PUNCAK NIAGA HOLDINGS BERHAD
(416087-U)

ENSURING
LONG-TERM GROWTH

ANNUAL REPORT 2018

PUNCAK VISION & MISSION AND VALUES

To Be The Leading Regional Integrated Water, Wastewater And Environmental Solutions Provider With Involvement In Concession Facilities Management Services, Plantation And Property Development Sectors

OUR VISION

To meet the increasing challenges in the demand for water, wastewater and environmental engineering, facilities management services, 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

OUR MISSION

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:

Passionate about our business for sustainable performance

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 Concession Facilities Management Services,Plantation And Property Development Sectors

Nurture our human capital towards an exemplary workforce

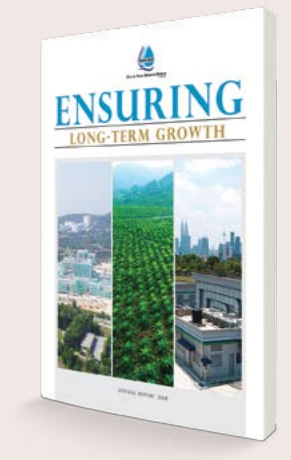
Corporate Governance guides the way we run our business in an evolving global business environment

Accountable for all our actions and engagement process with our stakeholders

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

PUNCAK VALUES

CONTENTS



Ensuring Long-Term Growth

Puncak Niaga Holdings Berhad is firmly committed towards ensuring long-term business growth, ensuring shareholders' returns on investment and contributing towards the socioeconomic development of our nation. Our sustainable development and growth is guided by focused strategies within our core business segments of water, environmental engineering and construction, plantation and concession and facilities management. Our ultimate aim is to focus on growth activities which add value to our business resilience to achieve our long-term growth agenda.

22ND 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

Tuesday 28 May 2019

9.30 A.M.

PUNCAK NIAGA GROUP FACT SHEET

NUMBER OF SHARES ISSUED
AS AT 31 DECEMBER 2018

449,284,556

SHARE CAPITAL
AS AT 31 DECEMBER 2018

RM554,662,777

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
18.	Institute of Corporate Directors Malaysia	2018

KEY HIGHLIGHTS 2018

On
31 May 2018

Puncak Niaga completed the acquisition of the entire issued share capital in TRIplc Berhad (TRIplc) which is principally involved in the provision of project management services for construction projects, property development, property investment, property management and facilities management services

PNCSB achieved
ZERO LOSS TIME INJURY
IN 2018

Puncak Niaga's market capitalisation as at 31 December 2018 stood at
RM156.5 million

Puncak Niaga was awarded

"Best Brands In Services: Integrated Water, Wastewater and Environmental Solutions"
on 20 November 2018

01 ABOUT US

ABOUT THIS REPORT

Puncak Niaga Holdings Berhad (Puncak Niaga) is committed to creating value for our stakeholders through sustainable long-term business growth.

This Annual Report provides an account of our value creation journey for the Financial Year Ended 31 December 2018 (FY2018). It provides information on our operating environment, along with challenges encountered and our achievements in FY2018 within our four operational business segments of water, environmental engineering and construction, plantation, and concession and facilities management.

In preparing our Annual Report, we have applied the highest levels of governance and ethics in providing 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 sustainable business performance focuses on material issues that affect the long-term success of our Group, relating to any significant impacts we have on the economy, environment or social spheres within the areas where 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 future operating or financial performance. In the coming years, we will be able to report with more comprehensive data and better assess our material focus areas.

This Annual Report is aimed at a broad audience of stakeholders, including our employees, local communities, non-governmental organisations (NGOs), customers and the government. Our disclosures adhere to the 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 the GRI G4 indicators can be found on pages 274 to 277.

The report has been developed with the oversight of the Board of Directors, who have given their approval for the contents. Our financial reporting is audited by an independent third party, KPMG PLT, who also audited our Financial Statements and approved them free of qualification.

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

BOUNDARY AND REPORTING PERIOD

The report refers to the period 1 January 2018 to 31 December 2018 (unless indicated otherwise at certain points) 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

All comments, thoughts and remarks can 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

Please scan the QR code to access our Annual Report which is also available at www.puncakniaga.com.my.

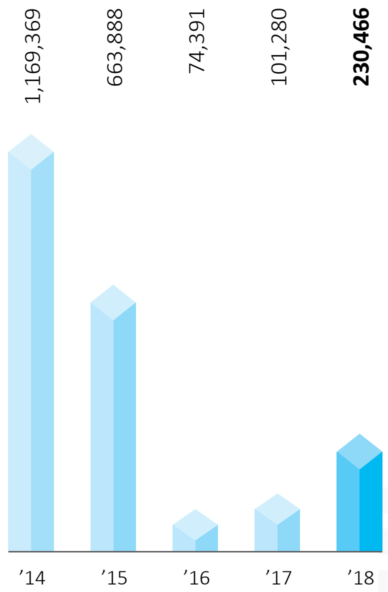
02 OUR YEAR AT A GLANCE

FIVE-YEAR GROUP PERFORMANCE

These comparatives have been restated retrospectively in accordance with MFRS 108. The prior year adjustments in relation to financial year 2015 has been included in the retained earnings as at 1 January 2016, as disclosed in the audited financial statements for the year ended 31 December 2017.

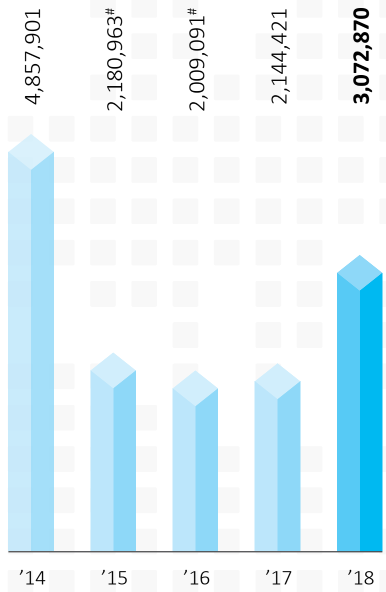
REVENUE

(RM'000)



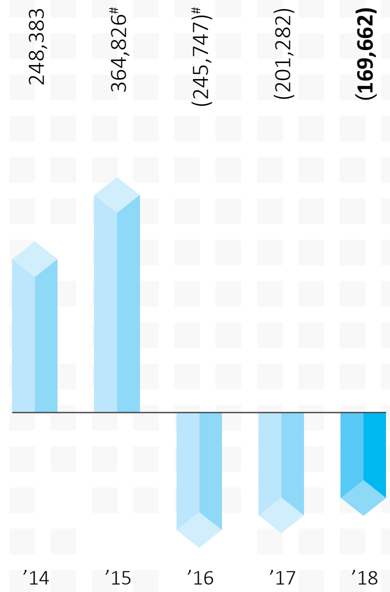
TOTAL ASSETS

(RM'000)



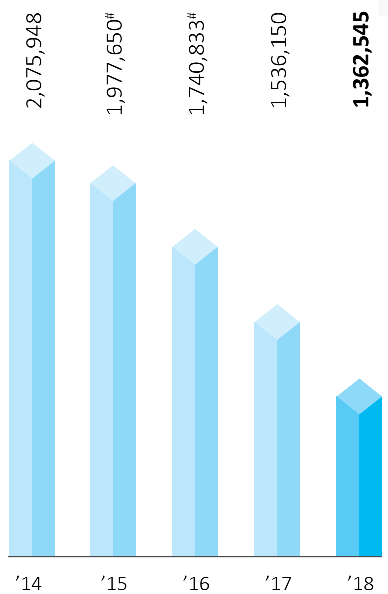
NET (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

(RM'000)



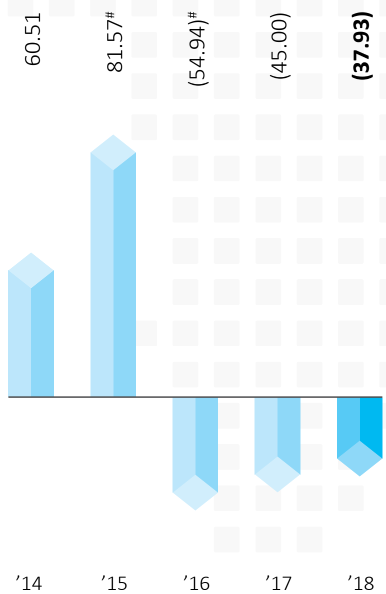
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT

(RM'000)



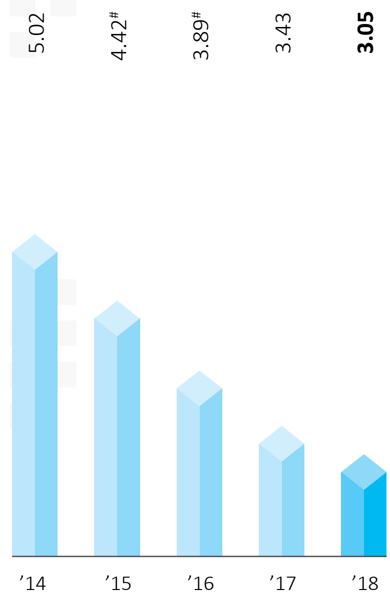
BASIC (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

(Sen)



NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

(RM)



FIVE-YEAR FINANCIAL HIGHLIGHTS

	31-Dec-18 RM'000	31-Dec-17 RM'000	31-Dec-16 RM'000	31-Dec-15 RM'000	31-Dec-14 RM'000
KEY RESULTS					
Revenue					
- Continuing Operations	**230,466**	101,095	73,755@	187,987@	604,020@
- Discontinued Operations	**-**	185	636@	475,901@	565,349@
Total	**230,466**	101,280	74,391	663,888	1,169,369
(Loss)/Profit Before Tax					
- Continuing Operations	**(119,064)**	(195,709)	(192,091)#	180,880#	(4,596)@
- Discontinued Operations	**-**	(4,600)	(27,845)@	249,070@	298,066@
Total	**(119,064)**	(200,309)	(219,936)#	429,950#	293,470
Net (Loss)/Profit attributable to owners of the parent	**(169,662)**	(201,282)	(245,747)#	364,826#	248,383
STATEMENTS OF FINANCIAL POSITION					
Property, plant and equipment	**527,427**	530,533	161,871	195,194	244,414
Investment properties	**852,297**	601,367	539,520#	496,557#	181,495
Bearer biological assets	**305,470**	282,867	-	-	-
Service concession assets	**-**	-	14,506	61,203	64,512
Other non-current assets	**491,787**	6	3,991	27,712	45,438
Current assets	**895,889**	729,648	1,264,369	1,400,297	703,944
Assets classified as held for sale	**-**	-	24,834**	-	3,618,098**
Total assets	**3,072,870**	2,144,421	2,009,091#	2,180,963#	4,857,901
ISSUED AND PAID-UP CAPITAL					
Share capital	**554,663**	554,663^	449,284	449,284	415,960
Reserves	**807,882**	981,487	1,291,549#	1,528,366#	1,659,988
Equity attributable to owners of the parent	**1,362,545**	1,536,150	1,740,833#	1,977,650#	2,075,948
Net assets per share attributable to owners of the parent (RM)	**3.05**	3.43	3.89#	4.42#	5.02
RATIOS AND STATISTIC					
Net (Loss)/profit margin attributable to owners of the parent (%)	**(73.62)**	(198.74)	(330.35)#	54.95#	21.24
Basic (Loss)/earnings per share attributable to owners of the parent (sen)	**(37.93)**	(45.00)	(54.94)#	81.57#	60.51
Loans and borrowings (RM'000)	**1,108,871**	163,252	22,067*	71,182	221,361*
Gearing ratio (%)	**45**	10	1	3	10
Current ratio (times)	**2.20**	2.27	5.99	9.31	1.68
**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. The prior year adjustments in relation to financial year 2015 has been included in the retained earnings as at 1 January 2016, as disclosed in the audited financial statements for the year ended 31 December 2017

@ 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

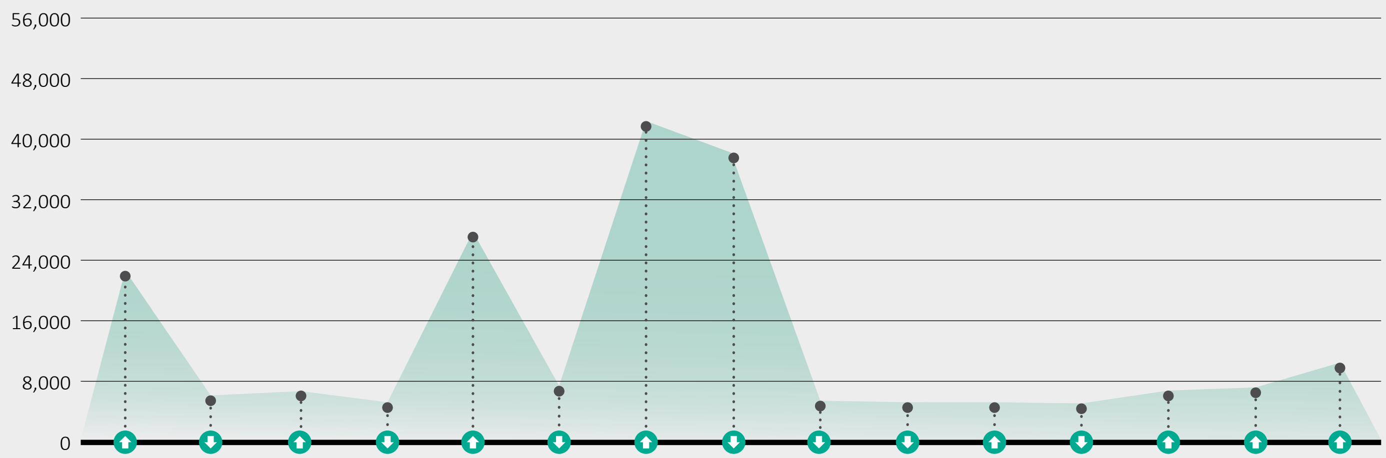
02 OUR YEAR AT A GLANCE

SHARE PRICE MOVEMENT

Stock Name: **PUNCAK**
Stock Code: **6807**

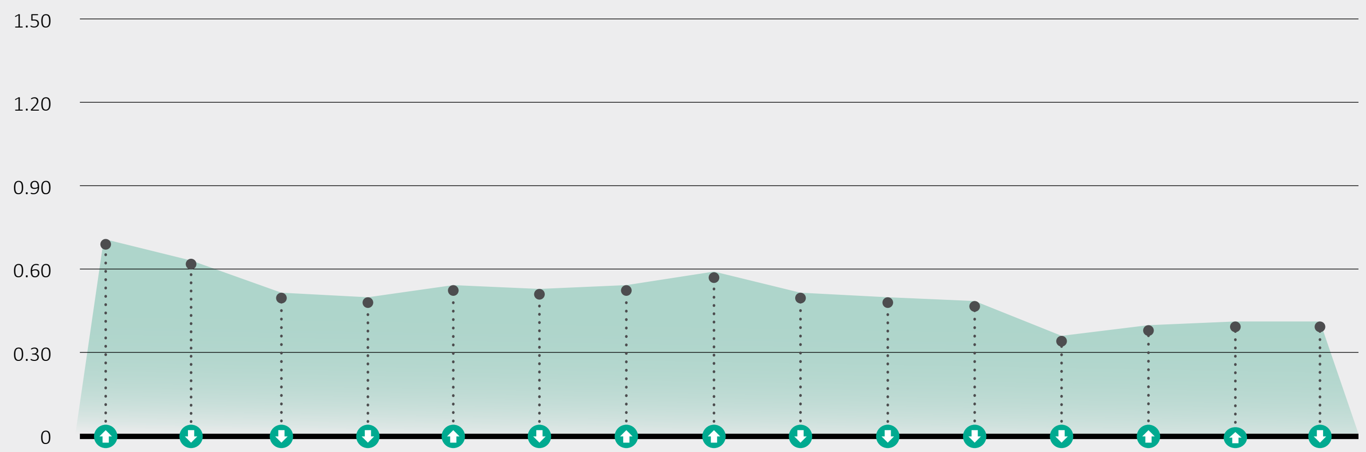
VOLUME OF SHARES TRADED

	2018												2019		
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
'000	23,083	6,187	6,843	5,954	27,372	7,569	41,174	38,121	5,777	5,494	5,550	5,492	6,967	7,453	10,301



MONTHLY AVERAGE CLOSING SHARE PRICES

	2018												2019		
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
RM	0.68	0.61	0.51	0.48	0.55	0.53	0.55	0.58	0.50	0.47	0.46	0.35	0.37	0.39	0.38



FINANCIAL CALENDAR

YEAR 2018

THURSDAY, 31 MAY 2018

First Quarter
Results ended
31 March 2018

TUESDAY, 28 AUGUST 2018

Second Quarter
Results ended
30 June 2018

WEDNESDAY, 28 NOVEMBER 2018

Third Quarter
Results ended
30 September 2018

YEAR 2019

WEDNESDAY, 27 FEBRUARY 2019

Fourth Quarter
Results ended
31 December 2018

THURSDAY, 28 MARCH 2019

Audited Financial
Statements for the
financial year ended
31 December 2018

TUESDAY, 30 APRIL 2019

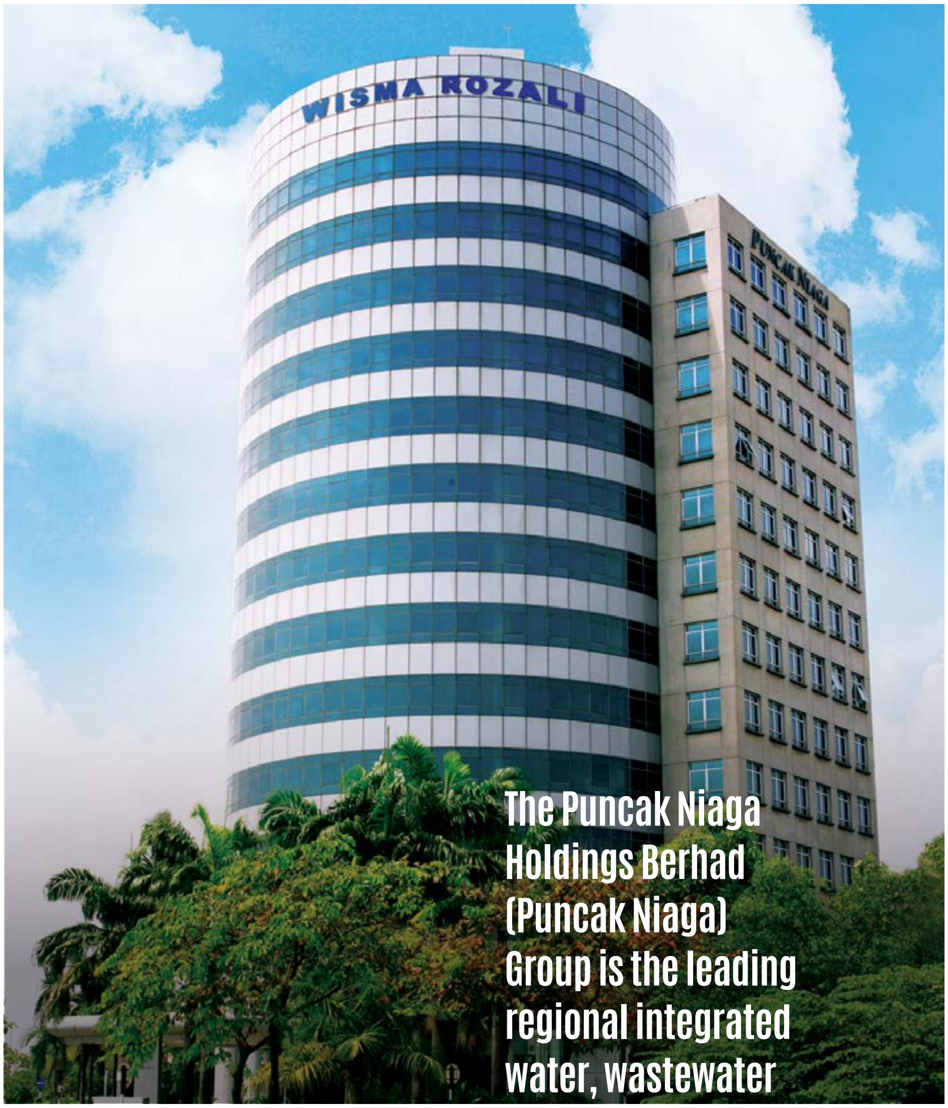
Published
Annual Report 2018

TUESDAY, 28 MAY 2019

Twenty-Second
Annual General Meeting

03 OUR ORGANISATION'S D.N.A.

CORPORATE PROFILE



The Puncak Niaga Holdings Berhad (Puncak Niaga) Group is the leading regional integrated water, wastewater and environmental solutions provider with involvement in concession and facilities management services, plantation and property development sectors.

OUR COMPANY

The Puncak Niaga Holdings Berhad (Puncak Niaga) Group is the leading regional integrated water, wastewater and environmental solutions provider with involvement in concession and facilities management services, plantation and property development sectors. 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, facilities management services 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 2018, Puncak Niaga's market capitalisation stood at RM156.5 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, one (1) sewerage project in Kuala Lumpur and another sewerage project in Kuantan.

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.

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 and the Group subsequently exited the oil and gas industry in 2018.

Puncak Niaga has one (1) branch office in South East Asia, namely, 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) is Puncak Niaga's Plantation Division's holding company.

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.

On 31 May 2018, Puncak Niaga completed the acquisition of the entire issued share capital in TRIplc Berhad (TRIplc) which is principally involved in the provision of project management services for construction projects, property development, property investment, property management and facilities management services.

On 31 May 2018, Puncak Niaga completed the acquisition of the entire issued share capital in TRIplc Berhad (TRIplc) which is principally involved in the provision of project management services for construction projects, property development, property investment, property management and facilities management services. TRIplc, through its wholly-owned subsidiaries TRIplc Ventures Sdn Bhd and TRIplc Medical Sdn Bhd, are the holders of two concession agreements for Zone 1 Phase 2 (Z1P2) and Zone 1 Phase 3 (Z1P3) of Universiti Teknologi MARA (UiTM) Puncak Alam Campus under the Private Finance Initiative in Malaysia.

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, plantation, 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, concession and facilities management services, plantation and property development.

03 OUR ORGANISATION'S D.N.A.

CORPORATE INFORMATION

BOARD OF DIRECTORS

YANG BERBAHAGIA TAN SRI ROZALI ISMAIL
Executive Chairman

YANG BERBAHAGIA DATO' ZAINAL ABIDIN SALLEH
Managing Director

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

YANG BERBAHAGIA TAN SRI DATO' AHMAD FUZI HAJI ABDUL RAZAK
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' YUSOF BADAWI
Executive Director,
Operations Division

MR NG WAH TAR
Executive Director,
Corporate Finance Division

ENCIK AZLAN SHAH TAN SRI ROZALI
Alternate Director to Yang Berbahagia Tan Sri Rozali Ismail

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
No. 4, Persiaran Sukan
Seksyen 13
40100 Shah Alam
Selangor Darul Ehsan
Tel : +603-5522 8428
Fax : +603-5512 0220

PRINCIPAL OFFICE
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40100 Shah Alam
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Tel : +603-5522 8589
Fax : +603-5522 8598
e-mail (general):
pr@puncakniaga.com.my
e-mail (investors):
investors@puncakniaga.com.my
website: www.puncakniaga.com.my

CORPORATE INFORMATION

SUBSIDIARY OFFICES

MALAYSIA

Puncak Niaga Management Services Sdn Bhd's Office
Wisma Rozali
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Selangor Darul Ehsan
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Fax : +603-5522 8598

TRIplc Berhad and Group's Office
5th Floor, Wisma Rozali,
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Seksyen 13
40100 Shah Alam
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Fax : +603-5510 1494

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3rd Floor, Wisma Rozali
No. 4, Persiaran Sukan
Seksyen 13
40100 Shah Alam
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Fax : +603-5510 1340

Murni Estate Sdn Bhd's Office
4th Floor, Wisma Rozali,
No. 4, Persiaran Sukan
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40100 Shah Alam
Selangor Darul Ehsan
Tel : +603-5522 8589
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
Tel : +086-351 416/415
Fax : +086-351 418

Puncak Oil & Gas Sdn Bhd's Office
2nd Floor, Wisma Rozali,
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Fax : +603-5522 8598
e-mail:info@puncakoil.com

GOM Resources Sdn Bhd's Office
2nd Floor, Wisma Rozali,
No. 4, Persiaran Sukan
Seksyen 13
40100 Shah Alam
Selangor Darul Ehsan
Tel : +603-5522 8589
Fax : +603-5522 8598
e-mail:info@gomresources.com

Puncak Communication Sdn Bhd's Office
2nd Floor, Wisma Rozali
No. 4, Persiaran Sukan
Seksyen 13
40100 Shah Alam
Selangor Darul Ehsan
Tel : +603-5522 8589
Fax : +603-5522 8598

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 Office
c/o 80 Robinson Road #02-00
Singapore 068898
Tel : +65 6236 3333
Fax : +65 6236 4399

INDIA

Puncak Niaga Infrastructures & Projects Private Limited's Office
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 OFFICE

BRUNEI

Puncak Niaga Holdings Berhad (Brunei Branch)'s Office
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

03 OUR ORGANISATION'S D.N.A.

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)
- Hong Leong Bank Berhad (97141-X)
- Hong Leong Islamic Bank Berhad (686191-W)

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
Yang Berbahagia Dato' Zainal Abidin Salleh

Yang Berbahagia Dato' Yusof Badawi

Encik Azlan Shah Tan Sri Rozali

Mr Ng Wah Tar

Madam Wong Ley Chan

Madam Tan Bee Lian

Puan Faridatulzakiah Mohd Bakhry

AUDIT COMMITTEE

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

Members
Yang Amat Mulia Tengku Dato' Rahimah Almarhum Sultan Mahmud

Yang Berbahagia Dato' Sri Adenan Ab Rahman

Yang Berbahagia Datuk Dr Marimuthu Nadason

REMUNERATION COMMITTEE

Chairman
Yang Berbahagia Dato' Sri Adenan Ab Rahman

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

Yang Berbahagia Datuk Dr Marimuthu Nadason

Yang Amat Mulia Tengku Dato' Rahimah Almarhum Sultan Mahmud

NOMINATION COMMITTEE

Chairman
Yang Berbahagia Datuk Dr Marimuthu Nadason

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

Yang Berbahagia Dato' Sri Adenan Ab Rahman

COMPLIANCE, INTERNAL CONTROL AND RISK POLICY COMMITTEE (CICR)

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

Members
Yang Berbahagia Dato' Sri Adenan Ab Rahman

Yang Berbahagia Datuk Dr Marimuthu Nadason

Yang Amat Mulia Tengku Dato' Rahimah Almarhum Sultan Mahmud

ORGANISATION STRUCTURE

PUNCAK NIAGA HOLDINGS BERHAD
(416087-U)

BOARD OF DIRECTORS

^

EXECUTIVE CHAIRMAN
YBhg Tan Sri Rozali Ismail

^

MANAGING DIRECTOR
YBhg Dato' Zainal Abidin Salleh

< **BOARD COMMITTEES**

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

FINANCE DIVISION	Chief Financial Officer	**Madam Wong Ley Chan**
CORPORATE FINANCE DIVISION	Executive Director	**Mr Ng Wah Tar**
CORPORATE SERVICES DIVISION	Executive Director	**Madam Tan Bee Lian**
OPERATIONS DIVISION	Executive Director	**YBhg Dato' Yusof Badawi**
HUMAN RESOURCES & ADMINISTRATION DIVISION	Executive Director	**Puan Faridatulzakiah Mohd Bakhry**
STRATEGIC RESOURCE & PUBLIC RELATIONS DIVISION	Executive Director	**YBhg Prof Dato' Dr Mohd Zainul Fithri Othman**
BUSINESS DEVELOPMENT DIVISION	Executive Director	**Encik Azlan Shah Tan Sri Rozali**

Note:
Information as at 28 March 2019

03 OUR ORGANISATION'S D.N.A.

CORPORATE STRUCTURE

Puncak Niaga Holdings Berhad
(416087-U)

INVESTMENT HOLDING

(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
mobile dealer, telecommunication and other related services
100%

(MALAYSIA)
IDEAL WATER RESOURCES SDN BHD
dormant
100%

(MALAYSIA)
MAGNUM NATURE SDN BHD
dormant
100%

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

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

100%
(MALAYSIA)
TRIPLC BERHAD
investment holdings company and engaged in property construction and related activities

100%
(MALAYSIA)
MURNI ESTATE SDN BHD
investment holding and oil palm plantation business

100%
(MALAYSIA)
PUNCAK SERI (M) SDN BHD
ceased operations

100%
(MALAYSIA)
PUNCAK OIL & GAS SDN BHD
investment holding and provision of services for offshore logistics and marine management

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

98.65%
(SINGAPORE)
SINO WATER PTE LTD
investment in water, wastewater projects in China

60%
(MALAYSIA)
ASPEN STREAMS SDN BHD
dormant

50%
(HONG KONG)
JADEKIND LIMITED
development, manufacturing and distribution of supplement product

50%
ASSOCIATE COMPANY
(MALAYSIA)
PURNAMA PERSADA SDN BHD
dormant

100% (MALAYSIA)
TRIPLC MEDICAL SDN BHD
design, development, construction, and completion of the facilities and infrastructure and asset management services activities

100% (MALAYSIA)
TRIPLC FMS SDN BHD
facility management services and related activities

100% (MALAYSIA)
TRIPLC INDUSTRIES SDN BHD
property construction and related activities

100% (MALAYSIA)
TRIPLC RESOURCES SDN BHD
property construction and related activities

100% (MALAYSIA)
TRIPLC VENTURES SDN BHD
property construction and related activities

100% (MALAYSIA)
LAYAR KEKAL (M) SDN BHD
property development

100% (MALAYSIA)
SAMASYS SDN BHD
property development

100% (MALAYSIA)
SUASA INTEGRASI (M) SDN BHD
property development

100% (MALAYSIA)
TIRAI GEMILANG SDN BHD
property development

100% (MALAYSIA)
USAHASEWA SDN BHD
property development

100% (MALAYSIA)
ZURIAT WATAN SDN BHD
property development

100% (MALAYSIA)
INSA ALLIANCE SDN BHD
property development and provision of project management services

100% (MALAYSIA)
CENTRAL CHALLENGER (M) SDN BHD
property development and provision of project management services and property management

100% (MALAYSIA)
PRINSIP BARISAN (M) SDN BHD
property investment

100% (MALAYSIA)
PUJIAN BAYU SDN BHD
to raise funds and/or to issue debentures and/or Islamic securities for and in connection with TRIplc Berhad and its subsidiaries

90% (MALAYSIA)
DANAU SEMESTA SDN BHD
investment holding and oil palm plantation business

100% (MALAYSIA)
DANUM SINAR SDN BHD
oil palm plantation business

100% (MALAYSIA)
ANEKA SURIAMAS SDN BHD
operate the grocery stores in the plantation estates

100% (MALAYSIA)
GOM RESOURCES SDN BHD
offshore installation services of integrated transportation & installation of offshore facilities

100% (LABUAN)
KGL LTD.
ceased operations

04 OUR STRATEGIC CONTEXT

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders,

I would like to present to you Puncak Niaga Holdings Berhad's (Puncak Niaga) Annual Report for the Financial Year ended 31 December 2018 (FY2018).

The year 2018 was marked by a challenging operational landscape, with regulatory, socio-political and economic factors having their impacts on our business. Nevertheless, our sustained focused approach in assessing the risks associated with these factors, coupled with incorporating identified mitigations into our strategy, has enabled us to remain on course towards achieving the Group's long-term growth and profitability. The strong foundations we have built our business on since our inception in 1997 has enabled us to withstand the various challenges faced.

Following on from the commencement of business activities within the plantation segment in 2017 which added to our value creation, I am glad to share that in 2018, we expanded our diversification into the concession and facilities management segment to add value to our Group's long-term growth capacities. This was achieved through the completion of the acquisition of TRIplc Berhad for RM210.00 million on 31 May 2018.

For FY2018, Puncak Niaga performed comparatively better than the previous year as a result of our sustained efforts to ensure operational and cost efficiencies. The Group posted a revenue of RM230.47 million, more than double our FY2017 revenue of RM101.28 million. The higher revenue was primarily due to revenue contribution from our new concession and facilities management segment of RM131.13 million for the year. Group Loss After Tax reduced to RM176.05 million, from RM202.54 million the previous year.

TAN SRI ROZALI ISMAIL
Executive Chairman

PERFORMANCE OVERVIEW 2018

Revenue	Loss After Tax
RM230.47 million (FY2018)	**RM176.05** million (FY2018)
RM101.28 million (FY2017)	RM202.54 million (FY2017)

CHAIRMAN'S LETTER TO SHAREHOLDERS

WE REMAIN ON COURSE TOWARDS ENSURING THE GROUP'S LONG-TERM GROWTH AND PROFITABILITY

FOR FY2018, PUNCAK NIAGA PERFORMED COMPARATIVELY BETTER THAN THE PREVIOUS YEAR AS A RESULT OF OUR SUSTAINED EFFORTS TO ENSURE OPERATIONAL AND COST EFFICIENCIES

Within our different business segments, the water segment recorded Profit Before Tax (PBT) of RM3.15 million, a reduction from RM5.36 million in FY2017. The environmental engineering and construction segment recorded a Loss Before Tax (LBT) of RM69.01 million, which had reduced from LBT of RM108.90 million the previous year. As for the plantation segment, LBT for FY2018 stood at RM64.79 million, compared to RM32.37 million previously. Our concession and facilities management segment, which was added to our business in FY2018, recorded PBT of RM21.72 million.

In line with returning value to our shareholders, in FY2018 we paid a single tier interim dividend of 0.5 sen per share totalling RM2,236,234.93 on 8 August 2018.

CREATING SUSTAINABLE LONG-TERM VALUE

A key milestone for Puncak Niaga during the year was the completion of the acquisition of TRIplc Berhad Group. Under this exercise, we acquired the entire issued share capital of TRIplc Berhad from Pimpinan Ehsan Berhad for a cash consideration of RM210.00 million. The purchase price was negotiated on a "willing-buyer willing-seller" basis and took into consideration the value for TRIplc's equity interest of between RM203.68 million and RM224.96 million. We are confident of the potential returns this investment offers us in the long-term, with TRIplc holding two concessions, namely the Z1P2 and Z1P3 Concession Agreements in relation to the UiTM Puncak Alam Campus.

Our landbanks in Selangor and Negeri Sembilan present us with viable long-term growth opportunities. However, in view of the challenging property and real estate market in 2019, we have put on hold any development projects until the market rebounds.

04 OUR STRATEGIC CONTEXT

Leveraging on our specialist skills in the environmental engineering and construction sector, Puncak Niaga was able to obtain a sewerage construction contract in Kuantan (Kuantan Project) on 5 March 2018. The project involves the construction of a new 200,000 PE regional sewerage treatment plant (STP) for the Kuantan and Kempadang areas, with an ultimate capacity of 400,000 PE and a 66 km sewage pipeline system. Additionally, we will be rationalising and decommissioning a total of 100 existing public STPs and 65 private STPs. With the project slated for completion in February 2022, it presents us with a medium-term revenue generator.

Within our plantation segment, Danum Sinar remains on track with the identified long-term strategic objectives of revenue maximisation, effective cost management, expanding production capacity through developing new plantation areas, and creating high standards of agricultural practice in its estates. In line with these, we followed through with our strategic priorities for 2018 and achieved commendable outcomes in terms of improving crop production yields through the implementation of good agricultural practice. The segment's efficiency and productivity were enhanced through workers' productivity improvement programmes, while cost was curtailed via effective procurement management and cost savings programmes. Having completed land clearing of more than 1,000 hectares for new crop planting, we also remained on course with obtaining the Malaysian Sustainable Palm Oil (MSPO) certification by 2019 through the implementation of focused policies and procedures.

COMMITTED TO GOVERNANCE

Our sustained commitment to the highest levels of governance is evident through our efforts to continuously enhance our governance processes, as we maintain transparent and accountable disclosures to our shareholders and stakeholders of our business activities.

We continued to build on the strengths of our governance processes during the year, and further enhanced our compliance with the Malaysian Code on Corporate Governance 2017 (MCCG) and the Companies Act 2016. A key move was the revision of the composition of the Compliance, Internal Control and Risk Policy Committee (CICR) to comprise a majority of Independent Directors in line with the recommendations of Step Up 9.3 of the MCCG. Board discussions and activities for the year focused on strengthening our strategic capacities on various matters pertaining to the Group and our long-term sustainable business growth.

We have continued to observe the highest levels of ethics, integrity and governance in our business conduct and dealings by adhering to our Code of Ethics and Conduct. Our Code 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 and we have consistently held ourselves to the high standards expected.

During the year, we saw some movements in the Board, which have added to the strength of our Board members' skills, backgrounds and industry knowledge as they guide us with our business growth journey.

On behalf of the Board, I would like to thank YBhg Tan Sri Dato' Seri Dr Ting Chew Peh and YBhg Dato' Randhir Singh A/L Jasbir Singh for sharing their insights and wisdom as members of the Board. YBhg Tan Sri Dato' Seri Dr Ting retired as our Independent Non-Executive Director on 30 May 2018 after serving the Company for 18 years while YBhg Dato' Randhir Singh who was appointed as Executive Director, Operations Division of the Company on 1 February 2018, resigned on 31 May 2018. We wish them all the best with their future endeavours.

We welcome YBhg Datuk Dr Marimuthu A/L Nadason who joined us as an Independent Non-Executive Director on 1 February 2018 and YBhg Dato' Yusof Bin Badawi who was appointed as Executive Director, Operations Division of the Company on 1 June 2018.

There were also several changes within our senior management line-up in 2018. YBhg Dato' Zainal Abidin Bin Salleh was appointed as the Managing Director of the Company on 18 July 2018 to replace Encik Azlan Shah Bin Rozali who resigned as the Acting Managing Director of the Company. Encik Azlan Shah Bin Rozali was appointed as my Alternate on the Board of the Company on 18 July 2018. He assumed the position of Executive Director, Business Development Division on 1 January 2019 following the retirement of YBhg Dato' Nasir Khan Bin Illadad Khan.

MITIGATING OUR RISKS

We have consistently maintained an effective risk management framework and process, which is deeply embedded within Puncak Niaga's business strategies, as well as operations and management. This has aided us in minimising our risk exposure as we conduct our business within a challenging operational landscape, and stay on course with achieving our long-term strategic objectives.

