") of RM332,611,111 in MESB with cash payment of RM305,820,770 and by way of capitalising the amount due from MESB of RM26,790,341. The additional capital injection into MESB was used by MESB for the subscription of additional ordinary shares amounting to RM136,951,711 and Class A Cumulative Convertible Redeemable Preference Shares ("CCRPS-A") amounting to RM168,869,059 in DSSB. The investment in DSSB was to facilitate the completion of the proposed acquisition of Danum Sinar.

Refer to Note 37 to the financial statement for the acquisition of Danum Sinar via DSSB.

(b) subscribed 50,000,000 ordinary shares of PNCSB by way of capitalising the amount due from PNCSB.

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

8.1 Increase in investment of subsidiaries (continued)

In the previous financial year, the Company increased its investment in Aspen Streams Sdn. Bhd. ("ASSB") and MESB by way of additional cash injection of RM996,000 and RM9,999,998 respectively to facilitate the Group's business expansion plans in water sector and oil palm plantation sector. The Company invested in RPS of RM188,400,000 into PNCSB, PNMSSB, POG and Puncak Seri (M) Sdn. Bhd. ("PSSB") and increased the paid up share capital of RM7,750,000 into PNCSB, PNMSSB and PSSB by capitalising the amount due from these subsidiaries.

8.2 Impairment loss on investment in subsidiaries

At Company level, the increase in impairment loss during the year amounting to RM60,578,000 (2016: RM139,617,000) was mainly attributable to a subsidiary that is in the Construction operating segment.

The recoverable amount of the investment in subsidiary was based on fair value less cost of disposal by estimating the fair value of the underlying assets and liabilities of the subsidiary. The key underlying asset held by this subsidiary is the contract amount due from a contract customer, of which a provision for foreseeable loss has been made as described in Note 21. The adequacy of the impairment loss is highly dependent on the outcome of the contract with the customer.

The recoverable amount of this subsidiary is RM Nil, of which its fair value is classified within Level 3 of the fair value hierarchy.

Following an impairment of the cost of investment in subsidiaries, the recoverable amount is equal to the carrying amount. Therefore, any adverse change in the key assumptions may result in a further impairment loss.

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

8.3 Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interest ("NCI") are as follows:

	2017		
	DSSB RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	10%		
Carrying amount of NCI	36,170	(2,270)	33,900
Loss allocated to NCI	(849)	(412)	(1,261)
	(a)		
Summarised financial information before intra-group elimination			
As at 31 December 2017			
Non-current assets	689,490		
Current assets	26,359		
Non-current liabilities	(220,732)		
Current liabilities	(133,422)		
Net assets	361,695		
Year ended 31 December 2017			
Revenue	8,244		
Loss and comprehensive expense for the year	(8,487)		
Cash flows from operating activities	(92,780)		
Cash flows from investing activities	(242,415)		
Cash flows from financing activities	337,667		
Net increase in cash and cash equivalents	2,472		

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

8.3 Non-controlling interests in subsidiaries (continued)

	2016		
	DSSB RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	40%		
Carrying amount of NCI	18,239	(5,276)	12,963
Loss allocated to NCI	(21)	(1,086)	(1,107)
	(a)		

Summarised financial information before intra-group elimination	
As at 31 December 2016	
Non-current assets	-
Current assets	45,615
Non-current liabilities	-
Current liabilities	(17)
Net assets	45,598
Year ended 31 December 2016	
Revenue	-
Loss and comprehensive expense for the year	(52)
Cash flows from operating activities	(46)
Cash flows from investing activities	(44,650)
Cash flows from financing activities	45,661
Net increase in cash and cash equivalents	965

(a) Increase in share capital of DSSB

On 5 June 2017, the Company's wholly-owned subsidiary, MESB, Sunshine Upland Sdn. Bhd. ("SUSB") and Astaka Suria Sdn. Bhd. ("Astaka Suria") had entered into a supplemental shareholders' agreement. Pursuant to this agreement, with effect from 28 June 2017, MESB's equity interest in DSSB increased from its initial equity holding of 60% to 90% while Astaka Suria's equity interest in DSSB remained unchanged at 10% based on an enlarged share capital of DSSB and SUSB ceased to be a shareholder of DSSB.

During the current financial year, the minority shareholder, Astaka Suria had subscribed for RPS of RM18,763,000 being 10% of its ownership and voting interest in DSSB.

Refer to Note 37 to the financial statements for the acquisition of Danum Sinar via DSSB and Note 38 to the financial statements for the changes in the composition of the Group.

9. INVESTMENT IN ASSOCIATES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Advances to associates	7	11	14	12
Share of post-acquisition reserves	(1)	(6)	-	-
	6	5	14	12

Name	Principal activities	Effective ownership interest and voting interest 2017 %	2016 %
Principle place of business/ Incorporated in Malaysia			
Purnama Persada Sdn. Bhd.	Dormant	50	50

10. INVESTMENT IN JOINT VENTURES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Advances to joint ventures	5,872	5,682	5,872	5,682
Less: Accumulated impairment loss	(5,872)	(5,682)	(5,872)	(5,682)
	-	-	-	-
Share of post-acquisition reserves	-	627	-	-
	-	627	-	-

11. GOODWILL

	Group	
	2017 RM'000	2016 RM'000
At 1 January	1,249	1,249
Impairment loss	(1,249)	-
At 31 December	-	1,249
Goodwill is allocated to CGUs in following segments:		
Wastewater	-	159
Construction	-	1,090
	-	1,249

12. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets			Liabilities			Net		
	2017 RM'000	2016 RM'000 (Restated)	2015 RM'000 (Restated)	2017 RM'000	2016 RM'000 (Restated)	2015 RM'000 (Restated)	2017 RM'000	2016 RM'000 (Restated)	2015 RM'000 (Restated)
Group									
Property, plant and equipment	-	-	-	(95,416)	(9,283)	(6,338)	(95,416)	(9,283)	(6,338)
Bearer biological asset	-	-	-	(65,880)	-	-	(65,880)	-	-
Investment properties	-	-	-	(18,286)	(17,695)	(15,609)	(18,286)	(17,695)	(15,609)
Service concession assets	-	-	-	-	(1,468)	(1,558)	-	(1,468)	(1,558)
Trade receivables	-	-	2,422	-	-	-	-	-	2,422
Unutilised tax losses	31,947	1,395	17,413	-	-	-	31,947	1,395	17,413
Unabsorbed agriculture allowance	39,473	-	-	-	-	-	39,473	-	-
Others	1,500	178	5,167	(3,498)	-	(1,245)	(1,998)	178	3,922
Net tax assets/(liabilities)	72,920	1,573	25,002	(183,080)	(28,446)	(24,750)	(110,160)	(26,873)	252
Company									
Property, plant and equipment	-	-	-	(2,935)	(2,935)	(2,935)	(2,935)	(2,935)	(2,935)
Investment properties	-	-	-	(9,616)	(9,318)	(8,019)	(9,616)	(9,318)	(8,019)
Others	-	-	-	(1,325)	(1,325)	(1,325)	(1,325)	(1,325)	(1,325)
Net tax liabilities	-	-	-	(13,876)	(13,578)	(12,279)	(13,876)	(13,578)	(12,279)

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

Recognised deferred tax assets/(liabilities) (continued)

Movement in temporary differences:

Group	As at 1 January 2016, as previously stated RM'000	Prior year adjustments recognised in retained earnings (Note 42) RM'000	As at 1 January 2016, restated RM'000	Recognised in profit or loss in 2016 (Note 27) RM'000	As at 31 December 2016/ 1 January 2017, restated RM'000	Arising from business combination in 2017 (Note 37) RM'000	Recognised in profit or loss in 2017 (Note 27) RM'000	Recognised in equity and other comprehensive income in 2017 (Note 28) RM'000	As at 31 December 2017 RM'000
Deferred tax (liabilities)/assets									
Property, plant and equipment	(6,338)	-	(6,338)	(2,945)	(9,283)	(86,737)	(119)	723	(95,416)
Bearer biological asset	-	-	-	-	-	(65,880)	-	-	(65,880)
Investment properties	141	(15,750)	(15,609)	(2,086)	(17,695)	-	(591)	-	(18,286)
Service concession assets	(1,558)	-	(1,558)	90	(1,468)	-	1,468	-	-
Trade receivables	2,422	-	2,422	(2,422)	-	-	-	-	-
Unutilised tax losses	17,413	-	17,413	(16,018)	1,395	29,547	1,005	-	31,947
Unabsorbed agriculture allowance	-	-	-	-	-	39,473	-	-	39,473
Others	3,922	-	3,922	(3,744)	178	-	(2,176)	-	(1,998)
	16,002	(15,750)	252	(27,125)	(26,873)	(83,597)	(413)	723	(110,160)
Company									
Deferred tax (liabilities)/assets									
Property, plant and equipment	(2,935)	-	(2,935)	-	(2,935)	-	-	-	(2,935)
Investment properties	141	(8,160)	(8,019)	(1,299)	(9,318)	-	(298)	-	(9,616)
Others	(1,325)	-	(1,325)	-	(1,325)	-	-	-	(1,325)
	(4,119)	(8,160)	(12,279)	(1,299)	(13,578)	-	(298)	-	(13,876)

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

Recognised deferred tax assets/(liabilities) (continued)

	Group			Company		
	2017 RM'000	2016 RM'000 (Restated)	2015 RM'000 (Restated)	2017 RM'000	2016 RM'000 (Restated)	2015 RM'000 (Restated)
Presented after appropriate offsetting as follows:						
Deferred tax assets	-	2,110	25,722	-	-	-
Deferred tax liabilities	(110,160)	(28,983)	(25,470)	(13,876)	(13,578)	(12,279)
	(110,160)	(26,873)	252	(13,876)	(13,578)	(12,279)

The deferred tax liabilities are mainly recognised in relation to the revaluation of leasehold land and buildings, fair value of investment properties and identifiable assets acquired from the acquisition of Danum Sinar, as disclosed in Note 4.3, Note 5, Note 37 and Note 42 to the financial statements.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised for the following items (stated at net):

	Group	
	2017 RM'000	2016 RM'000
Tax losses and capital allowances	83,271	49,759

13. INVENTORIES

		Group	
	Note	2017 RM'000	2016 RM'000
Cost			
Water treatment chemicals		250	127
Fuel		-	2
Stores and consumables		3,273	-
Others		2,545	22
		6,068	151
Fair value less cost of disposal			
Fresh fruit bunches	13.1	4,559	-
		10,627	151

13. INVENTORIES (CONTINUED)

During the year, the amount of inventories recognised in the profit or loss of the Group was RM4,831,000 (2016: RM1,498,000) and is included in raw materials, consumables and maintenance in the statement of profit or loss and other comprehensive income.

13.1 Fair value of fresh fruit bunches

The following table shows the valuation technique used in the determination of fair values, classified within Level 3, as well as significant unobservable inputs used in the valuation model.

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Income approach: The method involves forecasting the income to be generated by the fresh fruit bunches on the trees at year end by using 4 months projected sales less cost of harvesting and collection to estimate the fresh fruit bunches on the trees as the black bunches normally require 4 to 5 months to reach maturity. In arriving at the valuation, a transformation growth factor was included.	Maturity period of the fresh fruit bunches and transformation growth factor.	The estimated fair value would increase/ (decrease) if: (a) the fresh fruit bunches take longer/ (shorter) time to reach maturity. (b) the transformation growth factor is higher/ (lower).

The following table shows a reconciliation of the fair value of fresh fruit bunches:

	Group
	2017
	RM'000
At 1 January	-
Acquisition from a business combination	3,311
Net fair value gain recognised in profit or loss	1,248
At 31 December	4,559

14. TRADE AND OTHER RECEIVABLES

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Trade					
Trade receivables	14.1	46,157	4,520	-	-
Amount due from contract customers	14.2	56,145	52,807	-	-
Advances to subcontractors	14.3	17,483	20,869	-	-
		119,785	78,196	-	-
Non-trade					
Amounts due from subsidiaries	14.4	-	-	415,050	245,886
Prepayments		1,856	1,354	541	1,555
Other receivables		24,648	13,548	1,170	1,239
Deposits	14.5	40,061	72,607	21,286	21,417
		66,565	87,509	438,047	270,097
Less: Impairment losses on non-trade receivables		(6,194)	(6,194)	(319,765)	(203,854)
		60,371	81,315	118,282	66,243
		180,156	159,511	118,282	66,243

14.1 Trade receivables

Trade receivables are non-interest bearing and are generally on a range of 30 to 90 days (2016: 30 to 90 days) terms. Credit terms are assessed and approved on a case-by-case basis.

14.2 Amount due from contract customers

	Group 2017 RM'000	Group 2016 RM'000
Construction contracts costs incurred to date	424,411	310,664
Less: Attributable loss	(55,504)	(7,862)
	368,907	302,802
Less: Progress billings	(312,762)	(249,995)
	56,145	52,807

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

14.3 Advances to subcontractors

Advances are paid to subcontractors upon request by subcontractors, as per contract. Advances are non-interest bearing and are recouped progressively and proportionately from subsequent progress billings from the subcontractors upon supply of the works attaining a certain percentage of the contract sum.

14.4 Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured and repayable on demand. During the current financial year, the interest charged to these amounts is 3.93% per annum (2016: Nil). The significant increase in impairment loss during the financial year for the Company is mainly arising from advances to PNCSB, PNOC and Puncak Seri (M) Sdn Bhd.

14.5 Deposits

In the current financial year, included in deposits of the Group are deposits paid to various regulatory authorities in regards to the main on-going construction project of RM7,119,000 and deposits of the net adjudicated amount of RM5,748,000 that was held by the solicitor of Genbina and its receiver cum co-plaintiff, Malaysia Debt Ventures Berhad ("MDV") in regards to the notice of adjudication as disclosed in Note 40(IV) to the financial statements.

In the current and previous financial year, included in deposits of the Group and the Company were deposit paid to Pimpinan Ehsan Berhad of RM21,000,000 for the proposed acquisition of the entire issued and paid-up share capital of TRIplc.

In the previous financial year, there was a deposit paid to Shin Yang Holding Sendirian Berhad of RM44,650,000 for the acquisition of the entire issued and paid-up capital of Danum Sinar as disclosed in Note 37 to the financial statements.

15. SHORT-TERM INVESTMENTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 31 December/ Market value	290,778	835,053	290,090	834,965

Short-term investments represent fund placements in financial institutions.

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deposits with licensed banks	198,947	204,425	189,118	182,742
Cash and bank balances	47,228	62,520	7,435	39,965
At 31 December	246,175	266,945	196,553	222,707

Included in cash and cash equivalents of the Group is an amount of RM2,364,000 (2016: RM32,000) pledged to secure the loan facilities.

17. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

During the last financial year, following the Group's commitment to sell its entire interest held in LUWEI on 13 July 2016, the related assets and liabilities of LUWEI concession activities were presented as assets/liabilities classified as held for sale.

The sale of LUWEI was completed on 10 May 2017. The effect of the disposal is analysed in Note 25.

In the previous financial year, the assets and liabilities held for sale were as follows:

	Note	Group 2016 RM'000
Assets classified as held for sale		
Property, plant and equipment	4	323
Service concession assets	7	24,146
Trade and other receivables		118
Inventories		20
Cash and cash equivalents		227
		24,834
Liabilities classified as held for sale		
Loans and borrowings		(14,600)
Trade payables		(3,774)
		(18,374)

18. CAPITAL AND RESERVES

18.1 Share capital

	Group and Company			
	2017		2016	
	Amount RM'000	Number of Shares '000	Amount RM'000	Number of Shares '000
Authorised:				
Ordinary shares^	-	-	1,300,000	1,300,000
Ordinary shares, issued and fully paid:				
At 1 January	449,284	449,284	449,284	449,284
Transfer from share premium in accordance with Section 618(2) of the Companies Act 2016*	105,379	-	-	-
At 31 December	554,663#	449,284	449,284	449,284

^ The new Companies Act 2016 which came into operation on 31 January 2017 abolished the concept of authorised share capital and par value of share capital.

* In accordance with Section 618 of Companies Act 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has twenty-four months upon the commencement of the Companies Act 2016 on 31 January 2017 to utilise the credit.

Included in the share capital is share premium amounting to RM105,379,000 that is available to be utilised in accordance with Section 618(3) of the Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74).

(a) Ordinary shares

The holders of ordinary 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. In respect of the Company's treasury shares that are held by the Company (Note 18.3), all rights are suspended until those shares are reissued.

18. CAPITAL AND RESERVES (CONTINUED)

18.1 Share capital (continued)

(b) Warrants

On 23 July 2013, the Company issued 40,910,609 free warrants with an exercise price of RM1.00 each on the basis of one (1) warrant for every ten (10) existing ordinary shares in the Company held by the entitled shareholders of the Company. The warrants are listed on the Main Market of Bursa Securities on 26 July 2013.

The warrants will expire at the end of five years from the date of issuance. As at 31 December 2017, 5,269,720 (2016: 5,269,720) warrants remained unexercised.

18.2 Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

Pursuant to the Section 618(3) of the Companies Act 2016 coming into effect on 31 January 2017, the credit standing in the share premium account of RM105,379,000 has been transferred to the share capital account during the current financial year.

18.3 Treasury shares

Treasury shares comprise solely the ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.There were no repurchase of issued share capital in the current financial year.

As at 31 December 2017, the Company held 2,036,800 (2016: 2,036,800) of the Company's ordinary shares as treasury shares, amounting to RM5,941,000 (2016: RM5,941,000).

18.4 Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

18. CAPITAL AND RESERVES (CONTINUED)

18.5 Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment and also for those properties reclassified from property, plant and equipment to investment properties. Details of the revaluation reserve are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 January, gross	131,617	131,617	17,162	17,162
Add:				
Revaluation surplus of land and buildings, recognised in other comprehensive income	6,535	-	-	-
At 31 December, gross	138,152	131,617	17,162	17,162
At 1 January, deferred tax	(11,898)	(11,898)	(857)	(857)
Less:				
Recognised in other comprehensive income for revaluation surplus of land and buildings	(723)	-	-	-
At 31 December, deferred tax	(12,621)	(11,898)	(857)	(857)
At 31 December, net	125,531	119,719	16,305	16,305

18.6 Other reserve

Other reserve represents the premium paid on the acquisition of the non-controlling interests in KGL and GOM Resources respectively.

19. LOANS AND BORROWINGS

		Group	
	Note	2017 RM'000	2016 RM'000
Non-current			
Secured:			
Term loan	19.2	-	6,752
Tawarruq term loan	19.3	138,674	-
Obligation under finance leases	34.2	4,733	4,375
		143,407	11,127
Current			
Secured:			
USD term loan	19.1	-	8,972
Term loan	19.2	-	646
Obligation under finance leases	34.2	1,745	1,322
Revolving credit facility	19.3	18,100	-
		19,845	10,940
Total		163,252	22,067

19. LOANS AND BORROWINGS (CONTINUED)

19.1 USD term loan

A subsidiary of the Group, KGL had in year 2012 secured a syndicated term loan facility of USD36 million from two local licensed banks. The loan had been drawn down in April 2012.

The principal is repayable on a quarterly basis and the interest is payable on a quarterly basis at a rate of 2.0% above cost of funds per annum.

Outstanding sum on the USD term loan was fully repaid during the financial year and the USD term loan facility had since been cancelled.

19.2 Term loan

The term loan was granted to XINNUO to fund the purchase of the wastewater treatment plant phase I (excluding land) from Yangxin County Chenlou Industrial and Trading Park Waste Water Treatment Plant Co. Ltd., and for XINNUO's capital extension of additional treatment facilities.

The facility was repayable annually from 26 December 2016 and ending on 24 December 2018.

The facility was secured via the Standby Letter of Credit in USD equivalent to 105.9% term loan drawdown amount by OCBC Bank (Malaysia) in favour of OCBC Bank China Limited.

The term loan was fully repaid during the financial year and XINNUO has ceased to be a subsidiary of SINO as disclosed in Note 25 and Note 38 to the financial statement.

19.3 Tawarruq term loan and revolving credit facility

During the current financial year, the Tawarruq term loan was granted to Danum Sinar to refinance its previous banking facilities, for working capital purposes and to finance the expansion of the plantation development activities in Sarawak, Malaysia.