Our approach and processes in risk management is entrenched within our management system and business operations, with on the ground responsibility given to our employees to ensure that prudent and effective risk management remains one of our top most concerns Group-wide.

The details of our risk management is covered under the Risk Management section on page 93 of this Annual Report.

MOVING FORWARD INTO 2019

As we continue with our journey into 2019, we remain cognisant of the prevailing economy and industry trends which will impact our growth. The Malaysian economy is projected to grow at a sustained rate of 4.9% on the back of strong domestic demand, favourable export growth and higher oil prices.

Counteracting this are prevalent volatilities such as potential supply disruptions in the commodity sector and the escalation of trade tensions between the United States and the People's Republic of China. Malaysia's highly open economy will be impacted by these uncertainties in the external environment. Additionally, increasing financial market volatility, protectionism and trade tensions could negatively impact on global trade as well as investment flows, which in turn, will affect the country's economic growth. However, within the short-term, the outlook for growth in Malaysia remain resilient as a result of sound macroeconomic fundamentals, stable financial conditions as well as broad-based and diversified economic structure.

We received international recognition by BrandLaureate in Hanoi, Vietnam where Puncak Niaga was awarded the "Best Brands In Services: Integrated Water, Wastewater and Environmental Solutions" on 20 November 2018.

Within our business segments, there are various factors for the Group to consider in our forward moving strategies. In the water and wastewater segment, we will focus on capturing opportunities available by relying on Puncak Niaga's proven track record and industry expertise.

Our future strategies in the environmental engineering and construction segment are focused on completing the Bunus project for the Government while minimising our losses. Concurrently, we will explore other viable opportunities within the sector, bearing in mind the Government's prudent approach towards project costing and budgets which we expect to continue into the future. Our decisions in this area will be based on taking on board viable projects which are aligned with our long-term growth and profitability strategies.

The plantation sector is expected to continue to cope with market difficulties such as weaker demand leading to a surplus in domestic palm oil stockpile. Adding to this are higher employment costs as a result of the increase in minimum wage to RM1,100.00 per month as set out in the Malaysian Budget 2019. Forecasts of the Crude Palm Oil (CPO) price for 2019 are RM2,300.00 per tonne as compared to the average price in December 2018 of RM1,795.00 per tonne, while fertiliser prices are set to rise.

Despite this, we are optimistic of the long-term sustainability of this sector, and plan to continue with our target of cultivating new land for development at 1,500 hectares every two years, with a short-term target of clearing 500 hectares of land in 2019. Our goal is to increase Fresh Fruit Bunches (FFB) production to more than 100,000 tonnes within the next two years, to drive the profitability of this segment.

The property market for 2019 is expected to remain sluggish, largely due to factors such as slower GDP growth, low affordability pursuant to rising cost of living, stringent mortgage approval, and oversupply of residential and commercial properties. Therefore, the Group has decided to continue with our prudent approach of not exploring opportunities in this sector till the market improves.

A favourable market outlook is forecasted for the concession and facilities management sector. We will continue on improving our level of services to the client under our current concession and facilities services agreements with UiTM.

AWARDS & RECOGNITIONS

We received international recognition by BrandLaureate in Hanoi, Vietnam where Puncak Niaga was awarded the "Best Brands In Services: Integrated Water, Wastewater and Environmental Solutions" on 20 November 2018.

More recently, Puncak Niaga received "The Green Era Award for Sustainability" by Association Otherways Management & Consulting – France (OMAC) in Lisbon, Portugal for its firm commitment to sustainability and outstanding environment performance on 11 February 2019 and "Deals of the Year 2018" award by the Islamic Finance News on 21 March 2019 for Puncak Niaga's RM210.00 million acquisition of TRIplc's entire issued share capital from Pimpinan Ehsan Berhad.

ACKNOWLEDGEMENTS

Despite the many challenges in 2018, Puncak Niaga has remained firmly on track with our value creation journey, thanks to the dedication and commitment of our Management and employees.

We are deeply grateful to our Board, whose guidance and insights continue to propel the Group forward with our business growth and expansion ambition. To our shareholders and stakeholders who include our investors, customers, financiers and business partners, on behalf of the Board, I would like to express our appreciation for their sustained support and belief in us.

Our heartfelt thanks to the Government and the various regulatory authorities, agencies and organisations who continue to support and believe in our capabilities as their vendor of choice. As we continue with our growth trajectory, Puncak Niaga reaffirms our commitment to continue contributing to the socioeconomic development of our nation.

Thank you.

TAN SRI ROZALI ISMAIL
Executive Chairman
Puncak Niaga Group

28 March 2019

04 OUR STRATEGIC CONTEXT

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

Puncak Niaga Holdings Berhad's (Puncak Niaga or the Group) has four core business segments which comprise integrated water; environmental engineering and construction; plantation; and concession and facilities management.

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

Our 90% indirect sub-subsidiary, Danum Sinar Sdn Bhd (Danum Sinar) undertakes the oil palm plantation business in Murum, Sarawak.

On 31 May 2018, we ventured into the property and concession sector by completing the acquisition of TRIplc Berhad (TRIplc). TRIplc's core activities are within the concession, construction, property development, project management services and facilities management services. TRIplc and its wholly-owned subsidiaries, TRIplc Resources Sdn Bhd and TRIplc Ventures Sdn Bhd are ISO 9001:2015 certified by the internationally recognised certification body, Det Norske Veritas (DNV) for quality management system in project management, construction and facilities management.

During the year, due to the downturn in the oil and gas industry, along with fluctuations in the price of crude oil, the Group disposed of its derrick lay barge on 10 April 2018. The disposal allows the Group to exit the oil and gas sector and to focus on our existing core businesses. This is aligned with our long-term value creation strategy which is focused on core areas of competency and strength we have built a strong reputation within the industry.

FY2018 FINANCIAL REVIEW

Item	FY2017 (RM million)	FY2018 (RM million)
Revenue		
- From Continuing Operations	101.10	**230.47**
- From Discontinued Operations	0.18	**-**
	101.28	**230.47**
Loss After Tax		
- From Continuing Operations	(197.97)	**(176.05)**
- From Discontinued Operations	(4.57)	**-**
	(202.54)	**(176.05)**

In FY2018, the Group recorded a higher revenue of RM230.47 million compared to RM101.10 million from continuing operations the previous year, representing an increase of RM129.37 million, or more than 100%. The higher revenue was mainly due to the revenue contribution by our newly acquired concession and facilities management segment, following the acquisition of TRIplc on 31 May 2018. Revenue contributed by the concession and facilities management segment amounted to RM131.13 million in FY2018.

The Group recorded a Loss Before Tax (LBT) of RM119.06 million in FY2018 compared to RM195.71 million from continuing operations in FY2017, representing a positive variance of RM76.65 million or 39.2%. The lower LBT was due to higher revenue generated, in particular from the concession and facilities management segment, and the reversal of provision for foreseeable losses undertaken in the environmental engineering and construction segment.

Process of spraying at the Estate

MANAGEMENT DISCUSSION AND ANALYSIS

Item	FY2017 (RM million)	FY2018 (RM million)
Profit/(Loss) Before Tax [PBT/(LBT)]		
Segment : Water	5.36	**3.15**
Segment : Environmental Engineering and Construction	(108.90)	**(69.01)**
Segment : Plantation	(32.37)	**(64.79)**
Segment : Concession and Facilities Management	N/A	**21.72**

The water segment reported a Profit Before Tax (PBT) of RM3.15 million for the year compared to RM5.36 million in the previous year. The 41.2% reduction was mainly due to decrease in revenue and higher operating expenses during the year.

In the environmental engineering and construction segment, there was a LBT recorded of RM69.01 million as compared to RM108.90 million in FY2017, representing a positive variance of 36.6%. The lower LBT was primarily due to lower operating expenses and reversal of provision for liquidated and ascertained damages following an extension of time granted by the client, Jabatan Perkhidmatan Pembetungan (JPP), Kementerian Tenaga, Teknologi Hijau Dan Air (KeTTHA) which has now been renamed as Kementerian Air, Tanah Dan Sumber Asli (KATS).

The plantation segment recorded a LBT of RM64.79 million in FY2018, compared to RM32.37 million in the previous year. The higher LBT was mainly due to high depreciation, amortisation and finance costs in 2018, coupled with lower CPO price and higher cost of production/MT due to young age profile of the oil palm.

During the year, the Group consolidated our newly acquired concession and facilities management segment upon the completion of the acquisition of TRIplc on 31 May 2018. For the seven months period ended 31 December 2018, the segment reported revenue of RM131.13 million and PBT of RM21.72 million, mainly contributed from revenue of facilities management activities at UiTM Puncak Alam Campus.

STRATEGIC PERFORMANCE FOR 2018

During the year, the Group remained on course with our long-term growth strategy, continuing to add to the stability and strength of our four core business segments.

Water

The contribution from the water segment is our O&M contract for Beaufort Water Treatment Plant (WTP) in Sabah. The three-year O&M contract from the Labuan Department of Water Supply which expired on 31 January 2019 was extended for a further three (3) months till 30 April 2019.

To sustain our industry reputation, we focused our efforts to achieve our contractual requirements and Key Performance Indicators (KPI) targets. This was achieved by the implementation of various programmes to ensure equipment reliability at the plant, as well as training and development programmes to enhance our staff capabilities.

During the year, we remained on track with achieving the majority of our KPIs as demonstrated in the table below.

Item	2018 Target	2018 Achievement	2017 Achievement
Water treated	23,790,000 m³	23,997,860 m³	23,099,603 m³
Ensuring continuous supply & quality of treated water: Violations of MOH quality standards	Zero violations	Zero violations	Zero violations
Ensuring continuous supply & quality of treated water: No. of unscheduled shutdowns	Zero	Zero	Zero
Learning & growth: training man-days	3.00	2.49	2.95

04 OUR STRATEGIC CONTEXT

Environmental Engineering and Construction

During the year, the environmental engineering and construction segment contributed through two main projects, namely the Bunus Project and the Kuantan Project. The Kuantan Project is a new project we brought on board on 5 March 2018 involving the construction of sewerage infrastructure for Kuantan and Kempadang. As for the Bunus Project, this is due for completion in June 2019.

In 2018, with regards to our Bunus Project, we were unable to meet our target for the year, due to unforeseen site challenges and third party issues which were outside our immediate area of control. However, we have mitigated our risks in this area, and are optimistic in achieving better results in the year ahead.

As for the new Kuantan Project, although we were slightly below target at 4.42%, we are optimistic that we will improve our progress in the coming year ahead.

Item	2018 Target	2018 Achievement	2017 Achievement
Bunus Project			
Accumulative	88.72%	79.75%	63.97%
Kuantan Project			
Annual	4.51%	4.42%	N/A

Plantation

Our plantation segment saw its first full year of operations in 2018. We sustained efforts to build a strong foundation for our new business segment by focusing on increasing our production of Fresh Fruit Bunches (FFB) and Quality Improvement Projects (QIP). We also continued to develop new planting areas, in line with expanding our FFB production capacities in the longer term, and upgraded infrastructure on the plantation, in order to provide our workers a conducive working environment.

We monitored our performance for the year, as against our strategic objective to ensure the long-term growth of this segment, by expanding our FFB production capacities. In line with that, the following comprise our key achievements for the year.

Item	2018 Achievement
Plantation	
Production	39,201 metric tonnes
Development of new planting areas	1,000 hectares
Man to land ratio	1 : 13 hectares

Concession and Facilities Management

Having concluded the acquisition of TRIplc on 31 May 2018, our new concession and facilities management segment concluded seven months of operations as at end FY2018. TRIplc has two concession and facilities management agreements related to the UiTM campus at Puncak Alam, which performed well during the year and contributed positively to the Group's revenue and profit.

NON-FINANCIAL PERFORMANCE

Talent Development

We are cognisant of the need to sustain and continuously enhance the various talent development programmes and platforms we have within our Group. This presents us with the ability to add to our employees capacities and capabilities, recognising the vital role our workforce plays in supporting our long-term growth strategy and enhancing our performance in the industry.

We have been able to maintain the expected competency level at 70% for all staff through our internal intervention programme to enhance and enable internal capabilities. We are striving to sustain the index whilst embedding a culture of continuous learning within the Group.

COMPLETE INDEX BY JOB CATEGORY

MANAGEMENT DISCUSSION AND ANALYSIS

Empowering Women

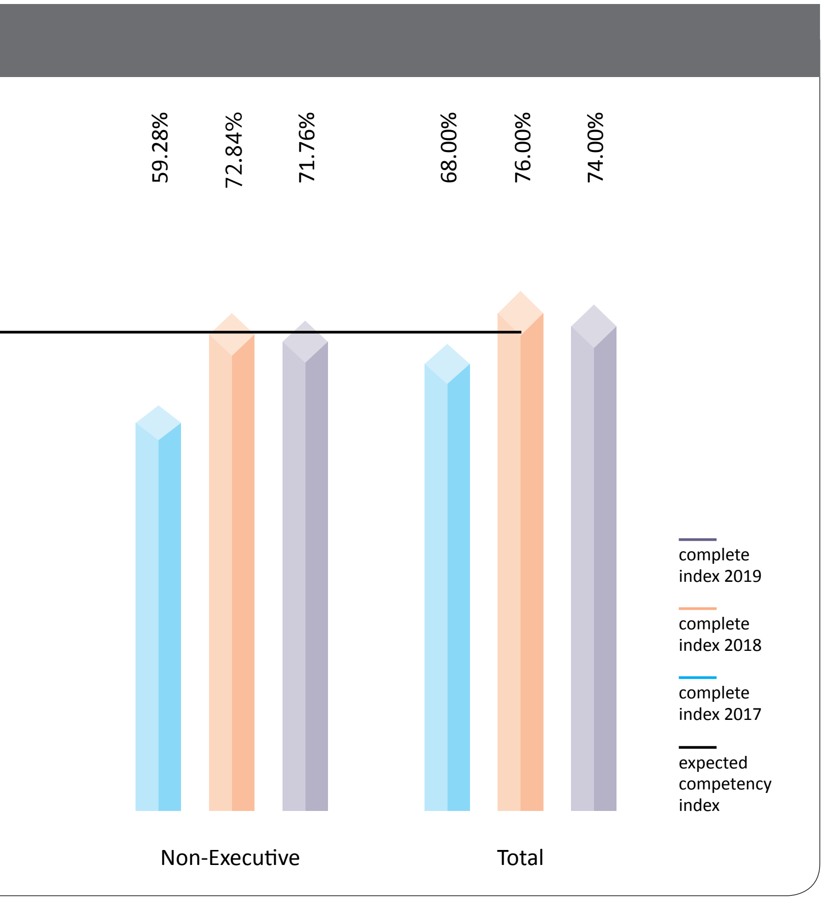
Through the contribution of the different perspectives, insights and ideas of our diverse workforce, Puncak Niaga has been able to harness our people's ability to enhance our organisational capabilities. Our continuous maintenance of a high level of commitment towards workplace diversity is evident from our ongoing adherence to non-discrimination at the workplace and in employing people regardless of their gender, ethnicity, age and background.

We have continuously upheld our gender diversity policies, and put in place mechanisms to empower women in our workforce.

In 2018, we significantly improved the number of women holding senior management positions, from 21.05% in 2017 to 30.77%.

Breakdown of Female Employees Empowered for Senior Management and Management Categories

No.	Staff Categories	Percentage (%)
1	Senior Management	30.77%
2	Management	37.90%



Economic, Environmental and Social (EES) Highlights

Sustainability remains a core component of our agenda, as we seek to bring added value to our business through EES initiatives. In FY2018, we continued to maintain our sustainability initiatives through a variety of measures and activities which have been embedded into our organisation and business processes.

The Bunus Project and Beaufort WTP have not just created jobs, but enable the socioeconomic development of the nation's sewerage infrastructure and the population's water needs in a sustainable manner. All our projects and business activities also contribute towards the development of the local vendor and supplier ecosystem, with our sustained focus on hiring local vendors.

Within the plantation segment, our oil palm plantation is being managed in line with Malaysian Sustainable Palm Oil (MSPO) certification requirements, whilst also providing jobs for the local ethnic communities in the surrounding areas. As a responsible corporate citizen, Puncak Niaga ensures that we conserve biodiversity at our plantation.

At all our workplaces, plants, project sites and business locations, we have maintained an environmentally conscious culture focusing on energy, noise, water and waste management initiatives towards reducing our environmental footprint.

We have sustained our efforts in the areas of talent development for our diverse base of employees, and ensured that we do not discriminate in any form or measure. To remain as employer of choice, we have in place comprehensive benefits and welfare for our workers, along with work life balance initiatives to help them balance their personal and work commitments.

Group Operations Review

The global economic landscape for the year 2018 was a challenging one, with risks emanating from heightening uncertainties in the global environment, including rising trade conflict, volatility in global financial markets and oil prices, as well as geopolitical tensions. The global economy grew at a moderate rate of 3.7%, lower than forecast of 3.9%, reflecting risks stemming from escalating trade tensions and outflow of capital from emerging economies.

Most emerging economies recorded moderate growth, while in advanced economies, labour markets remained supportive of private consumption, as unemployment rates continued to decline amid a steady increase in wage growth.

04 OUR STRATEGIC CONTEXT

Construction works at UiTM Puncak Alam

A key corporate exercise initiated in 2016 on the proposed acquisition of TRIplc Berhad for RM210.00 million was finally concluded on 31 May 2018

Growth in the Asian region trended lower, in tandem with the People's Republic of China recording slower growth, as continued policy driven credit tightening weighed in on investment, particularly local government spending on infrastructure. Nevertheless, domestic demand in other Asian economies remained resilient, in part aided by ongoing policy support and higher infrastructure spending.

On the local front, Malaysia recorded Gross Domestic Product (GDP) growth of 4.8%, on the back of private sector growth, primarily driven by the manufacturing and services segment. Actual GDP growth turned out to be lower than previous projections of 5% to 5.5%, as a result of global macroeconomic challenges.

The services sector grew at approximately 6.3%, while the manufacturing sector grew by around 4.9% in 2018. As for the construction sector, despite the ongoing review of several mega projects by the Government, sustained growth was recorded underpinned by steady progress in existing transportation, petrochemical and power plant projects. However, the agricultural sector growth remained weak as a result of protracted recovery in crude palm oil production from adverse weather and production constraints.

Budget 2019 was unveiled by the Government during the year which cast a wide-sweeping net of measures aimed at addressing debt, prudent spending and increasing other sources of revenue to replace the Goods and Services Tax (GST) which had been abolished during the year and replaced with the Sales and Service Tax (SST). Whilst there are no significant new taxes which directly impact corporates, or changes to the headline tax rate of 24%, Budget 2019 introduced several tightening measures, which include a seven-year limitation on carry-forward of losses.

Within this operating landscape, the Group continued with strategic efforts to build our business value. A key corporate exercise initiated in 2016 on the proposed acquisition of TRIplc for RM210.00 million was finally concluded on 31 May 2018 with the payment of the balance purchase price of RM189.00 million.

A Focused Understanding of Risks

Puncak Niaga's Board of Directors maintains overall responsibility in establishing and continuously reviewing our risk management and internal controls system towards safeguarding our shareholders' investments and the Group's assets. During the year, we strengthened our risk oversight by revamping the composition of the Compliance, Internal Control and Risk Policy Committee (CICR), in line with the recommendations of Step Up 9.3 of the Malaysian Code on Corporate Governance 2017, as well as revising the Terms of Reference of the CICR.

The CICR conducted a total of five meetings during the year, where members deliberated on the key risks facing the Group for the year 2018, and mitigations in response to these. Among the matters discussed were the assurance status and validations given by the Risk Scorecards Owners of Puncak Niaga Group via the Corporate Digital Assurance Module of the Q-Radar software, and effective utilisation of the Q-Radar Corporate Risk Scorecard with regards to identifying, monitoring, evaluating and reporting risks and internal controls. Having completed the acquisition of TRIplc during the year, another key exercise conducted was the evaluation of the Risk Scorecard of TRIplc looking at its key operational risks, risk ratings and key controls to ensure that our newly acquired business' risks are effectively identified, evaluated and monitored.

Early in February 2018, the CICR deliberated on the Top Nine Enterprise Wide Risks facing Puncak Niaga Group for the year and revised the Enterprise Wide Risk Profile based on the latest business updates and operating environment. Strategic risks which have an impact on Puncak Niaga's operations for 2019 were also identified in early February 2019, and mitigations to counteract them were put in place. For more information on our risks and mitigations, please refer to our Statement on Risk Management and Internal Controls on pages 92 to 99 of this Annual Report.

SEGMENTAL REVIEW: WATER

REVENUE OF

RM15.85 Million

INCREASED DAILY WATER PRODUCTION BY 3.8% TO

65.75 Million

LITRES PER DAY

04 OUR STRATEGIC CONTEXT

OPERATIONAL PERFORMANCE

Item	2017 (RM million)	2018 (RM million)
Revenue	24.81	**15.85**
Profit Before Tax	5.36	**3.15**

Water Production

Year	2017	2018
Annual production (million cubic metres/m^3)	23.10	**23.99**
Average daily production (million litres per day/MLD)	63.29	**65.75**

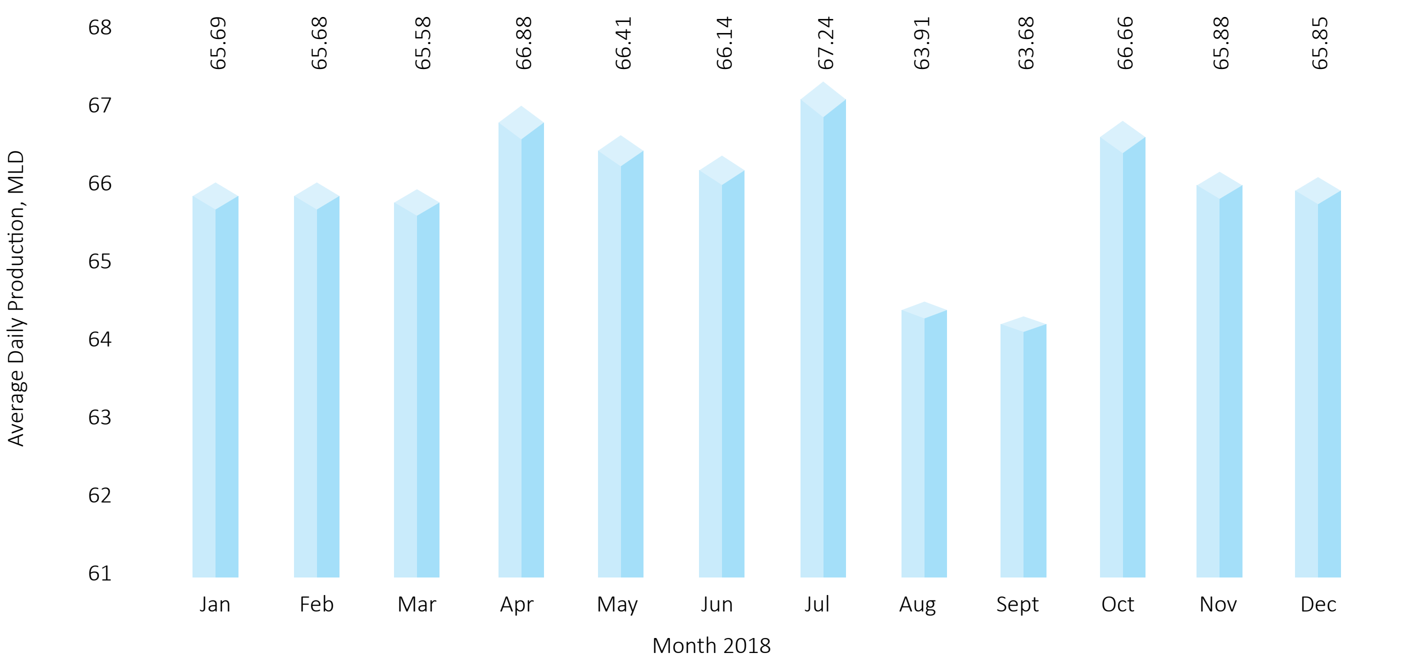
We recorded several operational achievements within the WTP for FY2018. We enhanced the creativity and competency of our staff through training and quality circles, whilst providing them a safe and conducive work environment.

Our sustained commitment to high levels of work and safety at the workplace resulted in zero accidents at the WTP. As well as that, our focus on operational excellence at the WTP ensured that we were able to deliver continuous water supply to Labuan, with no interruptions in water supply. By continuously monitoring the quality of our water supply, we were also able to comply with water quality requirements by Ministry of Health (MOH), and no water quality violations were recorded for the year under review.

Increased our Water Quantity Production

We achieved a 3.8% increase in daily water production compared to the previous year. Water production quantity is controlled by demand for water from Pulau Labuan. The Labuan Water Services Department's (Jabatan Bekalan Air Labuan) projection for the year was 75 million litres per day (MLD). However, actual demand fell short by 13%, due to the downtrend in the oil and gas (O&G) industry which is the main industrial sector in Labuan. The months of August and September 2018 recorded the lowest daily water production amounts as a result of the temporary shutdown of a major water consumer in Labuan, Petronas Methanol Labuan, due to maintenance activities. During the year, demand from the O&G sector began showing an uptrend and we expect this to continue into 2019.

MONTHLY WATER PRODUCTION FIGURES



MANAGEMENT DISCUSSION AND ANALYSIS

Sustained High Water Quality Standards

We maintained the high treated water quality standards in compliance with National Water Drinking Standards as per MOH requirements. Frequent water sampling and testing were conducted throughout the year at both our in-house laboratory, as well as a third party accredited laboratory and MOH's laboratory. Of the 74,700 samples tested for the year, we achieved a compliance level of 99.6% for all test done and 100% for sample tested carried out by MOH. The achievement was well within the allowable limit of 1%. With a 100% compliance in bacteria testing, our high water quality levels has ensured that the water we supply from the WTP is safe for consumers, and consequently, no outbreak of disease as a result of water consumption was recorded in Labuan for the year.

Water Quality Achievements in 2018

- Total of 74,700 samples tested between January and December 2018
- 100% compliance in bacteria testing since February 2016

Conducted Ongoing Maintenance Activities to Achieve Operational Excellence

Ensuring a continuous maintenance schedule is key to sustaining the operational excellence of the WTP. In line with this, we conducted an ongoing preventive and corrective maintenance activities at the WTP to ensure that all plant equipment were in good working condition to ensure uninterrupted supply of water to Labuan.

Process tank cleaning works at Beaufort WTP

The majority of our maintenance activities are conducted by our in-house technicians, while some of the major activities were outsourced. Asset replacement and upgrading is conducted by the Labuan Water Services Department. Among the maintenance works conducted in 2018 were:

- Annual inspection for leakages in 23 km of the subsea treated water pipeline using smart-ball instrument
- Annual inspection for cathodic protection in 23 km of the subsea treated water pipeline
- Servicing the chlorination system
- Servicing high-voltage panels, breakers and transformer
- Repairing the 11kv 1750kW high pressure water pumps
- Repairing chemical dosing pumps
- Painting treated water pipes

Maintenance Activities in 2018

- Conducted a total of 9,012 preventive maintenance activities between January and December 2018
- Conducted a total of 277 corrective maintenance activities between January and December 2018

Ensuring High Standards of Health, Safety and Environment (HSE)

We conducted a number of HSE related exercises to ensure that we maintained the highest standards of safety and health at the WTP. These included conducting a mock drill exercise involving local authorities such as the police, fire department and local hospitals on 29 March 2018. This was the first time we had held a mock drill exercise on a large magnitude and scale, and it was well received by the local authorities. As a result of the mock drill, we are confident of the intervention team's readiness to react and face any potential mishaps or accidents which may occur on site at the WTP.

In 2018, the WTP HSE Committee met twice to discuss in detail all issues pertinent to maintaining high HSE standards and work processes. All our staff were provided with the proper personal protective equipment (PPE) and a total of two HSE trainings were conducted to ensure a high level of safety awareness culture amongst our staff.

HSE Outcomes in 2018

- Recorded zero accidents during the year
- Achieved zero Loss Time Injury (LTI)
- Cumulative accident free working hours of 383,371 hours in total

04 OUR STRATEGIC CONTEXT

Enhancing the Capacities of our People

During the year, we conducted a mini Kaizen competition within the WTP to encourage our people to think creatively and apply innovative solutions to challenges and situations they encounter on the job. A total of seven Innovative and Creative Circle (ICC) teams took part in the competition, demonstrating impressive abilities for analytical thinking and resolving on the job problems and challenges with brilliant and simple to execute ideas. Among the benefits of the mini Kaizen competition were cost savings for the WTP and improvement in staff efficiency. The winning team came up with a novel approach to resolve the problem of frequently bursting pneumatic tubes by changing the material of the tubes.

We continued with training and development programmes aimed at enhancing our WTP's staff's knowledge and to assist them with their daily responsibilities on the job. Additionally, we conducted the following upgrades at the WTP to enhance the WTP's operations and image:

- Constructed a new kitchen to promote the image of the WTP, as well as health and safety
- Installed windsock and motorised sirens to enhance the emergency response plan
- Equipped gas detectors for the Emergency Response Team (ERT) for effective intervention and rescue actions apart from confined space tools
- Procured a public address (PA) system which is utilised for employee training and visitor briefings

Talent Development at the WTP

- Average training man days of 2.49 days per staff between January and December 2018
- Total of 9 trainings conducted comprising external courses, lectures and on the job training

Process tank cleaning works at Beaufort WTP

Uplifting the Image of the WTP

An important component of the perceived image of the WTP among the public is ongoing visits conducted by external parties throughout the year. Through the engagements we have with stakeholders such as government agencies and the public, we are able to uplift the image of the operation and maintenance of the WTP in providing them with safe treated water to consume. Our sustained good performance and adherence to high water quality standards has resulted in the WTP being a WTP model in the water treatment industry, and consequently, we received many visitors interested to see the best practices we employ at WTP, especially technical visits conducted by learning institutes and government agencies.

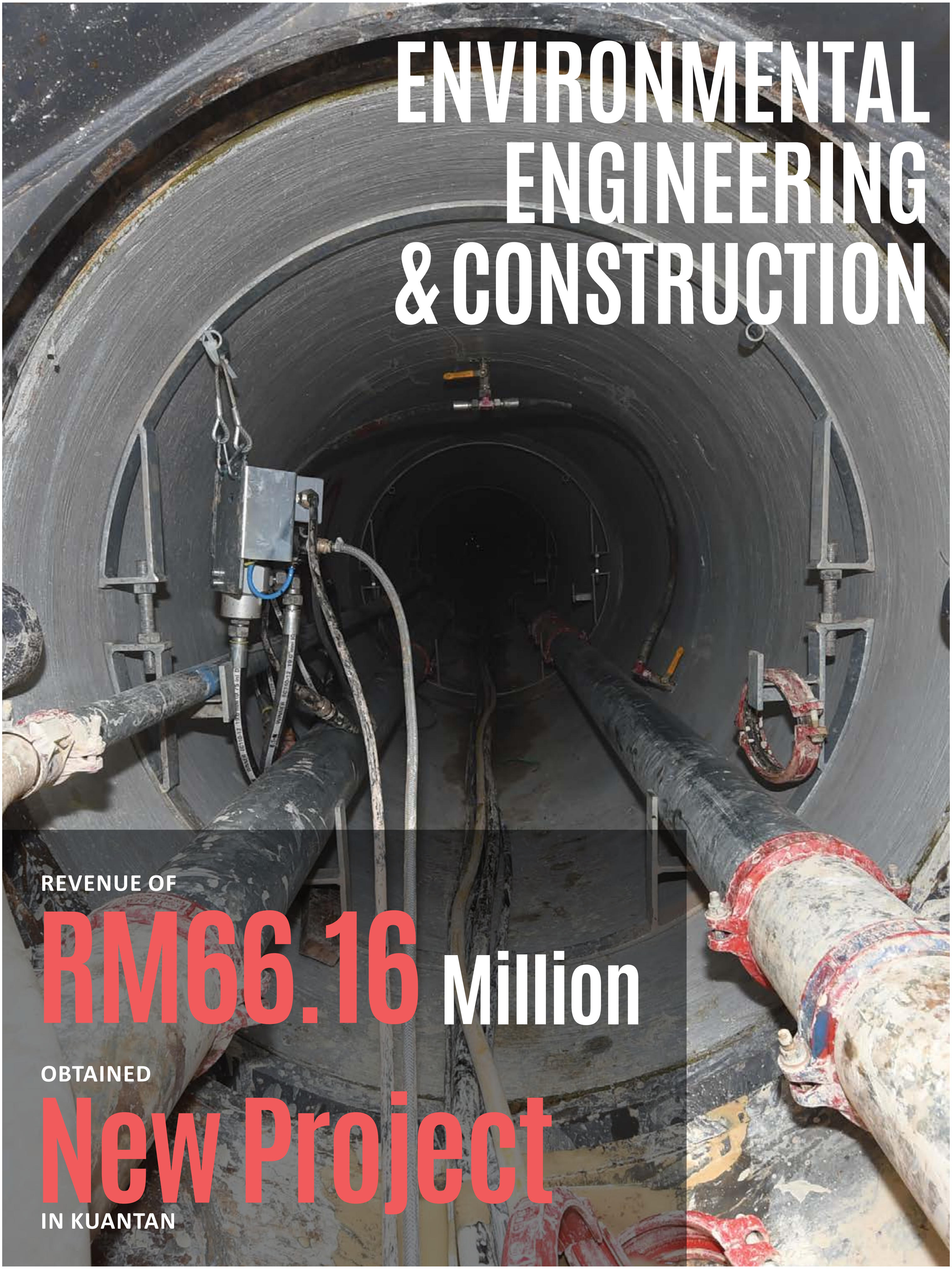
WTP Visits

- A total of 12 visits from government agencies, schools and learning institutes such as KeTTHA, KATS, JBA Beaufort, SMK Beaufort and AIMST University.

Forward Moving Statement

As we enter into 2019, Puncak Niaga is focused on capturing opportunities available within the water and sewerage sector leveraging on our proven track record in the industry.

Opportunities are present in projects aimed at increasing water supply coverage in rural areas, especially in Kelantan, Sabah and Sarawak, which have the lowest coverage in the country, based on the 11th Malaysia Plan Mid-Term Review Report. Under Budget 2019, RM734.00 million has been allocated for rural water infrastructure, and the Group will be seeking to capitalise on opportunities based on this.



ENVIRONMENTAL ENGINEERING & CONSTRUCTION

REVENUE OF

RM66.16 Million

OBTAINED

New Project

IN KUANTAN

04 OUR STRATEGIC CONTEXT

OPERATIONAL PERFORMANCE

Item	2017 (RM million)	2018 (RM million)
Revenue	66.11	**66.16**
Loss Before Tax	(108.90)	**(69.01)**

Within this business segment, Puncak Niaga is undertaking a RM394.00 million sewerage pipe network for Package D44, Bunus Project (Bunus Project) in Kuala Lumpur, for our client the Sewerage Services Department. The Bunus Project was implemented under the Greater KL (GKL) Government initiative to rationalise and decommission a total of 73 sewerage treatment plants (STP) covering an area of approximately 72 square km. The project encompasses some 54 km of interconnecting pipelines which connects to a centralised STP at Bunus Sewage Treatment Plant. The project's completion is scheduled for June 2019.

Upon completion, the Bunus Project will allow for better and more effective waste water management through the centralised treatment facilities. Centralised treatment will result in the reduction of operational and maintenance costs, whilst also minimising sources of water pollution which will improve urban lives in Kuala Lumpur, as well as contribute positively to the environment.

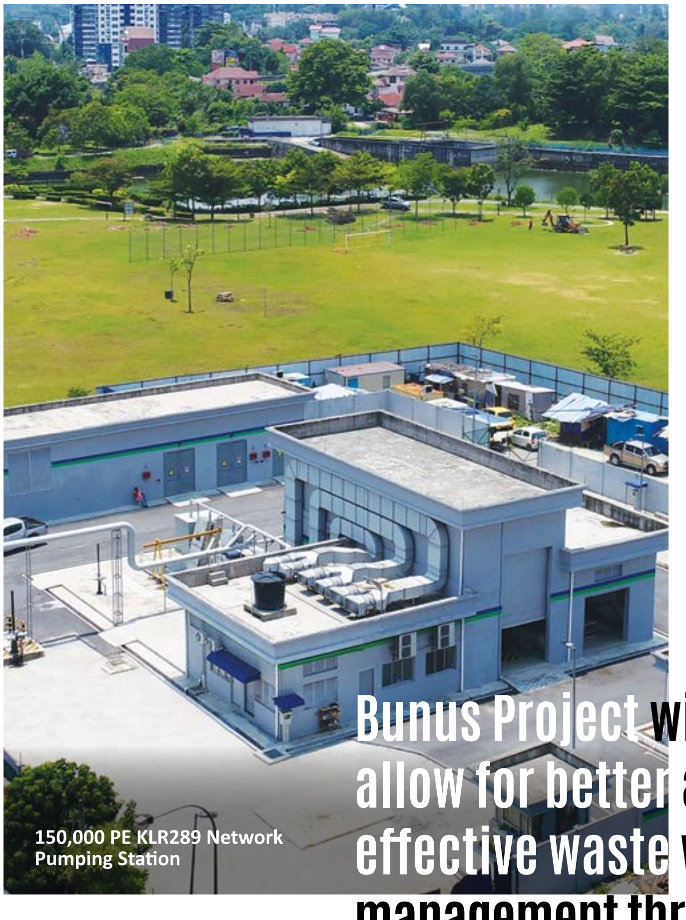
We also reviewed the risk profile for this project, and added on third party encumbrances as one of the major obstacles in ensuring good progress on the project, as it is subject to third parties handing over the site to us in a timely manner for the continuation of works.

As a result of our efforts to seek new projects, Puncak Niaga was able to obtain a new sewerage construction project in Kuantan (Kuantan Project) on 5 March 2018. The project is due for completion in February 2022. The project involves the construction of a new regional STP at Kempadang with a capacity of 200,000 PE for Phase 1, and an ultimate capacity of 400,000 PE. Our scope of works include the construction of a sewage conveyance system totalling 66 km comprising gravity and force main/depressed sewer, manholes and other appurtenances for Kuantan and Kempadang with an ultimate capacity of 400,000 PE. Additionally, we will be rationalising and decommissioning a total of 100 existing public STPs and 65 private STPs comprising desludging works, dismantling of equipment, backfilling with suitable material and taking the necessary action to render the site safe for the public. We will also be constructing new network pumping stations at identified locations and routing the main pumping station for rationalisation works.

Forward Moving Statement

Our forward moving journey within this segment will see us focusing on minimising third party interference issues at the ongoing Bunus Project as much as possible within our scope of control. This is to ensure that our project planning and sequence of work are not unduly affected by late handovers from third parties.

As for the Kuantan Project, our focus is to ensure project completion on time, with no Liquidated and Ascertained Damages (LAD) incurred. We will also maintain a safe work culture onsite, towards ensuring a good safety record, with zero fatalities and Lost Time Incidents.

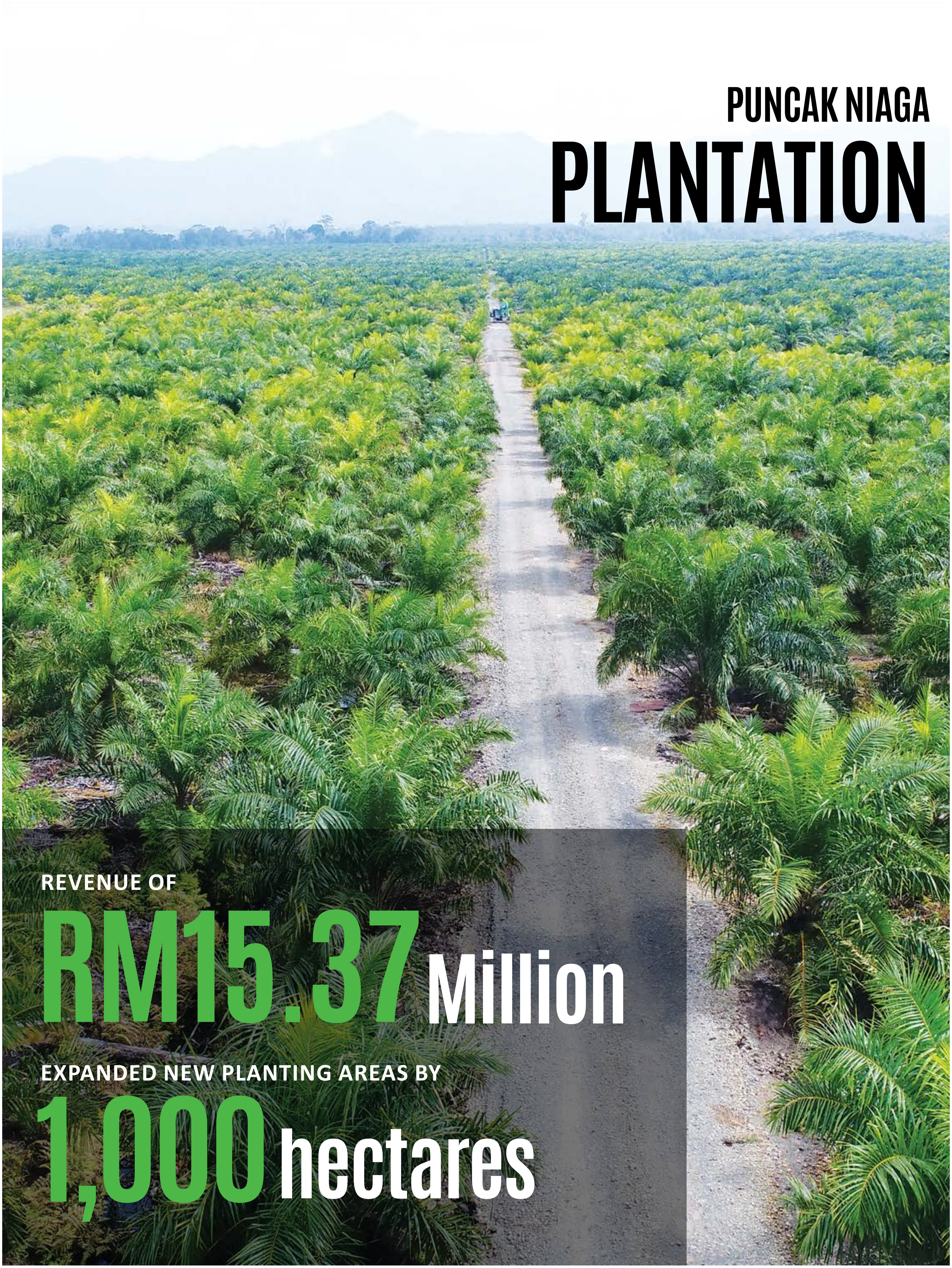


150,000 PE KLR289 Network Pumping Station

The sector has also seen some changes in the Government's approach in project costing and budgets over the past year, and we expect this to continue into the future. Only viable projects will be called for tender in light of new Government budgetary constraints. In view of this, growth in sewerage projects will be subjected to the Government's budget and necessity. Bearing this in mind, we are adopting a cautious approach in line with our profitability concerns. To access new opportunities, we will be exploring options in other States to participate in utilities and infrastructure works.

Bunus Project will allow for better and more effective waste water management through the centralised treatment facilities

PUNCAK NIAGA
PLANTATION



REVENUE OF

RM15.37 Million

EXPANDED NEW PLANTING AREAS BY

1,000 hectares

04

OUR STRATEGIC CONTEXT

Harvesting fresh fruit bunches

OPERATIONAL PERFORMANCE

Item	2017 (RM million)	2018 (RM million)
Revenue	8.24	**15.37**
Loss Before Tax	(32.37)	**(64.79)**

Throughout 2018, we continued to build strong foundations for our plantation segment which is managed by our subsidiary, Danum Sinar. During the year, our plantation saw its first full year of operations following the completion of our acquisition of Danum Sinar in July 2017.

Our oil palm plantation is located approximately 45 km to east Belaga District Town. With a total land bank size of 46,674 hectares, our plantation's topography comprises hilly undulating to flat terrain, with some highland peat soil on plateau within the Murum Dam highlands with numerous rivers flowing through it. Our estates comprise six estates namely Arau, Marong 1, Marong 2, Lakin, Kalayan and Jabon, with total planted area of 9,767 hectares, representing almost 21% of our plantation land bank area. In 2018, we completed land clearing of 1,000 hectares of new planting areas and will proceed with field planting in 2019.

In 2018, the average Crude Palm Oil (CPO) price eased from RM2,487.00 per metric tonne at the beginning of the year to RM1,795.00 per metric tonne towards the end of 2018. Despite the lower CPO price, we registered commendable increase in revenue for the first full year of operations in 2018 of RM15.37 million, compared to RM8.24 million during the six months period of 2017, mainly due to higher FFB crop production and an increase in new mature areas in 2018 compared to the previous year.

However, Loss Before Tax increased to RM64.79 million in 2018 as compared to RM32.37 million in 2017, due to lower CPO price, full year impact of higher production costs particularly in field upkeep costs to upgrade the condition of the estates, as well as higher depreciation, amortisation and finance costs.

Review of Operations

Danum Sinar has identified four long-term strategies towards ensuring the growth and profitability of our oil palm estates. Our long-term business goals comprise the following, and during the year we effected key activities towards achieving our strategic priorities as follows:

- To maximise revenue by achieving higher annual sales of crops through the implementation of a good agricultural practice to improve production yield

MANAGEMENT DISCUSSION AND ANALYSIS

In 2018, we recorded FFB production of

39,201

metric tonnes, compared to 16,085 metric tonnes the previous year (6 months)

- Effective cost optimisation to improve productivity and efficiency as well as reduce costs through a cost savings programme, effective procurement management and a workers' productivity improvement programme
- Expand our production capacities by developing new planting areas of 1,000 hectares from our total land bank
- Practising high standards of agricultural practices, by obtaining Malaysian Sustainable Palm Oil (MSPO) certification by 2019, through our good agricultural practices policy as laid out in our Agriculture Reference Manual (ARM), developing an Occupational Safety and Health (OSH) Policy for estate management and operations, implementing Standard Operating Procedures (SOP) in our day to day management

Since the commencement of operations in July 2017, we have made significant progress in our FFB crop production, with all our estates recording an uptrend in FFB crop production. In 2018, the FFB crop production per month in metric tonnes increased by 22.0% from a monthly average of 2,681 metric tonnes of FFB over six months in 2017, to a monthly average of 3,267 metric tonnes over 12 months in 2018. This achievement was due to the successful implementation of good agricultural practices in our estate operations and also increased new mature areas for FFB crop production.

Area Statement

Area (Ha)	Year 2017	Year 2018	+/-
Mature Areas	3,318	5,086	+1,768
Immature Areas	6,449	4,681	-1,768
Planted Portion (Estates)	**9,767**	**9,767**	**-**
Land Cleared for New Planting	-	1,000	1,000
Total Developed Area	**9,767**	**10,767**	**+1,000**
Unplanted portion*	33,372	32,372	-1,000
Total area	**43,139**	**43,139**	**-**
Others**	3,535	3,535	-
Total land size	**46,674**	**46,674**	**-**

* includes unplanted reserve cleared for nursery, office, staff and workers accommodation etc.

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

04 OUR STRATEGIC CONTEXT

Crop Statement

Area (Ha)	2017 Actual (6 months period from 3/7/17 to 31/12/17)	2018 Actual (12 months period from 1/1/18 to 31/12/18)
Production (MT)	16,085	**39,201**
Yield per Hectare (MT/Ha)	9.7 (annualised)	**7.7**
OER %	17.5	**18.6**
Development of new planting areas	-	**1,000 Ha**

Implementing Quality Management

In 2018, we focused our action plans and efforts in Quality Improvement Plan (QIP), managed by our experienced management team. We identified specific areas we considered as vital to drive the long-term growth of this segment through cross-organisational brainstorming sessions, which provided the basis for our strategic formulation.

Our QIPs comprise the following areas:
- QIP 1: Increasing FFB Yield per hectare
- QIP 2: Optimising use of Vehicles by reducing transportation vehicle downtime hours
- QIP 3: Upgrading and rehabilitating estate field conditions
- QIP 4: Recruiting sufficient skilled harvesters to undertake crop recovery
- QIP 5: Improving Oil Extraction Rate (OER) performance

Improving Operational Infrastructure and Facilities

To ensure smooth and reliable plantation operational activities, we significantly invested in improving new infrastructures and facilities within our estates. During the year, we used the ample quarry stones surrounding the plantation area to create smoother road accessibilities, thus reducing our road upkeep cost. We also improved our workers quality of living with new accommodations and improvement to the VSAT telecommunication system for better coverage and connectivity. As well as that, we constructed new FFB ramps for better crop collection and evacuation, increased the safety and health aspect of our estate with the installation of road signage and road markers, and implemented a sustainable environmental approach by creating riparian buffer zones in meeting our Environmental Management Plan (EMP) requirements.

People and Organisation

Moving towards resolving our long-term issue of labour shortage in the industry, we strive to create sufficient man to land ratio of 1: 13 hectares in our plantation. Our workers comprise diversified ethnic groups of Malaysians and non-Malaysians. Several upskilling programmes and initiatives were conducted to enhance our operational processes during 2018 as follows:
- MSPO awareness programme (SIRIM & MPOCC)
- Domestic Inquiry Procedure and Role of the Panel at a Domestic Inquiry
- Briefing on Employment Insurance Scheme (SOCSO)
- Briefing on Transition of Foreign Workers Compensation Scheme to Employment Injury Scheme (SOCSO)

MSPO Certification

A goal we set for ourselves is to obtain the MSPO certification scheme by 2019. In line with this, in 2018 we conducted appropriate gap analysis on documentations and physical site assessment to identify areas for improvement, along with the awareness training conducted prior to certification audit. The awareness training covered basic understanding of the MSPO known as Malaysian Standard MS 2530, its seven major principles, criteria requirements and indicators of every principle within the Standard. About 30 employees were involved in the awareness training conducted by certified recognised trainer, SIRIM STS Sdn Bhd. Presently, we have made good progress in upgrading estates' conditions towards higher standards as required under the MSPO certification scheme.

Forward Moving Statement

As we move into 2019 and beyond, we believe that our plantation segment offers excellent and sustainable prospects despite of the various challenges faced in the Malaysian oil palm industry in 2018 due to lower palm oil prices and higher palm oil stocks. We remain optimistic that the industry which has survived various challenges for more than 100 years, will continue to sustain into the long-term future. We plan to continue with new land cultivation development of 1,500 hectares every two years. With the completion of 1,000 hectares cleared for planting in 2018, we will embark on another 500 hectares of land clearing in 2019.

We estimate that our FFB crop production will rise to above 100,000 tonnes in the next two years with improved yield from the existing mature palms and more immature palms reaching the maturity stage.

CONCESSION AND FACILITIES MANAGEMENT

REVENUE OF

RM131.13 Million

2 CONCESSION AGREEMENTS AT

UiTM Puncak Alam

04 OUR STRATEGIC CONTEXT

OPERATIONAL PERFORMANCE

With the conclusion of our acquisition of TRIplc during the year, Puncak Niaga has now established a firm foothold in the concession and facilities management services segment. TRIplc's core activities are primarily focused on concession, construction, property development, project management services and facilities management services. Its wholly-owned subsidiaries, TRIplc Resources Sdn Bhd and TRIplc Ventures Sdn Bhd, have been accredited with ISO 9001:2008 which was later upgraded to ISO 9001:2015 by an internationally recognised certification body, Det Norske Veritas (DNV) for quality management system in project management, construction and facilities management.

Item	2018 (RM million)
Revenue	131.13
Profit Before Tax	21.72

Concession for Z1P2 of UiTM Puncak Alam Campus

In 2010, TRIplc, through its wholly-owned subsidiary, TRIplc Ventures Sdn Bhd (TVSB) entered into the Z1P2 Concession Agreement with the Government, represented by the Ministry of Higher Education, and Universiti Teknologi MARA (UiTM). Under the Z1P2 Concession Agreement, TVSB was granted a 23-year concession to undertake the planning, design, financing, development, construction, landscaping, equipping, installation, completion, testing, commissioning and maintenance of specified facilities and infrastructure for Zone 1 Phase 2 (Z1P2) of UiTM Puncak Alam Campus. The construction and maintenance of Z1P2 of UiTM Puncak Alam Campus consisting of three faculties namely, Faculty of Business Management, Faculty of Accountancy and Faculty of Hotel Management & Tourism. These facilities are designed to accommodate not less than 5,000 students, hostel accommodation for 2,500 students, 10 units of fellow accommodation,

Construction works at UiTM Puncak Alam

With the conclusion of our acquisition of TRIplc during the year, Puncak Niaga has now established a firm foothold in the concession and facilities management services segment.

multipurpose hall, maintenance centre, surau, library, student centre, cafeteria and health centre.

The construction works for Z1P2 commenced in April 2011 and completed in April 2014. With all the construction projects having been successfully completed and accepted by UiTM, the current focus is on facilities management services of Z1P2 which commenced on 11 April 2014 and will be carried out for a period of 20 years. The objective of the provision of maintenance services is to ensure that completed facilities and infrastructure are managed and maintained to the standards required in order to provide customers and users with a pleasant and safe environment as well as preserving the long-term value of the assets, facilities and infrastructure in a cost-effective manner.

Our scope of works for maintenance services include asset and inventory management; cleaning works; asset replacement, building automation system management; building inspection and audit management; building services management; campus health and safety management; document management; equipment management; infrastructure, slope and ground work management; park and amenities management; pest control management; power quality and energy saving management; and waste management.

Construction works at UiTM Puncak Alam

Concession for Z1P3 of UiTM Puncak Alam Campus

In February 2016, TRIplc Medical Sdn Bhd (TMSB), a wholly-owned subsidiary of TRIplc entered into the Z1P3 Concession Agreement with the Government, represented by the Ministry of Higher Education, and UiTM. TMSB was awarded a 25-year concession at the development cost of RM599.00 million for the planning, design, development, construction, landscaping, equipping, installation, completion, testing and commissioning of 400-bed teaching hospital, academic facilities and accommodation along with amenities, utilities, fixtures and fittings including priority items for Medical Equipment for Zone 1 Phase 3 (Z1P3) UiTM Puncak Alam Campus, Selangor Darul Ehsan. It was also appointed to conduct asset management services for the Facilities and Infrastructure.

Construction works for Z1P3 had commenced in April 2017 and is targeted for completion by the year 2020. With the completion of the construction, TMSB will then begin the 22-year concession for asset management services.

Forward Moving Statement

Looking ahead into 2019, we will continue with our maintenance services contract for Z1P2 of UiTM Puncak Alam Campus. Having secured the concession for Z1P3, we will carry out the construction works according to the design and specification, within stipulated time and budget. We are building up our facilities management/asset management capacity from conventional buildings and infrastructure to the more complex hospital asset management.

Our future plans are focused on developing our maintenance services arm, and we have in place strategies aimed at enhancing our maintenance services business by recruiting additional experienced and capable maintenance team staff. We will also work towards enhancing our employees capacities and skills through training and development programmes with the aim of adding value for our clients. Among them are programmes to improve our employees' maintenance skills and knowledge.

We will pay more attention to adopting new technologies and tools to complement our services. We will strive to improve our monitoring tools and software for optimum service compliance and provision to our clients. In addition, we will engage in regular healthy interaction sessions with the facilities' end-users in order to ensure our commitment is always relevant to their needs.

TMSB was awarded a 25-year concession at the development cost of RM599.00 million.

04

OUR STRATEGIC CONTEXT

Arau Estate

GROUP FORWARD MOVING STATEMENT

As we progress into 2019, Puncak Niaga remains cognisant of the prevailing economy and industry trends expected. Prospects for the Malaysian economy in 2019 remain favourable, with growth of 4.9% projected, driven by sound domestic demand and buoyant export growth, particularly within electrical and electronics (E&E) exports. Higher oil prices will also play a role in shoring up the local economy.

However, global risks stemming from more persistent-than-expected supply disruption in the commodity sector and a potential escalation of trade tensions between the United States and the People's Republic of China will prevail. As a highly open economy, Malaysia faces several risks relating to uncertainties in the external environment. Heightening financial market volatility as well as escalating protectionism and trade tensions could have a dampening effect on global trade as well as investment flows, and in turn, the country's economic growth. That said, Malaysia's near-term growth outlook remains resilient with sound macroeconomic fundamentals, stable financial conditions as well as broad-based and diversified economic structure.

With a firm grasp of the impact these factors will have on our future prospects, the Group will be focused on driving our value creation activities for 2019 within the following focus areas:

- **Water**
  - Capturing opportunities available by leveraging on our proven track record in the industry.
  - Looking into projects aimed at increasing water supply coverage in rural areas, especially in Kelantan, Sabah and Sarawak.
  - Leverage on our cross-sectoral knowledge and expertise within the plantation segment to explore projects focusing on optimal usage of water resources in the agricultural sector.

- **Environmental engineering and construction**
  - Strong focus on minimising third party interference issues at the ongoing Bunus Project to ensure that we remain on track with project planning and sequence of work.
  - Explore further sectoral opportunities bearing in mind reductions in project costings and budgets by the Government.
  - Accessing new opportunities in other states.

- **Plantation**
  - Within an anticipated challenging landscape in the plantation sector, the Group will remain focused on our long-term value creation strategies.
  - Work towards improving efficiency and yield output to be comparable with industry standards.

- **Concession and Facilities Management**
  - We will work towards strengthening our asset base by implementing an inventory management programme which utilises information and communication technology (ICT) for the management of consumables, field equipment and spare parts used in the provision of maintenance services.
  - The integration of ICT into the facilities management business will enable TRIplc to trace, track and monitor the utilisation of consumables, field equipment and spare parts, thus enabling greater cost optimisation.
  - We will also be implementing an asset replacement programme focusing on efficient management and maintenance of proper records in a cost effective manner.

SUSTAINABILITY STATEMENT


Marong 1 Estate

INTRODUCTION

Puncak Niaga Holdings Berhad's (Puncak Niaga or the Group) sustainability commitments are deeply embedded within our business and contributes to our value creation efforts and desire to practice sustainable development. We have in place a sustainability governance process which underlines our commitment to accountability. Through the years, we have sustained our efforts to improve our operations by using a disciplined approach to build an effective and efficient organisation.

We remain dedicated to minimising the impact of our business operations on the environment and creating long-term economic value, as well as contributing to the development of the communities where we operate. Through our sustained efforts, we aim to create long-term benefits for our stakeholder groups comprising employees, investors, local communities, civil society, the Government and business associates.

Our core Puncak Values of quality, value, service, innovation, integrity and trust, and has been a critical ingredient of our success throughout the years.

SUSTAINABILITY GOVERNANCE

Our sustainability governance structure upholds the principles of good corporate governance and ethical business practices. It embodies our core Puncak Values of quality, value, service, innovation, integrity and trust, and has been a critical ingredient of our success throughout the years.

Our Board of Directors (Board) sits at the apex of our corporate governance framework, risk management policies and structures, as well as sustainability policies. Decision-making frameworks and structures are designed to ensure clear lines of reporting and accountability within an effective organisation.

In 2018, we enhanced 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.

Our sustainability governance structure and policies are embedded within our organisation and business operations, and are reflected in the daily practices of our various business segments. Stakeholder engagement is conducted in a transparent and inclusive manner so as to enhance the relationships of trust we have built with our different stakeholder groups through the years. We leverage on our sustainability agenda to deliver new business solutions, deliverables and services to our stakeholders. Our Risk Management Policy Statement assigns responsibility for risk management to all of our employees, with ultimate oversight by our Board.

We continuously maintain our commitment towards workplace diversity, as an enabling tool to enhance our business performance, improve employee retention and to access different perspectives and ideas. For us, diversity includes, but is not limited to, gender, age, ethnicity, religion, beliefs, origin and cultural background. The Group's diversity policy draws on the diverse skills, experiences and talents from different backgrounds to enhance our Group's value creation ability. Our diversity policy is reviewed by the Board periodically to ensure that it is aligned with organisational and policy objectives and needs.

05 HOW WE CREATE VALUE THROUGH SUSTAINABILITY

PUBLIC POLICY

We have consistently maintained the highest standards of integrity and ethics in the conduct of the Group's business. This is exemplified in our code of conduct which provides us with clear direction on the business principles for our employees to draw upon as they carry out their roles and responsibilities. Each of our business units have codes of conduct and policies which complement our Puncak Values, reflecting our desire to practice good governance and responsible business. The following Codes and Policies are practiced within the Group:

PUNCAK NIAGA HOLDINGS BERHAD (PUNCAK NIAGA)

- 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 (HSE) Policy
- Quality Policy
- Risk Management Policy
- Sexual Harassment Policy
- Board Diversity Policy
- 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
- Code of Business Ethics
- Directors' Remuneration Policy
- Corporate Sustainability Policy

PUNCAK NIAGA CONSTRUCTION SDN BHD (PNCSB)

- 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

MURNI ESTATE SDN BHD (MESB)

- MESB and Subsidiaries Employee Handbook
- Agricultural Reference Manual (ARM)
- Malaysian Sustainable Palm Oil (MSPO) Policy
- Occupational Safety and Health (OSH) Manual

DANAU SEMESTA SDN BHD

- MESB and Subsidiaries Employee Handbook

DANUM SINAR SDN BHD

- MESB and Subsidiaries Employee Handbook
- Agricultural Reference Manual (ARM)
- Occupational Safety and Health (OSH) Manual
- MSPO Policy

TRIPLC BERHAD

- Standard Operating Procedures
- HSE Policy
- Quality Policy

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

SUSTAINABILITY STATEMENT

SCOPE

This Sustainability Statement has been prepared in accordance with 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 2018. Supplier activities have been excluded due to the Group not having 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 stakeholder engagement process is conducted in a manner which reflects our Puncak Values whereby we conduct ourselves in a transparent and accountable manner through 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 provides cross-departmental channels which collaborate to create long-term value for our customers, partners, the government, and broader stakeholder and shareholder needs.

Each of our stakeholder group has been listed based on their importance and influence. In communicating all material information related to the Group to our investors, shareholders and stakeholders, we ensure that it is done in a transparent and accountable manner, reflecting our integrity in disclosing all material information in an accurate and timely manner.

The following outlines our key stakeholders and some engagement approaches in 2018.

Stakeholder Group	Method of Engagement	2018 Highlights
Employees	• Surveys • Town hall meetings • Code of ethics • Community development programmes • Induction programmes • Internal communications • Monthly staff assemblies and meetings • Recreational activities and religious functions • Performance reviews • Puncak Niaga competency model briefings	• Community Development Programmes - We provided for communities through activities such as "Field Day", "Raya Haji Korban", while seminars and trainings were provided based on identified needs and on a periodic basis. • Persatuan Kakitangan Kumpulan Syarikat Puncak Niaga (PEKA), or our Staff Association of Puncak Niaga Group of Companies, provides our employees with a valuable platform which promotes team building and good intra-office relations. In 2018, PEKA members organised and participated activities which reached out to 515 community members. • Monthly Staff Assemblies - Staff assemblies were held in March, July and December 2018. • Recreational and Religious Activities - PEKA organised a total of 16 religious, sports and charitable activities during the year. • Performance Reviews - Two performance reviews were conducted in June and November 2018.
Investors	• Press releases • Meetings • Corporate website	• Addressed questions by investors and analysts in a prompt manner.

05 HOW WE CREATE VALUE THROUGH SUSTAINABILITY

Stakeholder Group	Method of Engagement	2018 Highlights
Local Communities	• Town hall meetings • Community development programmes	• Engaged with local residents on the construction of the Bunus Project and Kuantan Project. • Handled complaints without delay and took into account local community needs. • Engagement with Local Authorities and Jawatankuasa Keselamatan Kampung at the Beaufort Water Treatment Plant (WTP). • WTP educational visits by schools and Government Agencies. • Engaged with stakeholders via Community Representative Committee for the Plantation Division.
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 2018 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.

ECONOMIC

- Creating Economic Value

ENVIRONMENTAL

- Conserving Biodiversity
- Energy Management
- Noise Management
- Water Management
- Our Internal Environmental Footprint – Workplace
- Waste Management Practices

SOCIAL

- Our Employees
- Workplace Diversity
- A Commitment to Training
- Occupational Safety and Health
- Human Rights
- Benefits and Compensation
- Performance and Appraisal
- Value to Our Communities

Within this sustainability statement and throughout the entire report, we have provided an account of our Group's response towards specific key topics, concerns and issues brought forward by our stakeholders. During the year 2018, we progressed with creating economic value through our WTP, Bunus and Kuantan projects, as well as the activities of our Plantation, and Concession and Facilities Management divisions. Within the environmental sphere, we maintained commitments to responsibly manage our environmental footprint. In the Social category, we sustained efforts towards ensuring a safe and harmonious work environment for our employees, as we continued with community development programmes for the benefit of our communities.

Sustainability Performance On Material Issues

CREATING ECONOMIC VALUE

We have five main business concerns which provides direct and indirect economic impacts to surrounding communities and the local economy. These consist of the Package D44 of the Bunus Project in Kuala Lumpur; the Beaufort Water Treatment Plant in Beaufort, Sabah (Beaufort WTP); the Kuantan Project; our Plantation Division; and our Concession and Facilities Management Division.

OUR ACHIEVEMENTS IN 2018

1. Used 100% **local suppliers and vendors**
2. **100%** water quality compliance (Test done by MOH)

Micro Tunneling Boring Machine/ Pipe Jacking of 1500mm Sewer Pipe

PACKAGE D44 BUNUS PROJECT

The Bunus Project, which is conducted by PNCSB, is part of the Greater Kuala Lumpur River of Life initiative, which aims to transform areas adjacent to the Klang River, which flows through the Malaysian capital, into a vibrant commercial and tourist hub. This will enhance Kuala Lumpur's image as a preferred destination for tourists, as well as contributing towards bettering the lifestyles of the population of the city.

Designed and built by PNCSB, Package D44 of the Bunus Project comprises a sewer pipe network at the Bunus catchment area in Kuala Lumpur, and an estimated 1.1 million people will benefit from it. Covering an area of approximately 72 square kilometres, the project impacts upon the areas of Setapak, Ampang, Melawati, AU Keramat and Dato Keramat, which form part of the city of Kuala Lumpur. The RM394.00 million sewage project, which is scheduled to be completed by June 2019, will provide sewerage services to communities living in Ampang Jaya and Kuala Lumpur.

The project involves a total of 73 old Sewage Treatment Plants (STPs) which will be decommissioned. The old STPs are not in compliance with new revised Department of Environment effluent requirements whereas the new Bunus STP adheres to the more stringent effluent requirements.

Through the years, our involvement in the project has created numerous job opportunities for Malaysians as outlined in the table below.

	2016	2017	2018
Local Small and Medium Enterprises (SMEs) Supported	22	15	**35**
Jobs created (contract workers)	365	300	**280**

05 HOW WE CREATE VALUE THROUGH SUSTAINABILITY

BEAUFORT WTP

PNCSB's operations and maintenance (O&M) contract for the WTP located in Beaufort, Sabah, was awarded by the Water Supply Department. The O&M contract commenced on 1 February 2016, and has been extended to 30 April 2019.

The source of the water utilised at the WTP is the Sungai Padas catchment area, which spans a total of 9,180 square kilometres. Sungai Padas is an important source of fishing activities for the local community. It is also the base for tourism activities such as river rafting which forms a source of income for the local community.

Due to the nature of our business, we are committed to maintaining a high quality of water in compliance with Ministry of Health (MOH) regulations. We have in place a six stage water treatment process which includes aeration, pre-sedimentation, flocculation, sedimentation, filtration and chlorination, pH adjustment and fluoridation to ensure high water quality.

Through strict adherence to water quality control, we are able to ensure that every component of the water supply system – water source, WTP and the water distribution system – is operating efficiently and that water produced is safe for household consumption or industrial use. Water quality monitoring is conducted manually and through an online analyser. The frequency of water quality tests are detailed in our O&M contract. For basic parameters, water quality tests are conducted internally at the WTP lab, while tests on other parameters are conducted by an appointed external laboratory.

We also conduct a number of water quality control activities such as conducting jar tests, water quality tests and water quality monitoring. As well as that, our onsite laboratory has turned out to be a focal point of the WTP in terms of public educational and promotional visits. Visits conducted by Government officials, schools, and institutions of higher learning have ensured that the Group benefits from a positive public image for maintaining and managing the WTP according to the highest standards.


Beaufort WTP

Throughout 2018, we have been able to ensure a continuous supply of water, with no incidence of pollution and water supply interruptions.

Indicator	Unit	2016	2017	2018
Total volume of water withdrawal by source	m^3	24,044,634	24,103,952	**25,079,291**
Total volume treated water	m^3	23,026,788	23,099,603	**23,997,860**
WTP water losses	m^3	1,017,846	1,004,349	**1,081,431**
% of WTP water losses	%	4.23	4.17	**4.31**
% of water quality compliance (Test done by MOH)	%	100.00	100.00	**100.00**

As a result of our management and maintenance of the WTP, we have outsourced some work to local SME vendors, as well as providing jobs within the WTP for the Beaufort community, as detailed in the table below.

	2016	2017	2018
Local SMEs Supported	28	38	**48**
Jobs created (WTP employees)	61	62	**60**

PLANTATION DIVISION

Our Plantation Division is managed by Danum Sinar Sdn Bhd (Danum Sinar), and comprises a total cultivated area of 9,767 hectares. The plantation comprises hilly undulating to flat land, with some highland peat on plateau of Murum highlands with numerous rivers flowing across. The estates within the plantation are Arau Estate, Marong 1 Estate, Marong 2 Estate, Lakin Estate, Kalayan Estate and Jabon Estate.

These estates comprise 21% of the total land bank of Danum Sinar in the area of 46,674 hectares. Since the acquisition in July 2017, Danum Sinar had progressed tremendously on Fresh Fruit Bunches (FFB) crop production.

Since we commenced with this business segment in 2017, we have upgraded and improved the infrastructures within the vicinity area such as workers' accommodations, FFB ramps, opening new roads, power supplies and logistics, telecommunications satellite and VSAT (Very Small Aperture Terminal) for each individual estate. All these have enhanced the lives of our people and the surrounding community in the Estates.

We also provide opportunities for local SMEs and jobs for local communities at our Estates. A total of 21% of our employees comprise the local Murum community who are ethnic Penan, while 16% of our workers are Malaysian, and another 63% are foreign workers.

CONCESSION AND FACILITIES MANAGEMENT (CONCESSION) DIVISION

Our Concession Division is undertaken by TRIplc, which has in place two concession agreements at Universiti Teknologi MARA (UiTM), Puncak Alam Campus in Selangor by way of a Private Finance Initiative (PFI).

Construction works at UiTM Puncak Alam

TRIplc has two concession agreements at Universiti Teknologi MARA (UiTM), Puncak Alam Campus in Selangor by way of a Private Finance Initiative (PFI).

The first concession agreement pertains to the development of Phase 2 of the UiTM campus. Under the agreement between UiTM, the Government of Malaysia and TRIplc Ventures Sdn Bhd, the scope of works covers the planning, design, development, construction, landscaping, equipping, installation, completion, testing and commissioning of the facilities and infrastructure, as well as conducting maintenance works in relation to these.

These facilities and infrastructure comprise academic facilities, student accommodations and centralised facilities which are designed, constructed and developed on the project land measuring approximately 45.709 acres, along with the necessary amenities, utilities, and fixtures and fittings. The concession under Phase 2 has been granted for a concession period of 23 years which consists of three years for construction works and a further 20 years for maintenance works. Construction commenced on 11 April 2011, and was completed with the issuance of the Certificate of Acceptance by UiTM on 11 April 2014. The commencement of the maintenance period was from 11 April 2014.

As well as that, TRIplc also holds a second concession agreement for the development of Phase 3 UiTM. The scope of works is to undertake the planning, design, development, construction, landscaping, equipping, installation, completion, testing and commissioning of the facilities and infrastructure and thereafter to carry out the asset management services of these. The parties to the agreement are the Government of Malaysia, UiTM and TRIplc Medical Sdn Bhd. The facilities and infrastructure under Phase 3 comprise a teaching hospital, academic facilities and accommodation facilities to be designed, constructed and developed on the project land which measures approximately 28.19 acres, together with the necessary amenities, utilities, as well as fixtures and fittings. Construction for Phase 3 commenced on 11 April 2017, with an expected completion date scheduled for April 2020. The asset management services period is for a term of 22 years and expire in April 2042.

Both these concession agreements are contributing to job creation in the state of Selangor. Additionally, by undertaking the PFI agreement, TRIplc is contributing towards the development of higher education facilities in line with the national education development agenda. The building of facilities and infrastructure within these two project sites on UiTM provides students with the accommodation and educational facilities they require to further their education.

Maintenance of the faculties and accommodation will ensure that students' comfort are prioritised and they can focus on their studies within a conducive living and study environment. As we continue with both our concession agreements, we are committed to maintaining the highest standards of educational and living facilities at the UiTM campus to support student lifestyles and academic activities.

FACILITIES AND INFRASTRUCTURE BENEFITTING STUDENTS AT UiTM

Phase 2

Academic facilities
- Faculty of Accountancy
- Faculty of Business Management
- Faculty of Hotel Management and Tourism
- Shared facilities

Student accommodations
- Hostel accommodation for 2,500 students
- Fellow accommodations - 10 units

Centralised facilities
- Multipurpose hall
- Maintenance centre
- Surau
- Library
- Student centre
- Cafeteria
- Health centre

Phase 3

Teaching Facilities
- A 10-storey teaching hospital with 400 hospital beds
- Academic facilities for 750 students
- Forensic and Mortuary Block

Accommodation facilities for the following:
- 78 Housemen
- 144 Nurses
- 6 Sisters (Hospital staff)
- 1 Housekeeper

Other Facilities
- Surau to accommodate 180 pax
- Plant House

SUPPLY CHAIN

We have continuously maintained our support of local and Bumiputra suppliers and vendors as part of our corporate commitments towards contributing to the socioeconomic development of the nation. Our procurement practices have been developed and designed to ensure we obtain the best competitive contract price, without compromising on product quality and job delivery. To support local businesses and communities, we try as much as possible to obtain services locally. Thus, most vendors and suppliers for our Beaufort WTP comprise local service providers, while more specialised and niche services are obtained from Kota Kinabalu, Sabah or Peninsular Malaysia.

	2016	2017	2018
Local suppliers / vendors	100%	100%	**100%**
Bumiputra suppliers / vendors	30%	31%	**31%**
Amount spent on local procurement	RM75 million	RM145 million	**RM124 million**

Sustainability Performance On Material Issues

ENVIRONMENTAL VALUE

Puncak Niaga's core businesses within the segment of water and wastewater treatment, as well as plantation are inextricably linked to precious and scarce environmental resources such as water and biodiversity. Therefore, our business imperative is to ensure that we manage our businesses in a responsible manner, through continuous monitoring and evaluation of the impacts of our business on the environment. We ensure this through initiatives to reduce our carbon footprint, sound environmental management practices in our plant operations, as ensuring that we practice sustainable plantation management and conserve biodiversity at our plantation.

OUR ACHIEVEMENTS IN 2018

1. Preserving a total of **3,600 Ha High Conservation Value (HCV) areas**
2. On track to obtain **Malaysian Sustainable Palm Oil certification by 2019**

Harvested fresh fruit bunches at Arau Estate

CONSERVING BIODIVERSITY

We continued with a full year of operations within our plantation in Sarawak, following commencement of our activities the previous year. To ensure that we protect the flora and fauna biodiversity of the plantation, we have incorporated sustainability practices into our plantation segment.

Our efforts to conserve biodiversity are borne through our efforts to uncompromisingly adhere to all relevant laws pertaining to the protection, conservation and rehabilitation of the environment. These include laws and regulations such as:-

1. Land Code (Sarawak) (Cap 81) - (Land Code (Amendment) Ordinance 2000 and Land Code (Amendment) Ordinance 2005 [Sarawak Land Code (Amendment) Bill, 2018])
2. Natural Resources and Environment (Amendment) Ordinance, 2001
3. Wild Life Protection Ordinance (1998 & 1999)
4. Environment Quality (Prescribed Activities) (EIA) Order, 1987
5. Environment Quality (Schedule Waste) Regulation 2005
6. Environment Quality (Declared Activities) (Open Burning) Order 2003
7. Sarawak Natural Resources and Environment (Prescribed Activities) Order 1994

We have also embedded agricultural practices which are aligned with safeguarding biodiversity. These include the following:-

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

05 HOW WE CREATE VALUE THROUGH SUSTAINABILITY

With our plantation management, we have also adopted environmentally sustainable practices which incorporates the protection of High Conservation Value (HCV), High Carbon Stock (HCS) and peat areas to ensure our natural resource sustainability. Within our plantation in Murum, we are preserving a total of 3,600 hectares of HCV areas.