The Tawarruq term loan facility is for a period of 120 months and had been drawn down in November 2017. The principal is repayable by ninety-six (96) monthly instalments, commencing on the 25th month end from the date of initial drawdown. The profit is payable on a monthly basis at a rate of 1.1% above the cost of Islamic funds per annum.

The revolving credit facility is for a period of one (1), two (2) or three (3) months and subject to yearly review. The profit is payable on a monthly basis at a rate of 1.1% above the cost of Islamic funds per annum.

The facilities were secured via the following:

(a) First charge on Bintulu land titles (eleven (11) plots of oil palm plantation land in Murum and Silat Land District, Miri, State of Sarawak);

(b) Debenture over present and future assets of Danum Sinar;

(c) Charge and assignment over a designated Escrow Account; and

(d) Undertaking letter from PNHB to finance any cash flow deficiency in Danum Sinar and to top up any shortfall in the Minimum Required Balance in the Escrow Account.

The key financial covenants of the facilities are as follows:

(a) Danum Sinar shall maintain a minimum Finance Service Coverage Ratio ("FSCR") of 1.00 times at all times. FSCR shall be computed as the ratio of net operating and investing cash flow and operating cash balance to the annual principal and profit payment obligations; and

(b) Puncak Niaga Group consolidated net finance to equity ("FE") ratio shall not be more than 1.20X at all times.

20. TRADE AND OTHER PAYABLES

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Current					
Trade					
Trade payables	20.1	192,925	93,678	-	-
Advances from contract customers		10,000	10,000	-	-
		202,925	103,678	-	-
Non-trade					
Other payables and accruals		18,505	15,965	4,754	2,441
		221,430	119,643	4,754	2,441

20.1 Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 - 60 days (2016: 30 - 60 days) terms.

21. PROVISION FOR FORESEEABLE LOSS

	Note	Group 2017 RM'000	Group 2016 RM'000
At 1 January		66,226	-
Provision utilised during the year	21.1	(45,555)	-
Provision recognised during the year	21.2	57,817	66,226
		12,262	66,226
At 31 December		78,488	66,226

Provision for foreseeable loss of the Group, which arose from a subsidiary, PNCSB was made as the total contract costs of one of its contracts, "Pakej D44 – Pembinaan Rangkaian Paip Pembentungan di Bunus, Kuala Lumpur (Reka dan Bina)" ("D44 project"), is expected to exceed the total estimated contract revenue as a result of cost increase subsequent to the termination of the previous subcontractor for non-performance and slow work progress.

21.1 Provision utilised during the year

The provision for foreseeable loss that was utilised during the year reflect the actual work that was realised upon revenue and cost recognition.

21. PROVISION FOR FORESEEABLE LOSS (CONTINUED)

21.2 Provision recognised during the year

Included in the provision for foreseeable loss that was recognised in the current financial year is the estimated provision for liquidated ascertained damages ("LAD") that arose due to the uncertainty of the approval of the Extension of Time ("EoT"). EoT was applied because PNCSB faced challenges to complete the D44 project according to the original stipulated completion date which was on 24 February 2018. However the EoT has yet to be approved. Since it was probable that the EoT might not be approved, the Directors factored in a LAD amounted to RM17,500,000 as a reduction of the contract revenue using probability weighted average method by assuming that there is a 50% chance of securing the EoT. Refer to Note 22(a) to the financial statements for the reduction in the contract revenue.

The recognition of LAD gave rise to an increase in the provision for foreseeable loss in addition to the revision of the budgeted cost during the current financial year.

On 27 March 2018, the customer has approved a conditional EoT to 30 June 2019. This has not been factored in the calculation of the foreseeable loss provision. The loss would have reduced by RM9,000,000 if the conditions of this approval can be fulfilled.

22. REVENUE

		Continuing operations		Discontinued operations (Note 25)		Total	
		2017 RM'000	2016 RM'000 (Restated)	2017 RM'000	2016 RM'000 (Restated)	2017 RM'000	2016 RM'000 (Restated)
Group							
Water and wastewater services		24,810	15,177	185	561	24,995	15,738
Construction contract	(a)	66,105	57,981	-	75	66,105	58,056
Sale of fresh fruit bunches		8,244	-	-	-	8,244	-
Others		1,936	597	-	-	1,936	597
		101,095	73,755	185	636	101,280	74,391

The prior year comparatives (for all profit and loss disclosures) have been presented to segregate the comparative financial information between continuing and discontinued operations of the Group during the year as disclosed in Note 25 to the financial statements.

(a) Construction contract

Total construction contract sum was reduced by RM17,500,000 which relates to the provision of LAD as explained in Note 21.2 to the financial statements and this has decreased the revenue recognition during the year by RM8,500,000.

On 27 March 2018, the customer has approved a conditional EoT to 30 June 2019. The revenue would have increased by RM8,500,000 if the conditions of this approval can be fulfilled.

23. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Wages, salaries and bonuses	50,265	55,968	704	1,080
Defined contribution plan	7,109	7,960	38	126
Other staff related expenses	9,471	9,555	794	1,672
	66,845	73,483	1,536	2,878

Included in employee benefits expense of the Group and the Company are the Executive Directors' remuneration (excluding benefits-in-kind) amounting to RM10,971,000 (2016: RM17,095,000) and RM Nil (2016: RM747,000) respectively as further disclosed in Note 30 to the financial statements.

24. FINANCE COSTS

	Group		Company	
	2017 RM'000	2016 RM'000 (Restated)	2017 RM'000	2016 RM'000
Revolving credit interest	126	-	-	-
Tawarruq term loan interest	3,407	-	-	-
USD term loan interest	77	1,135	-	-
Interest expense on obligation under finance leases	306	252	-	-
Bank guarantee	1,424	1,009	-	-
Bank charges	77	206	33	114
Others	34	-	-	-
	5,451	2,602	33	114
Recognised in profit or loss	1,918	2,602	33	114
Capitalised in bearer biological assets (Note 6.1)	3,533	-	-	-
	5,451	2,602	33	114

25. DISCONTINUED OPERATIONS

Included in the loss or profit from discontinued operations are the operations of LUWEI and XINNUO as disclosed below:

i. On 13 July 2016, the Company's 98.65% subsidiary, SINO and Environmental Holding Pte Ltd ("EHPL") had entered into a Framework Agreement with Lushan County People's Government for the proposed disposal of the entire equity interest in LUWEI to Lushan County Chengnan Water Co. Ltd ("Chengnan Water"), a state-owned enterprise. On 15 December 2016, SINO had entered into the Equity Transfer Agreement ("ETA") with EHPL and Chengnan Water to divest its 93.81% equity interest in LUWEI at zero cash consideration and a settlement sum of RMB10.0 million (equivalent to approximately RM6.2 million) only to be paid to SINO and Sino Water (Shanghai) for repayment of the outstanding shareholder loans and consultancy service fees.

   Pursuant to the ETA executed on 15 December 2016, the regulatory authority in the People's Republic of China had on 10 May 2017 issued the Business License approving the transfer of 93.81% equity interest in LUWEI held by SINO to Chengnan Water.

   Accordingly, LUWEI had ceased to be a subsidiary of SINO with effect from 10 May 2017.

ii. On 23 May 2017, the Company's 98.65% subsidiary, SINO had entered into a Framework Agreement with Laodian Town People's Government, Binzhou Haifu Water Co., Ltd and Yangxin County Chenlou Industrial & Commercial Park Wastewater Treatment Plant for the proposed disposal of the entire equity interest in XINNUO to Binzhou Haifu Water Co., Ltd for a total cash consideration of RMB350,000 (equivalent to approximately RM224,000) to be paid to SINO and settlement sum of RMB1.45 million (equivalent to approximately RM0.9 million) to Sino Water (Shanghai) for repayment of the outstanding consultancy service fees.

   Pursuant to the Equity Interest Transfer Agreement ("EITA") executed on 20 June 2017, the regulatory authority in the People's Republic of China had on 11 July 2017 issued the Business License approving the transfer of 100% equity interest in XINNUO held by SINO to Binzhou Haifu Water Co., Ltd.

   Accordingly, XINNUO had ceased to be a subsidiary of SINO with effect from 11 July 2017.

Results of the above discontinued operations:

	Note	Group 2017 RM'000	Group 2016 RM'000 (Restated)
Revenue	22	185	636
Other income		1	708
Impairment loss on assets held for sale	7	(5,132)	(18,801)
Operating expenses		(896)	(6,608)
Depreciation and amortisation expenses		(482)	(3,189)
Finance costs		(237)	(591)
Tax credit		23	91
Loss after tax from discontinued operations		(6,538)	(27,754)
Gain on disposal of discontinued operations		1,961	-
Loss for the year		(4,577)	(27,754)

25. DISCONTINUED OPERATIONS (CONTINUED)

The loss from discontinued operations are arrived at after charging the following:-

	Group	
	2017 RM'000	2016 RM'000 (Restated)
Auditors' remunerations - Other auditors	-	33

The effect of the disposal of LUWEI and XINNUO on the financial position of the Group is as follows:-

	Group 2017 RM'000
Property, plant and equipment	378
Service concession assets	32,225
Trade and other receivables	82
Inventories	8
Cash and cash equivalents	442
Loans and borrowings	(14,000)
Trade and other payables	(19,468)
Deferred tax liabilities	(1,691)
Foreign currency translation reserve	(3,094)
Non-controlling interests	3,381
Net assets disposed	(1,737)
Gain on sale of discontinued operations	1,961
Consideration received, satisfied in cash	224
Cash and cash equivalents disposed of	(442)
Settlement sum on disposal	7,083
Net cash inflow	6,865

26. LOSS BEFORE TAX

Loss before tax from continuing operations is arrived at after charging:

	Note	Group 2017 RM'000	Group 2016 RM'000 (Restated)	Company 2017 RM'000	Company 2016 RM'000
Auditors' remunerations	26.1	645	811	253	485
Operating lease					
- Minimum lease payments on buildings		1,173	2,638	-	17
- Minimum lease payments on motor vehicle and equipment		829	871	5	6
Impairment loss on amount due from subsidiaries (net)		-	-	115,911	49,228
Impairment loss on investment in subsidiaries	8.2	-	-	60,578	139,617
Impairment loss on property, plant and equipment	4.4	24,643	41,622	-	-
Impairment loss on goodwill	11	1,249	-	-	-
Provision for foreseeable loss	21	12,262	66,226	-	-
Loss on disposal of property, plant and equipment		130	364	-	-
Property, plant and equipment written off		1,065	8	-	-
Realised foreign exchange loss (net)		231	6,519	-	1
Unrealised foreign exchange loss (net)		247	-	-	-

And loss before tax from continuing operations is arrived at after crediting:

	Note	Group 2017 RM'000	Group 2016 RM'000 (Restated)	Company 2017 RM'000	Company 2016 RM'000 (Restated)
Gain on disposal of short-term investment		11	91	-	91
Fair value gain on short-term investment		19,058	31,787	19,061	31,787
Fair value gain on fresh fruit bunches	13.1	1,248	-	-	-
Interest income		8,825	9,213	7,578	7,411
Interest income charged on amount due from subsidiaries		-	-	5,360	-
Rental income from investment property		388	406	1,269	1,223
Unrealised foreign exchange gain		-	3,258	5	8,074
Fair value gain on investment properties	5	13,088	41,834	5,932	25,991

26. LOSS BEFORE TAX (CONTINUED)

26.1 Auditors' remunerations

	Group		Company	
	2017 RM'000	2016 RM'000 (Restated)	2017 RM'000	2016 RM'000
KPMG PLT				
- Statutory audit	310	246	65	60
- KPMG members - Statutory audit	70	70	-	-
- Other non-audit services	214	443	188	425
	594	759	253	485
Other auditors				
- Statutory audit	34	35	-	-
- Other non-audit services	17	17	-	-
	51	52	-	-
	645	811	253	485

27. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2017 RM'000	2016 RM'000 (Restated)	2017 RM'000	2016 RM'000 (Restated)
Total income tax expense	2,257	27,009	353	822
Major components of income tax expense include:				
- Current financial year	2,633	469	-	5
- Foreign income tax	55	55	55	55
- Over provision in respect of prior years	(844)	(640)	-	(537)
	1,844	(116)	55	(477)
Deferred income tax				
- Origination and reversal of temporary differences	413	25,949	298	1,299
- Under provision in respect of prior years	-	1,176	-	-
	413	27,125	298	1,299
Total income tax expense	2,257	27,009	353	822

Reconciliation of tax expense

	Group		Company	
	2017 RM'000	2016 RM'000 (Restated)	2017 RM'000	2016 RM'000 (Restated)
Continuing operations	(195,709)	(192,091)	(194,064)	(172,206)
Discontinued operations	(4,600)	(27,845)	-	-
Loss before tax	(200,309)	(219,936)	(194,064)	(172,206)

27. TAX EXPENSE (CONTINUED)

Reconciliation of tax expense (continued)

	Group		Company	
	2017 RM'000	**2016 RM'000 (Restated)**	**2017 RM'000**	**2016 RM'000 (Restated)**
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	(48,074)	(52,785)	(46,575)	(41,329)
Different tax rates in other jurisdictions	(23)	(26)	(23)	(26)
Expenses not deductible for tax purposes	19,896	22,776	48,078	47,653
Over provision of tax expenses in prior years	(844)	(640)	-	(537)
Under provision of deferred tax in prior years	-	1,176	-	-
Effect of lower tax rate on fair value gain on investment properties	(2,209)	(7,878)	(1,127)	(4,939)
Deferred tax assets not recognised	33,511	64,386	-	-
Income tax expense recognised in profit or loss	2,257	27,009	353	822

28. OTHER COMPREHENSIVE INCOME/(EXPENSE)

	2017			2016		
	Before tax RM'000	**Tax expense RM'000**	**Net of tax RM'000**	**Before tax RM'000**	**Tax expense RM'000**	**Net of tax RM'000**
Items that will not be reclassified subsequently to profit or loss						
Revaluation of land and building (Note 18.5)	6,535	(723)	5,812	-	-	-
Items that are or may be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations						
- Gains arising during the year	(6,178)	-	(6,178)	8,944	-	8,944
- Reclassification to profit or loss on disposal of subsidiary (Note 25)	(3,094)	-	(3,094)	-	-	-
	(9,272)	-	(9,272)	8,944	-	8,944

29. LOSS PER ORDINARY SHARE

Basic loss per ordinary share

The calculation of basic loss per ordinary share for the year ended 31 December 2017 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2017	**2016 (Restated)**
Loss attributable to ordinary shareholders (RM'000)		
- Continuing operations	(196,705)	(217,993)
- Discontinued operations	(4,577)	(27,754)
Total	(201,282)	(245,747)
Weighted average number of ordinary shares ('000)	447,247	447,247
Basic loss per ordinary share (sen)		
- Continuing operations	(43.98)	(48.74)
- Discontinued operations	(1.02)	(6.20)
Total	(45.00)	(54.94)

Diluted loss per ordinary share

The diluted loss per ordinary share has not been disclosed as it is anti-dilutive.

30. DIRECTORS' REMUNERATION

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Executive Directors:				
Wages, salaries and bonuses	8,161	13,046	-	568
Defined contribution plan	1,776	2,664	-	75
Leave passage	-	452	-	47
Other emoluments	1,034	933	-	57
Total Executive Directors' remuneration (excluding benefits-in-kind)	10,971	17,095	-	747
Estimated money value of benefits-in-kind	147	138	-	9
Total Executive Directors' remuneration (including benefits-in-kind)	11,118	17,233	-	756
Non-Executive Directors:				
Wages, salaries and bonuses	64	114	-	-
Defined contribution plan	8	14	-	-
Leave passage	-	320	-	260
Other emoluments	450	384	450	382
Total Non-Executive Directors' remuneration (excluding benefits-in-kind)	522	832	450	642
Estimated money value of benefits-in-kind	4	20	-	3
Total Non-Executive Directors' remuneration (including benefits-in-kind)	526	852	-	645
Total Directors' remuneration (including benefits-in-kind)	11,644	18,085	450	1,401

30. DIRECTORS' REMUNERATION (CONTINUED)

2017 Executive Directors	Group Salaries and/or other emoluments* RM'000	Group Benefits-in-kind RM'000	Group Total RM'000	Company Salaries and/or other emoluments* RM'000	Company Benefits-in-kind RM'000	Company Total RM'000
Tan Sri Rozali Bin Ismail	8,668	94	8,762	-	-	-
Azlan Shah Bin Rozali	641	23	664	-	-	-
Ng Wah Tar	719	20	739	-	-	-
Dato' Ir Lee Miang Koi (Resigned on 18 October 2017)	943	10	953	-	-	-
	10,971	147	11,118	-	-	-
Non-Executive Directors						
Tan Sri Dato' Seri Dr Ting Chew Peh	152	-	152	152	-	152
Tengku Dato' Rahimah Binti Almarhum Sultan Mahmud	121	4	125	49	-	49
Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak	128	-	128	128	-	128
Dato' Ruslan Bin Hassan (Resigned on 1 September 2017)	38	-	38	38	-	38
Tan Sri Dato' Hari Narayanan A/L Govindasamy (Resigned on 19 December 2017)	78	-	78	78	-	78
Dato' Sri Adenan Bin Ab. Rahman (Appointed on 1 December 2017)	5	-	5	5	-	5
	522	4	526	450	-	450
	11,493	151	11,644	450	-	450

* Includes defined contribution plan and meeting allowances

2016 Executive Directors	Group Salaries and/or other emoluments* RM'000	Group Benefits-in-kind RM'000	Group Total RM'000	Company Salaries and/or other emoluments* RM'000	Company Benefits-in-kind RM'000	Company Total RM'000
Tan Sri Rozali Bin Ismail	13,666	90	13,756	-	-	-
Azlan Shah Bin Rozali	453	4	457	-	-	-
Ng Wah Tar	989	20	1,009	-	-	-
Dato' Ir Lee Miang Koi (Resigned on 18 October 2017)	1,240	15	1,255	-	-	-
Datuk Haji Syed Hisham Syed Wazir (Resigned on 3 August 2016)	747	9	756	747	9	756
	17,095	138	17,233	747	9	756
Non-Executive Directors						
Tan Sri Dato' Seri Dr Ting Chew Peh	196	-	196	196	-	196
Tengku Dato' Rahimah Binti Almarhum Sultan Mahmud	214	17	231	24	-	24
Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak	176	-	176	176	-	176
Dato' Ruslan Bin Hassan (Resigned on 1 September 2017)	110	3	113	110	3	113
Tan Sri Dato' Hari Narayanan A/L Govindasamy (Resigned on 19 December 2017)	136	-	136	136	-	136
	832	20	852	642	3	645
	17,927	158	18,085	1,389	12	1,401

* Includes bonus, defined contribution plan, leave passage and meeting allowances

31. OPERATING SEGMENTS

The Group has four continuing reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. The following summary describes the continuing operations and discontinued operations in each of the Group's reportable segments:

Continuing operations:

- Water — Includes operation and maintenance of a water treatment plant in Malaysia.
- Oil and Gas — Includes provision of offshore services, logistic, marine management and offshore leasing of asset.
- Construction — Includes construction activities.
- Plantation — Includes oil palm plantation activities.

Discontinued operations:

- Wastewater — Includes operation, maintenance, management, construction, rehabilitation and refurbishment of water treatment facilities in China.

Other non-reportable segments comprise mainly investment holding activities.

Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Board of Directors. Segment total asset is used to measure the return on assets of each segment.

Segment liabilities

The total of segment liabilities is measured based on all liabilities of a segment as included in the internal management reports that are reviewed by the Board of Directors.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and other tangible assets.