ENSURING SUSTAINABLE PALM OIL PRODUCTION

Within our plantation segment which focuses on palm oil production, our primary aim is to ensure sustainable and safely produced palm oil. Thus, we are committed to comply with the Malaysian Sustainable Palm Oil (MSPO) certification scheme, which we target to achieve by 2019. In 2018, we underwent a thorough gaps analysis process, followed by awareness training, prior to the incoming certification audit in 2019. The MSPO Standards contains seven principles which form the general requirements of a management system framework, based on the three pillars of sustainability of economic viability, socially acceptable, and environmentally sound.

ENERGY MANAGEMENT

Our operations within the WTP are energy intensive by nature, and we are mindful in management our energy consumption to minimise our carbon emissions and utilise natural resources in a more efficient manner.

An important energy management practice at the WTP is the optimisation of 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. As pump operations within the terminal reservoir are within the client's control, and not within Puncak Niaga's purview, this is the most efficient means by which we can manage our energy consumption effectively.

Adding to our efforts, we also switch off lights at non-critical and low security areas, and have been replacing high energy sodium lighting with energy saving LED type lighting. As well as that energy conservation is practiced at the workplace with employees encouraged to switch off lights during their lunch break when they are not at the office.

Within our plantation, we have set up our own in-plantation electricity generator system (fuel-power generators).

Construction works at UiTM Puncak Alam

Location	2016	2017	2018
Wisma Rozali	1,922,224 kWh	1,747,753 kWh	**1,639,779 kWh**
Beaufort WTP	21,091,055 kWh*	21,438,796 kWh	**22,426,421 kWh**
Bunus Project	62,143 kWh	74,769 kWh	**75,630 kWh**
Plantation Estates	-	-	**3,162,068 kWh****

Note:

* February to December 2016

** Assessment initiated in year 2018

NOISE MANAGEMENT

Within our core business segments, noise management is crucial to ensure that there is no noise pollution as a result of our business activities. This is especially so within construction activities at the Bunus Project, O&M activities at the WTP, and plantation activities in Danum Sinar. We have maintained our commitment in this area towards ensuring efficient noise control as an important aspect for the wellbeing and good health of the communities surrounding our operations.

At the Beaufort WTP, our pumping stations are located in isolated locations, so that noise does not carry to any homes located close by. We have also sound proofed the generator building for temporary power supply to reduce audible noise levels when it is in operation.

To ensure the wellbeing of our employees, all our WTP staff and contractors are required to wear protective ear equipment when they are within the pumping station or at designated areas which are deemed to be noise, with staff provided with ear plugs and ear muffs.

In carrying out construction works for the Bunus Project, we have in place mitigation measures to ensure noise levels conform to Department of Environment (DOE) requirements. We also have in place a grievance process mechanism for people from local communities to lodge their complaints should noise levels exceed permissible levels. As well as that, the sewage network pumping stations we are constructing are equipped with noise reduction apparatus to reduce noise pollution.

WATER MANAGEMENT

While our WTP treats and distributes water for local consumption and industry needs, our plantation business consumes a high amount of water in conducting our palm oil production activities. We have transferred our knowledge and skills from managing the water industry to ensure more sustainable consumption of water at our plantation.

Our water management practices within our plantation focus on ensuring good water supply, while reducing aeration and moisture stress to the planted palm oil trees during unexpected dry or rainy climatic conditions. This approach has resulted in us achieving good quality and high-yielding palm oil trees for our FFB.

Other measures put in place to ensure optimal water management include:

- 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;
- Ensure that the solid and liquid wastes are properly disposed of;
- Preserve the natural water quality to a standard that is not detrimental to the environment;
- Preserve the waterways by ensuring minimal sedimentation or blockages as a result of the plantation activities;
- 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.

At our headquarters of Wisma Rozali, we have internal water management controls which ensure the efficient use of water. One of our control parameters is setting an annual water usage cap of 11,600 cubic metres, and implementing measures throughout the year to meet our target. Thus far, we have been monitoring water usage at Wisma Rozali and the Bunus Project. Beginning 2019, we plan to monitor water usage at our plantation division as well.

Location	2016	2017	2018
Wisma Rozali	11,387 m^3	13,701 m^3	**11,940 m^3**
Bunus Project	N/A	6.18 m^3	**5.89 m^3**

REDUCING OUR INTERNAL ENVIRONMENTAL FOOTPRINT

Throughout our various offices, facilities and buildings, we have continuously maintained efforts to reduce our energy consumption, along with paper consumption. In 2018, we continued with our internal environmental footprint initiatives through the following measures:

- Using recycled paper and double sided printing to reduce paper consumption;
- Replacing old office equipment such as photocopier machines with up-to-date energy-saving models;
- Promoting an energy saving culture amongst our employees.

Throughout the years, we have maintained an environmentally conscious culture, as can be seen through the reams of paper consumed throughout all our offices.

Reams of Paper Consumed	2016 (reams)	2017 (reams)	2018 (reams)
Wisma Rozali	4,086	3,625	**3,705**
Beaufort WTP	98	70	**50**
Bunus Project	315	373	**384**

05 HOW WE CREATE VALUE THROUGH SUSTAINABILITY

TECHNOLOGY AND INNOVATION

We have continuously invested in technology innovations to drive our business competitiveness through enhancements in our production processes, and work systems which will allow for more efficient outcomes. An important outcome we are looking for is new ways in which we can further minimise our business' impact on the environment.

In 2018, the Information and Communication Technology Department (ICTD) implemented various technological innovations to further strengthen our management and operation outcomes, through a more integrated and seamless Information System and Communication Technology.

Key outcomes obtained in 2018 were as follows:

- **Implementation of Disaster Recovery Site**
  In 2018, ICTD established a Disaster Recovery Site to minimise data loss and to ensure that critical applications can be accessed in the event of any major disaster such as fire, flood, long power outages, or if the critical servers at the data centre cannot be recovered within twenty-four hours after major breakdown. By doing so, we have enhanced our abilities to ensure smooth business operations regardless of the circumstances.

- **Implementation of Offside Data Storage**
  An Offsite Data Storage system was implemented to recover business operations to the point of returning as close as possible to business as usual activities following any disruptive incidents. All critical data will be synchronised at the Puncak Niaga Disaster Recovery Site.

- **Enhancing the Group's ICT Infrastructure**
  We focused on upgrades aimed at providing a secure network infrastructure to ensure that corporate data is delivered reliably and is secure from internal and external attacks.

- **Conducted IT Penetration Tests**
  During the year, we appointed a qualified company and expert engineer to conduct IT Penetration tests to identify system vulnerabilities. Three types of penetration testing were conducted, namely Internal Network, Web Application and Access Privilege. All vulnerabilities found have been addressed accordingly follow the expert's recommendations and suggestions.

- **Adhered to IT Security Compliance to provide assurance against cyber-attacks**
  We maintained strict adherence of standard IT Security Compliance and eliminated all possible security backdoor threats and vulnerabilities in order to ensure that the Group's network is secure from cyber-attacks.

Moving forward, ICTD will continue focusing on strengthen the IT infrastructure by provide scalable, secure, and highly available computing infrastructure and application systems that minimises cost while ensuring good quality of ICT services. We will also continue automating manual processes into our 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;

RM249,733.00
spent on ICT upgrades in 2018

Zero
network downtime in 2018

Providing telecommunications
satellite
and VSAT in our Estates in Murum, Sarawak

- 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.

Beaufort WTP's waste management is centred around its effluent and sludge discharge, with most of these from Phase 2 of the WTP being discharged into sludge lagoons. The utilisation of pumps and motors results in used oil and grease which needs to be disposed. We ensure that this is conducted in accordance with local regulations by hiring DOE registered contractors to dispose of this waste. General waste is disposed via controlled burnings, with the burnt residue planted in the ground.

At Wisma Rozali, we have in place a paper recycling programme which is part of our waste management efforts at HQ offices.

Within the Bunus Project, we have encouraged our staff to recycle and reuse both sides of the paper, thus reducing paper usage.

Location	2016	2017	2018
Wisma Rozali	714 kg	700 kg	**565kg**
Bunus Project	210kg	500 kg	**800 kg**

3R – Recyclable Waste Bins at Arau Estate

We have continuously invested in technology innovations to drive our business competitiveness through enhancements in our production processes, and work systems which will allow for more efficient outcomes.

05 HOW WE CREATE VALUE THROUGH SUSTAINABILITY

Sustainability Performance On Material Issues

VALUE TO OUR EMPLOYEES

Our employee base of 635 people form the foundations of our forward moving business activities, to further our strategic vision. As a crucial enabler of our value creation efforts, we believe in maintaining an ideal workplace environment, through various talent programmes and initiatives, work place policies, comprehensive grievance mechanisms and engagement platforms.

OUR ACHIEVEMENTS IN 2018

1. Total training investment of **RM117,559.80**
2. 100% compliance with **OSH on Bunus Project**
3. **Zero fatalities recorded** Group-wide

Monthly Staff Assembly at Head Office

OUR EMPLOYEES

To ensure the continuous improvement of our employees' capabilities and skills within a conducive working environment, we invest significantly in safety processes, employee wellness, training and development and labour engagement practices.

A strong work safety culture remains the cornerstone of all our activities within our business segments of water and wastewater, environmental engineering and construction, plantation and concession, to ensure our employees safety at the workplace. Adherence to fair and inclusive labour practices lend to the strength of our engagements and relationship with both our employees and suppliers, and recognition within the industry as an employer of choice.

Harnessing the power of our diverse employee demographic forms a critical component of enabling a workplace focused on the innovations, ideas, perspectives and unique skills which our people share with us when they conduct their work. We encourage constructive opinions and feedback from our people through two-way communications at monthly staff assemblies, recreational activities and religious functions. As well as that, mutual sharing of knowledge and information between Management and employees is also facilitated at various workplace events.

In 2018, we launched several new programmes aimed at further strengthening and improving our work culture, measuring our behaviours and ensuring that we act as team to keep our stakeholders' interests at the heart of everything we do. In line with the need to make more concerted efforts to conserve our depleting cash and prudently manage operating expenses which are commensurate with the Group's income, we implemented the following exercises during the year:

(a) Conducted a right sizing exercise on 31 July 2018 and 31 August 2018 involving a total of 53 employees.

(b) Implemented further pay cuts on the salaries of the Group's Senior Management's level (Group Managing Directors, Executive Directors and Senior General Managers) and the salaries of the employees of the Group who were earning a monthly salary of between RM6,000 and RM26,000 with effect from 1 August 2018.

SEXUAL HARASSMENT POLICY

As part of our efforts to ensure a safe workplace and conducive work environment, we have in place a Sexual Harassment Policy which has been enhanced to deal with complaints of sexual harassment at the workplace. In 2018, no complaints were received.

	2016	2017	2018
No. of Sexual Harassment Complaints Received	None	None	**None**

FORCED OR COMPULSORY LABOUR, HUMAN RIGHTS VIOLATIONS AND CHILD LABOUR

Throughout 2018, there were no incidents of forced or compulsory labour, human rights violations and child labour within our Group. As well as that, there have never been any violations of human rights or the rights of indigenous people since Puncak Niaga's inception. Our Auxiliary Police who are responsible for Group security, have also been trained on ethical security practices so that they are aware of human rights issues.

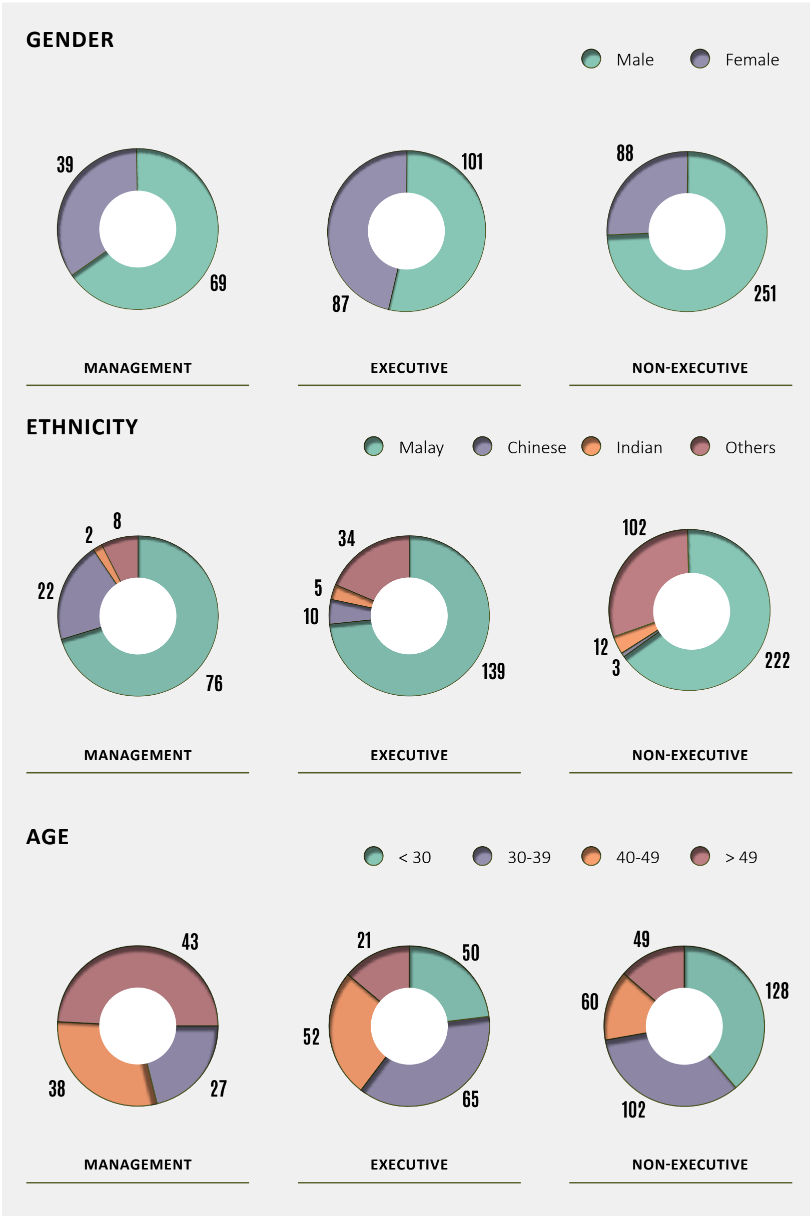
GRIEVANCE MECHANISM

Our structured grievance mechanism process is accessible to all our employees Group wide. It also extends to our suppliers, local communities and social groups, and is testament of our ongoing commitment to provide transparency and accountability to our stakeholders. Our grievance mechanism channel is open to all potential issues which our stakeholders may raise, including environmental concerns, labour practices and human rights. In 2018, no complaints were received.

	2016	2017	2018
No. of Complaints Received and Resolved	1	None	**None**

WORKPLACE DIVERSITY

Following on with the implementation of a Board Diversity Policy aimed at ensuring gender diversity at Board level, we now have 12.5% female representation on our Board. Within our numerous business units, we have good representation of different gender, ethnicity and age.



TRAINING AND DEVELOPMENT

Our continuous investments in the Group's talent development platform supports our people by enhancing their skills and capabilities through the provision of continuous professional development opportunities. In 2018, excluding TRIplc, we spent a total of RM117,559.80 on training and development programmes, held both internally and externally.

Our employees attended the following external training in 2018:-

- Companies Act 2016
- Seminar on ISO 45001
- Introduction to Malaysian Business Reporting System (MBRS)
- Benefit Under Employment Law EIS 2018, EA 1955 & LO 2004/2005, EPF Act 1991 & Socso Act 1969
- Risk Management Conference 2018 – Enhancing Risk Oversight: Risk Intelligence and Culture
- Contract Administration for Contractors

Talent Development

To drive the sustained growth of the Group, we continued with our talent development programmes in 2018 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 continue to 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.

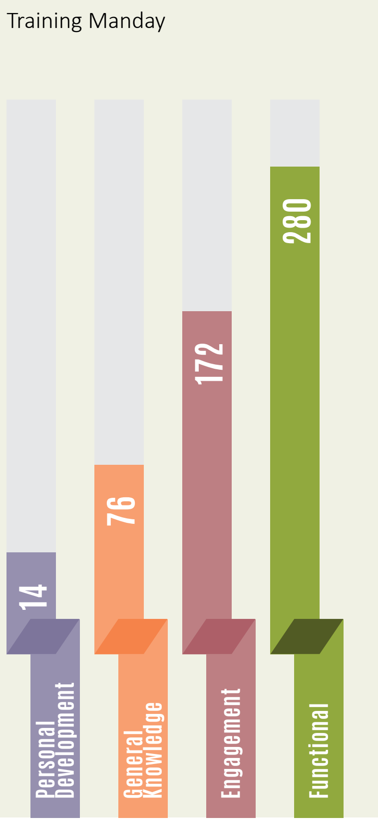
To save on training costs, HCDD organised in-house training programmes as follows:

- Domestic Inquiry Procedure and Role of the Panel at Domestic Inquiry
- Scheduled Waste Management
- 5S/Quality Environment and Safety & Health
- 'Kursus Pengendalian Makanan' (Food Control Course)
- MSPO MS2530 – Understanding and Implementing (Awareness Course)

Types of Training Courses conducted in 2018

Course Category	Description
Functional	274 staff attended the functional programme through nine (9) in-house training programmes, 76 external training programmes and two (2) OJT.
Personal Development	The personal development programme is to enhance staff growth by expanding self-awareness and knowledge. A total of three (3) staff attended two (2) external training programmes, while two (2) staff attended one (1) OJT.
Engagement	HCDD has conducted three (3) in-house training programmes and 39 OJT.
General Knowledge	HCDD has conducted one (1) in-house training programme and six (6) in-house talks for General Knowledge.

TOTAL TRAINING MANDAY BY TRAINING CATEGORY



COLLABORATIONS TO ENHANCE OUR EMPLOYEES CAPACITIES

We continued with our collaborations with institutions of higher learning, namely Management Science University (MSU) and Politeknik Sultan Idris Shah (PSIS) during the year, in line with our desire to support our employees ongoing learning and professional development. Our collaboration with MSU was borne through sponsorship of MSU's 22nd Industry Award (Anugerah Industri).

At PSIS, our Executive Chairman, YBhg Tan Sri Rozali Ismail shares his insights and guidance as the Chairman of the PSIS Advisory Committee. In 2018, we sponsored two awards at its Convocation Ceremony, namely the Tan Sri Rozali Award and the Industry Award. In his capacity as Chairman, YBhg Tan Sri Rozali attended the meeting held between PSIS and industry specialists. He also graced PSIS' 13th Convocation Ceremony, and chaired the annual PSIS-Industry Meeting 2018 (Mesyuarat Industri PSIS). Additionally, Puncak Niaga also sponsored the Robotics Team from PSIS.

'Program Persiapan Kembali Ke Sekolah Sesi 2019, TRIplc'

BENEFITS AND COMPENSATION

We have in place comprehensive benefits and compensation packages for our employees which are periodically reviewed by the Malaysian Employers Federation (MEF) and other external sources. To ensure we remain as employer of choice and attract the best talent in the industry, we constantly review and benchmark our benefits and compensation package against industry standards.

The benefits we offer include health insurance schemes for our employees and their family members, as well as financial aid through the deployment of educational loans, and housing and car loan interest subsidies.

Our female employees have the statutory two-month maternity leave, while male employees are entitled to two-day paternity leave.

PERFORMANCE AND APPRAISAL

Performance and appraisal exercises are conducted twice a year across the Group, through our internal Electronic Performance Development Appraisal Forms (e-Appraisal).

Our Independent Employees Performance Review Committee (IEPRC) reviews, evaluates and synchronises assessments and scores given by Heads of Departments and Divisions. The IEPRC final recommendations are then submitted to the Executive Committee (EXCO) of Puncak Niaga and ultimately, the Board. The Board's decision on employee rewards are based on individual performance and that of the Company, and it also proposes appropriate action plans for employees whose performances are below par.

Non-performing employees undergo a Performance Improvement Programme (PIP) which includes counselling by the Head of Division and Executive Director, Human Resources and Administration Division. Thereafter, their performance is reviewed monthly over a six-month period.

All the non-performing employees underwent the PIP, along with three sessions of performance dialogue and counselling with their immediate superior, Head of Religious Department and the Executive Director of Human Resources and Administration Division.

OCCUPATIONAL SAFETY AND HEALTH (OSH)

We firmly believe that ensuring the highest standards of OSH which provides for a healthy, safe and environmental-friendly workplace ensures the long-term sustainability of our business. The safety and health of our employees, contractors, visitors and interested members of the public is prioritised through comprehensive safety and health frameworks, processes and systems Group wide.

At PNCSB, we have an Integrated Management System which eliminates and minimises work related risks through various initiatives centred on preventing injuries, ill health and environmental pollution.

We conduct regular site safety inspections and tool box briefings with our staff. Feedbacks derived from these are streamlined into focused improvements with regards to our health and safety practices. All our employees are required to wear Personal Protective Equipment (PPE) at all times.

Within our pipe-laying projects at Bunus, we have in place a Health, Safety and Environment (HSE) policy which has been approved by our client, and forms the basis for us to enhance on site safety through preventative measures. We consistently maintain safety signs for both our workers and members of the public to warn them of any potential risks. Along with a comprehensive Traffic Management Plan designed by professional engineers and implemented by certified Traffic Management Officers, we also have in place flagmen at the corners of roads where pipe-laying projects are located.

To minimise any potential risks for our workers who handle chemical compounds, especially within our WTP, we have appointed assessors for Control of Industrial Major Accident Hazards (CIMAH) and Chemical Health Risk Assessment (CHRA). Additionally, we appoint assessors for CIMAH to identify and minimise risks for our workers in contact with chlorine and other hazardous chemicals.

As pesticides are commonly used for pest control in any oil palm plantation, we ensure that our workers have adequate knowledge in OSH practices in handling pesticides. With this, we have implemented our OSH Manual for our plantation with the objective to secure the safety, health and welfare of the employees at our plantation areas.

In 2018, we achieved 100% compliance with regards to health, safety and environment related issues for the Bunus Project.

Compliance with OSH

	2016	2017	2018
Bunus Project	100%	100%	**100%**

05 HOW WE CREATE VALUE THROUGH SUSTAINABILITY

LOST TIME INJURY (LTI)

We have consistently utilised LTI as a major safety index to measure the effectiveness of our Group's HSE policies and practices.

As at 31 December 2018, three (3) Business Units including our Headquarters (HQ) managed by PNCSB achieved zero LTI.

LTI Achievements for 2018 are as follows:-

No.	Business Units	Manhour/Days
1	PNCSB HQ	2016: 122,932 2017 : 207,248 **2018 : 259,376**
2	Bunus Project	2016: 876,702 2017 : 537,320 **2018 : 1,260,980**
3	Beaufort WTP	2016: 130,081 2017 : 262,344 **2018 : 383,371**
4	UiTM Project/TRIplc	2016: 937,850 2017 : 1,583,140 **2018 : 5,585,880**
Total man-hours		2016: 2,067,565 2017 : 2,590,052 **2018 : 7,489,607**

Summary of Incidents for Puncak Niaga

Type of incidents	Year	PNCSB HQ	Bunus Project	Beaufort WTP	UiTM Project/ TRIplc
Fatality	2016	0	0	0	0
	2017	0	1	0	0
	2018	**0**	**0**	**0**	**0**
Medical Treatment Injury (MTI)	2016	0	0	0	0
	2017	0	0	0	18
	2018	**0**	**0**	**0**	**15**
Dangerous Occurrence	2016	0	0	0	0
	2017	0	0	0	0
	2018	**0**	**1**	**0**	**0**
Property Damage	2016	0	0	0	0
	2017	0	1	0	0
	2018	**0**	**1**	**0**	**0**
Others (first aid, near miss, fire and others)	2016	0	3	0	0
	2017	0	3	0	1
	2018	**0**	**4**	**0**	**2**

SECURITY PRACTICES

Founded on 9 June 2006, the Group's Auxiliary Police is formed by a security team which is fully trained by the Royal Malaysia Police (PDRM), and who grants them the authority to enforce law, rules and regulations.

In forming the Auxiliary Police team, we have three aims in mind, 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 following comprises the duties and responsibilities of the Auxiliary Police team:

- Crime prevention in company 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 areas;
- Participating in PDRM's official activities by invitation such as Auxiliary Police Association.

As at end 2018, we employed 134 Auxiliary Police, Security Guards and surveillance officers, who are in charge of security at Puncak Niaga's offices, WTP, estates and all sites belonging to the Group.

Besides security duties, our Auxiliary Police team plays a crucial role in developing relationships of trust with the Government and within the local communities of our operations, as this is the means by which we contribute towards a safe and secure environment. We have also set up a new team of fully trained security guards within our plantation estates in Murum, Sarawak.

In 2018, our Auxiliary Police team continued with their outstanding services to the Group, as they worked closely with PDRM and local authorities to deal with any security issues in the surrounding areas. We constantly monitor the training provided to the team to reinforce human rights awareness and any potential impact that they may have on local communities.

PROVIDING ON-THE-JOB TRAINING OPPORTUNITIES

We are passionate about our future generation and as part of our contribution towards enhancing the capabilities of Malaysian students, Puncak Niaga provides on-the-job training for students from local universities through our internship programme. We mentor interns and provide them with first hand working exposure in the real world. In 2018, 14 interns took part in the programme.

Sustainability Performance On Material Issues

VALUE TO OUR COMMUNITIES

We believe in contributing to the socioeconomic development and wellbeing of the communities living within the footprint of our operations. Our efforts are focused on providing for ethnic communities living in areas surrounding our plantations in Sarawak, East Malaysia, as well as local communities in Peninsular Malaysia. Through our staff association group, we provide our employees the opportunity to give back to local communities.

OUR ACHIEVEMENTS IN 2018

1. Contributed to the socioeconomic development of Penan ethnic communities
2. PEKA organised **16 events** in 2018
3. Spent a total of **RM862,373.00** on community initiatives in 2018

PEKA Bowling Tournament at Wangsa Bowl, Setia City Mall

COMMUNITY PROGRAMMES

Our Corporate Social Responsibility (CSR) Policy lays out our sustainability strategy with regards to community engagement within all our business segments. The overall objective of our CSR Policy is to strengthen our relationships of trust and accountability with local communities within our businesses' footprint, so as to enhance the image of the Puncak Niaga brand.

PROVIDING FOR PENAN ETHNIC COMMUNITIES

Within our plantation segment, Danum Sinar places the highest priority on the health and wellbeing of our employees. Throughout 2018, various recreational and sports programmes were organised to encourage closer relationships between employees and better organisational communications. Among activities held were "Field Day", "Raya Haji Korban", while seminars and trainings were provided based on identified needs and on a periodic basis. We took care of the welfare of our ethnic Penan employees in line with providing a harmonious working environment based on family values within our plantation estates.

PEKA

Persatuan Kakitangan Kumpulan Syarikat Puncak Niaga (PEKA), or our Staff Association of Puncak Niaga Group of Companies, provides our employees with a valuable platform which promotes team building and good intra-office relations. Through PEKA, our employees come together to participate in community activities, which helps foster relationships of trust between our Group and the communities we operate within. Participation in PEKA also promotes employee wellbeing, as well as keeping them motivated and in good spirits, all of which are crucial for employee job satisfaction. In 2018, PEKA members organised and participated in a total of 16 religious, sports, social and charitable activities.

PEKA reached out to more than 531 employees (PEKA members) and 515 community members through various religious, sports, social and welfare activities during the year.

COMMUNITY INVESTMENT IN 2018

In 2018, we spent a total of RM862,373.00 on community initiatives.

	2016	2017	2018
Total Spent on Community initiatives	RM10.2 million	RM2.2 million	**RM862,373.00**

05 HOW WE CREATE VALUE THROUGH SUSTAINABILITY

CORPORATE EVENTS

2018 08 FEB

Visit to the children's cancer ward at Hospital Kuala Lumpur

2018 13 FEB

Puncak Niaga's Extraordinary General Meeting

2018 06 MAR

Educational visit to the Malaysian Palm Oil Board (MPOB) headquarters at Bandar Baru Bangi

2018 09 MAR

A CSR initiative on "Walking To Feed the Homeless"

2018 26 APR – 27 APR

A Mini Kaizen Competition organised as part of the Innovative & Creative Circle (ICC) programme for Beaufort WTP Project's staff at Beaufort WTP, Sabah

2018 03 MAY

A CSR programme on "Bersama Pertubuhan Perkhidmatan Sosial Dan Pembangunan"

CORPORATE EVENTS

2018
30 MAY

Puncak Niaga's 21st Annual General Meeting

2018
06 JUN

Zakat contribution to the Orphans/Poor at Masjid U3, Subang Perdana @ Mydin USJ 1 for Hari Raya Aidil Fitri

2018
20 JUL

A "Majlis Silaturrahim" organised for staff/ employees of D44 Project

2018
22 SEPT

Gotong-Royong Mega, Parlimen Wangsa Maju, Sg. Merali

2018
28 OCT

"Gotong-Royong Perdana Siri Ke-5" at Bandar Puncak Alam

2018
19 NOV

Zakat contribution to the Orphans/Poor Students of Sekolah Kebangsaan Jalan U3, Subang Perdana @ Mydin USJ 1 for new school year 2019

2018
20 NOV

Puncak Niaga was awarded the "Best Brands In Services : Integrated Water, Wastewater And Environmental Solutions" by the Brandlaureate in Hanoi, Vietnam

06 OUR LEADERSHIP AND THEIR ROLES

BOARD OF DIRECTORS' PROFILE

3

Independent Directors

1

Non-Independent Director

4

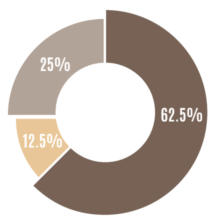
Executive Directors

1

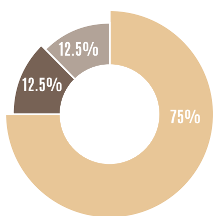
Alternate Director

GENDER DIVERSITY

AGE DIVERSITY



ETHNICITY DIVERSITY



Puncak Niaga Holdings Berhad has in place a diverse composition of Board of Directors (Board) which reflects a talented and dedicated cross-section of Board members from a diverse mix of expertise, skills and industry backgrounds, who are able to share their insights and guidance to ensure the highest standards of governance are maintained Group-wide. The Group's Board members come from diverse backgrounds, which includes, but is not limited to, skills, knowledge, industry experience, gender, age, cultural, education and socioeconomic backgrounds, ethnicity and expertise. Through the wide diversity matrix and high value insights and guidance of our Board members, the Group is able to ensure the continuous effective stewardship and management of our business.

A CULTURE OF

"We believe that maintaining an optimum mix of skills, knowledge and experience on the Board, along with a diverse composition of members, forms the foundations of the effective stewardship and management of our organisation."

Key to Committee membership

N Nomination Committee
R Remuneration Committee
A Audit Committee
E Executive Committee
C Compliance, Internal Control and Risk Policy Committee
Red background denotes Committee Chairman

LEADERSHIP & EFFECTIVENESS

EXECUTIVE CHAIRMAN

YBHG TAN SRI ROZALI ISMAIL

E

Nationality: Malaysian

Aged: 62

Gender: Male

Ethnicity: Malay

Date of Appointment: 24 April 1997

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 Group and major shareholder of Puncak Niaga. YBhg Tan Sri Rozali Ismail also serves as Chairman of Puncak Niaga's Executive Committee and Executive Vice Chairman of Puncak Niaga's Oil & Gas Division.

Having graduated from Universiti of Malaya with a Bachelor of Law Degree in 1981, YBhg Tan Sri Rozali began his career as Legal Advisor with the Urban Development Authority before joining Bank Islam (M) Berhad in 1983, where he conceptualised the Malaysia's first Islamic banking institution. In 1987, he began his own legal practice specialising in corporate, property and banking. He set up Puncak Alam Housing Sdn Bhd, a property development company and PNSB, a water utility company, in 1989.

Throughout his illustrious career, YBhg Tan Sri Rozali has received various international and local industry recognitions. In more recent years, these include Technology CEO of the Year - Global Award at the World Finance Technology Awards 2011, Entrepreneur of the Year 2011 Award at the Asia Pacific Entrepreneurship Awards 2011, Masterclass Leader Award at the International Standard Quality Award 2011, International Distinguished Entrepreneur Of The Year for the Asia Pacific International Brands Summit (Malaysia) 2011, Special Individual Achievement Category at the 1st Malaysia Achievement Awards 2012, "Utility Man Of The Year" at the Brandlaureate Brand Leadership Award 2014-2015, "Munisaraphoin Medal" by the Prime Minister of Cambodia H.E Hun Sen in 2015, Certificate of World Business Leader and the Certificate of Excellence in Business Leadership from the World Confederation of Businesses (WORLDCOB) in 2015, World Leader Businessperson by WORLDCOB at The Bizz 2016 and 2017, and Outstanding Leaders in Asia at the Asia Corporate Excellence & Sustainability Award 2016 by MORS Group.

He 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 and Malaysian Institute of Management. YBhg Tan Sri Rozali also acts as Advisor to IMM, Governor for Malaysia of Asia Pacific Marketing Federation Foundation, Advisor of "Persatuan Bola Sepak Melayu Malaysia", Chairman of Gabungan Wawasan Generasi Felda Berhad and Chairman of Majlis Perundingan Ekonomi Melayu. Tan Sri Rozali is the Chairman of TRIplc Berhad and the Chairman and major shareholder of Pimpinan Ehsan Berhad.

06 OUR LEADERSHIP AND THEIR ROLES

Nationality:
Malaysian

Aged:
55

Gender:
Male

Ethnicity:
Malay

Date of Appointment:
18 July 2018

MANAGING DIRECTOR OF PUNCAK NIAGA

YBHG DATO' ZAINAL ABIDIN SALLEH

E

YBhg Dato' Zainal Abidin Salleh was appointed as Group Managing Director of Puncak Niaga Holdings Berhad on 18 July 2018. He joined Puncak Niaga 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. He is a member of the Executive Committees of Puncak Niaga and Puncak Niaga Construction Sdn Bhd.

YBhg Dato' Zainal Abidin obtained his Bachelor of Science (Agribusiness) Hons and Diploma in Agriculture Sciences from University Putra Malaysia.

Prior to this appointment, YBhg Dato' Zainal Abidin was the Group Chief Executive Officer with KUB Malaysia Berhad. He had been with KUB Group since July 2010 and held 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 within KUB Group.

Throughout more than three decades of his career, YBhg Dato' Zainal Abidin has vast experience leading the conglomerate business in construction, property development and plantation industry. He was among the prominent leader in various construction industries and involved in KLIA2 Runaway Project and few other mega projects. Meanwhile, YBhg Dato' Zainal Abidin is also among the pioneer and former Principal at International Islamic University Gombak and has extensive experience in leading the higher education sector particularly corporate and strategic operational management.

YBhg Dato' Zainal Abidin started his career with Harrison Malaysian Plantations Berhad, (subsequently renamed as Golden Hope Plantations Berhad). He has more than 30 years' of extensive experience in plantation business, especially in rehabilitation of oil palm estate and had turned around several plantation companies into a prominent player in the industry.

During his past employment in other companies, YBhg Dato' Zainal Abidin was also known as a Plantation Consultant within the plantation players in Malaysia and Indonesia, and has experience in overseeing more than 100,000 hectares of oil palm plantation in Indonesia.

Apart from his career in the corporate sector, YBhg Dato' Zainal Abidin is also involved in social and welfare activities. He was a former Honorary Secretary for the National Council of Welfare Malaysia.

BOARD OF DIRECTORS' PROFILE

Nationality:
Malaysian

Aged:
70

Gender:
Male

Ethnicity:
Malay

Date of Appointment:
6 October 2008

INDEPENDENT NON-EXECUTIVE DIRECTOR

YBHG TAN SRI DATO' AHMAD FUZI HAJI ABDUL RAZAK

N R C A

YBhg Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak was appointed to the Board of Puncak Niaga on 6 October 2008 as an Independent Non-Executive Director. He is the Chairman of Puncak Niaga's Audit Committee and Compliance, Internal Control and Risk Policy Committee and member 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), JSM (1999), DSPN (1999), DMPN (2002), PSM (2003) and 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, Secretary-General of the World Islamic Economic Forum Foundation (WIEF). He is also Chairman; Seremban Engineering Berhad, Syarikat Takaful Malaysia Keluarga Bhd, Syarikat Takaful Malaysia Am Bhd and Apex Equity Holdings Bhd.

YBhg Tan Sri Dato' Ahmad Fuzi is currently also Group Chairman, ACE Holdings Berhad Group; and Chairman, ACE Investment Bank Limited, Theatre Management Associates Sdn Bhd, Sofgen (Malaysia) Sdn Bhd, IMAN Research Consulting Sdn Bhd and TAERG International Sdn Bhd. He is also Member of the Board, Management Development Institute of Singapore (MDIS) Malaysia Sdn Bhd; CGM Alstar Solutions Sdn Bhd and Lejadi Medimax Sdn Bhd.

YBhg Tan Sri Dato' Ahmad Fuzi is a Distinguished Fellow, Institute of Strategic and International Studies (ISIS) and Institute of Diplomacy and Foreign Relations (IDFR); Deputy Chairman, Malaysian Member Committee of the Council for Security Cooperation in the Asia Pacific (CSCAP Malaysia) and Member, Board of Trustee, MERCY Malaysia; Perdana Global Peace Foundation (PGPF); Yayasan Sarana Pendidikan Malaysia (YSPM) and Lejadi Foundation. He is also Member, Institute of Advanced Islamic Studies (IAIS); Patron, Malaysia- China Culture Association; and Advisor, Asia Pacific Entrepreneurship Award (APEA); Malaysia-Myanmar Chamber of Commerce; High School Bukit Mertajam Alumni Malaysia; SME and Entrepreneurship Award (SEBA) and Pixel Play Ventures Sdn Bhd. He also sits on the Board of Governors of Meritus University.

06

OUR LEADERSHIP AND THEIR ROLES

Nationality:
Malaysian

Aged:
53

Gender:
Female

Ethnicity:
Malay

Date of Appointment:
1 August 2006

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

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

R C A

Y.A.M. Tengku Dato' Rahimah Almarhum Sultan Mahmud was appointed to the Board of Puncak Niaga Holdings Berhad on 1 August 2006 as an Independent Non-Executive Director. 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. She is a member of Puncak Niaga's Remuneration Committee and Compliance, Internal Control and Risk Policy Committee.

Y.A.M. Tengku Dato' Rahimah holds a BSc in Economics and Accountancy from the City of London University, United Kingdom (UK). 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, UK and upon her return to Malaysia, she joined Esso Malaysia Berhad for 5 years.

Currently Y.A.M. Tengku Dato' Rahimah sits on Board of Hua Yang Berhad besides several private limited companies.

Throughout the years, Y.A.M. Tengku Dato' Rahimah has developed experience and knowledge in various sectors namely, automobile, agriculture, construction, investment in real estate and now in tourism industry.

BOARD OF DIRECTORS' PROFILE

Nationality:
Malaysian

Aged:
62

Gender:
Male

Ethnicity:
Malay

Date of Appointment:
1 December 2017

INDEPENDENT NON-EXECUTIVE DIRECTOR

YBHG DATO' SRI ADENAN AB RAHMAN

C N A R

YBhg Dato' Sri Adenan Ab Rahman was appointed to the Board of Puncak Niaga on 1 December 2017 as an Independent Non-Executive Director. YBhg Dato' Sri Adenan Ab Rahman is the Chairman of Puncak Niaga's Remuneration Committee and member of Puncak Niaga's Audit Committee, Compliance, Internal Control and Risk Management Committee and Nomination Committee. He graduated from Universiti Malaya with a Bachelor of Arts degree in Southeast Asian Studies in 1979, and subsequently obtained his Master of Arts majoring in Defence Studies from Universiti Kebangsaan Malaysia in 2002.

YBhg Dato' Sri Adenan started his career as Assistant Manager, Lembaga Kemajuan Negeri Pahang in 1979 and has served the Government for more than 38 years in various positions in Departments Ministries including the Public Service Department of Malaysia, Prime Minister's Department, various Embassies, Ministry of Home Affairs and Ministry of Human Resources. He has held 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 Advisor, 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 was the former Chairman of Skills Development Fund Corporation, a Federal Statutory Body under the Ministry of Human Resources (2017-2018).

He has vast knowledge and experience in administrative matters, diplomatic and international relations, compensation and 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 Resources on 5 October 2017.

06

OUR LEADERSHIP AND THEIR ROLES

Nationality:
Malaysian

Aged:
57

Gender:
Male

Ethnicity:
Indian

Date of Appointment:
1 February 2018

INDEPENDENT NON-EXECUTIVE DIRECTOR

YBHG DATUK DR MARIMUTHU NADASON

C R A N

YBhg Datuk Dr Marimuthu Nadason was appointed to the Board of Puncak Niaga on 1 February 2018 as an Independent Non-Executive Director. YBhg Datuk Dr Marimuthu Nadason is the Chairman of Puncak Niaga's Nomination Committee and member of Puncak Niaga's Audit Committee, Remuneration Committee and Compliance, Internal Control and Risk Policy Committee. He holds a Doctorate of Business Administration from the International American University in 2012, a Master in Business Administration (MBA) (Human Resource Management) from the International American University and an MBA from Phoenix International University, both in 2008.

He was conferred an Honorary Professorship in Consumer Behaviour by the Stichting Eurogio University College Netherlands (2014), Honorary Professor and Panel Expert for IIC University of Technology Cambodia (2014) and Visiting Professor in Consumer Relations by the International University of Georgia (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 was given the title of Professor Emeritus by University Institute for International and European Studies, Netherlands on 27 August 2018.

YBhg Datuk Dr Marimuthu is a consumer activist, social worker and campaigner with honorary positions in national and international non-governmental organisations.

At national level, he is Chairman, Malaysian Standards and Accreditation Council, Department of Standards Malaysia, Ministry of International Trade and Industry (2018 – 2020); Commissioner, National Water Services Commission (SPAN) (2007 – 2017); President, Federation of Malaysian Consumers Association (2004 – Present); Independent Director, Ombudsman For Financial Services (Previously known as Financial Mediation Bureau) (2004 – May 2019); Member, Institute of Integrity Malaysia (2004 – Present) and Chief Executive Officer, Education and Research Association for Consumers (1997 – Present).

In the international field, he is Council Member, Consumers International, London (2008 – Present) and Chairperson, Asian Partnership for Development of Human Resources in Rural Asia, Philippines (2006 – 2010). He has also held various advisory roles, both presently and in the past, on several Government and Independent Boards at national and international levels.

BOARD OF DIRECTORS' PROFILE

Nationality:
Malaysian

Aged:
57

Gender:
Male

Ethnicity:
Malay

Date of Appointment:
1 June 2018

EXECUTIVE DIRECTOR, OPERATIONS DIVISION

YBHG DATO' YUSOF BADAWI

E

YBhg Dato' Yusof Badawi was appointed to the Board of Puncak Niaga Holdings Berhad as Executive Director, Operations Division and Managing Director (MD) of Puncak Niaga Construction Sdn Bhd (PNCSB) on 1 June 2018. He is also the MD of TRIplc Berhad since November 2015, and a member of the Executive Committee of Puncak Niaga and PNCSB.

He has 33 years of experience in the construction industry within the management and implementation of various construction, infrastructure, waterworks and maintenance projects. He graduated from Southern Illinois University, United States of America in 1984 with a Bachelor of Science majoring in Civil Engineering and minoring in Construction and Mathematics. He is a member of the Board of Engineers Malaysia, the Malaysia Institute of Management and the Malaysian Water Association.

YBhg Dato' Yusof Badawi began his career as a Project Engineer in Setiawannnis Sdn Bhd in February 1986, and in June 1990 joined Perangsang International Sdn Bhd as a Project Engineer with secondment to Hazama Corporation for the period June 1990 to December 1992 for civil engineering activities for the Sungai Selangor Water Supply Scheme and subsequently, LGB Sdn Bhd in January 1993 as an Assistant Site Agent for the same project. In May 1996, he joined Hazama Corporation as Chief Civil Engineer where he continued working on the Sungai Selangor Water Supply Scheme project until September 1998.

He joined PNSB in October 1998 as a Senior Manager and his last held position was Assistant General Manager before he left PNSB in July 2001. He was the CEO/Project Director of Konsortium YGP-SKC-CE Sdn Bhd for the period August 2001 to September 2002 where he managed the implementation of a maintenance and upgrading schools contract in Peninsular Malaysia for the Ministry of Education. He was formerly the CEO of Merge Energy Berhad for the period May 2003 to April 2011 and an Executive Director of Syarikat Bekalan Air Selangor Sdn Bhd (SYABAS) for the period May 2011 to May 2015 before he joined TRIplc Berhad as Deputy MD in June 2015.

06

OUR LEADERSHIP AND THEIR ROLES

Nationality:
Malaysian

Aged:
55

Gender:
Male

Ethnicity:
Chinese

Date of Appointment:
1 January 2010

EXECUTIVE DIRECTOR, CORPORATE FINANCE DIVISION

MR NG WAH TAR

E

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 as 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. He is a Member of Puncak Niaga's EXCO.

Mr Ng is also a Member of the Water Association of Selangor, Kuala Lumpur and Putrajaya and a member of the Malaysian Water Association. He has more than 35 years of experience working 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 been with United Engineers (M) Berhad 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 OF DIRECTORS' PROFILE

Nationality:
Malaysian

Aged:
33

Gender:
Male

Ethnicity:
Malay

Date of Appointment:
18 July 2018

ALTERNATE DIRECTOR TO YBHG TAN SRI ROZALI ISMAIL/EXECUTIVE DIRECTOR, BUSINESS DEVELOPMENT DIVISION

ENCIK AZLAN SHAH TAN SRI ROZALI

E

Encik Azlan Shah Tan Sri Rozali was appointed as the Alternate Director to YBhg Tan Sri Rozali Ismail, the Executive Chairman of the Company on 18 July 2018. He sits on the Board of most of the subsidiary companies of Puncak Niaga Group.

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. He is a member of the Executive Committees of Puncak Niaga and Puncak Niaga Construction Sdn Bhd. He was re-designated from General Manager, Business Development Division to Executive Director, Business Development Division of the Company on 1 January 2019.

Prior to his recent appointment as the Alternate Director to the Executive Chairman, he was the Acting Managing Director of Puncak Niaga and Acting Chief Executive Officer of Puncak Niaga's Oil & Gas Division for the period from 3 August 2016 to 18 July 2018. Before that, he was the Head of Information Technology overseeing the overall of the Information Technology Department of Puncak Niaga Group.

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. He is the eldest son of YBhg Tan Sri Rozali Ismail, the Executive Chairman and major shareholder of Puncak Niaga.

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.

06 OUR LEADERSHIP AND THEIR ROLES

KEY PERSONNEL PROFILE - PUNCAK NIAGA GROUP

CHIEF FINANCIAL OFFICER

MADAM WONG LEY CHAN

Nationality: Malaysian
Gender: Female
Aged: 59
Ethnicity: Chinese

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 35 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) years 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 EXCO. She also sits on the Board of several subsidiary companies of the Group.

EXECUTIVE DIRECTOR, STRATEGIC RESOURCE & PUBLIC RELATIONS DIVISION

YBHG PROF DATO' DR MOHD ZAINUL FITHRI OTHMAN

Nationality: Malaysian
Gender: Male
Aged: 54
Ethnicity: Malay

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.

KEY PERSONNEL PROFILE - PUNCAK NIAGA GROUP

EXECUTIVE DIRECTOR, CORPORATE SERVICES DIVISION AND GROUP COMPANY SECRETARY

MADAM TAN BEE LIAN

Nationality: Malaysian
Gender: Female
Aged: 53
Ethnicity: Chinese

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 EXCO and holds directorships in Puncak Niaga Holdings Berhad's subsidiaries, namely Sino Water Pte Ltd and Puncak Niaga Management Services Sdn Bhd. Madam Tan is a Fellow (Chartered Secretary and Chartered Governance Professional) of the Malaysian Association of the Institute of Chartered Secretaries and Administrators (MAICSA) and has more than 31 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.

EXECUTIVE DIRECTOR, HUMAN RESOURCES & ADMINISTRATION DIVISION

PUAN FARIDATULZAKIAH MOHD BAKHRY

Nationality: Malaysian
Gender: Female
Aged: 43
Ethnicity: Malay

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.

06 OUR LEADERSHIP AND THEIR ROLES

EXECUTIVE DIRECTOR, SPECIAL FUNCTIONS DIVISION AND MANAGING DIRECTOR PUNCAK SERI (M) SDN BHD

YBHG DATO' MAT HAIRI ISMAIL

Nationality: Malaysian
Aged: 57
Gender: Male
Ethnicity: Malay

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.

CHIEF OPERATING OFFICER, TRIPLC BERHAD

AR MOHD KHALID MOHAMMED YUSUF

Nationality: Malaysian
Aged: 66
Gender: Male
Ethnicity: Malay

Ar Mohd Khalid Mohammed Yusuf was appointed to the Board of TRIplc Berhad as Executive Director, Operations, on 7 April 2008 and was re-designated as Chief Operating Officer with effect from 1 June 2012. In 1983, he registered as a professional architect with the Architects Registration Council of the United Kingdom (ARCUK) followed progressively with the Royal Institute of British Architects (RIBA) and in 1998, he registered as a professional architect on the Board of Architects Malaysia, Malaysian Institute of Architects.

Ar Mohd Khalid Mohammed Yusuf graduated with a Bachelor of Science in Architecture with honours in 1977 from Polytechnic of North London (now known as London Metropolitan University), United Kingdom. Subsequently, in 1980, he graduated with a post graduate Diploma in Architecture from Polytechnic of North London (now known as London Metropolitan University), United Kingdom.

Upon his graduation, Ar Mohd Khalid joined Messrs Project Design Partnership, an architectural, civil, structural and quantity surveying consultancy services firm, in the United Kingdom as an Architectural Assistant in 1980 to gain further practical experience as part of the process to become a fully qualified architect. Subsequently, in 1983, he returned to Malaysia and joined Messrs Nik James Ferrie Arkitek, an architectural firm, as a Project Architect. He then joined Dayabina Arkitek, an architectural firm, as Chief Resident Architect in 1988 followed by Kumpulan Arkitek. Subsequently, he joined Konsortium Project Management Sdn Bhd, a project management company, as a Project Architect in January 1990 and left in July 1992. In August 1992, he joined Martego Sdn Bhd, a property development company, as a Senior Project Manager and left in August 1994.

In September 1994, he joined Faber Hotels Holdings Sdn Bhd, a project management and procurement company, as a Director / Project Manager. He left the company in October 1995 and joined Capital Land Sdn Bhd as a General Manager in December 1995. In December 1997, he left Capital Land Sdn Bhd and joined Senibina Akitek / Progressive Design Sdn Bhd as Managing Director. He then joined Beta Strategy Sdn Bhd in April 2003, a project management company, as a Senior General Manager. He left the company in April 2005.

In May 2005, he joined U-Wood Sdn Bhd, a construction company which is a subsidiary of TRIplc, as a Senior General Manager. He then joined Insa Alliance Sdn Bhd, which is also a subsidiary of TRIplc, as Project Director in December 2006. In April 2008, he was appointed as Executive Director, Operations, of TRIplc. Prior to his appointment on the Board of TRIplc, he was involved in overseeing the development of the Satellite B works in Z1P1 of UiTM Puncak Alam Campus.

Presently, as Chief Operating Officer, Ar Mohd Khalid is responsible for overseeing TRIplc's overall operations. He has 38 years of experience (including four years of practical experience which was required to become a fully qualified architect) in building consultancy work and in the construction industry.

KEY PERSONNEL PROFILE - PUNCAK NIAGA GROUP

EXECUTIVE DIRECTOR, FINANCE DIVISION, DANUM SINAR SDN BHD

MADAM CHAN YIT HWA

Nationality: Malaysian
Gender: Female
Aged: 56
Ethnicity: Chinese

Madam 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 31 years in various areas covering Auditing, Accounting, Finance and Corporate Finance.

Madam 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.

GENERAL MANAGER, SECRETARIAL DEPARTMENT AND COMPANY SECRETARY

MADAM LIM SHOOK NYEE

Nationality: Malaysian
Gender: Female
Aged: 51
Ethnicity: Chinese

Madam 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 Lim has more than 26 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 LEE SIEW YOKE

Nationality: Malaysian
Gender: Female
Aged: 47
Ethnicity: Chinese

Ms 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 22 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

CORPORATE GOVERNANCE FRAMEWORK

The Board of Directors (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 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 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 in line with 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 80, 83, 87 to 90 and 94 to 95 of this Annual Report.

PUNCAK NIAGA BOARD STRUCTURE

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 87 to 90.

Remuneration Committee

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 83.

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 80.

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 risks and opportunities.

More information can be found on pages 94 to 95.

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 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/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 Malaysian Code on Corporate Governance 2017 (MCCG 2017) is applicable to the current reporting period. 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. Puncak Niaga was generally compliant with all of the provisions set out in the MCCG 2017 for the period under review.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD RESPONSIBILITIES AND ROLES OF THE EXECUTIVE CHAIRMAN, MANAGING DIRECTOR, EXECUTIVE DIRECTORS AND NON-EXECUTIVE DIRECTORS OF THE COMPANY

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, Managing Director, Executive Directors and Non-Executive Directors and the roles of the respective 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

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 Malaysia Institute of Chartered Secretaries and Administrators (MAICSA) whilst the other two are Associates of MAICSA.

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 five (5) meetings during the year, and the Board's attendance is set out below. For additional information on the activities of the Board, see page 78. 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.

2018 BOARD MEETING CALENDAR

27 FEB	29 MAR	31 MAY	28 AUG	28 NOV
TUESDAY 12.00NOON	THURSDAY 12.00NOON	THURSDAY 11.55AM	TUESDAY 12.30PM	WEDNESDAY 11.55AM

BOARD OF DIRECTORS

Current Director	No. Of Board Meetings Attended	Audit Committee	Remuneration Committee	Nomination Committee	CICR Committee	EXCO
YBhg Tan Sri Rozali Ismail Executive Chairman	5 out of 5					Chairman
YBhg Dato' Zainal Abidin Salleh Managing Director *(appointed on 18 July 2018)*	2 out of 2					Alternate Chairman/ Member
Y.A.M. Tengku Dato' Rahimah Almarhum Sultan Mahmud Non-Independent Non-Executive Director	5 out of 5	Member	Member		Member	
YBhg Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak Independent Non-Executive Director	5 out of 5	Chairman	Member	Member	Chairman	
YBhg Dato' Sri Adenan Ab Rahman Independent Non-Executive Director	5 out of 5	Member	Chairman	Member	Member	

CORPORATE GOVERNANCE OVERVIEW STATEMENT

LEADERSHIP AND EFFECTIVENESS

Current Director	No. Of Board Meetings Attended	Audit Committee	Remuneration Committee	Nomination Committee	CICR Committee	EXCO
YBhg Datuk Dr Marimuthu Nadason Independent Non-Executive Director *(appointed on 1 February 2018)*	5 out of 5	Member	Member	Chairman	Member	
YBhg Dato' Yusof Badawi Executive Director, Operations Division *(appointed on 1 June 2018)*	2 out of 2					Member
Mr Ng Wah Tar Executive Director, Corporate Finance Division	5 out of 5					Member
Encik Azlan Shah Tan Sri Rozali Alternate Director to YBhg Tan Sri Rozali Ismail *(resigned as Acting Managing Director and appointed as Alternate Director to YBhg Tan Sri Rozali Ismail on 18 July 2018)*	4 out of 5					Member

Former Directors	No. Of Board Meetings Attended	Audit Committee	Remuneration Committee	Nomination Committee	CICR Committee	EXCO
YBhg Tan Sri Dato' Seri Dr Ting Chew Peh Independent Non-Executive Director *(retired on 30 May 2018)*	2 out of 2	Chairman	Member	Member	Chairman	
YBhg Dato' Randhir Singh Jasbir Singh Executive Director, Operations Division *(appointed on 1 February 2018 and resigned on 31 May 2018)*	2 out of 3					Member

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 Independent Non-Executive Directors (INED) comprise 37.5% 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. The Executive Chairman also encourages healthy debate on important issues and promotes active participation by Board members.

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 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.

CONFLICTS

The Company requires that members of the Board make a declaration of interests in the event that they have/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 interests as set out in our Board Charter.

BOARD ACTIVITIES IN 2018

In the financial year 2018, 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 were presented to the Directors during the year as set out below.

The Board via the Nomination Committee with the assistance of the Human Resources and Administration Division had undertaken an assessment on the training programmes attended by the Directors for the financial year ended 31 December 2018 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 Board 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 and gain further insight into our businesses and management capability.

2018 January – June

TOPICS

- MCCG And Bursa's Listing Requirements: Towards Meaningful Disclosure
- Mandatory Accreditation Programme
- Palm Oil Economic Review & Outlook (R&O) Seminar 2018
- Corporate Governance Briefing Sessions: MCCG Reporting & CG Guide
- INPUMA Malaysia – Indonesia Conference
- Cyber Security: Cyber Proofing For The Next Wave
- Audit Committee Institute Breakfast Roundtable On KPMG Report On Non-Executive Directors Remuneration
- Strategising And Managing Critical Tax Issues 2018
- World Capital Markets Symposium 2018 – Renaissance Of Capitalism: Markets For Growth
- GMIM Corporate Seminar
- Audit Committee Institute (ACI) Breakfast Roundtable 2018 – "Remuneration For Non-Executive Directors" And "Business Transformation Through Digital Labour"
- Strategic Finance For Decision Makers
- Changes In The Listing Requirements Post-Companies Act 2016: What To Look Out For

2018 July – December

TOPICS

- Sustainability Engagement Series For Directors/ CEOs
- Corporate Liability Provision: "Exposure Of Directors, Partners & Management On Offences Committed By Employees Or Others"
- Mandatory Accreditation Programme
- Dealing In Listed Securities, Closed Period & Insider Trading
- International Conference On Chemical And Environmental Science
- Anti Corruption Summit 2018
- BOAO International Healthcare Forum 2018, Hainan, China
- PowerTalk 'Effective Boards in a VUCA World'
- WIFE-UEF Chennai Roundtable, Chennai, India
- MICG Half-Day Seminar On "Introduction To Corporate Liability Provision"
- The Launch Of Institute Of Corporate Directors Malaysia
- The Green Financing Forum At IGEM 2018
- Seminar On Gearing Up For Corporate Liability
- Group Of Strategic Vision "Russia – Islamic World" In The Republic Of Dagestan
- Power Talk "Will The Business Judgement Rule Help Directors Sleep Better At Night?"
- Seminar On Business Transformation Challenges – Shaping High Performance Organisations
- Seminar On "Building An Enterprise Risk Management (ERM) Framework"

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 prior notice of any Board Meeting to be held and the Board meeting's 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 before 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 the duties or of interests as Director arises, it is mandatory for the Director concerned to declare the fact and nature of his or her interests and the 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

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 Managing Director, members of Senior Management and external advisers may be invited to attend meetings as and when deemed appropriate.

YBhg Datuk Dr Marimuthu Nadason
Chairman of the Nomination Committee

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.

COMMITTEE EFFECTIVENESS

Composition and Attendance

Members	Designation	Attendance at meetings	
YBhg Datuk Dr Marimuthu Nadason *(appointed on 1 February 2018)*	Chairman	2/2	100%
YBhg Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak	Member	3/3	100%
YBhg Dato' Sri Adenan Ab Rahman	Member	3/3	100%
YBhg Tan Sri Dato' Seri Dr Ting Chew Peh *(retired on 30 May 2018)*	Member	3/3	100%

CORPORATE GOVERNANCE OVERVIEW STATEMENT

LEADERSHIP AND EFFECTIVENESS

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 107 to 108 of this Annual Report.

Policy Statement

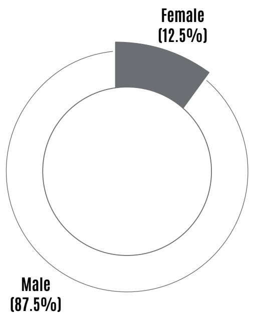
Puncak Niaga believes in diversity and values the benefits that diversity can bring to its Board. The Company seeks to maintain a Board comprising talented and competent Directors with a diverse mix of expertise, skills and backgrounds, which reflect the diverse nature of the business environment in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

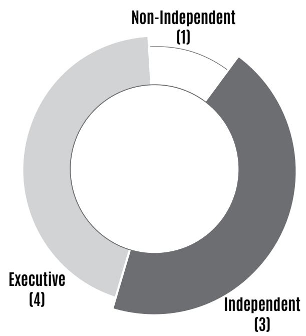
When assessing the Board's composition and performance of the Board, as well as identifying suitable candidates for appointment or re-election to the Board, the Company will consider the benefits of diversity and the needs of the Board in order to maintain an optimum mix of skills, knowledge and experience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

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

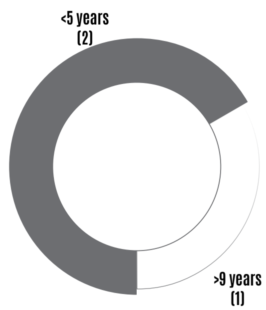
BOARD'S GENDER DIVERSITY
As at 31 December 2018



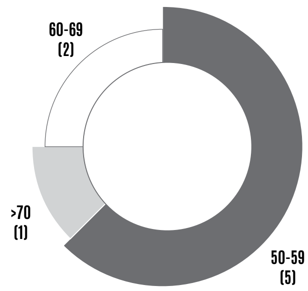
BOARD'S COMPOSITION
As at 31 December 2018



INDEPENDENT DIRECTORS' TENURE
As at 31 December 2018



BOARD'S AGE PROFILE
As at 31 December 2018



APPOINTMENTS

- YBhg Datuk Dr Marimuthu A/L Nadason was appointed as an Independent Non-Executive Director of the Company on 1 February 2018.
- YBhg Dato' Randhir Singh A/L Jasbir Singh was appointed as Executive Director, Operations Division of the Company on 1 February 2018 and subsequently resigned on 31 May 2018.
- YBhg Dato' Yusof Bin Badawi was appointed as Executive Director, Operations Division of the Company on 1 June 2018.
- YBhg Dato' Zainal Abidin Bin Salleh was appointed as the Managing Director of the Company on 18 July 2018.

RE-ELECTION OF DIRECTORS

The following Directors of the Company shall retire at the forthcoming 22nd AGM of the Company and being eligible, had offered themselves for re-election:-

Rule 100
1. YBhg Tan Sri Rozali Bin Ismail
2. YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak

Rule 105
1. YBhg Dato' Yusof Bin Badawi
2. YBhg Dato' Zainal Abidin Bin Salleh

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 2018 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.

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.

The Company Secretaries compiled responses from the 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.

The findings were discussed with the Nomination Committee and then the Board.

REMUNERATION COMMITTEE REPORT

The Remuneration Committee (RC) comprises four (4) Directors, three (3) of whom are Independent Non-Executive Directors of the Company and one (1) Non-Independent Non-Executive Director of the Company.

YBhg Dato' Sri Adenan Ab Rahman
Chairman of the Remuneration Committee

RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

The primary objectives of the RC are as follows:

- 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.
- 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.
- 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.
- 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.
5. Reviewed and adopted the Directors' Remuneration Policy.

COMMITTEE EFFECTIVENESS

Composition and Attendance

Members	Designation	Attendance at meetings	
YBhg Dato' Sri Adenan Ab Rahman	Chairman	7/7	100%
YBhg Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak	Member	7/7	100%
YBhg Datuk Dr Marimuthu Nadason *(appointed on 1 February 2018)*	Member	6/6	100%
Y.A.M. Tengku Dato' Rahimah Almarhum Sultan Mahmud *(appointed on 1 August 2018)*	Member	2/2	100%
YBhg Tan Sri Dato' Seri Dr Ting Chew Peh *(retired on 30 May 2018)*	Member	3/3	100%
Mr Ng Wah Tar *(ceased on 1 August 2018)*	Member	5/5	100%

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 remuneration 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.

In August 2018, the Board has established and approved the Director's Remuneration Policy for the Company and Group and the said policy is available on the Company's website.

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 2018 are set out in Note 30 of the Audited Financial Statements of the Company on page 205 of this Annual Report.

The disclosures of the Senior Management's remuneration that include the top five (5) Senior Management personnel are set out in Note 36B of the Audited Financial Statements of the Company on page 228 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 109 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 accordance with the Policy and Procedures on assessment of the External Auditors.

The External Auditors attended four (4) out of five (5) 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 87 to 90 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 92 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 92 to 99 of this Annual Report.

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 104 to 105 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.

This Corporate Governance Overview Statement has been approved by the Board of Puncak Niaga on 28 March 2019.

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 2018.

1. MEMBERSHIP AND MEETINGS

The Audit Committee comprises the Non-Executive Directors, a majority of whom are the Independent Non-Executive Directors of the Company. The composition of the Audit Committee and their attendance at the Audit Committee Meetings held during the year 2018 were as follows:

Members	Membership/Designation	Attendance at meetings	
YBhg Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak*	Chairman/Independent Non-Executive Director	5/5	100%
Y.A.M. Tengku Dato' Rahimah Almarhum Sultan Mahmud	Member/Non-Independent Non-Executive Director	5/5	100%
YBhg Dato' Sri Adenan Ab Rahman	Member/Independent Non-Executive Director	5/5	100%
YBhg Datuk Dr Marimuthu Nadason#	Member/Independent Non-Executive Director	5/5	100%
YBhg Tan Sri Dato' Seri Dr Ting Chew Peh*	Chairman/Independent Non-Executive Director	2/2	100%

* YBhg Tan Sri Dato' Seri Dr Ting Chew Peh retired from the Company on 30 May 2018 and he concurrently ceased to be the Chairman of the Audit Committee. YBhg Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak was appointed as Chairman of the Audit Committee on the same date.

\# appointed as a Director of the Company and a member of the Audit Committee on 1 February 2018.

During the financial year, the Managing Director, Chief Financial Officer and Senior General Manager (Internal Audit Department) attended the Audit Committee Meetings upon the invitation of the Chairman of the Audit Committee to ensure the Audit Committee was kept abreast of the 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 were discussed.

The Secretaries to the Audit Committee are the Company Secretaries.

2. TERMS OF REFERENCE

Information on the 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 ended 31 December 2018, the Audit Committee discharged 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 requirement and noted that the financial statements of Puncak Niaga Group have been prepared in accordance with the 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 TRIplc Berhad (which was completed on 31 May 2018) at the 102nd, 103rd and 104th Audit Committee Meeting held on 27 February 2018, 29 March 2018 and 31 May 2018 respectively.
  ii. The reversal of provision of liquidated ascertained damages in relation to the contract "Pakej D44-Pembinaan Rangkaian Paip Pembentungan di Bunus, Kuala Lumpur" following the granting of Extension of Time up to 30 June 2019 at the 103rd Audit Committee Meeting held on 29 March 2018.
  iii. The adoption of the appropriate accounting policy for the Plantation asset in line with Puncak Niaga Group's accounting policy and in compliance with the Malaysian Financial Reporting Standards at the 104th Audit Committee Meeting held on 31 May 2018.

Internal Controls

- 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/Companies of the auditee Divisions/Companies 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 the business units, projects and support services of the Group is reviewed by the Compliance, Internal Control and Risk Policy Committee. The details of the risk management activities are as set out in the Statement on Risk Management and Internal Control in page 95 of the Annual Report.

External Audit

- Discussed on significant accounting and auditing issues, the impact of new or proposed changes in accounting standards such as MFRS 15 *Revenue from Contracts with Customers* and MFRS 9 *Financial Instruments* briefed by the External Auditors at the 102nd and 105th Audit Committee Meetings held on 27 February 2018 and 28 August 2018 respectively.

- Reviewed and discussed the external auditors' audit report and key audit matters for the financial year ended 31 December 2017 at the 103rd Audit Committee Meeting held on 29 March 2018.

- 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 103rd Audit Committee Meeting held on 29 March 2018.

- Reviewed the external auditors' scope of work, audit plan and audit focus areas for the financial year ended 31 December 2018 prior to the commencement of the 2018 Annual Audit at the 105th Audit Committee Meeting held on 28 August 2018.

- Held two (2) informal discussions with the External Auditors without the presence of the Management of the Company at the 103rd and 106th Audit Committee Meeting held on 29 March 2018 and 28 November 2018 respectively.

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

Internal Audit

- Approved the revised Annual Internal Audit Plan for 2018 at the 105th Audit Committee Meeting held on 28 August 2018 which was tabled by the Internal Audit Department after assessing the current business environment of the Company and the available resources in the Internal Audit Department.

- Reviewed the competency, resources and assessed the performance of the Internal Audit Department for the year 2018 and approved the 2019 Annual Internal Audit Plan at the 106th Audit Committee held on 28 November 2018. 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 follow up actions to be taken by the Management to rectify and improve on the weaknesses/shortcomings identified in the Internal Audit Reports.

- 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 at each Audit Committee Meeting to ensure that the progress is in line with the approved 2018 Audit Plan.

Related Party Transactions

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

Reporting

- Reviewed the Statement on Risk Management and Internal Control and Audit Committee Report for the financial year ended 31 December 2017 and recommended the same for the Board's approval at the 103rd Audit Committee Meeting held on 29 March 2018.

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 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

During the financial year, the Internal Audit Department was 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 three (3) internal auditors, including the Head of Internal Audit who possess the requisite qualifications as well as vast experiences in various aspects of auditing.

The internal auditors have completed at least three (3) man-days of training in 2018 which consist of relevant professional courses, seminars and on-the-job training including industry related training. 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 2018 was approximately RM790,000.00.

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 2018 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 Internal Audit Plan, the Internal Audit Department completed a total of 17 audit assignments including ad hoc audit assignments requested by the Senior Management in the financial year ended 31 December 2018. All audits were performed in-house.

Key areas audited during the year included the following:

- Audit on Plantation Division – Checkroll Management
- Health and Safety at Wisma Rozali
- Site Management at Project D44
- Staff Claims
- Administration and Security of the Document Store
- Timeliness of Handling IT Complaints
- Maintenance of Company Website

The relevant audit reports which comprise the audit findings and observations, recommendations, Management's responses and target deadlines for corrective action were presented to the Audit Committee for deliberation and notation. The Internal Audit Department also conducted 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 2018,

(a) The audit fee payable to the external auditors, KPMG PLT and their affiliated companies for services rendered to the Group and Company amounting to RM534,000.00 and RM81,000.00 respectively; and

(b) 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 RM426,000.00 and RM21,000.00 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 2018.

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

There were no 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 which were still subsisting at the end of the financial year ended 31 December 2018 or entered into since the end of the previous financial year.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

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, Practice 9.1 and Practice 9.2 as set out in the Malaysian Code on Corporate Governance 2017 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' investments 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 via 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 submitted for the Board's deliberation and information.

RISK MANAGEMENT POLICY

The Board of Puncak Niaga has approved the 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 STRUCTURE

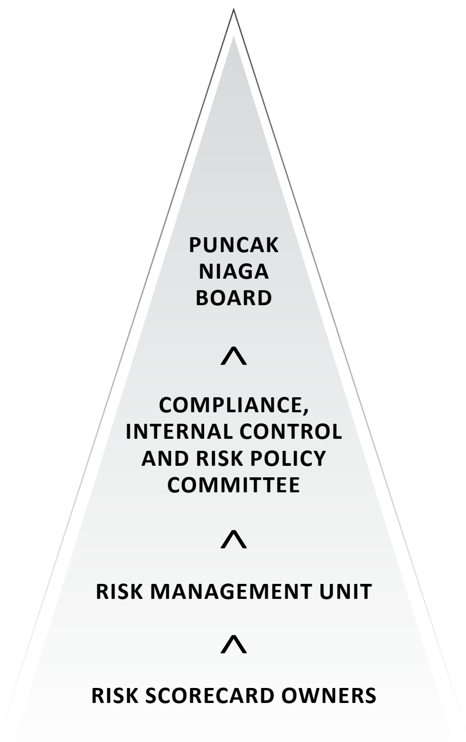


Figure 1: Risk Management Structure

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 online from any location.

- Each key business unit/project/support service/company 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 risk profile, new areas for risk identification and assessment as well as the key controls implemented by the Management to mitigate significant risks which affect the Group. 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 page 95 of this Annual Report.

- 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.

During the year, Puncak Niaga Management Services Sdn Bhd was awarded the Excellence Award 2018 - Enterprise Risk Management and Performance Management at the Governance, Risk and Compliance Alumni Forum organised by Tricor Roots Consulting Sdn Bhd (service provider of the CRS software) at an event held on 26 September 2018. The Award recognises the commendable efforts of Puncak Niaga Group to implement an effective Enterprise Risk Management culture and framework in the organisation.

COMPLIANCE, INTERNAL CONTROL AND RISK POLICY COMMITTEE (CICR)

The CICR was established by the Board in October 2001 to oversee the risk management function of the Group. Effective 1 August 2018, the Board revamped the composition of the CICR to comprise a majority of the Independent Directors in line with the recommendations of Step Up 9.3 of the Malaysian Code on Corporate Governance 2017.

The members of CICR and their attendance at the CICR meetings held in 2018 are as follows:

CICR COMPOSITION	NUMBER OF MEETING ATTENDED IN 2018
CURRENT MEMBERS: (effective 1 August 2018)	
YBhg Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak Independent Non-Executive Director/Chairman	2/2
YBhg Dato' Sri Adenan Ab Rahman Independent Non-Executive Director/Member	2/2
YBhg Datuk Dr Marimuthu Nadason Independent Non-Executive Director/Member	2/2
Y.A.M. Tengku Dato' Rahimah Almarhum Sultan Mahmud Non-Independent Non-Executive Director/Member	2/2
FORMER MEMBERS:	
YBhg Tan Sri Dato' Seri Dr Ting Chew Peh Independent Non-Executive Director/Chairman (retired as Independent Non-Executive Director/Chairman on 30 May 2018)	2/2
En Azlan Shah Tan Sri Rozali Alternate Director to YBhg Tan Sri Rozali Ismail (ceased as a Member with effect from 1 August 2018)	2/3
Madam Wong Ley Chan Chief Financial Officer (ceased as a Member with effect from 1 August 2018)	2/3
Mr Ng Wah Tar Executive Director, Corporate Finance Division (ceased as a Member with effect from 1 August 2018)	3/3
Madam Tan Bee Lian Executive Director, Corporate Services Division (ceased as a Member with effect from 1 August 2018)	3/3
Tuan Haji Sonari Solor Senior General Manager, Internal Audit Department (ceased as a Member with effect from 1 August 2018)	3/3

During the financial year, the Managing Director of Puncak Niaga, Managing Director of the operating subsidiaries, Chief Financial Officer and the relevant Executive Directors of Puncak Niaga attended the CICR Meetings by invitation of the Chairman of CICR to brief in detail the key risks facing the Group and controls implemented to mitigate the risks. The Secretary of CICR is the Assistant General Manager of Internal Audit Department.

In view of the revised composition of the CICR, the Terms of Reference of the CICR was revised accordingly and approved by the Puncak Niaga Board at the 108th Board of Directors Meeting held on 28 August 2018. The revised Terms of Reference of the CICR can be viewed at Puncak Niaga's website, www.puncakniaga.com.my under the Investor Relations link.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

COMPLIANCE, INTERNAL CONTROL AND RISK POLICY COMMITTEE ACTIVITIES

During the year 2018, the CICR held a total of five (5) 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 included 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.

- The CICR also discussed on the following key matters:

  i) The Statement on Risk Management and Internal Control for the year 2017 which was prepared by the Secretary of CICR at the 122nd and 123rd CICR Meetings held on 7 and 12 February 2018 respectively.
  ii) The Top Nine (9) Enterprise Wide Risk Facing Puncak Niaga Group for the year 2018 which included its risk ranking, risk description and key controls at the 122nd and 123rd CICR Meetings held on 7 and 12 February 2018 respectively. Subsequently, at the 124th CICR Meeting held on 17 May 2018, the CICR revised the Enterprise Wide Risk Profile based on the latest business updates and operating environment.
  iii) The Risk Scorecard of TRIplc Berhad (a newly acquired subsidiary on 31 May 2018) at the 125th CICR Meeting held on 28 August 2018 which contained its key operational risks, risk ratings and key controls to ensure the newly acquired business of the Group are identified, evaluated and monitored.
  iv) The significant risks of the Plantation Division as recorded by Danum Sinar Sdn Bhd and the related key controls implemented by the Management at the 125th and 126th CICR Meetings held on 28 August 2018 and 22 November 2018 respectively.
  v) The consolidated risk position of Puncak Niaga Group as at 30 September 2018 and the risks which were highlighted as very significant risks for the attention of the Management together with the key controls at the 126th CICR Meeting held on 22 November 2018.

- The newly constituted CICR Members were also briefed by the Secretary of CICR on the Risk Management Framework, Policy and Procedures and its application in Puncak Niaga Group at the 126th CICR Meeting held on 22 November 2018.