31. OPERATING SEGMENTS (CONTINUED)

	Water		Oil and Gas		Construction		Plantation		Wastewater (Discontinued)		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000 (Restated)	2017 RM'000	2016 RM'000 (Restated)
Revenue from external customers	24,810	15,177	-	-	66,105	57,981	8,244	-	185	636	99,344	73,794
	24,810	15,177	-	-	66,105	57,981	8,244	-	185	636	99,344	73,794
Finance income	-	1	289	1,690	27	-	696	-	1	2	1,013	1,693
Other income	-	-	1,221	10,758	237	173	478	-	1,961	706	3,897	11,637
Fair value gain on fresh fruit bunches	-	-	-	-	-	-	1,248	-	-	-	1,248	-
	24,810	15,178	1,510	12,448	66,369	58,154	10,666	-	2,147	1,344	105,502	87,124
Operating expenses	(19,451)	(9,856)	(8,443)	(31,324)	(156,943)	(142,722)	(40,328)	-	(896)	(6,608)	(226,061)	(190,510)
Provision for foreseeable loss	-	-	-	-	(12,262)	(66,226)	-	-	-	-	(12,262)	(66,226)
Impairment loss on property, plant and equipment	-	-	(24,643)	(41,622)	-	-	-	-	-	-	(24,643)	(41,622)
Impairment loss on service concession assets	-	-	-	-	-	-	-	-	(5,132)	(18,801)	(5,132)	(18,801)
Impairment loss on goodwill	-	-	-	-	(1,090)	-	-	-	-	-	(1,090)	-
Depreciation and amortisation	-	-	(2,241)	(6,096)	(714)	(593)	(2,043)	-	(482)	(3,189)	(5,480)	(9,878)
Segment results	5,359	5,322	(33,817)	(66,594)	(104,640)	(151,387)	(31,705)	-	(4,363)	(27,254)	(169,166)	(239,913)
Finance costs	-	-	(577)	(1,548)	(4,255)	(907)	(665)	-	(237)	(591)	(5,734)	(3,046)
Profit/(Loss) before tax	5,359	5,322	(34,394)	(68,142)	(108,895)	(152,294)	(32,370)	-	(4,600)	(27,845)	(174,900)	(242,959)
Assets and liabilities												
Segment assets	24,132	15,963	30,347	82,683	139,150	93,178	725,096	-	-	24,834	918,725	216,658
Included in the measure of segment assets are:												
Additions to non-current assets other than financial instruments and deferred tax assets	-	1	-	-	10	1,304	689,094	-	-	59	689,104	1,364
Segment liabilities	(524)	(8,097)	(13,033)	(25,931)	(322,189)	(200,612)	(295,549)	-	-	(18,374)	(631,295)	(253,014)

31. OPERATING SEGMENTS (CONTINUED)

Reconciliations of reportable segment revenue, profit or loss, assets, liabilities and other material items

	2017 RM'000	2016 RM'000 (Restated)
Profit or loss		
Total profit or loss for reportable segments	(174,900)	(242,959)
Other non-reportable segments and elimination	(23,179)	22,123
Loss on discontinued operations	4,600	27,845
Unallocated (expenses)/ income	(2,230)	900
Loss before tax of continuing operations	(195,709)	(192,091)

	External revenue RM'000	Depreciation and amortisation RM'000	Finance cost RM'000	Finance income RM'000	Segment assets RM'000	Additions to non-current assets RM'000	Segment liabilities RM'000
2017							
Total reportable segments	99,344	(5,480)	(5,734)	1,013	918,725	689,104	(631,295)
Other non-reportable segments	1,936	(8,150)	(1,781)	13,173	1,919,199	58,629	(330,244)
Elimination of inter-segment transactions or balances	-	-	5,360	(5,360)	(695,415)	-	493,491
Unallocated assets	-	-	-	-	1,912	-	-
Unallocated liabilities	-	-	-	-	-	-	(106,323)
Discontinued operations	(185)	482	237	(1)	-	-	-
Consolidated total	101,095	(13,148)	(1,918)	8,825	2,144,421	747,733	(574,371)
2016							
Total reportable segments	73,794	(9,878)	(3,046)	1,693	216,658	1,364	(253,014)
Other non-reportable segments	597	(6,447)	(147)	7,522	2,152,856	41,834	(249,203)
Elimination of inter-segment transactions or balances	-	-	-	-	(340,408)	-	294,281
Unallocated assets	-	-	-	-	4,819	-	-
Unallocated liabilities	-	-	-	-	-	-	(28,985)
Discontinued operations	(636)	3,189	591	(2)	(24,834)	-	(18,374)
Consolidated total	73,755	(13,136)	(2,602)	9,213	2,009,091	43,198	(255,295)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the customers while segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investments in associates and investment in joint ventures) and deferred tax assets.

31. OPERATING SEGMENTS (CONTINUED)

Geographical segments (continued)

Geographical information	Group Revenue RM'000	Group Non-current assets RM'000
2017		
Malaysia	101,095	1,414,753
Others	185	14
Discontinued operations	(185)	-
	101,095	1,414,767
2016		
Malaysia	73,755	701,391
Others	636	14,506
Discontinued operations	(636)	(14,506)
	73,755	701,391

Major customers

The following are major customers with revenue more than 10% of the Group's total revenue:

	Revenue 2017 RM'000	Revenue 2016 RM'000	Segment
All common control companies of:			
- Customer A	65,192	57,976	Construction
- Customer B	15,246	15,198	Water

32. FINANCIAL INSTRUMENTS

32.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R");
(b) Fair value through profit or loss – held for trading ("FVTPL-HFT"); and
(c) Financial liabilities measured at amortised cost ("FL").

Group 2017	Carrying amount RM'000	L&R/(FL) RM'000	FVTPL-HFT RM'000
Financial assets			
Trade and other receivables	104,672	104,672	-
Short-term investments	290,778	-	290,778
Cash and cash equivalents	246,175	246,175	-
	641,625	350,847	290,778
Financial liabilities			
Trade and other payables	(221,430)	(221,430)	-
Loans and borrowings	(163,252)	(163,252)	-
	(384,682)	(384,682)	-
2016			
Financial assets			
Trade and other receivables	84,481	84,481	-
Short-term investments	835,053	-	835,053
Cash and cash equivalents	266,945	266,945	-
	1,186,479	351,426	835,053
Financial liabilities			
Trade and other payables	(119,643)	(119,643)	-
Loans and borrowings	(22,067)	(22,067)	-
	(141,710)	(141,710)	-

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.1 Categories of financial instruments (continued)

Company 2017	Carrying amount RM'000	L&R/(FL) RM'000	FVTPL-HFT RM'000
Financial assets			
Other receivables	117,741	117,741	-
Short-term investments	290,090	-	290,090
Cash and cash equivalents	196,553	196,553	-
	604,384	314,294	290,090
Financial liabilities			
Other payables	(4,754)	(4,754)	-
2016			
Financial assets			
Other receivables	64,688	64,688	-
Short-term investments	834,965	-	834,965
Cash and cash equivalents	222,707	222,707	-
	1,122,360	287,395	834,965
Financial liabilities			
Other payables	(2,441)	(2,441)	-

32.2 Net gains/(losses) arising from financial instruments

	Group		Company	
	2017 RM'000	2016 RM'000 (Restated)	2017 RM'000	2016 RM'000
Net gains/(losses) on:				
Fair value through profit or loss – held for trading	19,069	31,878	19,061	31,878
Loans and receivables	8,175	5,952	(102,969)	(33,744)
Financial liabilities measured at amortised cost	(5,451)	(2,602)	(33)	(114)
	21,793	35,228	(83,941)	(1,980)

32.3 Financial risk management

The Group and the Company have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors regularly reviews and agrees policies and procedures for the management of these risks.

The following sections provide details on the Group's and Company's exposure to the above mentioned financial risks and the objectives and policies for the management of these risks.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises principally from its receivables from customers, short-term investments and cash and cash equivalents.

The Company's exposure to credit risk arises primarily from loans and advances to subsidiaries, financial guarantees given to banks for credit facilities granted to subsidiaries, short-term investments and cash and cash equivalents.

The Group manages its credit risk by establishing credit controls with the view to ensuring that overdue debts are within an acceptable level. For other financial assets, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Receivables

Credit risk concentration profile

At the reporting date, the Group's trade receivables were mainly due from four (2016: two) customers.

Impairment losses

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2017			
Not past due	18,319	-	18,319
Past due 0-30 days	3,881	-	3,881
Past due 31-120 days	23,728	-	23,728
Past due more than 120 days	229	-	229
	46,157	-	46,157
2016			
Not past due	-	-	-
Past due 0-30 days	2,893	-	2,893
Past due 31-120 days	461	-	461
Past due more than 120 days	1,166	-	1,166
	4,520	-	4,520

	Group		Company	
Impairment losses	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-trade				
At 1 January	6,194	15,325	-	9,131
Impairment losses recognised	-	-	-	-
Impairment loss written off	-	(9,131)	-	(9,131)
At 31 December	6,194	6,194	-	-

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Credit risk (continued)

Short-term investments

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group or the Company has only invested in domestic trust fund. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

The investments are unsecured.

Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

Cash and cash equivalents are placed with financial institutions which are regulated.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk of the Group and the Company is represented by the carrying amounts in the statement of financial position.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM194,393,000 (2016: RM37,619,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period which are guaranteed by the Company.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Credit risk (continued)

Inter-company loans and advances (continued)

Impairment losses

As at the end of the reporting period, an impairment loss of RM115,911,000 (2016: RM49,228,000) was recognised during the year. The movements in the allowance for impairment loss during the financial year were:

	Company	
Impairment loss	**2017 RM'000**	**2016 RM'000**
At 1 January	203,854	154,626
Impairment loss recognised	119,385	49,228
Reversal of impairment loss	(3,474)	-
At 31 December	319,765	203,854

The Company does not specifically monitor the ageing of current advances to the subsidiaries.

32.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arise principally from various payables, loans and borrowings.

The Group manages liquidity risk by establishing budget with the view to ensure sufficient bank balances to meet the obligations. In addition, the Group negotiates with financial institutions to reschedule and/or restructure the existing credit facilities to coincide with the present operating environment.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate/ coupon	Contractual cash flows RM'000	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000
2017						
Financial liabilities:						
Trade and other payables	221,430	-	221,430	221,430	-	-
Loans and borrowings	163,252	2.38% - 5.35%	264,269	27,671	112,228	124,370
Total undiscounted financial liabilities	384,682		485,699	249,101	112,228	124,370
2016						
Financial liabilities:						
Trade and other payables	119,643	-	119,643	119,643	-	-
Loans and borrowings	22,067	2.43% - 6.30%	22,976	11,532	11,444	-
Total undiscounted financial liabilities	141,710		142,619	131,175	11,444	-

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.5 Liquidity risk (continued)

Maturity analysis (continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (continued):

Company	Carrying amount RM'000	Contractual interest rate/ coupon	Contractual cash flows RM'000	On demand or within one year RM'000
2017				
Financial liabilities:				
Other payables	4,754	-	4,754	4,754
Total undiscounted financial liabilities	4,754		4,754	4,754
Financial guarantees	-		194,393	194,393
2016				
Financial liabilities:				
Other payables	2,441	-	2,441	2,441
Total undiscounted financial liabilities	2,441		2,441	2,441
Financial guarantees	-		37,619	37,619

32.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's and the Company's financial position or cash flows.

32.6.1 Currency risk

The Group operates primarily in Malaysia. In the previous year, it also operated in the PRC. Thus, it is exposed to various currencies, mainly USD and SGD. Foreign currency denominated assets and liabilities together with expected cash flows from expenses, purchases and sales give rise to foreign exchange exposures.

Risk management objectives, policies and processes for managing the risk

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.6 Market risk (continued)

32.6.1 Currency risk (continued)

Exposure to foreign currency risk

The Group's and Company's exposure to foreign currency (a currency which is other than the functional currencies of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in	
Group	**USD RM'000**	**SGD RM'000**
As at 31 December 2017		
Cash and cash equivalents	547	171
Trade and other receivables	523	-
Trade and other payables	(1,083)	-
	(13)	171
As at 31 December 2016		
Cash and cash equivalents	2,892	78
Trade and other receivables	215	-
Trade and other payables	(99)	-
Loans and borrowings	(8,972)	-
Intra-group balances	2,207	-
	(3,757)	78

	Denominated in
Company	**USD RM'000**
As at 31 December 2017	
Cash and cash equivalents	132
Amount due from subsidiaries	-
	132
As at 31 December 2016	
Cash and cash equivalents	127
Amount due from subsidiaries	2,207
	2,334

Currency risk sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.6 Market risk (continued)

32.6.2 Interest rate risk

Risk management objectives, policies and processes for managing the risk

The Group's investments in fixed rate debt securities and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings and receivables are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short-term receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Fixed rate instruments				
Financial assets	198,947	204,425	189,118	182,742
Financial liabilities	(6,478)	(5,697)	-	-
	192,469	198,728	189,118	182,742
Floating rate instruments				
Financial assets	290,778	835,053	290,090	834,965
Financial liabilities	(156,774)	(16,370)	-	-
	134,004	818,683	290,090	834,965

The Group's income and operating cash flows on fixed interest rate instruments are substantially independent of changes in market interest rates.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rates instruments

At the reporting date, if interest rates had been 100 basis points higher, with all other variables held constant, the Group's pre-tax loss would have been RM1,340,000 (2016: RM8,187,000) lower and the Company's pre-tax loss would have been RM2,901,000 (2016: RM8,350,000) lower.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.7 Fair value information

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

The following are the analyses of the carrying amount and fair value of those financial instruments not carried at fair value. These fair values are categorised under Level 3 of the fair value hierarchy.

Group	Carrying amount 2017 RM'000	Fair value 2017 RM'000	Carrying amount 2016 RM'000	Fair value 2016 RM'000
Financial liabilities				
Loans and borrowings				
- Obligation under finance leases	(6,478)	(6,313)	(5,697)	(5,123)
- USD term loan	-	-	(8,972)	(8,972)
- Revolving credit	(18,100)	(18,100)	-	-
- Term loan	-	-	(7,398)	(7,398)
- Tawarruq term loan	(138,674)	(138,674)	-	-

Short-term investments of the Group amounted to RM290,778,000 (2016: RM835,053,000) while short-term investments of the Company amounted to RM290,090,000 (2016: RM834,965,000). These short-term investments which are carried at fair value are categorised under Level 2 of the fair value hierarchy.

Fair values of financial guarantees of the Company amounted to RM194,393,000 (2016: RM37,619,000) are not expected to be material due to low credit risk exposure.

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 is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2016: no transfer in either directions).

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.7 Fair value information (continued)

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation methods.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Term loan, revolving credit and obligation under finance leases	Discounted cash flows using rates based on the current market rate of borrowings of the respective Group entities at the reporting date.
Financial guarantees	Probability weighted discounted cash flows taking into account the likelihood of the guaranteed party defaulting and the estimated loss exposure if the party guaranteed were to default.

33. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to support the Group's growth strategy and maximise shareholder value with optimal capital structure.

The Group and the Company are not subject to externally imposed capital requirements other than the financial covenant as disclosed in Note 19.3 to the financial statements.

The Group manages capital using a gearing ratio, which is net debt divided by total capital being the equity attributable to equity holders of the Company plus net debt. Included within net debts of the Group are loans and borrowings.

At year end, the Group has a net debt of RM163,252,000 (2016: RM22,067,000) and a total capital of RM1,699,402,000 (2016: RM1,762,900,000) giving rise to a gearing ratio of approximately 10% (2016: 1%).

34. COMMITMENTS

34.1 Operating lease commitments – as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2017 RM'000	2016 RM'000
Future minimum lease payments:		
Less than one year	564	557
Between one and five years	10	160
	574	717

The Group leases buildings under operating leases. The leases typically run for a period of 1 to 2 years, with an option to renew the lease after that date.

34. COMMITMENTS (CONTINUED)

34.2 Finance lease commitments

	Group	
	2017 RM'000	2016 RM'000
Future minimum lease payments:		
Not later than 1 year	2,054	1,542
Later than 1 year but not later than 2 years	2,054	1,542
Later than 2 years but not later than 5 years	2,968	3,221
	7,076	6,305
Less: Finance charges	(598)	(608)
Present value of minimum lease payables	6,478	5,697
Present value of payments:		
Not later than 1 year	1,745	1,322
Later than 1 year but not later than 2 years	1,684	1,261
Later than 2 years but not later than 5 years	3,049	3,114
Present value of minimum lease payables	6,478	5,697
Less: Amount due within 12 months (Note 19)	(1,745)	(1,322)
Amount due after 12 months (Note 19)	4,733	4,375

The finance lease has been accounted for as loans and borrowings as disclosed in Note 19 to the financial statements.

35. CAPITAL COMMITMENTS

Capital expenditure as at the reporting date is as follows:

	Group	
	2017 RM'000	2016 RM'000
Property, plant and equipment		
Contracts approved and contracted for	1,596	1,025

36. RELATED PARTIES

Identity of related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

36. RELATED PARTIES (CONTINUED)

Identity of related parties (continued)

The Group has related party relationship with its holding companies, significant investors, subsidiaries, associates and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. Information regarding outstanding balances arising from related party transactions are disclosed in Note 14 and Note 20 to the financial statements.

	Company	
	2017 RM'000	2016 RM'000
A. Subsidiaries		
Rental charged to SINO	1,209	1,163
Commission income charged to PNCSB	2	96
Management fees charged by PNMSSB	32,597	34,476
Interest income charged on amount due from subsidiaries	5,360	-

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
B. Key management personnel					
Short-term employee benefits		12,974	19,892	-	728
Defined contribution plan		2,520	3,647	-	96
Other staff related expenses		2,008	3,471	450	771
Estimated money value of benefits-in-kind		334	356	-	16
		17,836	27,366	450	1,611
Included in the total key management personnel are:					
Directors' remuneration	30	11,644	18,085	450	1,401

The top five senior management's remuneration in bands of RM50,000 for the current financial year are as follows:

2017 Range of remuneration	Tan Sri Rozali Bin Ismail	Dato' Ir Lee Miang Koi	Dato' Zainal Abidin Bin Salleh	Tan Bee Lian	Dato' Nasir Khan Bin Illadad Khan
RM700,001 to RM750,000					√
RM750,001 to RM800,000				√	
RM800,001 to RM850,000			√		
RM950,001 to RM1,000,000		√			
RM8,750,001 to RM8,800,000	√				

36. RELATED PARTIES (CONTINUED)

Significant related party transactions (continued)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
C. Directors-related corporation				
Acquisition of investment property	41,949	-	-	-

37. ACQUISITION OF SUBSIDIARY

On 3 July 2017, DSSB, a 90%-owned subsidiary of the Company had acquired 100% of the issued share capital of Danum Sinar from Shin Yang Holding Sendirian Berhad (the "Vendor") at a total cash consideration of RM274,734,000 only (the "Acquisition"). Danum Sinar is involved in the development of oil palm plantation. The acquisition of Danum Sinar has further expanded the Group's operation in the oil palm plantation industry. The above acquisition resulted in Danum Sinar becoming a wholly-owned subsidiary of DSSB, which in turn is the 90%-owned subsidiary of the Company.

During the six months period from 30 June 2017 to 31 December 2017, the subsidiary contributed revenue of RM8,244,000 and loss of RM12,201,000.

It is impracticable to estimate the consolidated revenue and consolidated loss for the financial year as if the acquisition had occurred on 1 January 2017 because Danum Sinar's audited financial statements for the financial year ended 30 June 2017 was prepared in accordance with the Malaysian Private Entity Reporting Standards ("MPERS") accounting framework and there are significant accounting gap differences to conform with the Group's accounting framework which is the MFRS.

Contingent consideration

The purchase consideration of RM274,734,000 was determined on the date of acquisition, which was on 3 July 2017 based on an estimated gross land area. In the event that the gross area of the land upon the outcome of the land survey differs from the estimated gross land area, the purchase consideration shall be revised based on the terms and conditions stipulated in the Sales and Purchase Agreement ("SPA").

As at period end, the estimate of the range of outcomes of the contingent consideration could not be reliably estimated as the land survey is still pending finalisation.

Identifiable assets acquired and liabilities assumed

In accordance with MFRS 3, *Business Combinations*, the Group conducted the Purchase Price Allocation ("PPA") exercise within 12 months from the date of acquisition. The following summarises the major classes of consideration transferred and the recognised provisional amounts of assets acquired and liabilities assumed at the acquisition date:

	Note	Group 2017 RM'000
Property, plant and equipment	4	400,738
Bearer biological asset	6	275,788
Inventories		7,314
Trade and other receivables		10,511
Tax recoverable		28
Cash and cash equivalents		77
Trade and other payables		(190,395)
Loans and borrowings		(145,325)
Deferred tax liabilities	12	(83,597)
Total identifiable net assets		275,139

The fair values of trade and other receivables approximate their contractual amounts.