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 RMSWG Meeting is 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 2019, the RMSWG Meeting which was chaired by the Managing Director who is the Head of CICR and attended by Puncak Niaga Group's Managing Directors, Executive Directors and Project Director was held on 24 January 2019 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 2019.

The deliberations of the RMSWG Meeting were reviewed by the CICR at the 127th CICR Meeting held on 18 February 2019. Subsequently, a Board Paper on the Group's "Top Seven (7) Enterprise Wide Risk Facing Puncak Niaga Group for the year 2019" was tabled at the 110th Board of Directors Meeting held on 27 February 2019.

The strategic risks which have an impact on Puncak Niaga's Group's operations for 2019 are:-

Key Result Area	Strategic Risk	Mitigation
Securing new businesses to ensure the sustainability of Puncak Niaga Group	Challenges to secure new projects/ businesses for the Group	1. Explore new opportunities and conduct detailed business analysis to identify and venture into a sustainable business. 2. Enhance business networking and proactive stakeholder engagement. 3. Competitive pricing and efficient design in project proposals. 4. Form strategic joint ventures to enter into new businesses.
Managing cash flow efficiently	Depleting cash reserve of the Group	1. Raise financing for new business ventures. 2. Implement effective cost control measures. 3. Monetisation of the Group's asset to raise cash.
Driving operational excellence	Inability to contain losses and delay in completing Project D44 within the granted Extension of Time (EOT) period	1. Submit the EOT with strong justification and supporting documents. 2. Close monitoring and supervision of the work progress at the site and ensure site issues are resolved expeditiously. 3. Use of new technology/construction methods which are cost effective.

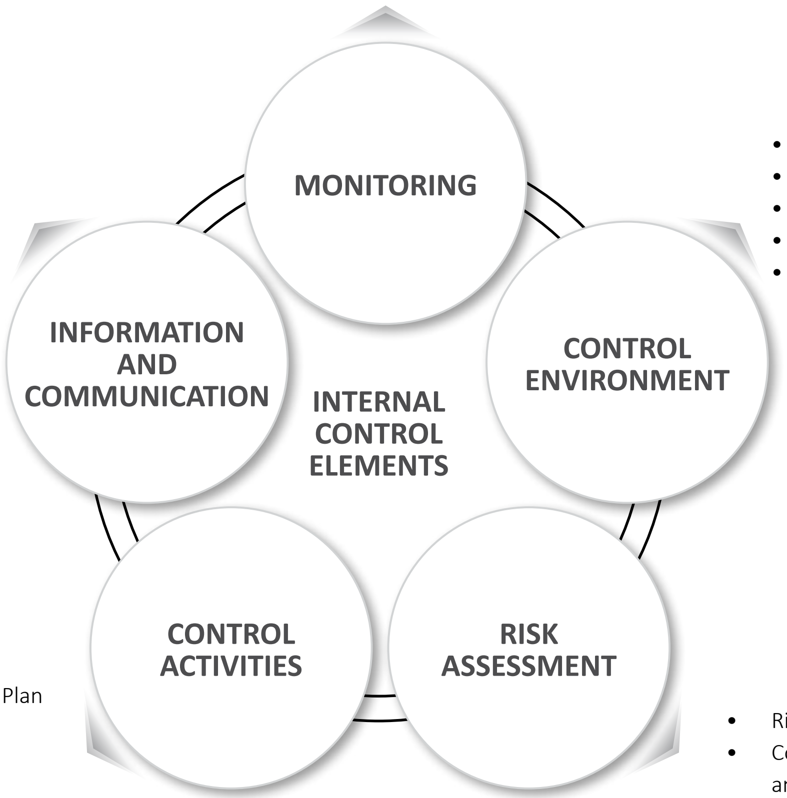
INTERNAL CONTROL SYSTEM

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

- Group Internal Audit
- Statement of Assurance

- Organisation Structure
- Board/Executive Committee
- Limits of Authority
- Code of Conduct and Ethics
- Code of Business Ethics

- Whistle Blowing Policy
- Awareness Training
- Staff Assembly



- Annual Budget/Business Plan
- Tender Committees
- Insurance
- Self-Assessment Forms

- Risk Scorecards
- Compliance, Internal Control and Risk Policy Committee

CONTROL ENVIRONMENT

- The operating subsidiaries of the 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 Directors, Management and 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 standards of good practice.

- On 5 January 2018, the Puncak Niaga 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 had been 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 Limits 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 the Puncak Niaga Group is 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 by way of Standard Operating Procedures 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 legislations, industry best practices and business dynamics.

- The Limits of Authority approved by the Board for Puncak Niaga Group 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 subsidiaries' Directors and 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 CICR, which is a Board Committee closely monitor the risk management process within the Group and the extent of compliance with the Statement on Risk Management and Internal Control requirements. Effective 1 August 2018, the Board revamped the composition of the CICR to comprise a majority of Independent Directors in line with the recommendations of Step Up 9.3 of the Malaysian Code on Corporate Governance 2017.

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.

- Tender Committees established at Puncak Niaga Group 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. During the year, Puncak Niaga's EXCO approved the establishment of the TRIplc's Tender Committee to deliberate, approve and recommend the procurement activities of TRIplc Berhad and its subsidiaries in line with Puncak Niaga Group's Limits of Authority.

- TRIplc Berhad and its subsidiaries, TRIplc Resources Sdn Bhd and TRIplc Ventures Sdn Bhd have been accredited with ISO 9001:2015 Quality Management System on Project Management, Construction and Facility Management from 7 August 2017 to 7 August 2020. An ISO committee was established to monitor the compliance with the ISO requirements and its related activities.

- Puncak Niaga Group has insurance programmes in place to safeguard the Group's assets against any untoward incidents 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. The Self-Assessment Audit Forms are submitted and monitored online through the Audit Monitoring System. For the year 2018, approximately 80% 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 20% 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 Group to enhance their knowledge, skills and competency.

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 Monthly 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 sets 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 2018 Annual Audit Plan and reported on its findings and recommendations to the Audit Committee of Puncak Niaga five (5) times in 2018. 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 and the Managing Directors of Puncak Niaga Group 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, Project Director and 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 28 March 2019.

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, 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 2018 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 41and 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' Ahmad Fuzi Haji Abdul Razak
Chairman
Compliance, Internal Control and Risk Policy Committee

28 March 2019

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 SUSTAINABILITY POLICY

At Puncak Niaga, sustainability is an integral component of our core corporate values. We are committed to promoting sustainability practices in the conduct of our business in a responsible manner for sustainable performance amidst continuing global urbanization and an evolving environment with rising energy needs and depleting non-renewable resources. As an organization, we will strive to continuously enhance our operational efficiency and reduce the environmental footprints of our business activities.

Our approach to sustainability is focused on:-

PEOPLE

- Our employees whom we provide with a safe and conducive working environment
- Our customers to whom we deliver quality services as part of our ongoing commitment to being their partner of choice
- The communities where we operate in where we take corporate responsibility through the conduct of our business operations and foster rapport and engagement with the local communities

PLANET

- We seek to deliver safe and energy-efficient solutions using innovative technology
- We seek to reduce the environmental footprints of our activities and services as well as our supply chain and office premises

PERFORMANCE

- We are committed to achieve sustainable growth and performance in a responsible manner whilst upholding the principles of good corporate governance and maintaining an open and transparent relationship with all of our stakeholders

To create value for our stakeholders, it is our ongoing commitment to behave ethically in the conduct of our business and provide innovative solutions and quality services and continuously work to improve on our environmental performance, the quality of life of our employees and their families as well as the local communities and society at large and contribute positively to the economic development of our nation.

Our commitment to the above Policy is driven by the Board of Directors of 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 concession facilities management services, 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 POLICY & REPORT

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 2018 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 2018, 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 Abridged Annual Report/Notice 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 2019 AGM will be held on Tuesday, 28 May 2019 at the Concorde Hotel Shah Alam. The Notice of 22nd AGM is enclosed with this Annual Report. The results of all resolutions proposed at the 2019 AGM will be posted on Bursa Securities' website and the Company's website on the evening of 28 May 2019.

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.

07 HOW WE ARE GOVERNED

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 2018 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.

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.

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.

Refer Statements of Profit or Loss and Other Comprehensive Income on______________ pg 120

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 2018.

Refer Statements of Financial Position on______________ pg 118

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.

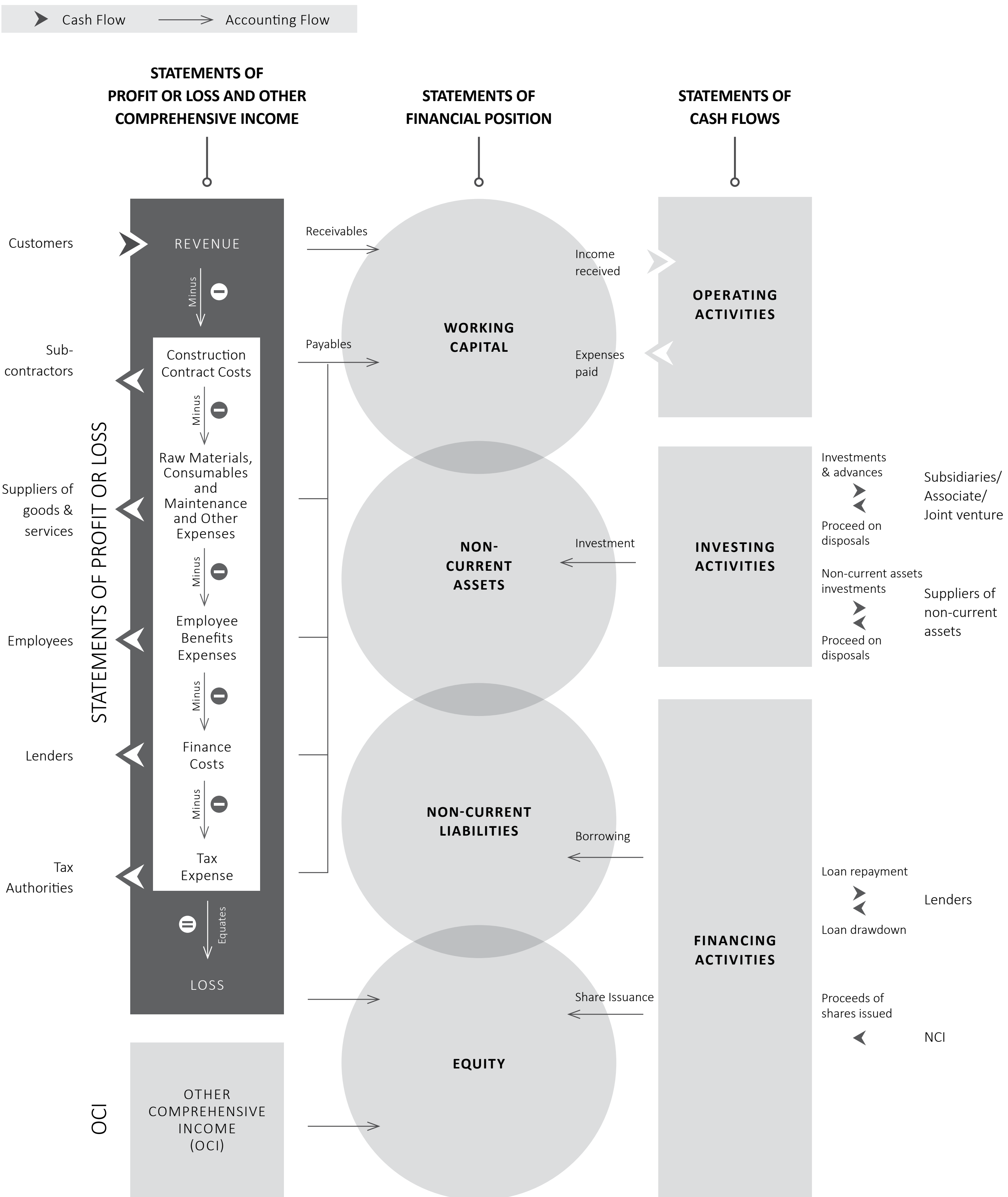
Operating cash flows are the cash inflows and outflows from working capital.

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).

Refer Statements of Cash Flows on______________ pg 125

APPROACHING OUR FINANCIAL STATEMENTS



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 2018:

"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.
"GRL"	: GOM Resources Limited
"Group"	: Puncak Niaga Holdings Berhad Group of Companies
"KGL"	: KGL Ltd.
"KHEC"	: Kris Heavy Engineering & Construction Sdn. Bhd.
"MESB"	: Murni Estate Sdn. Bhd.
"NCI"	: Non-controlling interests
"PASSB"	: Pengurusan Air Selangor Sdn. Bhd.
"PNCSB"	: Puncak Niaga Construction Sdn. Bhd.

DEFINITIONS

"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 and its subsidiaries
"USD"	: United States Dollar
"Vessel"	: Derrick pipe-lay barge "DLB 264"

DIRECTORS' REPORT

For the year ended 31 December 2018

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 2018.

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 subsidiaries as disclosed in Note 37 to the financial statements where the Group has expanded its principal activities to the concession activities.

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	(176,050)	(67,985)
Loss attributable to:		
Owners of the Company	(169,662)	(67,985)
Non-controlling interests	(6,388)	-
	(176,050)	(67,985)

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.

DIVIDEND

A single tier interim dividend of 0.5 sen per ordinary share, amounting to RM2,236,234.93 in respect of the financial year ended 31 December 2018 was paid by the Company on 8 August 2018 to the entitled shareholders of the Company whose names appeared in the Record of Depositors of the Company on 25 July 2018.

Save and except for the above, the Directors do not recommend the payment of any dividend for the financial year ended 31 December 2018.

DIRECTORS' REPORT

For the year ended 31 December 2018

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Directors
Tan Sri Rozali Bin Ismail
Tengku Dato' Rahimah Binti Almarhum Sultan Mahmud
Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak
Ng Wah Tar
Dato' Sri Adenan Bin Ab. Rahman
Azlan Shah Bin Rozali (Alternate Director to Tan Sri Rozali Bin Ismail on 18 July 2018)
Datuk Dr Marimuthu A/L Nadason (Appointed on 1 February 2018)
Dato' Yusof Bin Badawi (Appointed on 1 June 2018)
Dato' Zainal Abidin Bin Salleh (Appointed on 18 July 2018)
Tan Sri Dato' Seri Dr Ting Chew Peh (Retired on 30 May 2018)
Dato' Randhir Singh A/L Jasbir Singh (Appointed on 1 February 2018 and resigned on 31 May 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	**1.1.2018**	**Acquired/ Conversion**	**Sold/ Conversion**	**31.12.2018**
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*

* Deemed interest by virtue of 100% shareholding interest in CPMSB and CLMSB, both are substantial corporate shareholders of the Company, of which 5% is held in his own name and 95% in his spouse's and children's names.

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 2018 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 except as disclosed in Note 17 to the financial statements. 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 RM163,570.

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.

DIRECTORS' REPORT

For the year ended 31 December 2018

OTHER STATUTORY INFORMATION (CONTINUED)

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2018 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 8.2 - Impairment loss on investment in subsidiaries
- Note 14.5 - Impairment of amount due from subsidiaries
- Note 20 - Provision for foreseeable loss
- Note 21 - Revenue
- Note 37 - Acquisition of subsidiaries

SIGNIFICANT EVENTS

Significant events are disclosed in Note 39 to the financial statements.

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 25.1 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

....

Dato' Zainal Abidin Bin Salleh
Director

Shah Alam

Date: 28 March 2019

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000 (Restated)	2018 RM'000	2017 RM'000
Assets					
Non-current assets					
Property, plant and equipment	4	**527,427**	530,533	**24**	106
Investment properties	5	**852,297**	601,367	**305,757**	305,757
Bearer biological assets	6	**305,470**	282,867	**-**	-
Concession asset	7	**6,168**	-	**-**	-
Investment in subsidiaries	8	**-**	-	**868,077**	571,506
Investment in associates	9	**7**	6	**17**	14
Deferred tax assets	10	**29,328**	-	**-**	-
Trade and other receivables	14	**456,284**	-	**-**	-
		2,176,981	1,414,773	**1,173,875**	877,383
Current assets					
Inventories	11	**5,273**	6,068	**-**	-
Fresh fruits bunches	12	**3,248**	4,559	**-**	-
Contract assets	13	**29,717**	56,145	**-**	-
Contract costs	13	**10,514**	-	**-**	-
Trade and other receivables	14	**120,425**	124,011	**124,061**	118,282
Short-term investments	15	**421,510**	290,778	**15,907**	290,090
Tax recoverable		**6,450**	1,912	**210**	152
Cash and cash equivalents	16	**298,752**	246,175	**116,010**	196,553
		895,889	729,648	**256,188**	605,077
Total assets		**3,072,870**	2,144,421	**1,430,063**	1,482,460

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000 (Restated)	Company 2018 RM'000	Company 2017 RM'000
Equity and liabilities					
Equity attributable to owners of the Company					
Share capital		**554,663**	554,663	**554,663**	554,663
Treasury shares		**(5,941)**	(5,941)	**(5,941)**	(5,941)
Reserves		**104,907**	105,336	**16,305**	16,305
Retained earnings		**708,916**	882,092	**827,635**	898,803
	17	**1,362,545**	1,536,150	**1,392,662**	1,463,830
Non-controlling interests	8.3	**38,112**	33,900	**-**	-
Total equity		**1,400,657**	1,570,050	**1,392,662**	1,463,830
Non-current liabilities					
Loans and borrowings	18	**950,375**	143,407	**-**	-
Concession liability	7	**114,896**	-	**-**	-
Trade and other payables	19	**10,000**	-	**-**	-
Deferred tax liabilities	10	**189,320**	110,160	**27,751**	13,876
		1,264,591	253,567	**27,751**	13,876
Current liabilities					
Loans and borrowings	18	**158,496**	19,845	**-**	-
Trade and other payables	19	**175,983**	221,430	**9,650**	4,754
Contract liabilities	13	**184**	-	**-**	-
Provision for foreseeable loss	20	**71,387**	78,488	**-**	-
Tax payable		**1,572**	1,041	**-**	-
		407,622	320,804	**9,650**	4,754
Total liabilities		**1,672,213**	574,371	**37,401**	18,630
Total equity and liabilities		**3,072,870**	2,144,421	**1,430,063**	1,482,460

The notes on pages 128 to 259 are an integral part of these financial statements.

08 OUR FINANCIAL NUMBERS

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Continuing operations					
Revenue	21	**230,466**	101,095	**-**	-
Other income		**47,867**	43,953	**20,442**	39,207
Items of expense					
Raw materials, consumables and maintenance		**(40,130)**	(29,299)	**-**	-
Construction contract costs		**(188,496)**	(113,744)	**-**	-
Employee benefits expense	22	**(54,019)**	(66,845)	**(1,317)**	(1,536)
Impairment losses		**(153)**	(25,892)	**(11,854)**	(60,578)
Net loss on impairment of financial instruments and contract assets		**(4,965)**	-	**(29,038)**	(115,911)
Reversal/(Provision) for foreseeable loss	20	**7,101**	(12,262)	**-**	-
Depreciation and amortisation expense		**(20,913)**	(13,148)	**(82)**	(613)
Other expenses		**(56,065)**	(77,562)	**(32,240)**	(54,600)
Finance costs	23	**(39,661)**	(1,918)	**(5)**	(33)
Share of results of equity accounted entities		**(96)**	(87)	**-**	-
Loss before tax	25	**(119,064)**	(195,709)	**(54,094)**	(194,064)
Tax expense	26	**(56,986)**	(2,257)	**(13,891)**	(353)
Loss from continuing operations		**(176,050)**	(197,966)	**(67,985)**	(194,417)
Discontinued operations					
Loss from discontinued operations, net of tax	24	**-**	(4,577)	**-**	-
Loss for the year		**(176,050)**	(202,543)	**(67,985)**	(194,417)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Loss for the year (continued)		**(176,050)**	(202,543)	**(67,985)**	(194,417)
Other comprehensive (expense)/income					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation	27	**(429)**	(9,272)	**-**	-
Items that will not be reclassified subsequently to profit or loss					
Revaluation of land and buildings, net of tax	27	**-**	5,812	**-**	-
Total comprehensive expense for the year		**(176,479)**	(206,003)	**(67,985)**	(194,417)
Loss attributable to:					
Owners of the Group/Company		**(169,662)**	(201,282)	**(67,985)**	(194,417)
Non-controlling interests	8.3	**(6,388)**	(1,261)	**-**	-
Loss for the year		**(176,050)**	(202,543)	**(67,985)**	(194,417)
Total comprehensive expense attributable to:					
Owners of the Group/Company		**(170,091)**	(204,796)	**(67,985)**	(194,417)
Non-controlling interests		**(6,388)**	(1,207)	**-**	-
		(176,479)	(206,003)	**(67,985)**	(194,417)
Basic loss per ordinary share (sen per share):	28				
from continuing operations		**(37.93)**	(43.98)		
from discontinued operations		**-**	(1.02)		
		(37.93)	(45.00)		

The notes on pages 128 to 259 are an integral part of these financial statements.

08 OUR FINANCIAL NUMBERS

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2018

Group	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000
		Attributable to owners of the Company		
		Non-distributable		
At 1 January 2017		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	17.2	105,379	(105,379)	-
Contributions 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)
At 1 January 2018, as previously reported		**554,663**	-	**(5,941)**
Adjustment on initial application of MFRS 9, net of tax		-	-	-
At 1 January 2018, restated		**554,663**	-	**(5,941)**
Foreign currency translation		-	-	-
Total other comprehensive expense		-	-	-
Loss for the year		-	-	-
Total comprehensive expense		-	-	-
Contributions by and distributions to owners of the Company:				
Subscription of shares by NCI in a subsidiary	8.3	-	-	-
Dividend paid	29	-	-	-
Total transactions with owners of the Company		-	-	-
At 31 December 2018		**554,663**	-	**(5,941)**

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2018

			Distributable			
Foreign currency translation 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
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
(181)	**125,531**	**(20,014)**	**882,092**	**1,536,150**	**33,900**	**1,570,050**
-	**-**	**-**	**(1,278)**	**(1,278)**	**-**	**(1,278)**
(181)	**125,531**	**(20,014)**	**880,814**	**1,534,872**	**33,900**	**1,568,772**
(429)	**-**	**-**	**-**	**(429)**	**-**	**(429)**
(429)	**-**	**-**	**-**	**(429)**	**-**	**(429)**
-	**-**	**-**	**(169,662)**	**(169,662)**	**(6,388)**	**(176,050)**
(429)	**-**	**-**	**(169,662)**	**(170,091)**	**(6,388)**	**(176,479)**
-	**-**	**-**	**-**	**-**	**10,600**	**10,600**
-	**-**	**-**	**(2,236)**	**(2,236)**	**-**	**(2,236)**
-	**-**	**-**	**(2,236)**	**(2,236)**	**10,600**	**8,364**
(610)	**125,531**	**(20,014)**	**708,916**	**1,362,545**	**38,112**	**1,400,657**

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2018

		Attributable to owners of the Company					
		Non-distributable				Distributable	
Company	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Treasury shares RM'000**	**Revaluation reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 January 2017		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	17.2	105,379	(105,379)	-	-	-	-
Loss and total comprehensive expense for the year		-	-	-	-	(194,417)	(194,417)
At 31 December 2017/1 January 2018, as previously reported		**554,663**	**-**	**(5,941)**	**16,305**	**898,803**	**1,463,830**
Adjustment on initial application of MFRS 9, net of tax		**-**	**-**	**-**	**-**	**(947)**	**(947)**
At 1 January 2018, restated		**554,663**	**-**	**(5,941)**	**16,305**	**897,856**	**1,462,883**
Loss and total comprehensive expense for the year		**-**	**-**	**-**	**-**	**(67,985)**	**(67,985)**
Dividend paid	29	**-**	**-**	**-**	**-**	**(2,236)**	**(2,236)**
At 31 December 2018		**554,663**	**-**	**(5,941)**	**16,305**	**827,635**	**1,392,662**

The notes on pages 128 to 259 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash flows from operating activities					
Receipts from customers		**193,392**	58,166	**-**	-
Other income		**12,602**	723	**60**	90
Payments for operating expenses		**(208,671)**	(259,060)	**(10,885)**	(20,410)
Payments to contractors		**(194,178)**	(129,774)	**-**	-
Payment of management fee to a subsidiary		**-**	-	**(24,135)**	(32,597)
Cash used in operations		**(196,855)**	(329,945)	**(34,960)**	(52,917)
Tax (paid)/refunded		**(3,378)**	(7)	**(73)**	313
Interest income		**18,601**	8,758	**4,734**	7,473
Net cash used in operating activities		**(181,632)**	(321,194)	**(30,299)**	(45,131)
Cash flows from investing activities					
Net cash inflow/(outflow) from acquisition of subsidiaries		**1,556**	(231,832)	**(192,024)**	-
Investment in ordinary/redeemable preference shares of a subsidiary		**-**	-	**(95,400)**	(355,821)
Acquisition of property, plant and equipment	(ii)	**(7,186)**	(9,722)	**-**	(5)
Acquisition of investment properties	5	**-**	(42,147)	**-**	(195)
Additions of bearer biological assets		**(13,847)**	(2,856)	**-**	-
Net advances to subsidiaries		**-**	-	**(40,033)**	(187,975)
Net advance to associate		**(3)**	(2)	**(3)**	(2)
Net advance to joint venture		**(234)**	(190)	**(234)**	(190)
Cash flows used in investing activities carried forward		**(19,714)**	(286,749)	**(327,694)**	(544,188)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash flows used in investing activities brought forward		**(19,714)**	(286,749)	**(327,694)**	(544,188)
Disposal of discontinued operations - Proceeds from disposal of investment in subsidiary, net of cash and cash equivalents disposed of	24	**-**	6,865	**-**	-
Net proceeds from short-term investments		**250,424**	562,562	**279,666**	563,162
Proceeds from disposal of property, plant and equipment		**12,731**	435	**-**	-
Net cash generated from/(used in) investing activities		**243,441**	283,113	**(48,028)**	18,974
Cash flows from financing activities					
NCI subscription of share capital in a subsidiary	8.3(a)	**10,600**	18,763	**-**	-
Proceeds from loans and borrowings		**84,617**	156,774	**-**	-
Interest paid		**(41,083)**	(4,022)	**-**	-
Dividend paid		**(2,236)**	-	**(2,236)**	-
Increase in pledged deposit		**(1,108)**	(2,332)	**-**	-
Repayment of loans and borrowings		**(59,749)**	(152,100)	**-**	-
Repayment of obligation under finance leases		**(3,688)**	(1,759)	**-**	-
Net cash (used in) / generated from financing activities		**(12,647)**	15,324	**(2,236)**	-
Net increase/(decrease) in cash and cash equivalents		**49,162**	(22,757)	**(80,563)**	(26,157)
Effects of exchange rate changes on cash held		**24**	(572)	**20**	3
Cash and cash equivalents at 1 January		**243,811**	267,140	**196,553**	222,707
Cash and cash equivalents at 31 December	(i)	**292,997**	243,811	**116,010**	196,553

(i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Deposits with licensed banks	16	**187,297**	198,947	**96,532**	189,118
Cash and bank balances	16	**111,455**	47,228	**19,478**	7,435
		298,752	246,175	**116,010**	196,553
Less:					
Cash and bank balances pledged	16	**(3,472)**	(2,364)	**-**	-
Bank overdraft	18	**(2,283)**	-	**-**	-
		292,997	243,811	**116,010**	196,553

(ii) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM23,010,000 (2017: RM12,338,000), of which RM11,364,000 (2017: RM2,540,000) were acquired by means of finance leases and RM4,460,000 was as a result of other non-cash adjustment.

(iii) Reconciliation between movements of liabilities to cash flows arising from financing activities

	At 1 January 2017 RM'000	Arising from business acquisition (Note 37) RM'000	Net changes (used in)/ from financing cash flows RM'000	Other non-cash flow changes RM'000	At 31 December 2017 RM'000	Arising from business acquisition (Note 37) RM'000	Net changes from/ (used in) financing cash flows RM'000	Other non-cash flow changes RM'000	At 31 December 2018 RM'000
Group									
USD term loan	8,972	-	(8,600)	(372)	-	-	-	-	-
Tawarruq term loan	-	-	138,674	-	138,674	-	-	-	138,674
Revolving credit facility	-	10,000	8,100	-	18,100	-	51,800	-	69,900
Term loan	7,398	133,500	(140,840)	(58)	-	55,018	7,541	-	62,559
Medium Term Notes	-	-	-	-	-	197,061	(20,000)	364	177,425
Junior Notes	-	-	-	-	-	29,572	-	305	29,877
Senior Sukuk Murabahah	-	-	-	-	-	611,471	-	1,400	612,871
Bridging loan	-	-	-	-	-	14,470	(14,470)	-	-
Bank overdraft	-	1,825	(1,825)	-	-	1,776	507	-	2,283
Obligation under finance leases	5,697	-	(1,759)	2,540	6,478	1,128	(3,688)	11,364	15,282
	22,067	145,325	(6,250)	2,110	163,252	910,496	21,690	13,433	1,108,871

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 2018 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 2018 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 28 March 2019.

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 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 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- 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*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements and* MFRS 108*, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

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 2019 for the accounting standards that are effective for annual periods beginning on or after 1 January 2019.

- from the annual period beginning on 1 January 2020 for the accounting standards that are effective for annual periods beginning on or after 1 January 2020.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group and the Company.

The Group and the Company are currently assessing the financial impact that may arise from the initial application of the accounting standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2019, 1 January 2020 and the accounting standards, interpretations and amendments effective for annual periods on or after a date yet to be confirmed.

(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:

- Note 8.2 - Impairment loss on investment in subsidiaries
- Note 14.5 - Impairment of amount due from subsidiaries
- Note 20 - Provision for foreseeable loss
- Note 21 - Revenue
- Note 37 - Acquisition of subsidiaries

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

Arising from the adoption of MFRS 15, *Revenue from Contract with Customers* and MFRS 9, *Financial Instruments*, there are changes to the accounting policies of:
i) financial instruments;
ii) revenue recognition; and
iii) impairment losses of financial assets
as compared to those adopted in previous financial statements. The impacts arising from the changes are disclosed in Note 41 to the financial statements.

(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 investment 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(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 from 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 a 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.

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(vi) Joint arrangements (continued)

- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method.

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.

(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 statement 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.

(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 equity instruments where they are measured at fair value through 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency (continued)

(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.

(c) Financial instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instrument*, the Group and the Company have elected not to restate the comparatives.

(i) Recognition and initial 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.

Current financial year

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured 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.

Previous financial year

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Current financial year

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(o)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through other comprehensive income

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(o)(i)) where the effective interest rate is applied to the amortised cost.

(ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

Current financial year (continued)

(c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(o)(i)).

Previous financial year

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139, *Financial Instruments: Recognition and Measurement* as follows:

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprised financial assets that were held for trading, including derivatives (except for a derivative that was a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that were specifically designated into this category upon initial recognition.

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments whose fair values could not be reliably measured were measured at cost.

Other financial assets categorised as fair value through profit or loss were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprised debt instruments that were not quoted in an active market, trade and other receivables and cash and cash equivalent.

Financial assets categorised as loans and receivables were 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)

Previous financial year (continued)

(c) Available-for-sale financial assets

Available-for-sale category comprised investment in equity and debt instruments that were not held for trading.

Investments in equity instruments that did not have a quoted market price in an active market and whose fair value cannot be reliably measured were measured at cost. Other financial assets categorised as available-for-sale were 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 were recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income was reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method was recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, were subject to impairment assessment (see Note 2(o)(i)).

Financial liabilities

Current financial year

The categories of financial liabilities at initial recognition are as follows:

(a) 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 and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities (continued)

Current financial year (continued)

(a) Fair value through profit or loss (continued)

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

Previous financial year

In the previous financial year, all financial liabilities were subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprised financial liabilities that were derivatives or financial liabilities that were specifically designated into this category upon initial recognition.

Derivatives that were linked to and must be settled by delivery of equity instruments that did not have a quoted price in an active market for identical instruments whose fair values cannot be reliably measured were measured at cost.

Financial liabilities categorised as fair value through profit or loss were 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(iii) Financial guarantee contracts (continued)

Current financial year

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15, *Revenue from Contracts with Customers.*

Liabilities arising from financial guarantees are presented together with other provisions.

Previous financial year

In the previous financial year, fair value arising from financial guarantee contracts were classified as deferred income and were amortised to profit or loss using a straight-line method over the contractual period or, when there was no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract was probable, an estimate of the obligation was made. If the carrying value of the financial guarantee contract was lower than the obligation, the carrying value was adjusted to the obligation amount and accounted for as a provision.

(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, 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.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

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	10 to 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 10 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.

(e) Bearer biological assets

Bearer biological assets comprise 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Investment properties (continued)

(i) Investment properties carried at fair value (continued)

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.

(g) Concession arrangements

Where the Group performs more than one service (i.e. construction contract and maintenance services) under a single contract or arrangement, the consideration receivable is allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable. The accounting policies for the construction contract and maintenance services are explained in Note 2(u).

Concession asset/(liability)

Concession asset/(liability) is amortised subsequent to initial recognition on a straight-line basis over the remaining tenure of the concession arrangements.

(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.

(k) Fresh fruit bunches

Fresh fruit bunches, which have yet to be harvested, are measured at fair value less costs to sell.

(l) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(o)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(m) Contract cost

(i) Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

(ii) Costs to fulfil a contract

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) 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.

(o) Impairment

(i) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company have elected not to restate the comparatives.

Current financial year

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

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

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment (continued)

(i) Financial assets (continued)

Current financial year (continued)

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

Previous financial year

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) were assessed at each reporting date whether there was 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, were not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost was an objective evidence of impairment. If any such objective evidence existed, then the impairment loss of the financial asset was estimated.

An impairment loss in respect of loans and receivables was recognised in profit or loss and was 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 was reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets was recognised in profit or loss and as 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 had been recognised in the other comprehensive income, the cumulative loss in other comprehensive income was reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that was carried at cost was recognised in profit or loss and was 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 was not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increased and the increase could be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss was reversed, to the extent that the asset's carrying amount did not exceed what the carrying amount would had been had the impairment not been recognised at the date the impairment was reversed. The amount of the reversal was recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment (continued)

(ii) Other assets (continued)

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.

(p) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) 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 recognised 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 recognised 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.

(r) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) 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.

(t) 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.

(u) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Revenue and other income (continued)

(i) Revenue (continued)

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group performs;

(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iii) 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.

(iv) 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.

(v) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) 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.

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 which the unutilised tax incentive can be utilised.

(x) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) 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.

(z) 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. Operating segment 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.

(aa) 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.

(ab) Fair value measurements

Fair value of an asset or a liability, except for 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ab) Fair value measurements (continued)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation 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) Concession Agreement UiTM-Zone 1 Phase 2, Puncak Alam Campus ("CA-Z1P2")

The Company's newly acquired sub-subsidiary, TRIplc Ventures Sdn. Bhd. ("TVSB"), entered into the CA-Z1P2 Concesssion Agreement with the Government of Malaysia ("Government''), represented by the Ministry of Higher Education ("MOHE") and University Teknologi MARA ("UiTM") in 2010. Under the CA-Z1P2, TVSB was granted a 23-year concession to undertake the planning, design, financing, development, construction, landscaping, equipping, installation, completion, testing, commissioning and maintenance of specified facilities and infrastructure for Z1P2 of UiTM Puncak Alam Campus. The specified facilities and infrastructure include academic facilities for three faculties, namely the Faculty of Accountancy, Faculty of Business Administration and Faculty of Hotel and Tourism Management, common facilities, student accommodation, multipurpose hall, maintenance centre, prayer hall, library, student centre, cafeteria and health centre.

The construction works for Z1P2 of UiTM Puncak Alam Campus commenced in 2011 and was completed in April 2014.

The Group, commenced the facilities management services for a period of 20 years from 2014 to 2034.

(b) Concession Agreement UiTM-Zone 1 Phase 3, Puncak Alam Campus ("CA-Z1P3")

The Company's newly acquired sub-subsidiary, TRIplc Medical Sdn. Bhd. ("TMSB") was awarded a concession to undertake the planning, finance, design, development, construction, landscaping, equipping, installation, completion, testing and commissioning of the facilities and infrastructure in relation to the Teaching Hospital and Medical Academic Centre at UiTM Puncak Alam Campus and thereafter, to carry out the asset management services of the facilities and infrastructure in accordance with the terms and conditions of the Concession Agreement dated 18 February 2016 entered into between the Government, MOHE, UiTM and TMSB.

The concession is for a period of 25 years starting from 11 April 2017, 3 years for construction and 22 years for asset management services.