37. ACQUISITION OF SUBSIDIARY (CONTINUED)

Identifiable assets acquired and liabilities assumed (continued)

The significant bases and assumptions used in arriving at the fair values of the assets acquired are set out as below:

(1) Bare land cost

The fair value of bare land estimated by an independent valuer is RM4,000 per acre. The value estimated by the independent valuer is not observable as there is no direct comparable recent transaction for the cost of the bare land of this size in Sarawak. In addition, the independent valuer has factored in a non-observable discount on the value of bare land per acre.

The Directors of the Company has adopted a bare land cost of RM2,750 per acre to best allocate the purchase price consideration in view that there is no other observable evidence.

Sensitivity analysis

A 10% increase and decrease of RM2,750 per acre of the bare land cost will result in a gain on bargain purchase of RM17,640,000 and a goodwill of RM16,829,000 respectively.

This analysis assumes that all other variables and assumptions remain constant.

The following table shows the valuation technique used in the determination of fair values, classified within Level 3, as well as the significant unobservable inputs used in the valuation model.

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison approach: The method involves determining the market value by directly comparing the property under valuation with similar properties which have been sold, finding its value from these transactions. This method is based on the principle that the market value of a property would be in line with the market values of similar properties in the same locality as the subject property, the values being indicated through sales transactions of these properties. In arriving at the valuation, the independent valuer has made adjustment for factors, which would affect the market value of the investment property including but not limited to location, size, facilities available, market conditions and other factors in order to arrive at a common basis for comparison. As there is no other observable synergy or other intangible asset, the Directors also applied a residual approach to allocate the remaining unallocated transaction price of this business combination to the bare land.	Adjusted values per acre	The estimated goodwill would decrease/ (increase) if adjusted values per acre were higher/ (lower).

37. ACQUISITION OF SUBSIDIARY (CONTINUED)

Identifiable assets acquired and liabilities assumed (continued)

The significant bases and assumptions used in arriving at the fair values of the assets acquired are set out as below (continued):

(2) Bearer biological asset

The Directors determined the fair value of the bearer biological asset with the assistance of the independent valuer.

The following table shows the valuation technique used in the determination of fair value, classified within Level 3, as well as the significant unobservable inputs used in the valuation model.

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Income approach: The method involves determining the expected discounted future cash flows arising from the bearer biological asset. In arriving at the valuation, the independent professional valuer has made adjustment for factors, which would affect the fair value of the bearer biological asset including but not limited to yield rates, Crude Palm Oil ("CPO") price, Palm Kernel ("PK") price, Oil Extraction Rate ("OER"), Palm Kernel Rate ("KER") and discount rate.	- Projected yield rates per hectare (17.73 to 21.06); - Average CPO price of RM2,551 per metric tonne; - Average PK price of RM1,586 per metric tonne; - Average OER rate of 19% to 21%; - Average KER rate of 4.00% to 4.50%; and - Pre-tax discount rate of 8% for the bare land value and 10% for the total income generated during the economic harvesting life.	- The estimated goodwill would decrease/(increase) if projected yield rates per hectare, average CPO and PK price per metric tonne, average OER and KER rates were higher/(lower). - The estimated goodwill would decrease/(increase) if pre-tax discount rates used were lower/(higher).

37. ACQUISITION OF SUBSIDIARY (CONTINUED)

Net cash outflow arising from acquisition of subsidiary

	Group
	2017
	RM'000
Purchase consideration settled in cash and cash equivalents	274,811
Less: Cash and cash equivalents acquired	(77)
Net purchase consideration transferred	274,734
Add: Bank overdraft assumed	1,748
	276,482
Less: Deposit paid in the previous financial year	(44,650)
Net cash outflow arising from acquisition of the subsidiary	231,832

Gain on bargain purchase

Gain on bargain purchase was recognised as a result of the acquisition as follows:

	Group
	2017
	RM'000
Total consideration transferred	(274,734)
Fair value of identifiable net assets	275,139
Gain on bargain purchase	405

Acquisition-related costs

The Group incurred acquisition-related costs of RM3,388,000 related to external legal fees, land survey works, land valuation and due diligence costs. These costs have been included in other expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

38. CHANGES IN COMPOSITION OF THE GROUP

(a) Pursuant to the Equity Transfer Agreement ("ETA") executed on 15 December 2016 between SINO, Environmental Holding Pte. Ltd. ("EHPL") and Lushan County Chengnan Water Co. Ltd. ("Chengnan Water"), the regulatory authority in the People's Republic of China had on 10 May 2017 issued the Business License approving the transfer of 93.81% equity interest in LUWEI held by SINO to Chengnan Water. Accordingly, LUWEI had ceased to be a subsidiary of SINO with effect from 10 May 2017.

(b) On 5 June 2017, MESB, Sunshine Upland Sdn. Bhd. ("SUSB") and Astaka Suria Sdn. Bhd. ("ASSB") had entered into a supplemental shareholders' agreement. Pursuant to this agreement, MESB's equity interest in DSSB had increased to 90% (from its initial equity holding of 60%) while ASSB's equity interest in DSSB remained unchanged at 10% based on an enlarged share capital of DSSB and SUSB had ceased to be a shareholder of DSSB with effect from 28 June 2017.

(c) On 17 October 2016, DSSB, a 90% owned subsidiary of MESB, which in turn is a wholly-owned subsidiary of the Group had entered into a sale and purchase agreement ("SPA") with Shin Yang Holding Sendirian Berhad (the "Vendor") for the acquisition of the entire issued and paid-up share capital of Danum Sinar comprising 1,000,000 ordinary shares.

The acquisition of Danum Sinar was completed on 3 July 2017, and effective 3 July 2017, Danum Sinar became a wholly-owned subsidiary of DSSB.

(d) Pursuant to the Equity Interest Transfer Agreement ("EITA") executed on 20 June 2017, the regulatory authority in the People's Republic of China had on 11 July 2017 issued the Business License approving the transfer of 100% equity interest in XINNUO held by SINO to Binzhou Haifu Water Co. Ltd. Accordingly XINNUO ceased to be a subsidiary of SINO with effect from 11 July 2017.

39. SIGNIFICANT EVENTS

(I) Acquisition of TRIplc

On 18 April 2016, the Company had entered into a Heads of Agreement ("HOA") with TRIplc Berhad ("TRIplc") to facilitate discussions and negotiations for a potential acquisition by the Company of the businesses of TRIplc ("Proposed Transaction").

Pursuant to the HOA and a non-disclosure agreement ("NDA") which had also been executed on 18 April 2016, both the Company and TRIplc had agreed to a period of four (4) months from the date of the NDA or such other period as determined by both parties, for TRIplc to provide information concerning TRIplc and its subsidiaries for the Company to evaluate the Proposed Transaction ("Due Diligence Period"). During the Due Diligence Period, the Company was granted exclusivity by TRIplc with respect to the Proposed Transaction.

On 17 August 2016, the Company and TRIplc mutually agreed to extend the HOA and the Due Diligence Period under the NDA for a further period of three (3) months, until 17 November 2016 to facilitate the ongoing discussions and negotiations for a potential acquisition by the Company of the businesses of TRIplc.

On 17 November 2016, the Company and TRIplc mutually agreed to further extend the HOA and the Due Diligence Period under the NDA for a further period of three (3) months, until 17 February 2017.

On 16 December 2016, the Company entered into a conditional share sale agreement ("SSA") with Pimpinan Ehsan Berhad ("Pimpinan Ehsan") to purchase the entire issued and paid-up share capital of TRIplc for a cash consideration of RM210 million only ("Proposed Acquisition").

In conjunction with the Proposed Acquisition, TRIplc propose to undertake an internal reorganisation by way of a members' scheme of arrangement under Section 176 of the Companies Act, 1965 ("Act") ("Proposed TRIplc Internal Reorganisation") comprising the following:

(i) a proposed share exchange of the entire issued and fully paid-up share capital of TRIplc with new ordinary shares in Pimpinan Ehsan ("Pimpinan Ehsan Shares") on the basis of one (1) new Pimpinan Ehsan Share for every one (1) existing ordinary share in TRIplc ("TRIplc Share") held as at the entitlement date to be determined and announced by TRIplc ("Proposed Share Exchange"); and

(ii) a proposed transfer of the listing status of TRIplc to Pimpinan Ehsan and the admission of the Pimpinan Ehsan Shares to the Official List of the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), with the listing of and quotation for all Pimpinan Ehsan Shares on the Main Market of Bursa Securities ("Proposed Transfer of Listing Status to Pimpinan Ehsan").

Upon completion of the Proposed TRIplc Internal Reorganisation, TRIplc will be a wholly-owned subsidiary of Pimpinan Ehsan and Pimpinan Ehsan will assume the listing status of TRIplc.

On 28 April 2017, the Board of Directors announced that the application in respect of the Proposed Acquisition had been submitted to the Securities Commission Malaysia ("SC").

On 2 June 2017, the Company had been notified by TRIplc that it had procured the approval of Unit Kerjasama Awam Swasta for the disposal of the entire equity interest in TRIplc by Pimpinan Ehsan Berhad, being one of the conditions precedent to be fulfilled by Pimpinan Ehsan Berhad pursuant to the conditional share sale agreement dated 16 December 2016.

On 13 September 2017, the Board of Directors announced that the SC had, via its letter dated 12 September 2017, approved the Company's application for the Proposed Acquisition under Section 214(1) of the Capital Markets and Services Act 2007 and under the equity requirements for public listed companies, subject to the terms and conditions as set out therein.

39. SIGNIFICANT EVENTS (CONTINUED)

(I) Acquisition of TRIplc (continued)

On 15 September 2017, the Board of Directors announced that the Company and Pimpinan Ehsan entered into a supplemental agreement to the SSA ("Supplemental Agreement") to:

(i) extend the time under the SSA to fulfil or waive the Conditions Precedent from 15 September 2017 to 15 June 2018;

(ii) include that the completion of the Proposed Acquisition is conditional upon the completion of the Proposed TRIplc Internal Reorganisation as an additional Conditions Precedent to be satisfied by the Vendor. The Proposed TRIplc Internal Reorganisation is not conditional upon the Proposed Acquisition; and

(iii) arising from the consequential amendments to the SSA as highlighted in (ii) above, to remove from the relevant completion clauses in the SSA, all references to the completion of the Proposed Acquisition being subject to the Proposed Share Exchange having been completed.

Save for the amendments contained in the Supplemental Agreement, all other terms of the SSA remain unchanged.

The shareholders of the Company had approved the Proposed Acquisition at the Extraordinary General Meeting held on 13 February 2018.

The financial impact arising from the acquisition of TRIplc will be determined upon the completion of the acquisition, which will be expected to be in the second quarter of 2018.

(II) Acquisition of Danum Sinar

On 17 October 2016, DSSB ("the Purchaser"), a subsidiary of MESB, which in turn is a wholly-owned subsidiary of the Group had entered into a sale and purchase agreement ("SPA") with Shin Yang Holding Sendirian Berhad ("the Vendor") for the acquisition of the entire issued and paid-up share capital of Danum Sinar. A deposit sum of RM44,650,000 was paid to the Vendor within 30 days from the date of the SPA.

On 3 July 2017, the Proposed Acquisition of Danum Sinar was completed. Following the completion of the due diligence verification, the final purchase price was RM274,734,000 and was fully satisfied by cash.

Resulting from the completion, Danum Sinar is now wholly-owned by DSSB which in turn became a 90% subsidiary of MESB (previously 60%) with ASSB as the remaining 10% shareholder. Refer to Note 37 to the financial statements on the acquisition of Danum Sinar.

40. MATERIAL LITIGATIONS

(I) KHEC

(i) The First Arbitration Proceedings

KHEC, a sub-contractor for the Chennai Water Supply Augmentation Project 1 - Package III ("Chennai Project"), has initially referred certain disputed claims totalling Rs8,44,26,981 (equivalent to approximately RM6.75 million) against PNHB-LANCO-KHEC JV ("the Consortium"), a jointly controlled entity of the Company in India.

40. MATERIAL LITIGATIONS(CONTINUED)

(I) KHEC (continued)

(i) The First Arbitration Proceedings (continued)

Arising from the arbitration proceedings initiated by KHEC, both KHEC and the Consortium have each appointed a qualified civil engineer as their arbitrator respectively, and both arbitrators have selected a retired Judge of the High Court in Chennai, India as the third arbitrator who will also act as the presiding arbitrator of the arbitral tribunal. The arbitral tribunal was officially constituted on 24 September 2005. On 28 September 2005, the Company was informed that the arbitral tribunal has fixed the following dates for the filing of the arbitration cause papers as part of the preliminary procedural formalities:

(i) claim by the claimant, KHEC to be filed before 4 October 2005;

(ii) rejoinder by the respondent, the Consortium to be filed before 18 November 2005; and

(iii) reply rejoinder by the claimant, KHEC to be filed before 5 December 2005.

The Consortium had on 2 January 2006, filed its counter-claim amounting to Rs13,61,61,931 (equivalent to approximately RM10.89 million) against KHEC's claim of Rs8,44,26,981 (equivalent to approximately RM6.75 million) to the arbitral tribunal in India.

The Statement of Claim lodged by KHEC had subsequently been revised from Rs8,44,26,981 (equivalent to approximately RM6.75 million) to Rs9,84,58,245 (equivalent to approximately RM7.88 million) whilst the counter-claim submitted by the Consortium, had also been revised as per the rejoinder, from Rs13,61,61,931 (equivalent to approximately RM10.89 million) to Rs13,63,39,505 (equivalent to approximately RM10.91 million).

The Company was notified on 4 March 2009 by solicitors acting on behalf of Consortium that the Arbitration Panel had at its meeting held on 26 February 2009 accepted the letter of withdrawal from the Arbitration Panel dated 18 February 2009 from the arbitrator nominated by KHEC. As such, the date for further meeting of the Arbitration Panel was to be communicated after the appointment of the substitute arbitrator to be nominated by KHEC under Section 15(2) of the Arbitration and Conciliation Act, 1996 of India.

The Company was notified on 25 June 2009 that the first sitting of the newly formed Arbitration Panel for the First Arbitration Proceedings comprising the Presiding Arbitrator, the arbitrator nominated by the Consortium and the substitute arbitrator nominated by KHEC was held on 20 June 2009.

The continued hearing date for the First Arbitration Proceedings were fixed on 31 August 2013, 28 September 2013 and 29 September 2013, 9 November 2013 and 10 November 2013.

At the hearing held on 10 November 2013, the Arbitration Panel tentatively fixed the continued hearing of the First Arbitration Proceedings on 4 January 2014 and 5 January 2014.

The continued hearing tentatively scheduled on 4 January 2014 and 5 January 2014 did not proceed as scheduled.

On 29 January 2014, the Arbitration Panel fixed the continued hearing of the First Arbitration Proceedings on 8 February 2014 and 9 February 2014, respectively.

The continued hearing proceeded on 8 February 2014 but the hearing date of 9 February 2014 was vacated due to non-availability of the Chief Arbitrator. The Arbitration Panel fixed the continued hearing dates for the First Arbitration Proceedings on 29 May 2014 and 30 May 2014.

The hearing for the First Arbitration Proceedings fixed on 29 May 2014 and 30 May 2014 did not proceed as scheduled and was fixed by the Arbitration Panel on 4 July 2014 to be fixed on 16 August 2014 and 17 August 2014.

40. MATERIAL LITIGATIONS(CONTINUED)

(I) KHEC (continued)

(i) The First Arbitration Proceedings (continued)

The hearing of the First Arbitration Proceedings fixed on 16 August 2014 and 17 August 2014 proceeded as scheduled.

The Arbitration Panel tentatively fixed the next continued hearing dates on 24 October 2014 and 25 October 2014 which proceeded as scheduled.

On 17 November 2014, the Arbitration Panel fixed the continued hearing dates for the First Arbitration Proceedings on 6 and 7 December 2014 respectively.

On 26 November 2014, the Arbitration Panel rescheduled the continued hearing dates for the First Arbitration Proceedings originally scheduled on 6 December 2014 and 7 December 2014 to 24 January 2015 and 25 January 2015, respectively.

On 7 January 2015, the Arbitration Panel postponed the continued hearing dates for the First Arbitration Proceedings originally scheduled on 24 January 2015 and 25 January 2015.

On 14 December 2015, the counsel of the Consortium notified the Presiding Arbitrator that the Arbitrator in charge is unable to continue as Arbitrator in view of his continued ill-health. An alternative Arbitrator will be appointed in due course.

On 3 March 2016, the name of the replacement Arbitrator had been submitted by the counsel of the Consortium to the Panel for consideration and decision.

On 20 April 2016, the name of the replacement Arbitrator had been accepted by the Panel. The Panel did not schedule new dates for the continued hearing for the First Arbitration Proceedings.

On 2 June 2016, KHEC's Arbitrator resigned and a new arbitrator was nominated for the Panel's consideration and decision before the Panel schedules new dates for the continued hearing for the First Arbitration Proceedings.

On 11 July 2016, the Panel fixed 30 July 2016 for the continued hearing of the First Arbitration Proceedings.

At the hearing on 30 July 2016, the Panel fixed 17 September 2016 and 18 September 2016 for the continued hearing of the First Arbitration Proceedings.

On 19 September 2016, the Company updated that the hearing of the First Arbitration Proceedings will be continued on 2 October 2016.

On 4 October 2016, the Company updated that the hearing of the First Arbitration Proceedings will be continued on 12 November 2016 and 13 November 2016.

On 11 November 2016, the Company notified that the hearing fixed on 11 November 2016 and 12 November 2016 had been cancelled as the Chief Arbitrator had resigned recently due to health reasons. The remaining Panel is in the process of selecting a suitable replacement for the Chief Arbitrator before the Panel schedules the new dates for the continued hearing for the First Arbitration Proceedings.

On 21 November 2016, the Company was notified that the Panel had approved the replacement for the Chief Arbitrator for the First Arbitration Proceedings. The new dates for the continued hearing for the First Arbitration Proceedings had yet to be scheduled by the Panel.

On 4 January 2017, the Company was notified that the Panel had fixed the continued hearing for the First Arbitration Proceedings on 10 January 2017.

40. MATERIAL LITIGATIONS(CONTINUED)

(I) KHEC (continued)

(i) The First Arbitration Proceedings (continued)

On 11 January 2017, the Company was notified at the hearing held on 10 January 2017 that the Chief Arbitrator had withdrawn himself from the Panel and the remaining Panel will have to find a replacement for the Chief Arbitrator before the Panel schedules new dates for the continued hearing for the First Arbitration Proceedings.

The newly constituted Panel fixed the hearing for the First Arbitration Proceedings on 7 March 2017 and the continued hearing on 11 April 2017 and 22 April 2017.

At the hearing held on 11 April 2017, the Panel fixed the next continued hearing date of the First Arbitration Proceedings on 17 June 2017 and vacated the earlier date fixed on 22 April 2017.

On 17 June 2017, the Panel fixed the continued hearing dates of the First Arbitration Proceedings on 15 July 2017 and 16 July 2017, respectively which were subsequently cancelled by the Panel.

The next continued hearing date of the First Arbitration Proceedings which was fixed by the Panel on 10 September 2017 was subsequently adjourned and held on 18 November 2017.

At the hearing held on 18 November 2017, the Panel fixed the next continued hearing dates of the First Arbitration Proceedings on 6 and 7 January 2018.

The continued hearing proceeded on 6 January 2018 but the hearing date of 7 January 2018 was vacated and the Panel fixed the next continued hearing of the First Arbitration proceedings on 24 February 2018, 25 February 2018, 24 March 2018 and 25 March 2018, respectively.

At the hearings held on 24 February 2018 and 25 February 2018, the Panel fixed the next continued hearing of the First Arbitration Proceedings on 24 March 2018, 25 March 2018, 5 May 2018, 6 May 2018 and 8 May 2018, respectively.