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		At cost		
Group					
Cost/Valuation					
At 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 17.5)	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
At 1 January 2018	**38,325**	**46,136**	**293,144**	**5,265**	**5,160**
Additions	**-**	**-**	**-**	**510**	**-**
Disposals	**-**	**-**	**-**	**-**	**-**
Acquisitions through a business combination (Note 37)	**10,040**	**14,600**	**-**	**-**	**-**
Write off	**-**	**-**	**-**	**-**	**-**
Reclassification	**-**	**-**	**-**	**3,830**	**-**
Transfer to investment properties (Note 5)	**-**	**(17,100)**	**-**	**-**	**-**
Exchange difference	**-**	**-**	**-**	**-**	**-**
At 31 December 2018	**48,365**	**43,636**	**293,144**	**9,605**	**5,160**

NOTES TO THE FINANCIAL STATEMENTS

	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
	-	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
	98,038	**171,388**	**1,153**	**29,913**	**8,167**	**48,670**	**22,186**	**4,284**	**771,829**
	4,180	**-**	**529**	**657**	**519**	**11,967**	**288**	**4,360**	**23,010**
	-	**(148,250)**	**-**	**(536)**	**(552)**	**(288)**	**-**	**-**	**(149,626)**
	-	**-**	**-**	**401**	**15**	**1,171**	**66**	**-**	**26,293**
	-	**-**	**-**	**(2,525)**	**(1,135)**	**(72)**	**(4,425)**	**(263)**	**(8,420)**
	-	**-**	**-**	**-**	**-**	**194**	**-**	**(4,024)**	**-**
	-	**-**	**-**	**(805)**	**(1,074)**	**-**	**(1,135)**	**-**	**(20,114)**
	-	**(23,138)**	**-**	**-**	**-**	**-**	**-**	**-**	**(23,138)**
	102,218	**-**	**1,682**	**27,105**	**5,940**	**61,642**	**16,980**	**4,357**	**619,834**

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		At cost		
Group					
Depreciation and impairment loss					
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
At 1 January 2018					
Accumulated depreciation	**-**	**-**	**1,113**	**600**	**539**
Accumulated impairment loss	**-**	**-**	**-**	**-**	**-**
	-	**-**	**1,113**	**600**	**539**
Depreciation for the year	**458**	**724**	**3,409**	**211**	**505**
Disposals	**-**	**-**	**-**	**-**	**-**
Write off	**-**	**-**	**-**	**-**	**-**
Transfer to investment properties (Note 5)	**-**	**(35)**	**-**	**-**	**-**
Exchange difference	**-**	**-**	**-**	**-**	**-**
At 31 December 2018					
Accumulated depreciation	**458**	**689**	**4,522**	**811**	**1,044**
Accumulated impairment loss	**-**	**-**	**-**	**-**	**-**
	458	**689**	**4,522**	**811**	**1,044**
Carrying amounts					
At 1 January 2017	34,177	54,070	-	-	-
At 31 December 2017/1 January 2018	**38,325**	**46,136**	**292,031**	**4,665**	**4,621**
At 31 December 2018	**47,907**	**42,947**	**288,622**	**8,794**	**4,116**

NOTES TO THE FINANCIAL STATEMENTS

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
-	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
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**
1,961	**336**	**207**	**2,135**	**621**	**7,344**	**577**	**-**	**18,488**
-	**(134,667)**	**-**	**(69)**	**(269)**	**(142)**	**-**	**-**	**(135,147)**
-	**-**	**-**	**(2,747)**	**(849)**	**(37)**	**(4,424)**	**-**	**(8,057)**
-	**-**	**-**	**(451)**	**(600)**	**-**	**(654)**	**-**	**(1,740)**
-	**(22,433)**	**-**	**-**	**-**	**-**	**-**	**-**	**(22,433)**
2,941	**-**	**679**	**24,729**	**4,571**	**35,498**	**16,005**	**-**	**91,947**
-	**-**	**-**	**20**	**294**	**-**	**146**	**-**	**460**
2,941	**-**	**679**	**24,749**	**4,865**	**35,498**	**16,151**	**-**	**92,407**
-	44,860	25	5,896	1,750	16,279	2,070	2,744	161,871
97,058	**14,624**	**681**	**4,032**	**2,205**	**20,337**	**1,534**	**4,284**	**530,533**
99,277	**-**	**1,003**	**2,356**	**1,075**	**26,144**	**829**	**4,357**	**527,427**

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Computers, software and equipment RM'000	Renovations RM'000	Total RM'000
	← At cost	→	
Company			
Cost			
At 1 January 2017	871	1,928	2,799
Additions	5	-	5
At 31 December 2017/1 January 2018/31 December 2018	**876**	**1,928**	**2,804**
Depreciation			
At 1 January 2017	503	1,582	2,085
Depreciation for the year	268	345	613
At 31 December 2017/1 January 2018	**771**	**1,927**	**2,698**
Depreciation for the year	**81**	**1**	**82**
At 31 December 2018	**852**	**1,928**	**2,780**
Carrying amounts			
At 1 January 2017	368	346	714
At 31 December 2017/1 January 2018	**105**	**1**	**106**
At 31 December 2018	**24**	**-**	**24**

4.1 Breakdown of depreciation charge for the year, are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Recognised in profit or loss	**15,725**	12,551	**82**	613
Capitalised in bearer biological assets (Note 6)	**2,763**	1,287	**-**	-
Discontinued operations	**-**	12	**-**	-
Depreciation charged for the year	**18,488**	13,850	**82**	613

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 RM16,741,000 (2017: RM8,322,000).

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

4.3 Revaluation of leasehold land and buildings

In the previous financial year, the leasehold land and buildings were revalued to fair values. 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. The fair value measurement of the leasehold land and buildings was based on the highest and best use, which did not differ from their actual use.

Valuation processes applied by the Group for Level 3 fair value

The following table showed 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 in the previous financial year.

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison approach: The method involved 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 was 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 had 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 market value per square foot.	The estimated fair value would increase/(decrease) if adjusted market value per square foot were higher/(lower).

If the leasehold land and buildings were measured using the cost model, the carrying amounts would have been as follows:

	Group	
	2018 RM'000	2017 RM'000
Leasehold land at 31 December:		
Cost	**17,969**	21,110
Accumulated depreciation	**(3,352)**	(3,130)
Carrying amount	**14,617**	17,980
Buildings at 31 December:		
Cost	**31,903**	44,246
Accumulated depreciation	**(5,450)**	(6,407)
Carrying amount	**26,453**	37,839
	41,070	55,819

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

4.4 Disposal of property, plant and equipment

On 10 April 2018, KGL Ltd entered into a Memorandum of Agreement ("MOA") with SOMAP International Pte. Ltd. for the disposal of the Vessel for a total cash consideration of approximately USD3.3 million (approximately RM12.8 million). The disposal was completed on 24 April 2018.

4.5 Impairment loss on property, plant and equipment

In the previous financial year, an impairment loss on the Vessel of RM24,643,000 was recognised as the carrying amount of the Vessel exceeded its estimated recoverable amount. The impairment loss was included in impairment losses caption in the statements of profit or loss and other comprehensive income in the previous financial year.

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 under the Pan Malaysia Contract, which resulted in the Vessel remained idle. Consequently, the Directors changed the basis of determining the recoverable amount where in last financial 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 assumed that the Vessel could be disposed not less than the non-binding bid price. The valuation technique used was classified within Level 2 of the fair value hierarchy.

Following the impairment of the Vessel, the recoverable amount was equal to the carrying amount. The recoverable amount of the Vessel was as follows:

	Group 2017 RM'000
Recoverable amount	14,624
Fair value hierarchy	Level 2

4.6 Plantation land charged

As at the end of the reporting period, the carrying amount of the plantation land of the Group of RM288,622,000 (2017: RM292,031,000) has been charged to secure the banking facilities granted to a sub-subsidiary of the Company as disclosed in Note 18.2 to the financial statements.

5. INVESTMENT PROPERTIES

	Note	Group RM'000	Company RM'000
At 1 January 2017		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 2017/1 January 2018		**601,367**	**305,757**
Fair value loss recognised during the year		**(1,233)**	-
Additions through a business combination	37	**233,789**	-
Reclassification	4, 5.1	**18,374**	-
At 31 December 2018		**852,297**	**305,757**

Included in the above are:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At fair value				
Freehold land	**3,265**	3,265	**-**	-
Long-term leasehold land	**811,267**	589,152	**294,257**	294,257
Buildings	**37,765**	8,950	**11,500**	11,500
	852,297	601,367	**305,757**	305,757

5.1 Transfer from property, plant and equipment

During the current financial year, certain properties were transferred from property, plant and equipment (Note 4) to investment properties since the properties were no longer used by the Group and was leased to a third party or left vacant.

5.2 Fair value of investment properties

The fair values of the investment properties during the current and previous financial year are arrived at by reference to market evidence of transaction prices for similar properties and are 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.

5. INVESTMENT PROPERTIES (CONTINUED)

5.2 Fair value of investment properties (continued)

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 in the current and previous financial year.

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 market value per square foot.	The estimated fair value would increase/(decrease) if adjusted market value per square foot were higher/(lower).

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Rental income	**720**	388	**349**	1,269
Direct operating expenses				
- income generating investment properties	**(728)**	(296)	**(149)**	(114)
- non-income generating investment properties	**(558)**	(432)	**(322)**	(210)

5.4 Properties charged

(a) As at the end of the reporting period, the carrying amount of a property of the Group of RM2,140,000 has been charged to secure banking facility granted to a sub-subsidiary of the Company as disclosed in Note 18.1(a) to the financial statements.

(b) As at the end of the reporting period, the carrying amount of a property of the Group of RM6,660,000 has been charged to secure bank overdraft facility granted to a sub-subsidiary of the Company as disclosed in Note 18.5(a)(i) to the financial statements.

6. BEARER BIOLOGICAL ASSETS

Group	Note	Oil palm Matured area RM'000	Oil palm Immature area RM'000	Oil palm 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 2017/1 January 2018		**93,311**	**190,153**	**283,464**
Reclassification		**75,657**	**(75,657)**	**-**
Additions	6.1	**-**	**27,791**	**27,791**
At 31 December 2018		**168,968**	**142,287**	**311,255**
Accumulated amortisation:				
At 1 January 2017		-	-	-
Charge of the year		597	-	597
At 31 December 2017/1 January 2018		**597**	**-**	**597**
Charge of the year		**5,188**	**-**	**5,188**
At 31 December 2018		**5,785**	**-**	**5,785**
Net book value:				
At 1 January 2017		-	-	-
At 31 December 2017/1 January 2018		**92,714**	**190,153**	**282,867**
At 31 December 2018		**163,183**	**142,287**	**305,470**

6.1 Included in the additions during the year are as follows:

	Note	Group 2018 RM'000	Group 2017 RM'000
Finance cost *	23	**6,396**	3,533
Depreciation of property, plant and equipment	4.1	**2,763**	1,287

* Finance cost is capitalised at the borrowing cost rate of 5.25% (2017: 5.25%) per annum.

6.2 Risk management objectives, policies and processes for managing the bearer biological assets

The Group has obtained borrowings to finance the development expenditures for bearer biological assets (see Note 18.2). The bearer biological assets comprise oil palm plants which take three to four years to mature and bear fruits, upon which the bearer biological assets will begin to generate cash inflows from the sale of fresh fruit bunches. The repayments of these borrowings take into consideration the timing of cash inflows to be generated by these bearer biological assets.

The Group is also exposed to risk of market price changes of fresh fruit bunches due to supply and demand changes. The market price risk is monitored by the Group on an ongoing basis.

7. CONCESSION ASSET/(LIABILITY)

	Note	Group 2018 RM'000	Group 2017 RM'000
Concession asset	7.1	**6,168**	-
Concession liability	7.2	**(114,896)**	-

7.1 Concession asset

The concession asset represents the fair value adjustment on CA-Z1P2 concession pursuant to the acquisition of TRIplc Berhad and its subsidiaries. As at 31 May 2018 (date of acquisition), the balance of the concession asset was RM6,401,000. During the current financial year, a total of RM233,000 was amortised to profit or loss of the Group. Refer to Note 37 to the financial statements for details on the acquisition and Note 14.1(a) to the financial statements for details of the concession asset.

7.2 Concession liability

The concession liability represents the fair value adjustment on CA-Z1P3 concession pursuant to the acquisition of TRIplc Berhad and its subsidiaries. As at 31 May 2018 (date of acquisition), the balance of the concession liability was RM117,641,000. During the current financial year, a total of RM2,745,000 was amortised to profit or loss of the Group. Refer to Note 37 to the financial statements for details on the acquisition and Note 14.1(b) to the financial statements for details of the concession liability.

8. INVESTMENT IN SUBSIDIARIES

	Company 2018 RM'000	Company 2017 RM'000
Cost		
Unquoted shares	**1,185,861**	877,436
Less : Accumulated impairment losses	**(317,784)**	(305,930)
	868,077	571,506

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name	Principal activities	Effective ownership interest and voting interest 2018 %	2017 %
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 *(Cessation of the food and beverage related activities on 1 November 2018)*	**100**	100
MESB	Investment holding and oil palm plantation business	**100**	100
TRIplc	Investment holding and engaged in property construction and related activities	**100+**	-
PRCSB *	Research and development and technology development for water, wastewater and environment sectors	**100**	100
Puncak Niaga (India) Sdn. Bhd. * *(Striking off)*	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. *	Mobile dealer, telecommunication and other related services	**100**	100
Aspen Streams Sdn. Bhd.	Dormant	**60**	60

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name	Principal activities	Effective ownership interest and voting interest	
		2018 %	2017 %
Principal place of business/ Incorporated in Singapore			
SINO	Investment in water and wastewater projects in PRC	**98.65**	98.65
PNOC *(Struck off on 7 March 2019)*	Dormant	**-+**	100
Principle place of business/ Incorporated in India			
PNIPPL *	Dormant	**100**	100
Principal place of business/ Incorporated in PRC			
Sino Water (Shanghai) * *(Voluntary dissolution completed on 11 March 2019)*	Consultancy services for water and wastewater	**-+**	98.65
Principal place of business/ Incorporated in Hong Kong			
Jadekind Ltd *	Development, manufacturing and distribution of supplement product	**50^**	-
Principal place of business/ Incorporated in Malaysia			
Subsidiaries of TRIplc			
TRIplc Medical Sdn. Bhd.	Concession relates to design, development, construction and completion of the facilities and infrastructure and asset management services activities	**100+**	-
TRIplc Ventures Sdn. Bhd.	Property construction and related activities	**100+**	-
TRIplc Resources Sdn. Bhd.	Property construction and related activities	**100+**	-
TRIplc FMS Sdn. Bhd.	Provision of facilities management services and related activities	**100+**	-
Central Challenger (M) Sdn. Bhd.	Property development, provision of project management services and property management	**100+**	-

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name	Principal activities	Effective ownership interest and voting interest 2018 %	2017 %
Principal place of business/ Incorporated in Malaysia (continued)			
Subsidiaries of TRIplc (continued)			
TRIplc Industries Sdn. Bhd.	Property construction and related activities	**100[+]**	-
Prinsip Barisan (M) Sdn. Bhd.	Property investment	**100[+]**	-
Insa Alliance Sdn. Bhd.	Property development and provision of project management services	**100[+]**	-
Zuriat Watan Sdn. Bhd.	Property development	**100[+]**	-
Samasys Sdn. Bhd. *	Property development	**100[+]**	-
Layar Kekal (M) Sdn. Bhd. *	Property development	**100[+]**	-
Tirai Gemilang Sdn. Bhd. *	Property development	**100[+]**	-
Usahasewa Sdn. Bhd. *	Property development	**100[+]**	-
Suasa Integrasi (M) Sdn. Bhd. *	Property development	**100[+]**	-
Pujian Bayu Sdn. Bhd.	To raise fund and/or to issue debentures and/or Islamic securities for and in connection with TRIplc Berhad and its subsidiaries	**100[+]**	-[+]
Subsidiaries of POG			
GOM Resources	Offshore installation services of integrated transportation and installation of offshore facilities	**100**	100
KGL	Ceased operations	**100**	100

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name	Principal activities	Effective ownership interest and voting interest 2018 %	2017 %
Principal place of business/ Incorporated in Myanmar			
Subsidiary of POG			
GRL* *(Wound up on 5 March 2019)*	Dormant	-+	100
Principal place of business/ Incorporated in Malaysia			
Subsidiaries of MESB			
DSSB	Investment holding and oil palm plantation business	**90**	90
Danum Sinar	Oil palm plantation business	**90**	90
Subsidiary of Danum Sinar			
Aneka Suriamas Sdn. Bhd.*	Operate the grocery stores in the plantation estates	**100+**	-+

* Audited by firms other than KPMG PLT.

^ Although the Group owns only half of the ownership interest in Jadekind Ltd, the Directors have determined that the Group controls this entity.

\+ 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 RM95,400,000 in MESB with cash payment of RM95,400,000. The additional capital injection into MESB was used by MESB for the subscription of Class A Cumulative Convertible Redeemable Preference Shares ("CCRPS-A") in DSSB;

(b) had on 31 May 2018, completed the acquisition of TRIplc for total cash consideration of RM210,000,000, representing 100% of the issued and paid-up share capital of TRIplc;

(c) subscribed RPS of RM2,500,000 in TRIplc Berhad with cash payment of RM2,500,000, and

(d) had on 16 March 2018, completed the subscription of shares in Jadekind Ltd, a private limited company duly incorporated in Hong Kong for total cash consideration of HKD1,000,000 (RM525,000), representing 50% of the issued and paid-up share capital of Jadekind Ltd.

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

8.1 Increase in investment of subsidiaries (continued)

In the previous financial year, the Company:

(a) invested in RPS of RM332,611,111 into 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 CCRPS-A amounting to RM168,869,059 in DSSB. The investment in DSSB was to facilitate the completion of the acquisition of Danum Sinar; and

(b) increased the paid up share capital of RM50,000,000 into PNCSB by capitalising the amount due from PNCSB.

8.2 Impairment loss on investment in subsidiaries

At Company level, the impairment loss during the year amounting to RM11,854,000 was mainly attributable to a subsidiary that is in the Oil & Gas 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 assets held by this subsidiary are the investment property and cash and cash equivalent deposited with licensed banks.

The recoverable amount of this subsidiary is RM11,500,000, 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.

In the previous year, the impairment loss on investment in subsidiaries amounted to RM60,578,000 and was mainly attributable to a subsidiary that was 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 was the contract asset of which a provision for foreseeable loss had been made as described in Note 20. The adequacy of the impairment loss was high dependent on the outcome of the contract with the customer.

The recoverable amount of this subsidiary was RM Nil, of which its fair value was classified within Level 3 of the fair value hierarchy.

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:

	2018		
	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	40,343	(2,231)	38,112
(Loss)/Profit allocated to NCI	(6,427)	39	(6,388)
	(a)		
Summarised financial information before intra-group elimination			
As at 31 December 2018			
Non-current assets	722,846		
Current assets	19,691		
Non-current liabilities	(260,126)		
Current liabilities	(78,983)		
Net assets	403,428		
Year ended 31 December 2018			
Revenue	16,278		
Loss and comprehensive expense for the year	(64,267)		
Cash flows from operating activities	(134,124)		
Cash flows from investing activities	(19,369)		
Cash flows from financing activities	155,795		
Net increase in cash and cash equivalents	2,302		

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

8.3 Non-controlling interests in subsidiaries (continued)

The Group's subsidiaries that have material non-controlling interest ("NCI") are as follows (continued):

	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

(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.

In the previous 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.

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

8.3 Non-controlling interests in subsidiaries (continued)

(a) Increase in share capital of DSSB (continued)

During the current financial year, Astaka Suria had subscribed for RPS of RM10,600,000 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Advances to associates	**17**	7	**17**	14
Share of post-acquisition reserves	**(10)**	(1)	**-**	-
	7	6	**17**	14

Name	Principal activities	Effective ownership interest and voting interest 2018 %	2017 %
Principal place of business/Incorporated in Malaysia			
Purnama Persada Sdn. Bhd.	Dormant	**50**	50

10. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Property, plant and equipment	**-**	-	**(93,201)**	(95,416)	**(93,201)**	(95,416)
Bearer biological assets	**15**	-	**(70,292)**	(65,880)	**(70,277)**	(65,880)
Investment properties	**-**	-	**(58,746)**	(18,286)	**(58,746)**	(18,286)
Trade receivables	**-**	-	**(15,501)**	-	**(15,501)**	-
Unutilised tax losses	**8,028**	31,947	**-**	-	**8,028**	31,947
Unabsorbed agriculture allowances	**42,338**	39,473	**-**	-	**42,338**	39,473
Concession asset/(liability)	**28,234**	-	**(1,536)**	-	**26,698**	-
Others	**1,526**	1,500	**(857)**	(3,498)	**669**	(1,998)
Net tax assets/(liabilities)	**80,141**	72,920	**(240,133)**	(183,080)	**(159,992)**	(110,160)
Company						
Investment properties	**-**	-	**(25,101)**	(12,551)	**(25,101)**	(12,551)
Others	**-**	-	**(2,650)**	(1,325)	**(2,650)**	(1,325)
Net tax liabilities	**-**	-	**(27,751)**	(13,876)	**(27,751)**	(13,876)

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

Recognised deferred tax assets/(liabilities) (continued)

Movement in temporary differences:

Group	As at 1 January 2017 RM'000	Arising from business combination in 2017 (Note 37) RM'000	Recognised in profit or loss in 2017 (Note 26) RM'000	Recognised in equity and other comprehensive income in 2017 (Note 27) RM'000	As at 31 December 2017/ 1 January 2018 RM'000	Arising from business combination in 2018 (Note 37) RM'000	Recognised in profit or loss in 2018 (Note 26) RM'000	As at 31 December 2018 RM'000
Deferred tax (liabilities)/ assets								
Property, plant and equipment	(9,283)	(86,737)	(119)	723	**(95,416)**	**(839)**	**3,054**	**(93,201)**
Bearer biological assets	-	(65,880)	-	-	**(65,880)**	**-**	**(4,397)**	**(70,277)**
Investment properties	(17,695)	-	(591)	-	**(18,286)**	**(13,677)**	**(26,783)**	**(58,746)**
Trade receivables	-	-	-	-	**-**	**(11,736)**	**(3,765)**	**(15,501)**
Unutilised tax losses	1,395	29,547	1,005	-	**31,947**	**3,704**	**(27,623)**	**8,028**
Unabsorbed agriculture allowances	-	39,473	-	-	**39,473**	**-**	**2,865**	**42,338**
Concession asset/(liability)	-	-	-	-	**-**	**26,698**	**-**	**26,698**
Service concession assets	(1,468)	-	1,468	-	**-**	**-**	**-**	**-**
Others	178	-	(2,176)	-	**(1,998)**	**1,330**	**1,337**	**669**
	(26,873)	(83,597)	(413)	723	**(110,160)**	**5,480**	**(55,312)**	**(159,992)**
Company								
Deferred tax liabilities								
Investment properties	(12,253)	-	(298)	-	**(12,551)**	**-**	**(12,550)**	**(25,101)**
Others	(1,325)	-	-	-	**(1,325)**	**-**	**(1,325)**	**(2,650)**
	(13,578)	-	(298)	-	**(13,876)**	**-**	**(13,875)**	**(27,751)**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	**29,328**	-	**-**	-
Deferred tax liabilities	**(189,320)**	(110,160)	**(27,751)**	(13,876)
	(159,992)	(110,160)	**(27,751)**	(13,876)

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

Unrecognised deferred tax assets

Deferred tax assets have not been recognised for the following items (stated at net):

	Group	
	2018 RM'000	2017 RM'000
Tax losses and other temporary differences	**144,372**	89,866

Deferred tax assets have not been recognised mainly due to the tax losses carried forward because it is not probable that future taxable profits will be available for certain subsidiaries against which those subsidiaries can utilise the benefits therefrom.

11. INVENTORIES

	Group	
	2018 RM'000	2017 RM'000
Cost		
Water treatment chemicals	**397**	250
Stores and consumables	**4,590**	3,273
Others	**286**	2,545
	5,273	6,068

During the year, the amount of inventories recognised in the profit or loss of the Group was RM9,641,000 (2017: RM4,831,000) and is included in raw materials, consumables and maintenance in the statement of profit or loss and other comprehensive income.

12. FRESH FRUIT BUNCHES

12.1 Fair value of fresh fruit bunches

	Group	
	2018 RM'000	2017 RM'000
Fair value less cost to sell		
Fresh fruit bunches	**3,248**	4,559

12. FRESH FRUIT BUNCHES (CONTINUED)

12.1 Fair value of fresh fruit bunches (continued)

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 (shorter) / longer 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	
	2018 RM'000	**2017 RM'000**
At 1 January	**4,559**	-
Acquisition from a business combination	**-**	3,311
Changes in fair value recognised in profit or loss		
- Due to price changes	**(1,753)**	1,248
- Due to physical changes	**442**	-
	(1,311)	1,248
At 31 December	**3,248**	4,559

13. CONTRACT BALANCES

	Group	
	2018 RM'000	**2017 RM'000**
Contract assets	**29,717**	56,145
Contract cost		
- cost to fulfil a contract	**10,514**	-
	40,231	56,145
Contract liabilities	**(184)**	-

13. CONTRACT BALANCES (CONTINUED)

13.1 Contract assets/(liabilities)

The contract assets primarily relate to the Group's rights to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 60 days.

The contract liabilities primarily relate to the advance consideration received from a customer for construction contract, which the revenue is recognised overtime during the construction period. The contract liabilities are expected to be recognised as revenue over a period of 30 days.

There are no significant changes to contract assets and contract liabilities balances during the financial year.

13.2 Contract cost

Contract cost primarily relates to mobilisation cost incurred by a sub-subsidiary, TRIplc Resources Sdn. Bhd. ("TRSB") on supply on medical equipment relating to the CA-Z1P3 project and is expected to be recoverable.

14. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current					
Trade					
Receivables from concession customer	14.1	**445,201**	-	**-**	-
Non-trade					
Other receivables	14.2	**11,083**	-	**-**	-
		456,284	-	**-**	-
Current					
Trade					
Trade receivables	14.3	**22,543**	46,157	**-**	-
Receivables from concession customer	14.1	**9,364**	-	**-**	-
Advances to subcontractors	14.4	**15,468**	17,483	**-**	-
		47,375	63,640	**-**	-
Non-trade					
Amounts due from subsidiaries	14.5	**-**	-	**122,893**	95,285
Prepayments	14.6	**24,429**	1,856	**352**	541
Other receivables		**31,222**	18,454	**806**	1,170
Deposits	14.7	**17,399**	40,061	**10**	21,286
		73,050	60,371	**124,061**	118,282
		120,425	124,011	**124,061**	118,282
		576,709	124,011	**124,061**	118,282

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

14.1 Receivables from concession customer

(a) Concession Agreement ("CA-Z1P2")

On 4 May 2010, TRIplc Ventures Sdn. Bhd. ("TVSB"), a wholly-owned sub-subsidiary of the Company, has executed a CA-Z1P2 with the Government of Malaysia and UiTM for the right and authority to undertake the planning, design, development, construction, landscaping, equipping, installations, completion, testing and commissioning of the Facilities and Infrastructure of UiTM Puncak Alam Campus and to carry out the maintenance works in relation to the maintenance of the Facilities and Infrastructure (collectively referred to as the "Concession") as disclosed in Note 3(a) to the financial statements.

The principal terms of the CA-Z1P2 are as follows:

(i) the Concession Period shall be for a period of twenty three (23) years commencing from the Construction Commencement Date or Effective Date whichever is later and ending on twenty third (23rd) anniversary of the date. The commencement date of the construction was 11 April 2011.

(ii) the maintenance works will commence upon the issuance of Certificate of Acceptance by UiTM and expire on the last date of the Concession Period ("Maintenance Period").

The construction was completed and the Certificate of Acceptance was issued by UiTM on 11 April 2014. The issuance of Certificate of Acceptance was to confirm the acceptance of the availability of Facilities and Infrastructure by UiTM and to confirm the commencement of the Maintenance Period was from 11 April 2014.

UiTM shall pay TVSB throughout the Maintenance Period the following charges:

(i) Availability Charges for the availability of the Facilities and Infrastructure;

(ii) Maintenance Charges for the provision of maintenance works in accordance with the provision of the Concession Agreement.

The receivables from concession customer of CA-Z1P2 are pledged to Danajamin Nasional Berhad ("Danajamin") and Junior Notes as disclosed in Note 18.3 to the financial statements.

The Group, through another wholly-owned sub-subsidiary commenced with the facilities management services for a period of 20 years from 2014 to 2034.

(b) Concession Agreement ("CA-Z1P3")

On 18 February 2016, TRIplc Medical Sdn. Bhd. ("TMSB"), a wholly-owned sub-subsidiary of the Company, has executed the CA-Z1P3 with the Government of Malaysia and UiTM for the rights and authority to undertake the planning, design, development, construction, landscaping, equipping, installation, completion, testing and commissioning of the Facilities and Infrastructure of UiTM Puncak Alam Campus and thereafter to carry out the asset management services of the Facilities and Infrastructure (collectively referred to as the "Concession") as disclosed in Note 3(b) to the financial statements.

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

14.1 Receivables from concession customer (continued)

(b) Concession Agreement ("CA-Z1P3") (continued)

The principal terms of the UiTM-Z1P3 are as follows:

(i) the concession granted is for a period of twenty five (25) years ("Concession Period") which consists of three (3) years for construction works and twenty two (22) years for asset management services. The commencement date of the construction was 11 April 2017.

(ii) the asset management services will commence upon completion of the construction works and expiring on the last date of the Concession Period ("Asset Management Services Period").

(iii) throughout the Asset Management Services Period, UiTM will pay TMSB Availability Charges (for the availability of the Facilities and Infrastructure) and Asset Management Services Charges (for the provision of maintenance services and asset replacement programme).

The receivables from concession customer of CA-Z1P3 are pledged to the Security Trustee for the Al-Kafalah Facility, Senior Sukuk Murabahah and Junior Sukuk Murabahah granted to TMSB as disclosed in Note 18.4(h)(v) to the financial statements as part of the assignment of the Concession Agreement.

14.2 Non-current other receivables

Non-current other receivables of the Group represents financial assets from CA-Z1P3 project.

14.3 Trade receivables

Trade receivables are non-interest bearing and are generally on a range of 30 to 90 days (2017: 30 to 90 days) terms. Credit terms are assessed and approved on a case-by-case basis.

14.4 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. TRADE AND OTHER RECEIVABLES (CONTINUED)

14.5 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 ranged from 3.91% - 3.96% per annum (2017: 3.93%).

The significant increase in impairment loss of RM29 million during the financial year of the Company is mainly arising from advances to PNCSB while in the previous financial year, the significant increase in impairment loss of the Company was mainly arising from advances to PNCSB, PNOC and Puncak Seri (M) Sdn. Bhd. Refer to Note 32.4.5 to the financial statements.

14.6 Prepayments

Included in prepayments of the Group is prepaid guarantee premium fees of RM4,378,000 in respect of the Medium Term Notes, prepaid guarantee premium fees and prepaid interest expense of RM9,276,000 and RM7,151,000 respectively in respect of the Senior Sukuk Murabahah.

14.7 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 RM11,085,000 (2017: RM7,119,000) and deposits of the net adjudicated amount of RM6,314,000 (2017: 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 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 acquisition of the entire issued and paid-up share capital of TRIplc as disclosed in Note 37 to the financial statements.

15. SHORT-TERM INVESTMENTS

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Short-term investments	15.1	**119,184**	280,411	**9,621**	279,723
Fixed deposits placed with licensed banks	15.2	**302,326**	10,367	**6,286**	10,367
		421,510	290,778	**15,907**	290,090

15. SHORT-TERM INVESTMENTS (CONTINUED)

15.1 Short-term investments

Short-term investments represent unit trust and cash fund placements in financial institutions and are categorised as financial assets at fair value through profit or loss.

15.2 Fixed deposits placed with licensed banks

These fixed deposits placed with licensed banks have maturity of more than three (3) months and are measured at amortised cost.

Certain short-term investments were held under Designated Accounts were pledged as securities for banking facilities granted to the Group as disclosed in Note 16(d) to the financial statements.

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Deposits with licensed banks	**187,297**	198,947	**96,532**	189,118
Cash and bank balances	**111,455**	47,228	**19,478**	7,435
At 31 December	**298,752**	246,175	**116,010**	196,553

(a) Included in the cash and cash equivalents of the Group is an amount of RM15,707,000 held under the Revenue Accounts, Operating Accounts and MTN Debt Service Reserve Account ("DSRA") ("Designated Accounts") pursuant to an agreement entered between TVSB and a Security Agent for the availability of Financial Guarantee Insurance ("FGI") Facility to TVSB by Danajamin Nasional Berhad ("Danajamin Chargee"). The Group assigned and charged to the Security Agent all its rights, title, interest, and benefits in and under the Designated Accounts as securities for the repayment of the total secured amount for the FGI Facility and Junior Notes. The repayment shall rank in the order of priority as disclosed in Note 18.3(g)(xiii) to the financial statements;

(b) Included in the cash and cash equivalents of the Group is an amount of RM16,000 held under the Junior Notes DSRA ("JN DSRA") pursuant to an agreement entered between TVSB and a Security Agent. The Group assigned and charged to the Security Agent all its rights, title, interest and benefits in and under the JN DSRA as security for the payment of the outstanding under the Junior Notes as disclosed in Note 18.3(g)(xii) to the financial statements;

(c) Included in the cash and cash equivalents of the Group is an amount of RM48,000 held under the Disbursement Account pursuant to an agreement entered between TVSB and Danajamin Chargee for the availability of FGI Facility by the Danajamin Chargee. The Group assigned and charged to the Danajamin Chargee all its rights, title, interest and benefits in and under the Disbursement Account as securities for the FGI Facility as disclosed in Note 18.3(g)(vi) to the financial statements;

(d) Included in the cash and cash equivalents and short-term investments of the Group is an amount of RM389,089,000 held under TMSB's Disbursement Account, Revenue Account, Operating Account and Senior Sukuk Finance Service Reserve Account ("Senior Sukuk FSRA") pursuant to agreements for Al-Kafalah Facility, Senior Sukuk Murabahah and Junior Sukuk Murabahah. The Group has assigned and charged all its rights, title, interest and benefits under these accounts as disclosed in Note 18.4(h) to the financial statements;

(e) Included in the cash and cash equivalents of the Group is an amount of RM3,039,000 held under the Designated Accounts pursuant to an agreement entered between TRIplc Berhad and a Security Agent for the availability of the term loan facility to the Group by Hong Leong Bank Berhad ("HLBB Chargee"). The Group assigned and charged to the Security Agent all its rights, title, interest and benefits in and under the Designated Accounts as securities for the repayment of the total secured amount for the term loan facility as disclosed in Note 18.1(b) to the financial statements;

16. CASH AND CASH EQUIVALENTS (CONTINUED)

(f) Included in the cash and cash equivalents of the Group is an amount of RM263,000 that has been pledged as securities for banking facilities granted to the subsidiary of the Company as disclosed in Note 18.5 to the financial statements; and

(g) Included in cash and cash equivalents of the Group is an amount of RM3,472,000 (2017: RM2,364,000) pledged to secure the loan facilities.

17. CAPITAL AND RESERVES

17.1 Share capital

	Group and Company			
	2018		2017	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
Ordinary shares, issued and fully paid:				
At 1 January	**554,663**	**449,284**	449,284	449,284
Issuance of shares under warrants	**-**	**1**	-	-
Transfer from share premium in accordance with Section 618(2) of the Companies Act 2016 *	**-**	**-**	105,379	-
At 31 December	**554,663**	**449,285#**	554,663	449,284

* 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 had twenty-four months upon the commencement of the Companies Act 2016 on 31 January 2017 to utilise the credit in accordance with Section 618(3) of the Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74 of the Companies Act 2016). The Company did not utilise the share premium amounting to RM105,379,000 and it lapsed on 30 January 2019.

During the current financial year, the issued share capital of the Company increased from 449,283,784 ordinary shares to 449,284,556 ordinary shares due to the issuance of 772 new ordinary shares arising from the conversion of warrants.

(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 17.3), all rights are suspended until those shares are reissued.

(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 and will expire at the end of five years from the date of issuance.

The warrants had lapsed on 20 July 2018 and were subsequently removed from the Official List of Bursa Malaysia Securities Berhad on 23 July 2018.

17. CAPITAL AND RESERVES (CONTINUED)

17.2 Share premium

Share premium comprised 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 that came into effect on 31 January 2017, the credit standing in the share premium account of RM105,379,000 had been transferred to the share capital account during the previous financial year. The Company did not utilise the share premium amounting to RM105,379,000 and it lapsed on 30 January 2019.

17.3 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 was no repurchase of issued share capital in the current financial year.

As at 31 December 2018, the Company held 2,036,800 (2017: 2,036,800) of the Company's ordinary shares as treasury shares, amounting to RM5,941,000 (2017: RM5,941,000).

17.4 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.

17.5 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	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
At 1 January, gross	**138,152**	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**	138,152	**17,162**	17,162
At 1 January, deferred tax	**(12,621)**	(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)**	(12,621)	**(857)**	(857)
At 31 December, net	**125,531**	125,531	**16,305**	16,305

17.6 Other reserve

Other reserve represents the premium paid on the acquisition of the non-controlling interests in KGL and GOM Resources respectively.

18. LOANS AND BORROWINGS

	Note	Group	
		2018 RM'000	2017 RM'000
Non-current			
Tawarruq term loan	18.2	**138,674**	138,674
Medium Term Notes	18.3	**157,997**	-
Junior Notes	18.3	**29,877**	-
Senior Sukuk Murabahah	18.4	**612,871**	-
Obligation under finance leases	34.2	**10,956**	4,733
		950,375	143,407
Current			
Term loan	18.1	**62,559**	-
Medium Term Notes	18.3	**19,428**	-
Bank overdraft	18.5	**2,283**	-
Obligation under finance leases	34.2	**4,326**	1,745
Revolving credit facility	18.2	**69,900**	18,100
		158,496	19,845
		1,108,871	163,252

18.1 Term loan

(a) Term loan I

In the financial year 2002, a wholly-owned sub-subsidiary of the Company, Central Challenger (M) Sdn. Bhd. ("CCSB"), obtained a long term loan facility ("Term loan I") of RM1,000,000 to finance the purchase of shop offices.

The Term loan I is repayable over a period of twenty (20) years by way of 240 monthly instalments of RM8,366 each.

The Term loan I is secured by way of a legal charge over the title of the shop offices of CCSB and is guaranteed by its immediate holding company, TRIplc Berhad as disclosed in Note 5.4 to the financial statements.

The Term loan I bears effective interest at a rate of 5% per annum.

The Term loan I is expected to be fully repaid in the next financial year.

18. LOANS AND BORROWINGS (CONTINUED)

18.1 Term loan (continued)

(b) Term loan II

In the financial year 2015, the Company's wholly-owned subsidiary, TRIplc Berhad obtained a long-term loan facility ("Term loan II") of RM105.0 million for purposes as below:

Tranche 1 – RM35.0 million

(i) to fund the pre-operating working capital requirements relating to CA-Z1P3 and to subscribe to the subordinated debt in the form of Junior Sukuk to be issued by TMSB and to be advanced to TMSB to part finance the construction cost (excluding financing cost and fees) pursuant to the Concession Agreement in relation to CA-Z1P3.

Tranche 1 of RM35.0 million was fully settled on April 2018. TRIplc Berhad has obtained the approval from the lender to reinstate the loan of RM30.0 million on April 2018. The RM30.0 million was fully drawndown on August 2018 and is repayable in the next financial year.

Tranche 1 of the Term loan II is secured by:

(i) first assignment and charge over all the Designated Accounts of TRIplc Berhad;

(ii) legal charge over a parcel of 338.67 acres of land (represented by a total of 906 individual documents of titles) located in Bandar of Mukim of Serendah, Hulu Selangor, with a minimum market value of RM105.0 million ("Zuriat Watan land") by Zuriat Watan Sdn. Bhd., a wholly-owned subsidiary of TRIplc Berhad;

(iii) assignment of the construction profits accruing to TRIplc Berhad from the construction component of the development of CA-Z1P2 of at least RM5 million;

(iv) assignment of all dividends to be declared by TVSB to TRIplc Berhad; and

(v) letter of undertaking by TRIplc Berhad that it shall cause its wholly-owned subsidiary, TVSB to declare dividends of at least RM10 million per year for the financial year ended 2015 to 2017 and dividends of at least RM15 million per year for the financial year ended 2018 and 2019.