The next continued hearing date of the First Arbitration Proceedings which was fixed by the Panel on 24 March 2018 and 25 March 2018 were subsequently adjourned, the Panel fixed the next hearing of the First Arbitration Proceedings on 5 May 2018, 6 May 2018 and 7 May 2018, respectively.

(ii) The Second Arbitration Proceedings

KHEC had commenced a second arbitration proceedings against the PNHB-Lanco members of the Consortium ("the Second Arbitration") on the basis of the terms of the JVA dated 13 February 2003 and the Supplemental Agreement to the JVA dated 26 March 2003 respectively, entered into between the Company, Lanco Infratech Limited ("Lanco") and KHEC whereby KHEC is claiming for loss of profit (inclusive of interest and other cost) amounting to Rs5,44,32,916 (equivalent to approximately RM4.35 million) as they alleged that they, despite being a 10% share owner, received only 4.31% out of the total value of the contract works of the Chennai Project. Subsequently, KHEC had filed in an amended claim for damages and loss of profit from Rs5,44,32,916 to Rs55,44,32,916 (equivalent to approximately RM4.35 million to RM44.3 million). PNHB-Lanco's counsel had filed an interim application to dismiss the claim of Rs50,00,00,000 (equivalent to approximately RM39.9 million) for compensation for loss of opportunity on the basis that it is frivolous and unreasonable.

The Second Arbitration proceedings which were heard by a single arbitrator had been completed wherein the parties submitted their respective written submissions on 1 December 2012.

40. MATERIAL LITIGATIONS(CONTINUED)

(I) KHEC (continued)

(ii) The Second Arbitration Proceedings (continued)

On 1 April 2013, PNHB-Lanco members of the Consortium received the Arbitrator's Final Award dated 29 March 2013 wherein the PNHB-Lanco members of the Consortium are to pay interest for the delayed payment of enabling cost of Rs.58 Lakhs amounting to Rs14,62,503 (approximately RM83,627.38) only to the claimant, KHEC on or before 30 April 2013 and all other claims by the claimant were rejected.

PNHB-Lanco member of consortium had on 27 April 2013 complied with the Final Award of the Arbitration dated 29 March 2013 by paying the interest for the delayed payment of enabling cost of Rs.58 Lakhs amounting to Rs.14,62,503 to KHEC.

KHEC had on 4 November 2013 served the PNHB-Lanco members of the Consortium with a copy of the Petition filed at the Madras High Court to appeal against the decision of the Arbitrator dated 29 March 2013. The Madras High Court had fixed the Petition for hearing on 2 December 2013.

On 2 December 2013, the Madras High Court postponed the hearing of the Petition filed by KHEC to 3 December 2013.

On 3 December 2013, the Madras High Court fixed the continued hearing of the petition filed by KHEC on 10 December 2013.

On 10 December 2013, the Madras High Court postponed the hearing of the Petition filed by KHEC, wherein the new hearing date had yet to be fixed by the Madras High Court.

(II) Pengurusan Air Selangor Sdn. Bhd. ("PASSB")

Shah Alam High Court Suit No: BA-22NCVC-228-04/2017 Pengurusan Air Selangor Sdn Bhd ("PASSB") vs Puncak Niaga Holdings Berhad & 5 Others ("the Suit")

The Company had, on the evening of 9 May 2017, received a sealed copy of the Amended Writ together with an Amended Statement of Claim both dated 28 April 2017 from the solicitors of PASSB.

The Suit arose from alleged breaches on the Sale and Purchase Agreement dated 11 November 2014 ("SPA") between the Company and PASSB relating to the disposals of Puncak Niaga (M) Sdn Bhd ("PNSB") and 70% equity interest and RM212.0 million nominal value of redeemable convertible loan stocks held in Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") by the Company to PASSB for RM1,555.3 million in line with the consolidation/ restructuring of the water industry in the State of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya by the State Government and the Federal Government. The disposals of PNSB and SYABAS were completed on 15 October 2015.

The Company is named as the First Defendant in the Suit. The relief sought by PASSB against the Company is as follows:-

(i) a sum of RM63,237,583.05 ("Sum") to be paid within 14 days from the date of the Honourable Court judgment.

(ii) interests on the Sum at the rate of 5% per annum to be calculated from 22 August 2016 until full payment thereof.

(iii) a declaration that the Company continues to indemnify PASSB for all losses which arises after the filing of this claim that PASSB may suffer as a result of the breaches in this action, including but not limited to future RPGT relation to the transfer of properties of PNSB to the Company Group under the SPA.

(iv) general damages to be assessed ("Assessed Damages") and interests on the Assessed Damages at the rate of 5% per annum to be calculated from the date of assessment until full payment thereof.

40. MATERIAL LITIGATIONS(CONTINUED)

(II) Pengurusan Air Selangor Sdn. Bhd. ("PASSB") (continued)

Shah Alam High Court Suit No: BA-22NCVC-228-04/2017 Pengurusan Air Selangor Sdn Bhd ("PASSB") vs Puncak Niaga Holdings Berhad & 5 Others ("the Suit") (continued)

(v) an order that the Company do deliver to PASSB the original or photocopies of PNSB's documents within seven (7) days from the date of the Honourable Court order.

(vi) costs and interests at the rate of 5% and other reliefs or orders that the Honourable Court may deem fit and proper to grant.

The alleged breaches are said to arise from a breach of the SPA, amongst others, Clauses 7.2(c), 7.2(d) and the Representations and Warranties of Puncak in Schedule 2, Clause 10.1.5.

The Sum of RM63,237,583.05 is made out of, amongst others, alleged payments made in respect of the Non-CA Related Business.

The Company had instructed its solicitors to contest the matter and to file an appearance at the pre-trial case management on 17 May 2017.

On 17 May 2017, the Court fixed another pre-trial case management on 18 July 2017. Meanwhile, the Company filed an appearance on 16 May 2017.

The Company filed its Defence on 20 June 2017 and a copy of the Defence was served on PASSB's solicitors on 21 June 2017. Puncak received a copy of PAAB's reply to the Defence on 14 July 2017.

On 5 July 2017, PASSB served a sealed application to restrain Puncak's solicitors from acting in the proceeding for the Suit.

At the case management held on 18 July 2017, the Court scheduled PASSB's application to restrain Puncak's solicitors from acting in the proceeding for the Suit on 24 August 2017. Meanwhile, Puncak and Puncak's solicitors had filed and served their affidavit in replies to oppose the said application by PASSB on 17 July 2017.

At the case management held on 21 August 2017, the Court adjourned the hearing of PASSB's application to restrain Puncak's solicitors from acting in the proceeding for the Suit to 14 September 2017. Meanwhile, the respective submission in reply is due on 4 September 2017.

At the hearing of PASSB's application to restrain Puncak's solicitors from acting in the proceeding for the Suit held on 14 September 2017, the Court adjourned the hearing of the said application to 26 September 2017.

At the hearing held on 26 September 2017, the Court adjourned the hearing of PASSB's application to restrain Puncak's solicitors from acting in the proceeding for the Suit to 30 November 2017.

At PASSB's request, the Court brought forward the hearing of PASSB's application to restrain Puncak's solicitors from acting in the proceeding for the Suit to 9 November 2017.

PASSB's application to restrain Puncak's solicitors from acting in the proceeding for the Suit was part heard on 9 November 2017, 30 November 2017, 29 December 2017 and completed on 15 January 2018.

On 27 February 2018, the Judge allowed PASSB's application to restrain Puncak's solicitors from acting in the proceedings with costs. Having consulted Puncak's solicitors, Puncak had given instructions to them to lodge an appeal to the Court of Appeal against this decision. Meanwhile, the Judge fixed the PASSB's claim for case management on 29 March 2018.

40. MATERIAL LITIGATIONS(CONTINUED)

(II) Pengurusan Air Selangor Sdn. Bhd. ("PASSB") (continued)

Shah Alam High Court Suit No: BA-22NCVC-228-04/2017 Pengurusan Air Selangor Sdn Bhd ("PASSB") vs Puncak Niaga Holdings Berhad & 5 Others ("the Suit") (continued)

On 14 March 2018, the Judge recorded a stay of the Order dated 27 February 2018 to restrain Puncak's solicitors from acting in the proceedings with costs until the hearing and final disposal of Puncak's appeal to the Court of Appeal against the said decision. Meanwhile, Puncak's application to stay further proceedings in the High Court pending the disposal of Puncak's appeal is fixed for hearing on 29 March 2018.

Puncak's Notice of Appeal to appeal against the decision of the High Court dated 27 February 2018 to restrain its solicitors from acting in the proceedings had been filed and served on 14 March 2018. The Court of Appeal has fixed the matter for case management on 30 May 2018 before the Deputy Registrar of the Court of Appeal.

On 29 March 2018, the Judge recorded a stay of all further proceedings in the High Court pending the hearing and final disposal of Puncak's appeal against the Order dated 27 February 2018 to restrain Puncak's solicitors from acting in the proceedings with costs, except for any interlocutory applications by the other defendants in the action. The matter is fixed for case management on 2 May 2018.

(III) Puncak Niaga Holdings Berhad ("Puncak")

Puncak Niaga Holdings Berhad ("Puncak"or "Plantiff") vs 1. Tan Sri Dato' Seri Abdul Khalid bin Ibrahim 2. Dato' Seri Mohamed Azmin bin Ali 3. The Selangor State Government ("Collectively Defendants")

The solicitors of Puncak as the Plaintiff ("Plaintiff") served the sealed Writ of Summons vide Shah Alam High Court Suit No. BA-21NCvC-72-10/2017 together with the Statement of Claim dated 27 October 2017 on:-

(i) the solicitors of Tan Sri Dato' Seri Abdul Khalid bin Ibrahim ("Tan Sri Khalid"), as the former Menteri Besar of Selangor on 2 November 2017;

(ii) Dato' Seri Mohamed Azmin bin Ali ("Dato' Seri Azmin"), as the present Menteri Besar of Selangor on 21 November 2017; and

(iii) The Selangor State Government ("Selangor State Government") on 6 November 2017; collectively "the Defendants".

The suit is initiated by Puncak against the Defendants including the Selangor State Government, who Puncak asserts is vicariously liable for the tortious acts of Tan Sri Khalid and Dato' Seri Azmin in abusing their powers in public office/misfeasance by threatening to cause and/or requesting or attempting to cause the Federal Government to invoke use of the Water Services Industry Act 2006 ("WSIA") to force a take-over of the State's water industry.

Puncak claims damages, interest on damages and costs of:-

(i) the difference between the value of PNSB Water Sdn Bhd (formerly known as Puncak Niaga (M) Sdn Bhd) ("PNSB") and Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") at the range of RM2,081,000,000.00 to RM2,353,000,000.00 and the actual purchase consideration of RM1,555,300,000.00 under the Share Purchase Agreement dated 11 November 2014 between Puncak and Pengurusan Air Selangor Sdn Bhd; and

(ii) Loss of business opportunities (local and foreign) totalling RM13,496,009,000.

40. MATERIAL LITIGATIONS (CONTINUED)

(III) Puncak Niaga Holdings Berhad ("Puncak") (continued)

Puncak Niaga Holdings Berhad ("Puncak"or "Plantiff") vs 1. Tan Sri Dato' Seri Abdul Khalid bin Ibrahim 2. Dato' Seri Mohamed Azmin bin Ali 3. The Selangor State Government ("Collectively Defendants") (continued)

At the case management held on 28 November 2017, the Judge made directions for the filing of pleadings, the exchange of affidavits and submissions in respect of the 1st Defendant's ("Tan Sri Khalid") application to strike out the claim ("Striking out Application") as well as pre-trial case management directions as follows:-

(a) Tan Sri Khalid's Striking out Application is fixed for decision on 23 January 2018.

(b) The next case management before the Judge for parties to comply with pre-trial case management directions is on 12 February 2018.

(c) The trial dates are scheduled on 28 March 2018 to 30 March 2018.

Meanwhile, the Judge directed parties to attempt mediation in January 2018.

The Selangor State Government's sealed Striking Out Application together with the Affidavit in Support was served on Puncak's solicitors on 19 December 2017.

At the case management of the Selangor State Government's application to strike out the claim on 20 December 2017, the Judge made directions for the filing of pleadings, the exchange of affidavits and submissions in respect of the same with a date for delivery of decision on 23 January 2018. Meanwhile, both Tan Sri Khalid and Dato' Seri Azmin filed and served their respective Defences, with Dato Seri' Azmin also filing a Counterclaim against Puncak by alleging that the claim is an abuse of process, and in turn, he claims for general damages, interest and costs.

Dato' Seri Azmin's sealed Striking Out Application with the Affidavit in Support was served on Puncak's solicitors on 12 January 2018 and the matter was fixed for hearing on 23 January 2018.

At the hearing on 23 January 2018, the Judge fixed both Tan Sri Khalid's and the Selangor State Government's application to strike out the claim for oral arguments on 26 January 2018. As for Dato' Seri Azmin's application to strike out the claim, the Judge made directions for the exchange of affidavits and submissions with a date for delivery of decision on 22 February 2018. The Judge also adjourned the case management of the suit from 12 February 2018 to 22 February 2018.

On 26 January 2018, the Judge reserved decision on both striking out applications to 22 February 2018 after hearing the oral arguments on both Tan Sri Khalid's and the Selangor State Government's application to strike out the claim.

At the hearing on 22 February 2018, the Judge allowed the Defendants' applications and struck out the claim with costs. Accordingly, the Judge vacated all pre-trial directions and the trial dates from 28 March 2018 to 30 March 2018. As for the Counterclaim filed by Dato' Seri Azmin, the Judge directed the parties to file and exchange submissions with a date for delivery of decision on 13 March 2018 in respect of the Counterclaim.

Puncak had given instructions to its solicitors to lodge an appeal with the Court of Appeal against this decision.

On 26 February 2018, Puncak lodged an appeal with the Court of Appeal against the High Court's decision in allowing the Defendants' applications and striking out the claim with costs.

On 12 March 2018, the Judge granted the application by Dato' Seri Azmin's solicitors to adjourn the delivery of decision in respect of the Counterclaim filed by Dato' Seri Azmin ("Dato' Seri Azmin's Counterclaim"). The decision in respect of Dato' Seri Azmin's Counterclaim which was originally set on 13 March 2018 was adjourned to 15 March 2018.

40. MATERIAL LITIGATIONS (CONTINUED)

(III) Puncak Niaga Holdings Berhad ("Puncak") (continued)

Puncak Niaga Holdings Berhad ("Puncak"or "Plantiff") vs 1. Tan Sri Dato' Seri Abdul Khalid bin Ibrahim 2. Dato' Seri Mohamed Azmin bin Ali 3. The Selangor State Government ("Collectively Defendants") (continued)

On 15 March 2018, the Judge dismissed Dato' Seri Azmin's Counterclaim with costs.

Puncak's appeal to the Court of Appeal against the decision of High Court in allowing the Defendant's applications and striking out claim with costs are all fixed for case management on 23 May 2018 before the Registrar of the Court of Appeal.

(IV) PNCSB

Six (6) Notices of Adjudication issued under the Construction Industry Payment & Adjudication Act 2012, ("CIPAA") to the Company's wholly-owned subsidiary, PNCSB - which had been adjudicated and decided upon

(1) Notice of Adjudication dated 27 May 2016 issued under CIPAA to PNCSB

On 27 May 2016, the Company's wholly-owned subsidiary, PNCSB received a Notice of Adjudication dated 27 May 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 of the CIPAA from its sub-contractor, Genbina.

The details of the Notice of Adjudication are as follows: -

(a) PNCSB's sub-contractor, Genbina had issued a Notice of Adjudication dated 27 May 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 under CIPAA against PNCSB on 27 May 2016 for the sum of RM6,169,197.67 for the project "Pakej D44 - Pembinaan Rangkaian Paip Pembetungan Di Bunus, Kuala Lumpur (Reka Dan Bina)" ("D44 Project") together with interest, cost and/or any other relief against PNCSB in relation to the alleged payment claims as may be appropriate.

(b) PNCSB had instructed its solicitors to contest the matter.

On 30 June 2016, an adjudicator was appointed by the Director of Kuala Lumpur Regional Centre For Arbitration ("KLRCA") in respect of the Notice of Adjudication dated 27 May 2016.

(2) Notice of Adjudication dated 27 May 2016 issued under CIPAA to PNCSB

On 27 May 2016, the Company's wholly-owned subsidiary, PNCSB received a Notice of Adjudication dated 27 May 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 of the CIPAA from its sub-contractor, Genbina.

The details of the Notice of Adjudication are as follows: -

(a) PNCSB's sub-contractor, Genbina had issued a Notice of Adjudication dated 27 May 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 under CIPAA against PNCSB on 27 May 2016 for the sum of RM5,022,336.65 for the D44 Project together with interest, cost and/or any other relief against PNCSB in relation to the alleged payment claims as may be appropriate.

(b) PNCSB had instructed its solicitors to contest the matter.

On 30 June 2016, an adjudicator was appointed by the Director of KLRCA in respect of the Notice of Adjudication dated 27 May 2016.

40. MATERIAL LITIGATIONS (CONTINUED)

(IV) PNCSB (continued)

Six (6) Notices of Adjudication issued under the Construction Industry Payment & Adjudication Act 2012, ("CIPAA") to the Company's wholly-owned subsidiary, PNCSB - which had been adjudicated and decided upon (continued)

(3) Notice of Adjudication dated 14 June 2016 issued under CIPAA to PNCSB

On 14 June 2016, PNCSB received a Notice of Adjudication dated 14 June 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 under the CIPAA from its previous sub-contractor, Genbina.

The details of the Notice of Adjudication are as follows:-

(a) Genbina had issued a Notice of Adjudication dated 14 June 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 under CIPAA against PNCSB on 14 June 2016 for the sum of RM4,529,523.04 for the D44 Project together with interest, cost and/or other relief against PNCSB in relation to the alleged payment claims as may be appropriate.

(b) PNCSB had instructed its solicitors to contest the matter.

On 27 July 2016, an adjudicator was appointed by the Director of KLRCA in respect of the Notice of Adjudication dated 14 June 2016.

On 15 March 2017, the Company announced the following:-

(a) That PNCSB had successfully defended a substantial portion of Genbina's claims in relation to Adjudications (for the two (2) Notices of Adjudication dated 27 May 2016 and one (1) Notice of Adjudication dated 14 June 2016) whereby PNCSB was only required to pay Genbina RM5,906,394.10, (inclusive interests and costs) out of a principal claim sum of RM15,721,057.36.

(b) That on 8 March 2017, PNCSB entered into a consent order with Genbina and its financier cum co-plaintiff, Malaysia Debt Ventures Berhad ("MDV") in relation to Genbina's application to enforce the Adjudication Award in the Kuala Lumpur High Court Originating Summons No. WA-24C-155-12/2016 that the adjudicated sums for the sum of RM5,906,394.10 will be paid to MDV on or before 15 March 2017 upon MDV's undertaking to refund the same to PNCSB in the event PNCSB is successful in the arbitration against Genbina. This said sum has been remitted to MDV by PNCSB's solicitors on 14 March 2017.

(4) Notice of Adjudication dated 12 July 2016 issued under CIPAA to PNCSB

On 12 July 2016, PNCSB received a Notice of Adjudication dated 12 July 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 under CIPAA from Genbina.

The details of the Notices of Adjudication are as follows: -

(a) Genbina had issued a Notice of Adjudication dated 12 July 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 under CIPAA against PNCSB on 12 July 2016 for the sum of RM3,546,977.09 for the D44 Project together with interest, cost and/or other relief against PNCSB in relation to the alleged payment claims as may be appropriate.

(b) PNCSB had instructed its solicitors to contest the matter.

On 2 September 2016, an adjudicator was appointed by the Director of KLRCA in respect of the Notice of Adjudication dated 12 July 2016.

40. MATERIAL LITIGATIONS (CONTINUED)

(IV) PNCSB (continued)

Six (6) Notices of Adjudication issued under the Construction Industry Payment & Adjudication Act 2012, ("CIPAA") to the Company's wholly-owned subsidiary, PNCSB - which had been adjudicated and decided upon (continued)

(5) Notice of Adjudication dated 16 August 2016 issued under CIPAA to PNCSB

On 17 August 2016, PNCSB received a Notice of Adjudication dated 16 August 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 under the CIPAA from Genbina.

The details of the Notice of Adjudication are as follows: -

(a) Genbina had issued a Notice of Adjudication dated 16 August 2016 to refer disputes arising from alleged payment claims under Sections 7 and 8 under CIPAA against PNCSB on 17 August 2016 for the sum of RM3,775,805.83 for the D44 Project together with interest, cost and/or other relief against PNCSB in relation to the alleged payment claim as may be appropriate.

(b) PNCSB had instructed its solicitors to contest the matter.

On 19 September 2016, an adjudicator was appointed by the Director of KLRCA in respect of the Notice of Adjudication dated 16 August 2016.

On 15 March 2017, the Company announced that Genbina's remaining adjudications to PNCSB (for the two (2) Notices of Adjudication dated 12 July 2016 and 17 August 2016) whereby Genbina has claimed for a principal claim sum of RM7,322,782.92 had been dismissed in total with a combined costs of RM158,000.00 awarded in PNCSB's favour.

(6) Notice of Adjudication dated 31 July 2017 issued under CIPAA to PNCSB

On 31 July 2017, PNCSB received a Notice of Adjudication dated 31 July 2017 to refer the disputes arising from an alleged payment claim under Sections 7 and 8 under CIPAA from Genbina.

The details of the Notice of Adjudication are as follows:-

(i) Genbina had issued a Notice of Adjudication dated 31 July 2017 to refer the disputes arising from an alleged payment claim under Sections 7 and 8 under CIPAA against PNCSB on 31 July 2017 for the sum of RM25,413,723.45 for D44 project together with interest, cost and/or any other relief against PNCSB in relation to the alleged payment claim as may be appropriate.

(ii) PNCSB had instructed its solicitors to contest the matter.

On 5 October 2017, an adjudicator was appointed by the Director of Kuala Lumpur Regional Centre For Arbitration ("KLRCA") in respect of the Notice of Adjudication dated 31 July 2017.

40. MATERIAL LITIGATIONS (CONTINUED)

(IV) PNCSB (continued)

Two (2) Notices of Arbitration issued under the KLRCA in accordance with the Arbitration Act 2005 and Arbitration (Amendment) Act 2011 to PNCSB

(1) Notice of Arbitration dated 17 June 2016 issued under KLRCA in accordance with the Arbitration Act 2005 and Arbitration (Amendment) Act 2011 to PNCSB.

On 20 June 2016, PNCSB received a Notice of Arbitration dated 17 June 2016 from Genbina to refer the disputes or differences arising from the termination of the contract contained in a Letter of Award and its Addendums ("Contract") and an Operate, Maintain and Service Agreement under the Contract ("OMSA") for the D44 Project to arbitration under KLRCA in accordance to the Arbitration Act 2005 and the Arbitration (Amendment) Act 2011 for the alleged sum of RM119,699,168.11 together with the damages, interest, costs as such other relief as the learned arbitrator deems fit or proper and PNCSB has instructed its solicitor to contest the matter.

On 18 July 2016, PNCSB had issued a response to Genbina's Notice of Arbitration dated 17 June 2016 through its solicitors. In summary, PNCSB's response denied the claims asserted by Genbina in its Notice of Arbitration dated 17 June 2016 as well as raised numerous set-offs and/or counterclaim against Genbina's claims in its Notice of Arbitration dated 17 June 2016.

(2) Notice of Arbitration dated 17 June 2016 issued under the KLRCA in accordance with the Arbitration Act 2005 and Arbitration (Amendment) Act 2011 to PNCSB.

On 20 June 2016, PNCSB received a Notice of Arbitration dated 17 June 2016 from Genbina to refer the disputes or differences arising from the termination of the Contract and an OMSA for the D44 Project to arbitration under KLRCA in accordance to the Arbitration Act 2005 and the Arbitration (Amendment) Act 2011 for the alleged sum of RM24,171,671.43 together with the damages, interest, costs as such other relief as the learned arbitrator deems fit or proper and PNCSB has instructed its solicitor to contest the matter.

On 18 July 2016, PNCSB had issued a response to Genbina's Notice of Arbitration dated 17 June 2016 through its solicitors. In summary, PNCSB's response denied the claims asserted by Genbina in its Notice of Arbitration dated 17 June 2016 as well as raised numerous set-offs and/or counterclaim against Genbina's claims in its Notice of Arbitration dated 17 June 2016.

Three (3) Notices of Arbitration issued under the KLRCA in accordance with the Arbitration Act 2005 and Arbitration (Amendment) Act 2011 by PNCSB

PNCSB had on 18 July 2016 issued three (3) separate Notices of Arbitration dated 18 July 2016 to Genbina to refer the disputes or differences arising from the termination of the Contract, an OMSA and Workers' Agreement dated 12 October 2016 ("Workers' Agreement") relating to the D44 Project to arbitration.

The details of the Notices of Arbitration dated 18 July 2016 issued by PNCSB to Genbina are as follows:

(i) In respect of the Notice of Arbitration arising from the Contract, PNCSB has suffered loss and damage and continues to incur loss and damage arising from Genbina's breaches under the Contract which led to PNCSB's termination of the Contract. PNCSB seeks to recover the loss and damage suffered by PNCSB from Genbina in the arbitration;

(ii) In respect of the Notice of Arbitration arising from the OMSA, PNCSB has suffered loss and damage and continues to incur loss and damage arising from Genbina's wrongful acts under the OMSA over Genbina's failure to return the Machineries & Equipment belonging to PNCSB under the OMSA, unlawfully removing the said Machineries & Equipment from the D44 Project site and wrongfully detaining them. PNCSB seeks to recover the loss and damage suffered by PNCSB from Genbina in the arbitration; and

40. MATERIAL LITIGATIONS (CONTINUED)

(IV) PNCSB (continued)

Three (3) Notices of Arbitration issued under the KLRCA in accordance with the Arbitration Act 2005 and Arbitration (Amendment) Act 2011 by PNCSB (continued)

The details of the Notices of Arbitration dated 18 July 2016 issued by PNCSB to Genbina are as follows: (continued)

(iii) In respect of the Notice of Arbitration arising from the Workers' Agreement, PNCSB has suffered loss and damage and continues to incur loss and damage arising from Genbina's breach of the Workers' Agreement over Genbina's failure and/or refusal to pay the foreign workers' salaries and to bear all direct and incidental costs for their repatriation, amongst others. PNCSB seeks to recover its loss and damage suffered from Genbina in the arbitration.

PNCSB has asserted that it has suffered losses and damage arising from Genbina's breaches and wrongful acts under the Contract, OMSA and Workers' Agreement and is preparing a counter-claim against Genbina, which PNCSB has assessed and estimated to be in the region of RM152.2 million.

The two (2) separate arbitrations initiated by Genbina Sdn Bhd and the three (3) separate arbitrations initiated by PNCSB will be consolidated into a single arbitration proceeding.

The arbitral tribunal had been constituted and a preliminary meeting was called on 5 July 2017 wherein parties have been given directions to move the arbitration forward.

41. SUBSEQUENT EVENTS

(a) On 5 January 2018, the Board announced that GOM Resources Limited ("GRL"), a wholly-owned sub-subsidiary of the Company had on 4 January 2018 been placed under member's voluntary winding-up pursuant to the Myanmar Companies Act. Mr U Papo Ganesan of Khin Su Htay & Associates was appointed as the Liquidator of GRL on 4 January 2018.

(b) On 1 March 2018, SINO has commenced the process to voluntarily dissolve its wholly-owned subsidiary, Sino Water (Shanghai) pursuant to the relevant rules and regulations of the People's Republic of China ("PRC").

The voluntary dissolution is expected to be completed in the first quarter of 2019.

(c) The Company had on 16 March 2018 subscribed for 1,000,000 ordinary shares in Jadekind Limited ("Jadekind"), a private limited company duly incorporated in Hong Kong at a total cash subscription of HKD1,000,000.00 only ("Shares Subscription"). The Shares Subscription is satisfied wholly in cash from the Company's internal generated funds.

Arising from the Shares Subscription, Jadekind had on 16 March 2018 become a 50% owned subsidiary of Puncak.

42. PRIOR YEAR ADJUSTMENTS/COMPARATIVE FIGURES

The fair values of certain investment properties of the Group and of the Company in respect of four lots of leasehold land in Mukim of Ijok, Kuala Selangor and in Mukim of Jeram, Kuala Selangor were corrected to better reflect their fair values as at 31 December 2016. Due to the recent development activities surrounding both the Mukim of Ijok and Jeram, it was brought to the Directors' attention that the fair values of the leasehold land of the Group and of the Company in Mukim of Ijok and Jeram had increased substantially.

The Directors of the Group are of the opinion that the desktop valuation performed by an independent professional valuer did not consider sufficient data in the prior year and hence, the carrying value of the leasehold land of Mukim of Ijok and Jeram did not reflect their fair values as at 31 December 2016. As such, the Directors engaged another independent professional valuer to conduct a full valuation on the leasehold land of Mukim of Ijok and Jeram as at 1 January 2016 and 31 December 2016 respectively.

The fair values of the investment properties were corrected retrospectively in accordance with MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*.

	As at 31 December 2016		As at 1 January 2016	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Statements of financial position				
Group				
Investment properties	539,520	210,630	496,557	181,557
Deferred tax liabilities	(28,983)	(12,538)	(25,470)	(9,720)
Retained earnings	1,083,374	770,929	1,329,121	1,029,871
Company				
Investment properties	299,630	128,220	272,895	109,695
Deferred tax liabilities	(13,578)	(5,008)	(12,279)	(4,119)
Retained earnings	1,093,220	930,380	1,266,248	1,111,208

	As at 31 December 2016	
	As restated RM'000	As previously stated RM'000
Statement of profit or loss and other comprehensive income		
Group		
Other income	97,375	84,191
Loss before tax	(192,091)	(214,405)
Tax expense	(27,009)	(26,223)
Loss after tax	(219,100)	(240,628)
Total comprehensive expense for the year	(246,854)	(260,049)
Company		
Other income	74,766	66,556
Loss before tax	(172,206)	(180,416)
Tax expense	(822)	(412)
Loss after tax	(173,028)	(180,828)
Total comprehensive expense for the year	(173,028)	(180,828)

Statement By Directors

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

In the opinion of the Directors, the financial statements set out on pages 118 to 224 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

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

Tan Sri Rozali Bin Ismail
Director

Azlan Shah Bin Rozali
Director

Shah Alam

Date: 29 March 2018

Statutory Declaration

pursuant to Section 251(1)(b)
of the Companies Act 2016

I, **Wong Ley Chan**, the officer primarily responsible for the financial management of Puncak Niaga Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 118 to 224 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Wong Ley Chan, at Shah Alam in the State of Selangor on 29 March 2018.

Wong Ley Chan

Before me:

Independent Auditors' Report To The Members Of Puncak Niaga Holdings Berhad

(Company No. 416087-U)
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Puncak Niaga Holdings Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 118 to 224.

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

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

Revenue recognition

Refer to Note 2(s), Note 21 and Note 22 of the financial statements.

The key audit matter	How the matter was addressed in our audit
One of the revenue streams of the Group is construction contract revenue. Construction contract revenue is accounted for based on the percentage of completion of each individual contract. The percentage of completion is calculated based on the proportion of total costs incurred at the reporting date compared to estimated total costs of the contract. This is one of our key audit matters because it required us to exercise significant judgment to evaluate the estimation of the total costs to be incurred, which inherently is uncertain.	In this area our audit procedures included, amongst others: - evaluated the robustness of management's review process and tested the design and implementation of controls over the approval of estimated total costs; - selected samples of estimated costs and compare them with contracts or letter of awards; - performed a re-computation of the percentage of completion and recognised contract revenue; - challenged management's assessment and estimation of liquidated ascertained damages ("LAD") by inspecting correspondences with customers, evaluating whether there were any elements of biasness when determining the probability of LAD that would be imposed by the customer, and compared inputs of the LAD calculation with the agreement with customers, and - determined that provision for foreseeable loss and liquidated ascertained damages were recognised in accordance with the requirements of the accounting standards.

Key Audit Matters (continued)

Impairment assessment of property, plant and equipment (Vessel)	
Refer to Note 2(d), Note 2(m), Note 2(z) and Note 4.4 of the financial statements.	
The key audit matter	**How the matter was addressed in our audit**
The oil and gas operating segment's non-current assets of the Group has a higher risk of impairment in view of the decline in crude oil prices and the inability of the Group to secure a project during the financial year 2017. The main asset of this segment is a Vessel. The Group determined the recoverable amount of the Vessel by reference to its fair value less cost of disposal. This is one of our key audit matters because of the significance of the carrying value of the Vessel and it required us to exercise significant judgment to evaluate its fair value less cost of disposal.	In this area our audit procedures included, amongst others: - evaluated the impairment test model by comparing it with the requirements of the relevant accounting standard; - read supporting documentations on non-binding offer of the Vessel; and - considered the adequacy of disclosures on the impairment assessment in the financial statements.

Valuation of property, plant and equipment and investment properties	
Refer to Note 2(d), Note 2(f), Note 4.3, Note 5 and Note 42 of the financial statements.	
The key audit matter	**How the matter was addressed in our audit**
The Group and the Company's accounting policy for properties comprising land and building in the property, plant and equipment caption and investment properties are measured using a fair value model or a revaluation model. As stated in Note 42, there was a correction made on the comparative fair value of certain investment properties. This is one of our key audit matters because it required us to exercise significant judgment to evaluate whether the adjustment of the fair value of the properties required an adjustment to the comparative years.	In this area our audit procedures included, amongst others: - evaluated the fair value model by comparing it with the requirements of the relevant accounting standard; - interviewed the independent valuer, read the valuation report and assessed the competency, capability and objectivity of the work of the experts; - interviewed and obtained representation from the independent valuer to assess whether the independent valuer exercised benefit of hindsight when determining the fair values of the investment properties for the prior years; and - considered the adequacy of disclosures for the correction of the comparatives in the financial statements.

Key Audit Matters (continued)

Business combination	
Refer to Note 2(a) and Note 37 of the financial statements.	
The key audit matter	**How the matter was addressed in our audit**
The Group, through Danau Semesta Sdn. Bhd., a 90% sub-subsidiary, acquired the entire issued share capital of Danum Sinar Sdn. Bhd., an oil palm plantation company. The acquisition was completed on 3 July 2017. This is one of our key audit matters as accounting for a business combination is complex and it required us to involve KPMG's specialist.	In this area our audit procedures included, amongst others: - read the sale and purchase agreement and evaluated whether management had considered relevant factors in the business combination accounting; - evaluated the fair value model of identifiable assets and liabilities by comparing it with the requirements of the relevant accounting standard; - we used our specialist to assist us in assessing the reasonableness of the independent valuation and the key assumptions used, in particular, those related to discount rates, projected yield rates of the plantation and bare land costs. When assessing the reasonableness of the key assumptions, our specialist compared them with externally and internally derived data as well as our own assessments which took into account historical trends and other corroborative information available; - assessed those significant and highly sensitive assumptions to determine that they were appropriate and supportable by comparing them with internal and external sources; and - challenged management's unobservable input by varying the input and assessed its financial impacts to the overall financial statements, and also determined whether there were elements of biasness when selecting the unobservable input.

Impairment assessments of cost of investment in subsidiaries and amounts due from subsidiaries	
Refer to Note 2(m), Note 8.2 and Note 14.4 of the financial statements.	
The key audit matter	**How the matter was addressed in our audit**
The Company's cost of investments and advances provided to subsidiaries to finance their operations are significant. Some of these subsidiaries are reporting unfavourable results and hence, they require impairment assessments. This is one of our key audit matters because evaluation of impairment of costs of investment and advances to subsidiaries are complex and it required us to exercise significant judgment to evaluate the impairments.	In this area our audit procedures included, amongst others: - challenged management's assessment for indications of impairment by considering whether it had factored or considered relevant internal and external information; - compared the impairment test models with the requirements of the accounting standards; and - challenged the recoverable amounts determined by management by evaluating whether assumptions were reasonable and supportable.

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 Directors' Report and Statement on Risk Management and Internal Control (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal controls 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 ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As 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 internal control of the Group and of the Company.

- 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 ability of the Group or of the Company 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.

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

- 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 gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 8 to the financial statements.

OTHER MATTERS

1. We draw attention to Note 42 to the financial statements which described the prior year adjustments in regards to the fair valuation of certain properties. Our opinion is not modified in respect of this matter.

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

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Thong Foo Vung
Approval Number: 02867/08/2018 J
Chartered Accountant

Petaling Jaya,

Date: 29 March 2018

Analysis On Securities Of Company

As at 27 March 2018

ANALYSIS OF SHAREHOLDINGS

Share Capital : RM554,662,005.00
Total Number of Issued Shares : 449,283,784
Class of Shares : Ordinary shares
Voting Rights : One vote per ordinary share
No. of Shareholders : 10,443

DISTRIBUTION OF SHAREHOLDINGS

Size Of Shareholdings	No. Of Shareholders						No. Of Issued Shares Held					
	Malaysian		Foreigner		Total		Malaysian		Foreigner		Total	
	No.	%	No.	%	No.	%	No.	%#	No.	%#	No.	%#
Less than 100	516	4.94	4	0.04	520	4.98	12,390	*	134	*	12,524	*
100-1,000	1,507	14.43	18	0.17	1,525	14.60	1,127,208	0.25	10,225	*	1,137,433	0.25
1,001-10,000	5,879	56.30	74	0.71	5,953	57.01	24,743,527	5.53	357,257	0.08	25,100,784	5.61
10,001-100,000	2,028	19.42	61	0.58	2,089	20.00	63,523,540	14.20	1,990,030	0.45	65,513,570	14.65
100,001-22,362,348 (less than 5% of the issued share capital)	330	3.16	23	0.22	353	3.38	139,831,674	31.27	19,948,650	4.46	159,780,324	35.73
22,362,349 (5% of the issued share capital) and above	3	0.03	0	0	3	0.03	195,702,349	43.76	0	0	195,702,349	43.76
TOTAL	**10,263**	**98.28**	**180**	**1.72**	**10,443**	**100.00**	**424,940,688**	**95.01**	**22,306,296**	**4.99**	**447,246,984**	**100.00**

Notes:

* Negligible

\# Excluding a total of 2,036,800 Puncak Niaga Shares bought back by Puncak Niaga and retained as treasury shares as at 27 March 2018.

ANALYSIS OF WARRANT HOLDINGS

Unconverted Warrants : 5,269,720
Class of Securities : Warrants
Voting Rights : Nil
No. of Warrant Holders : 4,049

DISTRIBUTION OF WARRANT HOLDINGS

Size Of Warrant Holdings	No. Of Warrant Holders						No. Of Warrants Held					
	Malaysian		Foreigner		Total		Malaysian		Foreigner		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Less than 100	1,028	25.39	10	0.25	1,038	25.64	38,210	0.73	242	*	38,452	0.73
100-1,000	2,615	64.58	26	0.64	2,641	65.22	661,053	12.54	10,278	0.20	671,331	12.74
1,001-10,000	271	6.69	13	0.32	284	7.01	1,006,278	19.09	49,379	0.94	1,055,657	20.03
10,001-100,000	76	1.88	3	0.07	79	1.95	2,106,200	39.97	88,500	1.68	2,194,700	41.65
100,001-263,485 (less than 5% of the warrants)	5	0.12	1	0.03	6	0.15	881,000	16.72	111,300	2.11	992,300	18.83
263,486 (5% of the warrants) and above	0	0	1	0.03	1	0.03	0	0	317,280	6.02	317,280	6.02
TOTAL	**3,995**	**98.66**	**54**	**1.34**	**4,049**	**100.00**	**4,692,741**	**89.05**	**576,979**	**10.95**	**5,269,720**	**100.00**

Note:

* Negligible

LIST OF TOP THIRTY SECURITIES ACCOUNT HOLDERS AS PER RECORD OF DEPOSITORS (ORDINARY SHARES)
(Without aggregating the securities from different securities accounts belonging to the same Depositors)

No.	Name Of Shareholder	No. Of Issued Shares Held	% Of Issued Shares*
1.	**Central Plus (M) Sdn Bhd**	103,798,260	23.21
2.	**Corporate Line (M) Sdn Bhd**	47,830,489	10.69
3.	**Lembaga Tabung Haji**	44,073,600	9.85
4.	**HLIB Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Corporate Line (M) Sdn Bhd	21,600,000	4.83
5.	**Nusmakmur Development Sdn Bhd**	8,600,000	1.92
6.	**HSBC Nominees (Asing) Sdn Bhd** Exempt An For Credit Suisse (SG BR-TST-Asing)	5,794,970	1.30
7.	**CIMB Group Nominees (Tempatan) Sdn Bhd** CIMB Islamic Trustee Berhad For Pacific Dana Aman (3717 TR01)	3,415,700	0.76
8.	**Kenanga Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Goh Tai Siang	3,367,600	0.75
9.	**CIMB Group Nominees (Asing) Sdn. Bhd.** Exempt An For DBS Bank Ltd (SFS)	3,248,000	0.73
10.	**Amsec Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Goh Tai Siang	2,758,300	0.62
11.	**Public Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Wong Sui Yuing (E-BTL)	2,208,800	0.49
12.	**HSBC Nominees (Asing) Sdn Bhd** JPMCB NA For Vanguard Total International Stock Index Fund	2,028,000	0.45
13.	**Maybank Securities Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Zulkifli Bin Ismail (Margin)	2,000,000	0.45
14.	**Lin Thean Fatt**	1,974,000	0.44
15.	**Central Plus (M) Sdn Bhd**	1,912,075	0.43
16.	**Rozali Bin Ismail**	1,901,900	0.43
17.	**Maybank Nominees (Tempatan) Sdn Bhd** Exempt An For Maybank Islamic Asset Management Sdn Bhd (Resident) (475391)	1,539,000	0.34
18.	**Lim Teik Hoe**	1,479,000	0.33
19.	**Cimsec Nominees (Tempatan) Sdn Bhd** CIMB Bank For Ng Chai Hock (MY0972)	1,283,000	0.29
20.	**Cimsec Nominees (Tempatan) Sdn Bhd** CIMB Bank For Lau Buong Liong (MQ0175)	1,235,000	0.28

Note:

* Excluding 2,036,800 Puncak Niaga Shares bought back by Puncak Niaga and retained as treasury shares as at 27 March 2018.

LIST OF TOP THIRTY SECURITIES ACCOUNT HOLDERS AS PER RECORD OF DEPOSITORS (ORDINARY SHARES)
(Without aggregating the securities from different securities accounts belonging to the same Depositors)

No.	Name Of Shareholder	No. Of Issued Shares Held	% Of Issued Shares*
21.	**Lim Kian Huat**	1,215,000	0.27
22.	**Amsec Nominees (Tempatan) Sdn Bhd** MTrustee Berhad For Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	1,187,400	0.27
23.	**Yong Jee Patt**	1,172,400	0.26
24.	**Cimsec Nominees (Tempatan) Sdn Bhd** CIMB Bank For Mak Ngia Ngia @ Mak Yoke Lum (MM0749)	1,149,700	0.26
25.	**Khoo Kim Hong**	1,123,400	0.25
26.	**Maybank Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Chee Kah Khuin	1,122,900	0.25
27.	**Citigroup Nominees (Asing) Sdn Bhd** CBNY For DFA Emerging Markets Small Cap Series	1,111,020	0.25
28.	**Citigroup Nominees (Asing) Sdn Bhd** CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	1,097,160	0.25
29.	**HLB Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Heng Yong Kang @ Wang Yong Kang	1,000,000	0.22
30.	**Lim Mok Leng**	913,000	0.20
	TOTAL	**273,139,674**	**61.07**

Note:
* Excluding 2,036,800 Puncak Niaga Shares bought back by Puncak Niaga and retained as treasury shares as at 27 March 2018.

LIST OF TOP THIRTY SECURITIES ACCOUNT HOLDERS AS PER RECORD OF DEPOSITORS (WARRANTS)
(Without aggregating the securities from different securities accounts belonging to the same Depositors)

No.	Name Of Warrant Holder	No. Of Warrants Held	% Of Warrants
1.	**Citigroup Nominees (Asing) Sdn Bhd** Exempt An For Citibank New York (Norges Bank 1)	317,280	6.02
2.	**Chan Thye Thian**	229,000	4.35
3.	**Ng Yim Hoo**	205,000	3.89
4.	**Tan Soo Sim**	182,100	3.46
5.	**Lim Chee Meng**	135,000	2.56
6.	**Chew Yee Yan**	129,900	2.47
7.	**HSBC Nominees (Asing) Sdn Bhd** JPMCB NA For Vanguard Total International Stock Index Fund	111,300	2.11
8.	**Maybank Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Tan Tai Kuan	93,600	1.78
9.	**Poh Kah Weng**	93,000	1.76
10.	**Goh Nan Kioh**	92,100	1.75

LIST OF TOP THIRTY SECURITIES ACCOUNT HOLDERS AS PER RECORD OF DEPOSITORS (WARRANTS)
(Without aggregating the securities from different securities accounts belonging to the same Depositors)

No.	Name Of Warrant Holder	No. Of Warrants Held	% Of Warrants
11.	**Lee Chee Foon**	88,400	1.68
12.	**Ng Chew Geik**	67,000	1.27
13.	**HLIB Nominees (Tempatan) Sdn Bhd** Hong Leong Bank Bhd For Ewe Hong Khoon	59,300	1.13
14.	**Kenanga Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Koay Ley Hee	52,670	1.00
15.	**Maybank Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Ong Yoke Wan	50,000	0.95
16.	**Tay Chin Kuan**	49,500	0.94
17.	**Lee Kong Hian**	46,630	0.88
18.	**Ng Ser Peng**	45,000	0.85
19.	**Cheong Wong Sang**	40,000	0.76
20.	**Maybank Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Theivanai A/P Rajoo	40,000	0.76
21.	**Tan Tcheow Woei**	40,000	0.76
22.	**Lim Lai Sam**	39,700	0.75
23.	**Teh Soon Hoh**	39,200	0.74
24.	**Maybank Nominees (Tempatan) Sdn Bhd** Foo Wan Shoon	38,400	0.73
25.	**Sabirin Bin Md Ali**	37,700	0.72
26.	**Vimala Sgulboonrasi**	35,000	0.66
27.	**Maybank Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Syarikat Lui Kim Chock Sdn Bhd	33,110	0.63
28.	**Public Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Cho Yeng Chinn (E-JBU)	31,000	0.59
29.	**Public Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Chu Sui San @ Cho Chong Yeng (E-JBU)	31,000	0.59
30.	**Kenanga Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Tseng Pi Yin (013)	30,000	0.57
	TOTAL	**2,481,890**	**47.11**

Analysis On Securities
Of Company
As at 27 March 2018

DIRECTORS' INTEREST IN ORDINARY SHARES AND WARRANTS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AND WARRANTS HOLDINGS

No.	Name Of Director	No. Of Issued Shares Held In The Company				No. Of Warrants Held In The Company			
		Direct Interest	%#	Indirect Interest	%#	Direct Interest	%	Indirect Interest	%
1.	YBhg Tan Sri Rozali Ismail	1,901,900	0.43	175,140,824+	39.16+	-	-	-	-
2.	Encik Azlan Shah Rozali	389,400	0.09	-	-	-	-	-	-
3.	YBhg Tan Sri Dato' Seri Dr Ting Chew Peh	-	-	46,200^	0.01^	-	-	-	-
4.	Y.A.M. Tengku Dato' Rahimah Almarhum Sultan Mahmud	-	-	-	-	-	-	-	-
5.	YBhg Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak	-	-	-	-	-	-	-	-
6.	YBhg Dato' Sri Adenan Ab Rahman	-	-	-	-	-	-	-	-
7.	YBhg Datuk Dr Marimuthu Nadason	-	-	-	-	-	-	-	-
8.	YBhg Dato' Randhir Singh Jasbir Singh	-	-	-	-	-	-	-	-
9.	Mr Ng Wah Tar	-	-	-	-	-	-	-	-

Notes:

\+ Deemed interest by virtue of 100% shareholding interest each in Central Plus (M) Sdn Bhd (Co. No. 183535-W) and Corporate Line (M) Sdn Bhd (Co. No. 172689-H) of which 55% is held in his own name and 45% is held in his spouse's and children's names, respectively.

^ Deemed interest by virtue of shares held by spouse, Tay Boon Ling pursuant to Section 59 of the Companies Act, 2016.

\# Excluding a total of 2,036,800 Puncak Niaga Shares bought back by Puncak Niaga and retained as treasury shares as at 27 March 2018.

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS (Excluding Bare Trustees)

No.	Name Of Substantial Shareholder	No. Of Issued Shares Held In The Company			
		Direct Interest	%#	Indirect Interest	%#
1.	YBhg Tan Sri Rozali Ismail	1,901,900	0.43	175,140,824+	39.16+
2.	Central Plus (M) Sdn Bhd	105,710,335	23.64	-	-
3.	Corporate Line (M) Sdn Bhd	47,830,489	10.69	21,600,000*	4.83*
4.	Lembaga Tabung Haji	45,612,600	10.20	-	-

Notes:

\+ Deemed interest by virtue of 100% shareholding interest each in Central Plus (M) Sdn Bhd (Co. No. 183535-W) and Corporate Line (M) Sdn Bhd (Co. No. 172689-H) of which 55% is held in his own name and 45% is held in his spouse's and children's names, respectively.

* Held in nominee's name.

\# Excluding a total of 2,036,800 Puncak Niaga Shares bought back by Puncak Niaga and retained as treasury shares as at 27 March 2018.

List Of Properties

As at 31 December 2017

Description & Location	Date of Acquisition /Date of Valuation (V)	Land Area/ Built-up Area	Net Book Value (RM'000) 31.12.2017	Tenure	Remaining Leasehold (Expiry Date)	Existing Use
PROPERTY, PLANT AND EQUIPMENT						
Building & Adjacent Land						
Wisma Rozali No. 4 & 6, Persiaran Sukan Seksyen 13, 40100 Shah Alam Selangor Darul Ehsan	01/08/2005 31/12/2011 (V) 31/12/2014 (V) 31/12/2017 (V)	12,952 sq.m	63,211	99 years Leasehold	85 years expiring on 22/01/2102	Office Premises and Land
Office Lots						
No. 8 Eu Tong Sen Street # 22-85, The Central Singapore 059818	03/10/2008 31/12/2014 (V) 31/12/2017 (V)	86 sq.m	11,500	99 years Leasehold	83 years expiring on 01/01/2100	Office Premises
No. 8 Eu Tong Sen Street # 22-86, The Central Singapore 059818	26/09/2008 31/12/2014 (V) 31/12/2017 (V)	60 sq.m		99 years Leasehold	83 years expiring on 01/01/2100	Office Premises
Building						
No. 12B, Jalan PJS 8/11 Dataran Mentari Bandar Sunway 46150 Petaling Jaya Selangor Darul Ehsan	19/10/2011 31/12/2014 (V) 31/12/2017 (V)	331 sq.m	5,600	99 years Leasehold	85 years expiring on 6/11/2102	Office Premises
3 Storey Building						
No.31, Jalan Temoleh 8/7 Precinct 8 62250 Putrajaya	09/11/2016 31/12/2017 [V]	387 sq.m	4,150	Freehold	N/A	Vacant
Plantation Land and Building						
Lot 18, Murum Land District	03/07/2017 26/05/2017 (V)	40,588 Ha.	296,696	99 years Leasehold	86 years expiring in 2103	Plantation
Lot 20, Murum Land District		2.5 Ha.				
Lot 21, Murum Land District		0.6 Ha.				
Lot 22, Murum Land District		2.0 Ha.				
Lot 23, Murum Land District		3.90 Ha.				
Lot 24, Murum Land District		5.84 Ha.				
Lot 25, Murum Land District		0.16 Ha.				
Lot 13, Murum Land District		1,409 Ha.				
Lot 14, Murum Land District		126 Ha.				
Lot 15, Murum Land District		1,996 Ha.				
Lot 1, Silat Land District		2,540 Ha.			99 years expiring in 2116	

List Of Properties
As at 31 December 2017

Description & Location	Date of Acquisition /Date of Valuation (V)	Land Area/ Built-up Area	Net Book Value (RM'000) 31.12.2017	Tenure	Remaining Leasehold (Expiry Date)	Existing Use
INVESTMENT PROPERTIES						
Freehold Land						
No. 8, Jalan Sultan Mahmud 21080 Kuala Terengganu Terengganu (Lot 2119, Mukim of Batu Buruk, District Of Kuala Terengganu Terengganu Darul Iman)	02/07/2008 31/12/2011 (V) 31/12/2014 (V) 31/12/2015 (V) 31/12/2016 (V) 31/12/2017 (V)	2,058 sq.m	1,500	Freehold	N/A	Vacant
Land & Building						
No. 20, Jalan Presiden U1/F Accentra Business Park Glenmarie, Seksyen U1 40150 Shah Alam	01/02/2008 31/12/2011 (V) 31/12/2014 (V) 31/12/2015 (V) 31/12/2016 (V) 31/12/2017 (V)	164 sq.m	2,100	Freehold	N/A	Office Premises
Leasehold Land						
H.S.(D) 142037, Lot No. PT 32 Seksyen 14, Bandar Shah Alam District of Petaling Selangor Darul Ehsan	14/02/1998 31/12/2011 (V) 31/12/2014 (V) 31/12/2015 (V) 31/12/2016 (V) 31/12/2017 (V)	10,364 sq.m	28,000	99 years Leasehold	82 years expiring on 17/12/2099	Rented out
Leasehold Land						
H.S. (D) 2605, PT 1563 Mukim Jeram District Of Kuala Selangor Selangor Darul Ehsan	01/08/2010 31/12/2011 (V) 31/12/2014 (V) 31/12/2015 (V) 31/12/2016 (V) 30/9/2017 (V)	159,996 sq.m	56,400	99 years Leasehold	78 years expiring on 01/12/2095	Vacant
Land & Building						
H.S.(D) 6163, PN 77569 (Lot No. 7092) H.S.(D) 6164, PN 77570 (Lot No. 7093) H.S.(D) 6165, PN 77571 (Lot No. 7094) # H.S.(D) 6166, PN 77572 (Lot No. 7095) Mukim Of Ijok District Of Kuala Selangor Selangor Darul Ehsan	16/02/2007 31/12/2011 (V) 31/12/2014 (V) 31/12/2015 (V) 31/12/2016 (V) 30/9/2017 (V)	331,438 sq.m 213,092 sq.m 229,299 sq.m 229,733 sq.m	462,718	99 years Leasehold	84 years expiring on 24/10/2101	Vacant Vacant Rented out Vacant
# Include a single storey building complete with parking facilities						
4 Storey Shophouse						
No. 12, Jalan Todak 5 Pusat Bandar Seberang Jaya 13700 Perai, Pulau Pinang	21/03/2007 31/12/2011 (V) 31/12/2014 (V) 31/12/2015 (V) 31/12/2016 (V) 31/12/2017 (V)	238 sq.m	2,500	99 years Leasehold	75 years expiring on 21/10/2092	Office Premises

List Of Properties

As at 31 December 2017

Description & Location	Date of Acquisition /Date of Valuation (V)	Land Area/ Built-up Area	Net Book Value (RM'000) 31.12.2017	Tenure	Remaining Leasehold (Expiry Date)	Existing Use
INVESTMENT PROPERTIES						
5 Storey Shophouse						
No. 32, Blok 4 Laman Seri Business Park Persiaran Sukan, Seksyen 13 Shah Alam, Selangor Darul Ehsan	7/6/2011 31/12/2014 (V) 31/12/2017 (V)	1,014 sq.m	5,100	99 years Leasehold	92 years expiring on 21/3/2109	Office Premises
3 Storey Shophouse						
Sublot 8 (Survey Lot 9306) Lot 1541 Block 6 Seduan Land District Sibu Sarawak	17/08/2016 31/12/2017 (V)	140 sq.m	1,100	99 years Leasehold	21 years expiring on 31/12/2039	Rented Out
Leasehold Land						
H.S.(D) 80453, Lot No. 19255 Mukim Ijok District of Kuala Selangor Selangor Darul Ehsan	24/10/2017	84,130 sq.m	41,949	99 years	90 years expiring on 11/05/2107	Vacant

GRI G4 Content Index

For 'In Accordance' Option – Core

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ORGANISATIONAL PROFILE				
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G4-15	Externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or which it endorses	-	Public Policy, Psis Smart Partnership	P39, P54
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organisations	-	Puncak Niaga Group Fact Sheet	Puncak Niaga Group Fact Sheet
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
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G4-18	Process for defining the report content and the aspect boundaries	-	Stakeholder Engagement	P40-P41
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General Standard Disclosures				
GENERAL STANDARD DISCLOSURES	**DESCRIPTION**	**OMISSIONS**	**REFERENCE**	**PAGE**
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G4-24	List of stakeholder groups engaged by the organisation	-	Stakeholder Engagement	P40-P41
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G4-26	Organisation's approach to stakeholder engagement	-	Stakeholder Engagement	P40-P41
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns	-	Stakeholder Engagement	P40-P41
REPORT PROFILE				
G4-28	Reporting period	-	About This Report	P5
G4-29	Date of most recent previous report	-	About This Report	P5
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G4-34	Governance structure of the organisation	-	Organisation Structure, Corporate Governance Overview Statement	P15, P76-P87
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G4-56	Organisation's values, principles, standards and norms of behaviour	-	Puncak Vision & Mission And Values, Public Policy	P4, P39

Specific Standard Disclosures – Core Option

Specific Standard Disclosures				
MATERIAL ASPECTS	**DESCRIPTION**	**OMISSIONS**	**REFERENCE**	**DMA AND INDICATORS**
CATEGORY: ECONOMIC				
Indirect Economic Impacts	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Creating Economic Value, Sustainability Performance On Material Issues – Value To Our Communities	G4-DMA: Indirect Economic Impacts: P42-P45, P57
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Procurement Practices	Disclosure Management Approach	-	Supply Chain	G4-DMA: Procurement Practices: P45
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For 'In Accordance' Option – Core

Specific Standard Disclosures				
MATERIAL ASPECTS	DESCRIPTION	OMISSIONS	REFERENCE	DMA AND INDICATORS
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Energy	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Environmental Value	G4-DMA: Energy: P47
	Energy consumption within the organisation	-	Reducing Our Internal Environmental Footprint	G4-EN3: P47-P48
Water	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Environmental Value	G4-DMA: Water: P48
	Total withdrawal by source	-	Water Management	G4-EN8: P48
	Water sources significantly affected by withdrawal of water	-	Kg Lawa Gadong WTP	G4-EN9: P48
Effluents and Waste	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Environmental Value	G4-DMA: Effluents and Waste: P49
	Total weight of waste by type and disposal method	Currently unavailable for total weight of hazardous waste produced by disposal methods, to be available in 2019.	Waste Management Practices	G4-EN23: P49
Biodiversity	Disclosure Management Approach	-	Conserving Biodiversity	G4-DMA: Biodiversity: P46-P47
	Conserving Biodiversity -- Protection of High Conservation Value ("HCV"), High Carbon Stock ("HCS") and peat areas -- through the following measures: • Soil conservation • Maintaining riparian buffer zones • Treatment of wastewater before discharge	-	Conserving Biodiversity	G4-EN11: P46-P48
CATEGORY: SOCIAL				
SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK				
Employment	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Value To Our Employees	G4-DMA: Employment: P50-P51
	Total number and rates of new employee hires and employee turnover by age group, gender, and region	-	Workplace Diversity	G4-LA1: P52
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Occupational Health and Safety	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Value To Our Employees	G4-DMA: Occupational Health and Safety: P50, P51, P54
	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	-	Occupational Health And Safety	G4-LA6: P54
Training and Education	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Value To Our Employees	G4-DMA: Training and Development: P52-P53
	Average hours of training per year per employee by gender, and by employee category	Currently unavailable for average hours of training per year per employee by employee category, to be available in 2019.	Training And Development	G4-LA9: P52-P53

Specific Standard Disclosures				
MATERIAL ASPECTS	DESCRIPTION	OMISSIONS	REFERENCE	DMA AND INDICATORS
CATEGORY: SOCIAL				
SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK				
Diversity and Equal Opportunity	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Value To Our Employees	G4-DMA: Diversity and Equal Opportunity: P50-P51
	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	-	Workplace Diversity	G4-LA12: P52
Labour Practices Grievance Mechanisms	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Value To Our Employees	G4-DMA: Labour Practices Grievance Mechanisms: P50-P51
	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	-	Grievance Mechanisms	G4-LA16: P51
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	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	-	Human Rights	G4-HR5: P55
Forced or Compulsory Labour	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Value To Our Employees	G4-DMA: Forced or Compulsory Labour: P50-P51
	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	-	Human Rights	G4-HR6: P55
Security Practices	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Value To Our Employees	G4-DMA: Security Practices: P50-P51
	Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations	-	Auxiliary Police	G4-HR7: P55
Indigenous Rights	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Value To Our Employees	G4-DMA: Indigenous Rights: P50-P51
	Total number of incidents of violations involving rights of indigenous peoples and actions taken	-	Human Rights	G4-HR8: P55

Notice Of 21st Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE TWENTY-FIRST ANNUAL GENERAL MEETING OF PUNCAK NIAGA HOLDINGS BERHAD (416087-U) WILL BE HELD AT CONCORDE I, LEVEL 2, CONCORDE HOTEL SHAH ALAM, NO. 3, JALAN TENGKU AMPUAN ZABEDAH C9/C, 40100 SHAH ALAM, SELANGOR DARUL EHSAN ON WEDNESDAY, 30 MAY 2018 AT 9.30 A.M. FOR THE FOLLOWING PURPOSES:-

AS ORDINARY BUSINESSES

1. To receive the Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon.

2. To re-elect the following Directors of the Company who retire by rotation pursuant to Article 98 of the Company's Articles of Association:-

   (a) Y.A.M. Tengku Dato' Rahimah Almarhum Binti Sultan Mahmud **Resolution 1**
   (b) Mr Ng Wah Tar **Resolution 2**

3. To re-elect the following Directors of the Company who retire pursuant to Article 103 of the Company's Articles of Association:-

   (a) YBhg Dato' Sri Adenan Bin Ab. Rahman **Resolution 3**
   (b) YBhg Datuk Dr Marimuthu A/L Nadason **Resolution 4**
   (c) YBhg Dato' Randhir Singh A/L Jasbir Singh **Resolution 5**

4. To approve the Independent Non-Executive Directors'/Non-Executive Directors' remuneration with effect from 30 May 2018 until the next Annual General Meeting of the Company. **Resolution 6**

5. To re-appoint KPMG PLT as the Auditors of the Company for the ensuing year and to authorise the Directors of the Company to fix their Remuneration. **Resolution 7**

AS SPECIAL BUSINESSES

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

6. **Special Resolution 1**
   Proposed Adoption of the New Constitution of the Company (Proposed Adoption)

   "**THAT** approval be and is hereby given for the Company to revoke its existing Memorandum and Articles of Association with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Appendix A be and is hereby adopted as the Constitution of the Company with immediate effect **AND THAT** the Directors of the Company be and are hereby authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all such acts and things and take all such steps as may be considered necessary to give full effect to the Proposed Adoption, for and on behalf of the Company." **Resolution 8**

7. **Ordinary Resolution 1**

   Continuing In Office As Independent Non-Executive Director

   "**THAT** authority be and is hereby given to YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company." **Resolution 9**

8. **Ordinary Resolution 2**

Continuing In Office As Independent Non-Executive Director

"**THAT** authority be and is hereby given to YBhg Tan Sri Dato' Seri Dr Ting Chew Peh who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve years, to continue to act as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company." **Resolution 10**

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

BY ORDER OF THE BOARD

TAN BEE LIAN (MAICSA 7006285)
LIM SHOOK NYEE (MAICSA 7007640)
LEE SIEW YOKE (MAICSA 7053733)
Secretaries

Shah Alam
30 April 2018

Notes:

1. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 23 May 2018 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this Twenty-First Annual General Meeting (21st AGM).

2. A Member entitled to attend and vote at the Meeting is entitled to appoint another person to attend and vote in his stead.

3. A proxy need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy.

4. A Member shall not be entitled to appoint more than two (2) proxies to attend and vote at the Meeting provided that:-

   (a) where a Member is an authorised nominee as defined in the Central Depositories Act, it may appoint up to two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

   (b) where a Member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account namely, Omnibus Securities Account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Securities Account it holds with ordinary shares of the Company standing to the credit of the said Omnibus Securities Account.

   Where a Member appoints two (2) or more proxies (as the case maybe), the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly appointed under a power of attorney or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a power of attorney. If the Proxy Form is signed under the hand of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under an Authorisation Document which is still in force, no notice of revocation having been received". If the Proxy Form is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under a power of attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the power of attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed with the Proxy Form.

6. Any corporation which is a Member of the Company may by a resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting in accordance with Article 82 of the Company's Articles of Association.

7. The instrument appointing the proxy must be deposited at the Office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time set for holding the Meeting or any adjournment thereof or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 21st AGM will be put to vote by poll.

9. **Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2017**

   The audited financial statements are for discussion only under Agenda 1, as they do not require shareholders' approval under the provisions of Section 340(1)(a) of the Companies Act, 2016. Hence, they will not be put for voting.

10. **Resolution 6: Agenda 4 – Approval of the Independent Non-Executive Directors'/ Non-Executive Directors' remuneration**

    Section 230(1) of the Companies Act, 2016 provides amongst others, that "the fees of the directors, and any benefits payable to the directors" of a listed company and its subsidiaries shall be approved at a general meeting.

    The Company is seeking the shareholders' approval on payment of the Independent Non-Executive Directors' (INEDs)/Non-Executive Directors' (NEDs) remuneration up to the Annual General Meeting in 2019.

The details of the proposed payment of remuneration under Resolution 6 are as set out below:-

PUNCAK NIAGA		MONTHLY ALLOWANCE* (RM)	CHAIRMAN'S YEARLY ALLOWANCE* (RM)	MEETING ALLOWANCE* (RM)
Board	INEDs	5,000	N/A	2,000 per each Board/ Board Committee Meeting/ General Meeting and the adjourned meetings of the Company attended
	NEDs	3,000	N/A	
Board Committees	**Audit Committee**			
	Chairman	N/A	24,000	
	Member	N/A	N/A	
	Remuneration Committee, Nomination Committee and Compliance, Internal Control & Risk Policy Committee			
	Chairman	N/A	8,000 for each Committee	
	Member	N/A	N/A	

Notes:-

* *There has been no change to the remuneration payable to the INEDs and NEDs since 2013.*

- *None of the INED's /NED's received any remuneration from the subsidiaries in their positions as Directors of the Company.*
- *If approved by the shareholders, the remuneration framework will result in a projected INEDs'/NEDs' remuneration of RM734,000.00 for the period from 30 May 2018 to the next Annual General Meeting (AGM) in 2019 based on the assumption of the projected number of Board and Committee Meetings in 2018 to the next AGM and the appointment of two (2) additional INEDs in the second half of 2018.*

11. **Resolution 7: Agenda 5 - Re-appointment of KPMG PLT as the Auditors of the Company**

    Pursuant to Practice 8.3 Principle B (Effective Audit and Risk Management) of the Malaysian Code On Corporate Governance 2017, the Audit Committee, with the assistance of the Finance Division of the Company, has assessed the suitability and independence of KPMG PLT as the Auditors of the Company. The Audit Committee and the Board have recommended the re-appointment of KPMG PLT, who shall retire as Auditors of the Company at the 21st AGM of the Company and who have expressed their willingness to continue in office, to hold office as Auditors of the Company for the ensuing year until the conclusion of the next Annual General Meeting at a fee to be determined by the Board of Directors of the Company.

12. **Resolution 8: Special Resolution 1 – Proposed Adoption of the New Constitution of the Company (Proposed Adoption)**

    The proposed amendments to the existing Memorandum & Articles of Association (Constitution) of the Company (Proposed Amendments) are made mainly for the following purposes:

    (a) To ensure compliance with the amended Main Market Listing Requirements of Bursa Malaysia Securities Berhad; and

    (b) To provide clarity and consistency with the amendments that arise from the Companies Act, 2016 (CA 2016) and the prevailing statutory and regulating requirements applicable to the Company.

    In view of the substantial amount of Proposed Amendments, the Board proposed that the existing Constitution be altered or amended by the Company in its entirety by the replacement thereof with a new Constitution which incorporated all the Proposed Amendments (New Constitution) as set out in Appendix A.

    The shareholders' approval is sought for the Company to alter or amend the whole of the existing Constitution by the replacement thereof with the New Constitution as per Appendix A in accordance with Section 36(1) of the CA 2016.

    The Appendix A on the proposed New Constitution of the Company, which is circulated together with the Notice of 21st AGM dated 30 April 2018, shall take effect once the proposed Resolution 8 has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the 21st AGM of the Company.

13. **Resolutions 9 & 10: Ordinary Resolutions 1 & 2 - Continuing In Office As Independent Non-Executive Directors**

    The proposed Resolution 9 (Ordinary Resolution 1), if passed, will enable YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak to continue in office as an Independent Non-Executive Director of the Company.

    The proposed Resolution 10 (Ordinary Resolution 2), if passed, will enable YBhg Tan Sri Dato' Seri Dr Ting Chew Peh to continue in office as an Independent Non-Executive Director of the Company.

    Practice 4.2 of the Malaysian Code on Corporate Governance 2017 (MCCG 2017) provides that approval of shareholders be sought in the event that the Company would like an independent director who has served in that capacity for more than nine (9) years to continue in office as an independent director. If the Board continues to retain the independent directors after the twelfth (12th) year, the Board should seek annual shareholders' approval through a two-tier voting process.

    The Company shall use the two-tier voting process in seeking shareholders' approval for the proposed Resolution 10 (Ordinary Resolution 2).

    The Board recognises that independence should not be determined solely based on the tenure of service. There are significant advantages to be gained from the long-servicing Director who possess tremendous insight and knowledge of the Group's business operations and affairs. The ability of a Director to serve effectively as an independent non-executive director is very much dependent on his calibre, qualification, experience, personal qualities, integrity and objectivity in discharging his or her responsibilities in the best interest of Company and the minority shareholders.

    The Nomination Committee of the Company and the Board of Directors of the Company had assessed the independence of YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak and YBhg Tan Sri Dato' Seri Dr Ting Chew Peh who have served as Independent Non-Executive Directors of the Company for a cumulative term of ten (10) and eighteen (18) years respectively, and with their consents, whilst believing that they can continue to bring independent and objective judgement to the Board's/Committees' deliberations, had recommended for both of them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

    (a) They fulfill the criteria of the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and had expressed their willingness to continue in office as Independent Non-Executive Directors of the Company and they do not hold executive positions in the Company/Group nor are they officers of the Company/Group, nor are they adviser or consultant, etc before their Board appointment and they are not major shareholders, not a family member of any Executive Director, officer or major shareholders of the Company/Group as set out in Paragraph 5.4 of the Board Charter.

    (b) Their vast experiences would enable them to provide the Board with a diverse set of experience, expertise and independent judgement to better manage and run the Group.

    (c) Notwithstanding that they have served the Company as Independent Directors for a cumulative term of more than nine (9) and twelve (12) years respectively during which they had at all times acted in good faith and in the best interests of the Company, exercising their independent judgement during deliberations and decision making during the Company's Board Meetings, Board Committee Meetings and General Meetings and were familiar with the Company's/Group's business operations.

    (d) Both YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak and YBhg Tan Sri Dato' Seri Dr Ting Chew Peh had proven to be reliable Independent Directors with their professionalism aptitude and outlook of business perspective, devoted sufficient time and attention to their professional obligations for informed and balance decision making and had also exercised due care during their tenure in the best interests of the Company and the shareholders.

    (e) Both YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak and YBhg Tan Sri Dato' Seri Dr Ting Chew Peh were able to devote sufficient time to discharge their fiduciary duties and responsibilities as Independent Directors of the Company.

Statement Accompanying The Notice Of 21st Annual General Meeting

STATEMENT ACCOMPANYING THE NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING PURSUANT TO PARAGRAPH 8.27 (2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

There is no individual standing for election as Director (other than Directors standing for re-election namely, Y.A.M. Tengku Dato' Rahimah Almarhum Binti Sultan Mahmud, Mr Ng Wah Tar, YBhg Dato' Sri Adenan Bin Ab. Rahman, YBhg Datuk Dr Marimuthu A/L Nadason and YBhg Dato' Randhir Singh A/L Jasbir Singh at this forthcoming Twenty-First Annual General Meeting of Puncak Niaga Holdings Berhad).

The profiles of the above Directors who are standing for re-election as per Resolutions 1,2,3,4 and 5 as stated in the Notice Of 21st Annual General Meeting are set out in the Board of Directors' Profile section on pages 65 to 69 of the Company's Annual Report 2017.

PUNCAK NIAGA

PUNCAK NIAGA HOLDINGS BERHAD
(416087-U)

Number of Shares Held	CDS Account Number
	- -

PROXY FORM

I/We ____

NRIC No./Passport No./Company No.: ______________________________ Tel/Mobile Phone No.: ____________

Address: ____

____

being a Member/Members of Puncak Niaga Holdings Berhad, hereby appoint:-

1) Name of Proxy: ______________________________ NRIC/Passport No.: ____________

Address: ____

______________________________ Number of Shares Represented: ____________

and/or:

2) Name of Proxy: ______________________________ NRIC/Passport No.: ____________

Address: ____

______________________________ Number of Shares Represented: ____________

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Twenty-First Annual General Meeting (21st AGM) of Puncak Niaga Holdings Berhad to be held on Wednesday, 30 May 2018 at 9.30 a.m. at Concorde I, Level 2, Concorde Hotel Shah Alam, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan and at any adjournment thereof, as indicated below:

NO.	RESOLUTION	FOR	AGAINST
	ORDINARY BUSINESSES		
1	To re-elect Y.A.M. Tengku Dato' Rahimah Binti Almarhum Sultan Mahmud as a Director of the Company.		
2	To re-elect Mr Ng Wah Tar as a Director of the Company.		
3	To re-elect YBhg Dato' Sri Adenan Bin Ab. Rahman as a Director of the Company.		
4	To re-elect YBhg Datuk Dr Marimuthu A/L Nadason as a Director of the Company.		
5	To re-elect YBhg Dato' Randhir Singh A/L Jasbir Singh as a Director of the Company.		
6	To approve the Independent Non-Executive Directors'/Non-Executive Directors' Remuneration for the period from 30 May 2018 until the conclusion of the next Annual General Meeting of the Company.		
7	To re-appoint KPMG PLT as the Auditors of the Company for the ensuing year and to authorise the Directors of the Company to fix their remuneration.		
	SPECIAL BUSINESSES		
8	Special Resolution 1 : To approve the Proposed Adoption of the New Constitution of the Company.		
9	Ordinary Resolution 1 : To approve the continuing in office by YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak who has served as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company.		
10	Ordinary Resolution 2 : To approve the continuing in office by YBhg Tan Sri Dato' Seri Dr Ting Chew Peh as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company.		

Please indicate with a cross (X) how you wish your votes to be cast in respect of the above Resolution. In the absence of specific directions, your proxy will vote or abstain as he thinks fit.

Signed this ____________ day of ____________ 2018

____

Signature(s)/Common Seal of Shareholder

Notes:

1. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 23 May 2018 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this Twenty-First Annual General Meeting (21st AGM).
2. A Member entitled to attend and vote at the Meeting is entitled to appoint another person to attend and vote in his stead.
3. A proxy need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy.
4. A Member shall not be entitled to appoint more than two (2) proxies to attend and vote at the Meeting provided that:-
   (a) where a Member is an authorised nominee as defined in the Central Depositories Act, it may appoint up to two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
   (b) where a Member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account namely, Omnibus Securities Account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Securities Account it holds with ordinary shares of the Company standing to the credit of the said Omnibus Securities Account.

   Where a Member appoints two (2) or more proxies (as the case maybe), the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly appointed under a power of attorney or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a power of attorney. If the Proxy Form is signed under the hand of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under an Authorisation Document which is still in force, no notice of revocation having been received". If the Proxy Form is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under a power of attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the power of attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed with the Proxy Form.
6. Any corporation which is a Member of the Company may by a resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting in accordance with Article 82 of the Company's Articles of Association.
7. The instrument appointing the proxy must be deposited at the Office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time set for holding the Meeting or any adjournment thereof or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of 21st AGM will be put to vote by poll.

PLEASE FOLD HERE

STAMP

Share Registrar for
Puncak Niaga Holdings Berhad (416087-U)
Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

PLEASE FOLD HERE

PUNCAK NIAGA HOLDINGS BERHAD
(416087-U)

PERSONAL DATA NOTICE

The Personal Data Protection Act 2010 ("Act") regulates the processing and use of personal data in commercial transactions and applies to Puncak Niaga Holdings Berhad ("the Company").

Personal data including but not limited to your (or your proxy/proxies, if appointed) name, NRIC number or passport number, CDS account number, contact details, mailing address and any other personal data furnished or made available to the Company will be used or disclosed by the Company and the Company's personnel for the purpose of the Twenty-First Annual General Meeting of the Company as well as for disclosure requirements imposed by law or any other regulatory authorities from time to time including but not limited to the stock exchange, companies commission and securities commission ("Purpose"). The Company shall retain the personal data for so long as it is necessary for the fulfilment of the Purpose or for compliance with any law or legal obligations.

If you wish to make any enquiries regarding this Personal Data Notice or any personal data disclosed to the Company, please contact the Company at:-

Mailing Address	:	**PUNCAK NIAGA HOLDINGS BERHAD** 10th Floor, Wisma Rozali No. 4, Persiaran Sukan Seksyen 13, 40100 Shah Alam Selangor Darul Ehsan Attention: Secretarial Department
Telephone No.	:	+603 5522 8589
Fax No.	:	+603 5512 0220

Please ensure that your proxy/proxies consent to the disclosure of their personal data for the Purpose.

NOTIS DATA PERIBADI

Akta Perlindungan Data Peribadi 2010 ("Akta") mengawal selia pemprosesan dan penggunaan data peribadi dalam transaksi komersil dan diaplikasikan kepada Puncak Niaga Holdings Berhad ("Syarikat").

Data peribadi termasuk tetapi tidak terhad kepada nama, nombor NRIC atau nombor pasport, nombor akaun CDS, butiran perhubungan, alamat surat-menyurat dan apa-apa data peribadi lain anda (atau proksi anda, jika dilantik) yang diberikan atau tersedia kepada Syarikat akan digunakan atau didedahkan oleh Syarikat atau kakitangan Syarikat untuk tujuan Mesyuarat Agung Tahunan Syarikat yang Kedua Puluh Satu dan juga untuk keperluan pendedahan yang dikerah oleh undang-undang atau mana-mana pihak berkuasa yang berkaitan dari masa ke semasa termasuk tetapi tidak terhad kepada bursa saham, suruhanjaya syarikat dan suruhanjaya sekuriti ("Tujuan"). Syarikat akan menyimpan data peribadi selagi perlu untuk memenuhi Tujuan atau bagi pematuhan mana-mana undang-undang atau obligasi undang-undang.

Sekiranya anda ingin membuat sebarang pertanyaan mengenai Notis ini atau mana-mana data peribadi anda yang didedahkan kepada Syarikat, sila hubungi Syarikat di:-

Alamat Surat-menyurat	:	**PUNCAK NIAGA HOLDINGS BERHAD** Tingkat 10, Wisma Rozali No. 4, Persiaran Sukan Seksyen 13, 40100 Shah Alam Selangor Darul Ehsan Untuk Perhatian: Jabatan Kesetiausahaan
No. Telefon	:	+603 5522 8589
No. Faks	:	+603 5512 0220

Sila pastikan proksi anda bersetuju dengan pendedahan data peribadi mereka untuk Tujuan tersebut.

PUNCAK NIAGA HOLDINGS BERHAD (416087-U)

Wisma Rozali, No. 4, Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan, Malaysia

Tel: +603 5522 8589 **Fax**: +603 5522 8598

Email Investors: investors@puncakniaga.com.my

General: pr@puncakniaga.com.my

www.puncakniaga.com.my