18. LOANS AND BORROWINGS (CONTINUED)

18.1 Term loan (continued)

(b) Term loan II (continued)

Tranche 2 – RM70.0 million

(i) to finance pre-operating expenses and equity contribution of a wholly-owned subsidiary of TRIplc Berhad, TMSB for CA-Z1P3.

(ii) to pay for funding costs of the long-term term loan facility.

Tranche 2 of the Term loan II is repayable in full at the maturity date which is the expiry of five years from the date of the first drawdown of Tranche 1 of Term loan II.

Tranche 2 of the Term loan II is secured by:

(i) assignment and charge over the principal construction contract of CA-Z1P3;

(ii) assignment and charge over the construction profit of CA-Z1P3;

(iii) assignment and charge over all present and future rights and proceeds, under CA-Z1P3 by TMSB;

(iv) assignment and charge over all the designated account of the TMSB;

(v) debenture by way of fixed and floating charge over the present and future assets of TMSB (to the extent permitted under CA-Z1P3);

(vi) share charge over all present and future shares of TMSB by TRIplc Berhad;

(vii) put option agreement by a substantial shareholder of TRIplc Berhad;

(viii) assignment of performance bonds and guarantee; and

(ix) assignment of takaful/insurances.

The Term loan II bears effective interest at a rate of 6.22% per annum.

18.2 Tawarruq term loan and revolving credit facility

During the previous 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.

18. LOANS AND BORROWINGS (CONTINUED)

18.2 Tawarruq term loan and revolving credit facility (continued)

The Tawarruq term loan facility is for a period of 120 months and had been drawndown 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) (Note 4.6);

(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 1.20 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;

(b) Puncak Niaga Group consolidated net finance to equity (“FE”) ratio shall not be more than 1.20 times at all times; and

(c) No further indebtedness in Danum Sinar, save for hire purchase machinery or equipment financing with total limit up to RM30.0 million only.

18. LOANS AND BORROWINGS (CONTINUED)

18.3 Medium Term Notes and Junior Notes

	Group 2018 RM'000
Medium Term Notes	
Acquisition through business combination	200,000
Repayment during the financial year	(20,000)
At end of the financial year	180,000
Accretion of discount	
Acquisition through business combination	2,939
Less: Recognised in profit or loss	(364)
At end of the financial year	2,575
	177,425
Represented as:	
Current	19,428
Non-current	157,997
	177,425
Junior Notes	
Acquisition through business combination	35,000
Accretion of discount	
Acquisition through business combination	5,428
Less: Recognised in profit or loss	(305)
At end of the financial year	5,123
	29,877
Represented as:	
Current	-
Non-current	29,877
	29,877

18. LOANS AND BORROWINGS (CONTINUED)

18.3 Medium Term Notes and Junior Notes (continued)

(a) On 10 October 2011, TVSB issued RM240 million nominal value Medium Term Notes under a MTN programme for the following purpose:

(i) to part finance the construction cost as defined under the Concession Agreement ("CA") executed between TVSB, UiTM and the Government of Malaysia, as represented by MOHE for the design, development, construction of the Facilities and Infrastructure as defined under the CA; and

(ii) to finance the payment of coupons under the Medium Term Notes during the construction period of the said Facilities and Infrastructure and to prefund the debt service reserve account require under the financial guarantee facility up to such amount equivalent to the minimum required balance.

(b) On 1 June 2012, TVSB issued RM35 million nominal value Junior Notes under Tranche 1 of the Junior Notes Programme for the following purposes:

(i) to part finance the construction cost as defined under the CA executed between TVSB, UiTM and the Government of Malaysia, as represented by MOHE for the design, development, construction and completion of the Facilities and Infrastructure as defined under the CA;

(ii) to finance the payment of coupons under the Medium Term Notes during the construction period of the said Facilities and Infrastructure; and

(iii) to defray all relevant expense incurred under the Medium Term Notes Programme and Junior Notes Programme.

(c) The Medium Term Notes of the Group bears coupon at a rate of 3.0% per annum for the first 3 years of the tenure and at rates ranging from 5.40% to 5.93% per annum for the subsequent years of the tenure.

(d) The Junior Notes of the Group bears coupon at a rate of 0% for the first 3 years of the tenure and 8% per annum for the subsequent years of the tenure. The interest rate for the final year of tenure is 116.6%. However coupon payment for the Junior Notes is subject to compliance of the Restricted Distribution Conditions as disclosed in Note 18.3(h)(ii) to the financial statements.

(e) The Medium Term Notes is repayable as follows:

(i) repayment of RM20 million instalments each to be made from the fifth year to the tenth year from the issue date;

(ii) repayment of RM25 million instalments each to be made from the eleventh to the fourteenth year from the issue date; and

(iii) final repayment of RM20 million to be made at the end of the fifteenth year from the issue date.

(f) The Junior Notes is repayable as follows:

(i) repayment of RM35 million to be made at the end of the fifteenth year from the issue date.

18. LOANS AND BORROWINGS (CONTINUED)

18.3 Medium Term Notes and Junior Notes (continued)

(g) Medium Term Notes is secured by the Financial Guarantee Insurance ("FGI") facility. The FGI facility and Junior Notes are secured by:

(i) debenture over present and future assets of two subsidiaries;

(ii) assignment of all rights, title, interests and benefits in and under the CA;

(iii) assignment of all rights, title, interests and benefits in and under the insurances and the performance bonds;

(iv) assignment of all rights, title, interests and benefits in and under the principal contract between TVSB and its principal contractors;

(v) assignment of all rights, title, interests and benefits in and under the main contract between the sub-subsidiary of the Company and its main-contractor;

(vi) assignment of all rights, title, interests and benefits of certain subsidiaries' designated accounts and disbursement accounts;

(vii) assignment of all rights, title, interests and benefits in and under the sub-lease agreement under the CA;

(viii) corporate guarantee from TRIplc Berhad;

(ix) charge over investment in a sub-subsidiary of the Company, TVSB with a carrying amount of RM26,650,000 (2017: RM26,650,000);

(x) undertaking by the Company and TRIplc Berhad;

(xi) undertaking by a substantial shareholder of TRIplc Berhad to subscribe for an additional Junior Notes of up to the aggregate nominal value of RM50,000,000, to meet any cost overrun in the construction costs of the Facilities and Infrastructure and/or any shortfall in meeting TVSB's obligations under the Medium Term Notes;

(xii) assignment and charged all rights, title, interests and benefits in and under the Junior Notes Debts Service Ratio Account ("JN DSRA");

(xiii) repayment of the secured amount shall rank in the following order of priority;

(1) Firstly, Danajamin in respect of FGI facility;
(2) Secondly, holder of the Junior Notes; and

(xiv) legal charge by TRIplc Berhad over all the mortgaged securities.

For items (iv), (v), (vii) and (xi), consent has been obtained from Danajamin and Junior Notes holders on November 2018 for removal of this security. As at the end of the reporting period, these securities have yet to be discharged.

18. LOANS AND BORROWINGS (CONTINUED)

18.3 Medium Term Notes and Junior Notes (continued)

(h) Significant covenants for the Medium Term Notes and Junior Notes are as follows:

(i) debt service cover ratio (annual) of not less than 1.30 times throughout the tenure of the credit facilities of TVSB for the covenant of Medium Term Notes and Junior Notes; and

(ii) debt service cover ratio (restricted distribution) of not less than 1.50 times after payment of Junior Notes interest and dividend throughout the tenure of the credit facilities of TVSB to the covenant of Medium Term Notes and Junior Notes.

As at the end of the financial year, the debt service cover ratio for item (i) and (ii) remains not less than 1.30 times and 1.50 times respectively.

18.4 Senior Sukuk Murabahah and Junior Sukuk Murabahah

	Group 2018 RM'000
Senior Sukuk Murabahah	
Acquisition through business combination	**639,000**
Drawdown during the financial year	-
At end of the financial year	**639,000**
Accretion of discount	
Acquisition through business combination	**27,529**
Less: Recognised in profit or loss	**(1,400)**
At end of the financial year	**26,129**
	612,871

Senior Sukuk Murabahah

(a) On 23 October 2017, a wholly-owned sub-subsidiary of the Company, TMSB issued the Senior Sukuk Murabahah of up to RM639 million in nominal value based on the Shariah principle of Murabahah (via Tawarruq arrangement) with tenure from five (5) years up to eighteen (18) years from the date of issuance for the following purposes:

(i) to part finance the construction cost of the CA-Z1P3;

(ii) to finance the payment obligations in respect of the initial pre-fund amount for the Senior Sukuk FSRA for the purpose of making profit payments from the Senior Sukuk Murabahah and guarantee fee payments under the Al-Kafalah Facility; and

(iii) the balance shall be utilised to pay and/or reimburse the fees and expenses incidental to CA-Z1P3.

18. LOANS AND BORROWINGS (CONTINUED)

18.4 Senior Sukuk Murabahah and Junior Sukuk Murabahah (continued)

(b) The Senior Sukuk Murabahah bears coupon at profit rates ranging from 4.75% to 5.90% per annum.

(c) The Senior Sukuk Murabahah was guaranteed by both guarantors, Danajamin Nasional Berhad and Bank Pembangunan Malaysia Berhad ("Al-Kafalah Providers") for a period of forty eight (48) months from the date of issuance of Senior Murabahah or upon issuance of the Certificate of Acceptance ("Al-Kafalah Period"), whichever is earlier.

The guarantee fee is charged at 1.75% per annum for the first three (3) years and 2.00% for the fourth (4^{th}) year.

(d) The Senior Sukuk Murabahah is repayable as follows:

(i) repayment of RM40 million instalments each to be made from the fifth year to the ninth year from the issue date;

(ii) repayment of RM44 million instalment to be made for the tenth year from the issue date;

(iii) repayment of RM45 million instalment to be made for the eleventh year from the issue date; and

(iv) repayment of RM50 million instalments each to be made from the twelve year to the eighteenth year from the issue date.

Junior Sukuk Murabahah

(e) On July 2017, TMSB had lodged with the Securities Commission Malaysia for the establishment of the Junior Sukuk Murabahah Programme of up to RM150 million in nominal value.

On 23 October 2017 and 23 August 2018, TMSB had made its first and second issuance of RM27 million and RM39.5 million respectively in nominal values of an unrated Junior Sukuk Murabahah based on the Shariah principle of Murabahah (via Tawarruq arrangement) which has a tenure of nineteen (19) years to part finance the construction cost of the CA-Z1P3 and/or to pay/ reimburse the fees and expenses incidental to the CA-Z1P3.

Consequently, the first and second issuance of RM27 million and RM39.5 million in nominal values of an unrated Junior Sukuk Murabahah was subscribed by TRIplc Berhad.

(f) The Junior Sukuk Murabahah bears coupon at a profit rate of 3.00% per annum for the first 4 years of the tenure and at a profit rate of 8.00% per annum for subsequent years of the tenure.

However, profit payments for Junior Sukuk Murabahah is subject to the permitted distribution conditions are met as disclosed in Note 18.4(j)(ii) to the financial statements.

(g) Tranche 1 and Tranche 2 of the Junior Sukuk Murabahah are repayable at the end of the nineteenth (19^{th}) year from the issuance date.

18. LOANS AND BORROWINGS (CONTINUED)

18.4 Senior Sukuk Murabahah and Junior Sukuk Murabahah (continued)

Senior Sukuk Murabahah and Junior Sukuk Murabahah

(h) TMSB has executed the following security documents being securities for the Al-Kafalah Facility, Senior Sukuk Murabahah, Junior Sukuk Murabahah and Term loan II:

(i) the debenture by TMSB;

(ii) the assignment and fixed charge over Disbursement Account, Revenue Account and Operating Account;

(iii) the assignment and fixed charge over Senior Sukuk FSRA;

(iv) the assignment and fixed charge over Junior Sukuk FSRA;

(v) the assignment of CA-Z1P3;

(vi) the assignment of performance bonds and completion guarantee;

(vii) the assignment of Project Documents;

(viii) the assignment of takaful/insurances; and

(ix) the fixed charge over the shares of TMSB.

(i) Except for Junior Sukuk FSRA which is not assigned to Al-Kafalah Providers, the rights of the above security documents and any proceeds of realisation thereof as stated in the Priority and Security Sharing Agreement ("PSSA") shall rank in order of priority during the Al-Kafalah Period as follows:

(i) Firstly, the Al-Kafalah Providers;

(ii) Secondly, the Senior Sukuk Trustee on behalf of the Senior Sukuk holders;

(iii) Thirdly, Hong Leong Bank Berhad to secure the Term loan II of up to RM105,000,000 granted to TRIplc Berhad as disclosed in Note 18.1(b) to the financial statements; and

(iv) Fourthly, the Junior Sukuk Trustee on behalf on the Junior Sukuk holders.

Upon the expiry of the Al-Kafalah Period, all the rights of the Al-Kafalah Providers over the security documents above covered under PSSA will be released.

(j) Significant financial covenants for the Senior Sukuk Murabahah and Junior Sukuk Murabahah are as follows:

(i) finance service cover ratio of at least 1.65 times during the Asset Management Services Period; and

(ii) permitted distribution finance service cover ratio of at least 1.65 times following any distribution made after the permitted distribution conditions are met.

18. LOANS AND BORROWINGS (CONTINUED)

18.5 Bank overdraft

(a) Bank overdraft of the wholly-owned subsidiary of the Company, TRIplc Berhad, is secured by:

(i) a third party first legal charge over a leasehold land as disclosed in Note 5.4 to the financial statements; and

(ii) a charge over deposit of RM3,000,000 to be placed in the non-checking account by way of 20% sinking fund of the sales proceeds of the said property.

(b) Bank overdraft of the Group bears interest at a rate of 8.07% per annum.

19. TRADE AND OTHER PAYABLES

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-current					
Trade					
Trade payable	19.1	**10,000**	-	**-**	-
Current					
Trade					
Trade payables	19.2	**118,505**	192,925	**-**	-
Advances from contract customers		**3,825**	10,000	**-**	-
		122,330	202,925	**-**	-
Non-trade					
Other payables and accruals	19.3	**53,653**	18,505	**2,523**	4,754
Amount due to subsidiaries		**-**	-	**7,127**	-
		175,983	221,430	**9,650**	4,754
		185,983	221,430	**9,650**	4,754

19.1 Non-current trade payable

Non-current trade payables represent an advance from a third party in respect of a construction project in the Construction operating segment. This amount is non-interest bearing and is likely to be settled upon completion of the construction project.

19.2 Current trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30- 60 days (2017: 30- 60 days) terms.

19.3 Other payables and accruals

During the current financial year, included in the other payables and accruals are accrued interest expense on Medium Term Notes, accrued interest expense on Junior Notes and provision for replacements costs relating to CA-Z1P2 amounting to RM1,277,000, RM10,724,000 and RM12,883,000 respectively.

Included in the other payables and accruals is an amount owing to a Director of the Company of RM5,336,000. The amount owing to a Director represents advances which are unsecured, interest-free and repayable on demand.

20. PROVISION FOR FORESEEABLE LOSS

	Note	Group 2018 RM'000	Group 2017 RM'000
At 1 January		**78,488**	66,226
Provision utilised during the year	20.1	**(41,307)**	(45,555)
Provision recognised during the year	20.2	**34,206**	57,817
		(7,101)	12,262
At 31 December		**71,387**	78,488

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.

20.1 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.

20.2 Provision recognised during the year

Included in the provision for foreseeable loss that was recognised in the current year include additional costs expected to incur to complete the project up to the revised completion date.

Included in the provision for foreseeable loss that was recognised in the previous financial year was the estimated provision for liquidated ascertained damages ("LAD") that arose due to the uncertainty of the approval of the Extension of Time ("EoT") No. 1. EoT No. 1 was applied because PNCSB faced challenges to complete the D44 project according to the original stipulated completion date which was on 24 February 2018. In the previous financial year, 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 was a 50% chance of securing the EoT No. 1.

On 27 March 2018, the customer had approved the conditional EoT No. 1 to 30 June 2019. This was not factored in the calculation of the foreseeable loss provision in the previous financial year. The provision of foreseeable loss would had reduced by RM9,000,000 and the construction revenue would have increased by RM8,500,000 if the conditions of this approval was fulfilled.

21. REVENUE

	Continuing operations		Discontinued operations (Note 24)		Total	
Group	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue from contracts with customers	**228,513**	99,159	-	185	**228,513**	99,344
Other revenue						
- Others	**1,953**	1,936	-	-	**1,953**	1,936
Total revenue	**230,466**	101,095	-	185	**230,466**	101,280

21. REVENUE (CONTINUED)

21.1 Disaggregation of revenue

Group	Water 2018 RM'000	Water 2017 RM'000	Construction 2018 RM'000	Construction 2017 RM'000	Plantation 2018 RM'000	Plantation 2017 RM'000	Concession 2018 RM'000	Concession 2017 RM'000	Other revenue 2018 RM'000	Other revenue 2017 RM'000	Wastewater (Discontinued) 2018 RM'000	Wastewater (Discontinued) 2017 RM'000	Total 2018 RM'000	Total 2017 RM'000
Primary geographical markets														
Malaysia	**15,852**	24,810	**66,161**	66,105	**16,278**	8,244	**131,134**	-	**1,041**	1,936	**-**	-	**230,466**	101,095
Others	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	185	**-**	185
	15,852	24,810	**66,161**	66,105	**16,278**	8,244	**131,134**	-	**1,041**	1,936	**-**	185	**230,466**	101,280
Major products and service lines														
Construction contracts	**-**	-	**66,161**	66,105	**-**	-	**-**	-	**-**	-	**-**	-	**66,161**	66,105
CA-Z1P2	**-**	-	**-**	-	**-**	-	**26,062**	-	**-**	-	**-**	-	**26,062**	-
CA-Z1P3	**-**	-	**-**	-	**-**	-	**105,072**	-	**-**	-	**-**	-	**105,072**	-
Water treatment services	**15,852**	24,810	**-**	-	**-**	-	**-**	-	**-**	-	**-**	185	**15,852**	24,995
Sale of fresh fruits bunches	**-**	-	**-**	-	**15,366**	8,244	**-**	-	**-**	-	**-**	-	**15,366**	8,244
Others	**-**	-	**-**	-	**912**	-	**-**	-	**1,041**	1,936	**-**	-	**1,953**	1,936
	15,852	24,810	**66,161**	66,105	**16,278**	8,244	**131,134**	-	**1,041**	1,936	**-**	185	**230,466**	101,280
Timing of recognition														
At a point in time	**15,852**	24,810	**-**	-	**16,278**	8,244	**-**	-	**1,041**	1,936	**-**	185	**33,171**	35,175
Over time	**-**	-	**66,161**	66,105	**-**	-	**131,134**	-	**-**	-	**-**	-	**197,295**	66,105
	15,852	24,810	**66,161**	66,105	**16,278**	8,244	**131,134**	-	**1,041**	1,936	**-**	185	**230,466**	101,280
Revenue from contract with customers	**15,852**	24,810	**66,161**	66,105	**15,366**	8,244	**131,134**	-	**-**	-	**-**	185	**228,513**	99,344
Other revenue	**-**	-	**-**	-	**912**	-	**-**	-	**1,041**	1,936	**-**	-	**1,953**	1,936
Total revenue	**15,852**	24,810	**66,161**	66,105	**16,278**	8,244	**131,134**	-	**1,041**	1,936	**-**	185	**230,466**	101,280

21. REVENUE (CONTINUED)

21.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Construction contract	Revenue is recognised over time using the cost incurred method.	Based on agreed milestones, certified by architects. Credit period of 30 days from invoice date.	Not applicable.	Not applicable.	Defect liability period of 2 years is given to the customer.
CA-Z1P2					
1. Construction contract	Revenue is recognised over time using the cost incurred method. The construction of the building and faculties are on land owned by the customer.	A fixed monthly payment will be received after the completion of the construction works. Credit period of 30 days from invoice date.	Not applicable.	Not applicable.	TVSB to make good defects throughout maintenance period.
2. Maintenance service	Revenue is recognised over time when the services are rendered.	Credit period of 30 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
CA-Z1P3					
1. Construction contract	Revenue is recognised over time using the cost incurred method. The construction of the building and faculties are on land owned by the customer.	A fixed monthly payment will be received after the completion of the construction works. Credit period is of 30 days from invoice date.	Not applicable.	Not applicable.	TMSB to make good defects throughout asset management services period.
2. Supply of medical equipment	Revenue is recognised at a point in time when the goods are delivered.	Credit period of 30 days from invoice date.	Not applicable.	Not applicable.	TMSB to make good defects throughout asset management services period.
3. Supply of furniture	Revenue is recognised at a point in time when the goods are delivered.	Credit period of 30 days from invoice date.	Not applicable.	Not applicable.	TMSB to make good defects throughout asset management services period.
4. Asset management services	Revenue is recognised over time when the services are rendered.	Credit period of 30 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Water treatment services	Revenue is recognised at a point in time when the water is treated.	Credit period of 30 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Sale of fresh fruit bunches	Revenue is recognised at a point in time when the goods are delivered.	Credit period of 15 days from invoice date.	Not applicable.	Not applicable.	Not applicable.

21. REVENUE (CONTINUED)

21.3 Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have a direction of more than one year.

		Year	Total RM'000
Construction segment			
-	Construction contract	2019 to 2022	456,713
-	Maintenance service	2019 to 2022	11,612
Concession segment			
-	CA-Z1P2 – Maintenance service	2019 to 2034	385,514
-	CA-Z1P3 – Construction contract	2019 to 2020	284,601
-	CA-Z1P3 – Supply of medical equipment	2019 to 2020	161,646
-	CA-Z1P3 – Supply of furniture	2019 to 2020	22,607
-	CA-Z1P3 – Asset management services	2020 to 2042	1,802,186
			3,124,879

21.4 Significant judgements and assumptions arising from revenue recognition

The Group applied the following judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers:

Construction contract

Significant judgement is involved in determining the costs to completion of the construction 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 20 to the financial statements. The stage of completion requires management to make reasonably dependable estimates of progress towards completion of projects.

These construction works are subject to final approval by respective customers. There is time lag between the final approval and the completion of construction 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.

CA-Z1P2

The Group applied the following to allocate the transaction price of the identified performance obligations:

Construction contract	: Expected cost plus margin approach
Maintenance service	: Residual approach

In applying the above, the Group assumed an appropriate gross profit margin for the construction contract. A change in the gross profit margin will directly affect the transaction price, the amounts allocated to the identified performance obligations and the timing of the revenue recognised.

Upon completion of the construction works, the Group is entitled to fixed payments throughout the tenure of the concession period, as per the concession agreement. The discount rate used for the purpose of computation of the concession revenue comprising revenue from construction contract require significant judgements. A change in the discount rate will directly affect the amount and timing of revenue recognised.

21. REVENUE (CONTINUED)

21.4 Significant judgements and assumptions arising from revenue recognition (continued)

CA-Z1P3

The Group applied the following to allocate the transaction price of the identified performance obligations:

Construction contract	: Expected cost plus margin approach
Supply of medical equipment	: Expected cost plus margin approach
Supply of furniture	: Expected cost plus margin approach
Asset management services	: Residual approach

In applying the above, the Group assumed an appropriate gross profit margin for the construction contract, supply of medical equipment and furniture. A change in the gross profit margin will directly affect the transaction price, the amounts allocated to the identified performance obligations and the timing of the revenue recognised.

Upon completion of the construction works, the Group is entitled to fixed payments throughout the tenure of the concession period, as per the concession agreement. The discount rate used for the purpose of computation of the concession revenue comprising revenue from construction contract require significant judgements. A change in the discount rate will directly affect the amount and timing of revenue recognised.

22. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Wages, salaries and bonuses	**41,215**	50,265	**762**	704
Defined contribution plan	**5,663**	7,109	**46**	38
Other staff related expenses	**7,141**	9,471	**509**	794
	54,019	66,845	**1,317**	1,536

Included in employee benefits expense of the Group is the Executive Directors' remuneration (excluding benefits-in-kind) amounting to RM7,462,000 (2017: RM10,971,000) as further disclosed in Note 30 to the financial statements.

23. FINANCE COSTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revolving credit interest	**2,254**	126	**-**	-
Tawarruq term loan interest	**7,298**	3,407	**-**	-
Senior Sukuk Murabahah	**14,758**	-	**-**	-
Term loan	**2,635**	-	**-**	-
Junior Notes interest	**2,314**	-	**-**	-
Medium Term Notes interest	**6,196**	-	**-**	-
USD term loan interest	**-**	77	**-**	-
Guarantee fees	**9,639**	1,424	**-**	-
Interest expense on obligation under finance leases	**824**	306	**-**	-
Bank charges	**48**	77	**5**	33
Others	**91**	34	**-**	-
	46,057	5,451	**5**	33
Recognised in profit or loss	**39,661**	1,918	**5**	33
Capitalised in bearer biological assets (Note 6.1)	**6,396**	3,533	**-**	-
	46,057	5,451	**5**	33

24. DISCONTINUED OPERATIONS

Included in the loss from discontinued operations in the previous financial year were 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.

24. DISCONTINUED OPERATIONS (CONTINUED)

Results of the above discontinued operations:

	Note	Group 2017 RM'000
Revenue	21	185
Other income		1
Impairment loss on assets held for sale		(5,132)
Operating expenses		(896)
Depreciation and amortisation expenses		(482)
Finance costs		(237)
Tax credit		23
Loss after tax from discontinued operations		(6,538)
Gain on disposal of discontinued operations		1,961
Loss for the year		(4,577)

The effect of the disposal of LUWEI and XINNUO on the financial position of the Group was 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

25. LOSS BEFORE TAX

Loss before tax from continuing operations is arrived at:

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
After charging:					
Auditors' remunerations	25.1	**1,006**	645	**102**	253
Operating lease					
- Minimum lease payments on buildings		**590**	1,173	**5**	-
- Minimum lease payments on motor vehicle and equipment		**375**	829	**16**	5
Impairment loss on investment in subsidiaries	8.2	**-**	-	**11,854**	60,578
Impairment loss on property, plant and equipment	4.5	**-**	24,643	**-**	
Impairment loss on goodwill		**-**	1,249	**-**	-
Provision for foreseeable loss	20	**-**	12,262	**-**	-
Loss on disposal of property, plant and equipment		**1,748**	130	**-**	-
Property, plant and equipment written off		**363**	1,065	**-**	-
Realised foreign exchange loss (net)		**-**	231	**-**	-
Unrealised foreign exchange loss (net)		**-**	247	**-**	-
Fair value loss on investment properties	5	**1,233**	-	**-**	-
Fair value loss on fresh fruit bunches	12	**1,311**	-	**-**	-
and after crediting:					
Gain on disposal of short-term investment		**144**	11	**-**	-
Fair value gain on short-term investment		**5,216**	19,058	**4,765**	19,061
Fair value gain on fresh fruit bunches	12	**-**	1,248	**-**	-
Interest income		**18,939**	8,825	**4,760**	7,578
Interest income charged on amount due from subsidiaries		**-**	-	**10,487**	5,360
Realised foreign exchange gain (net)		**112**	-	**-**	-
Unrealised foreign exchange gain (net)		**24**	-	**-**	5
Fair value gain on investment properties	5	**-**	13,088	**-**	5,932
Reversal of foreseeable loss	20	**7,101**	-	**-**	-

25. LOSS BEFORE TAX (CONTINUED)

25.1 Auditors' remunerations

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
KPMG PLT and affiliates				
- Statutory audit	**486**	310	**81**	65
- KPMG members - Statutory audit	**48**	70	**-**	-
- Other non-audit services	**426**	214	**21**	188
	960	594	**102**	253
Other auditors				
- Statutory audit	**29**	34	**-**	-
- Other non-audit services	**17**	17	**-**	-
	46	51	**-**	-
	1,006	645	**102**	253

26. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Total income tax expense	**56,986**	2,257	**13,891**	353
Major components of income tax expense include:				
Current income tax				
- Current financial year	**4,246**	2,633	**-**	-
- Over provision in respect of prior years	**(2,588)**	(844)	**-**	-
- Foreign income tax	**16**	55	**16**	55
	1,674	1,844	**16**	55
Deferred income tax				
- Origination and reversal of temporary differences	**54,463**	413	**13,875**	298
- Under provision in respect of prior years	**849**	-	**-**	-
	55,312	413	**13,875**	298
Total income tax expense	**56,986**	2,257	**13,891**	353

26. TAX EXPENSE (CONTINUED)

Reconciliation of tax expense

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Continuing operations	**(119,064)**	(195,709)	**(54,094)**	(194,064)
Discontinued operations	**-**	(4,600)	**-**	-
Loss before tax	**(119,064)**	(200,309)	**(54,094)**	(194,064)
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	**(28,575)**	(48,074)	**(12,983)**	(46,575)
Different tax rates in other jurisdictions	**(6)**	(23)	**(6)**	(23)
Expenses not deductible for tax purposes	**6,756**	19,896	**14,330**	48,078
Over provision of current tax expenses in prior years	**(2,588)**	(844)	**-**	-
Under provision of deferred tax in prior years	**849**	-	**-**	-
Effect of lower tax rate on fair value gain on investment properties	**-**	(2,209)	**-**	(1,127)
Effect of change in tax rate on investment properties	**26,783**	-	**12,550**	-
Recognition of previously unrecognised tax losses	**(739)**	-	**-**	-
Deferred tax assets not recognised	**54,506**	33,511	**-**	-
Income tax expense recognised in profit or loss	**56,986**	2,257	**13,891**	353

27. OTHER COMPREHENSIVE INCOME/(EXPENSE)

	2018			2017		
	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 buildings (Note 17.5)	**-**	**-**	**-**	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*	**(429)**	**-**	**(429)**	(6,178)	-	(6,178)
- *Reclassification to profit or loss on disposal of subsidiary (Note 24)*	**-**	**-**	**-**	(3,094)	-	(3,094)
	(429)	**-**	**(429)**	(9,272)	-	(9,272)

28. LOSS PER ORDINARY SHARE

Basic loss per ordinary share

The calculation of basic loss per ordinary share for the year ended 31 December 2018 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2018	**2017**
Loss attributable to ordinary shareholders (RM'000)		
- Continuing operations	**(169,662)**	(196,705)
- Discontinued operations	**-**	(4,577)
Total	**(169,662)**	(201,282)
Weighted average number of ordinary shares ('000)	**447,248**	447,247
Basic loss per ordinary share (sen)		
- Continuing operations	**(37.93)**	(43.98)
- Discontinued operations	**-**	(1.02)
Total	**(37.93)**	(45.00)

Diluted loss per ordinary share

The calculation of diluted loss per ordinary share at 31 December 2018 was based on loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

The warrants 2013/2018 issued by the Company on 23 July 2013 pursuant to the Deed Poll of which remain unexercised after the expired date had lapsed on 20 July 2018 and become null and void and cease to be exercisable thereafter. Refer to Note 17.1(b) to the financial statements.

The diluted loss per ordinary share has not been disclosed as it does not have dilutive potential ordinary shares.

29. DIVIDEND

Dividend recognised by the Company:

2018	Sen per share	Total amount RM'000	Date of payment
Interim dividend	**0.5**	**2,236**	**8 August 2018**

A single tier interim dividend of 0.5 sen per ordinary share, amounting to RM2,236,234.93 in respect of the financial year ended 31 December 2018 was paid by the Company on 8 August 2018 to the entitled shareholders of the Company whose names appeared in the Record of Depositors of the Company on 25 July 2018.

Other than the above, no dividend had been proposed or declared for the financial year ended 2018 (2017: RM Nil).

30. DIRECTORS' REMUNERATION

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Executive Directors:				
Wages, salaries and bonuses	**5,410**	8,161	**-**	-
Defined contribution plan	**1,141**	1,776	**-**	-
Other emoluments	**911**	1,034	**-**	-
Total Executive Directors' remuneration (excluding benefits-in-kind)	**7,462**	10,971	**-**	-
Estimated money value of benefits-in-kind	**178**	147	**-**	-
Total Executive Directors' remuneration (including benefit-in-kind)	**7,640**	11,118	**-**	-
Non-Executive Directors:				
Wages, salaries and bonuses	**-**	64	**-**	-
Defined contribution plan	**-**	8	**-**	-
Other emoluments	**482**	450	**482**	450
Total Non-Executive Directors' remuneration (excluding benefits-in-kind)	**482**	522	**482**	450
Estimated money value of benefits-in-kind	**-**	4	**-**	-
Total Non-Executive Directors' remuneration (including benefits-in-kind)	**482**	526	**482**	450
Total Directors' remuneration (including benefits-in-kind)	**8,122**	11,644	**482**	450

30. DIRECTORS' REMUNERATION (CONTINUED)

2018	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
Executive Directors						
Tan Sri Rozali Bin Ismail	4,865	94	4,959	-	-	-
Azlan Shah Bin Rozali	474	22	496	-	-	-
Dato' Zainal Abidin Bin Salleh (Appointed on 18 July 2018)	785	27	812	-	-	-
Dato' Yusof Bin Badawi (Appointed on 1 June 2018)	343	11	354	-	-	-
Ng Wah Tar	685	18	703	-	-	-
Dato' Randhir Singh A/L Jasbir Singh (Appointed on 1 February 2018 and resigned on 31 May 2018)	310	6	316	-	-	-
	7,462	178	7,640	-	-	-
Non-Executive Directors						
Tan Sri Dato' Seri Dr Ting Chew Peh (Retired on 30 May 2018)	85	-	85	85	-	85
Tengku Dato' Rahimah Binti Almarhum Sultan Mahmud	66	-	66	66	-	66
Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak	124	-	124	124	-	124
Dato' Sri Adenan Bin Ab. Rahman	108	-	108	108	-	108
Datuk Dr Marimuthu A/L Nadason (Appointed on 1 February 2018)	99	-	99	99	-	99
	482	-	482	482	-	482
	7,944	178	8,122	482	-	482

* Includes defined contribution plan and meeting allowances

30. DIRECTORS' REMUNERATION (CONTINUED)

	Group			Company		
2017	Salaries and/or other emoluments* RM'000	Benefits-in-kind RM'000	Total RM'000	Salaries and/or other emoluments* RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Directors						
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

31. OPERATING SEGMENTS

The Group has five 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.
- Concession — Includes construction and maintenance related activities relating to the concession agreements between TRIplc, UiTM and the Government.

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 and management-related 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		Concession		Wastewater (Discontinued)		Total	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue from external customers	**15,852**	24,810	**-**	-	**66,161**	66,105	**15,366**	8,244	**131,134**	-	**-**	185	**228,513**	99,344
Finance income	**-**	-	**178**	289	**584**	27	**87**	696	**13,171**	-	**-**	1	**14,020**	1,013
Other income	**561**	-	**3,555**	1,221	**12**	237	**3,128**	478	**508**	-	**-**	1,961	**7,764**	3,897
Fair value gain on fresh fruit bunches	**-**	-	**-**	-	**-**	-	**-**	1,248	**-**	-	**-**	-	**-**	1,248
	16,413	24,810	**3,733**	1,510	**66,757**	66,369	**18,581**	10,666	**144,813**	-	**-**	2,147	**250,297**	105,502
Operating expenses	**(13,263)**	(19,451)	**(5,641)**	(8,443)	**(135,866)**	(156,943)	**(66,515)**	(40,328)	**(90,710)**	-	**-**	(896)	**(311,995)**	(226,061)
Reversal/(Provision) for foreseeable loss	**-**	-	**-**	-	**7,101**	(12,262)	**-**	-	**-**	-	**-**	-	**7,101**	(12,262)
Impairment loss on property, plant and equipment	**-**	-	**-**	(24,643)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(24,643)
Impairment loss on service concession assets	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(5,132)	**-**	(5,132)
Impairment loss on goodwill	**-**	-	**-**	-	**-**	(1,090)	**(5)**	-	**-**	-	**-**	-	**(5)**	(1,090)
Fair value loss on fresh fruit bunches	**-**	-	**-**	-	**-**	-	**(1,311)**	-	**-**	-	**-**	-	**(1,311)**	-
Depreciation and amortisation	**-**	-	**(621)**	(2,241)	**(954)**	(714)	**(11,803)**	(2,043)	**(249)**	-	**-**	(482)	**(13,627)**	(5,480)
Segment results	**3,150**	5,359	**(2,529)**	(33,817)	**(62,962)**	(104,640)	**(61,053)**	(31,705)	**53,854**	-	**-**	(4,363)	**(69,450)**	(169,166)
Finance costs	**-**	-	**(72)**	(577)	**(6,044)**	(4,255)	**(3,740)**	(665)	**(32,132)**	-	**-**	(237)	**(41,988)**	(5,734)
Profit/(Loss) before tax	**3,150**	5,359	**(2,601)**	(34,394)	**(69,006)**	(108,895)	**(64,793)**	(32,370)	**21,722**	-	**-**	(4,600)	**(111,528)**	(174,900)
Assets and liabilities														
Segment assets	**27,009**	24,132	**18,135**	30,347	**96,795**	139,150	**747,424**	725,096	**1,049,186**	-	**-**	-	**1,938,549**	918,725
Included in the measure of segment assets are:														
Additions to non-current assets other than financial instruments and deferred tax assets	**-**	-	**-**	-	**60**	10	**28,835**	689,094	**193**	-	**-**	-	**29,088**	689,104
Segment liabilities	**(926)**	(524)	**(3,585)**	(13,033)	**(348,324)**	(322,189)	**(275,800)**	(295,549)	**(896,840)**	-	**-**	-	**(1,525,475)**	(631,295)

31. OPERATING SEGMENTS (CONTINUED)

Reconciliations of reportable segment revenue, profit or loss, assets, liabilities and other material items

	2018 RM'000	2017 RM'000
Profit or loss		
Total profit or loss for reportable segments	**(111,528)**	(174,900)
Other non-reportable segments and elimination	**2,981**	(23,179)
Loss on discontinued operations	**-**	4,600
Unallocated (expenses)/income	**(10,517)**	(2,230)
Loss before tax of continuing operations	**(119,064)**	(195,709)

2018	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
Total reportable segments	**228,513**	**(13,627)**	**(41,988)**	**14,020**	**1,938,549**	**29,088**	**(1,525,475)**
Other non-reportable segments	**1,953**	**(7,286)**	**(8,188)**	**15,407**	**1,967,665**	**2,497**	**(423,092)**
Elimination of inter-segment transactions or balances	**-**	**-**	**10,515**	**(10,487)**	**(869,122)**	**-**	**467,246**
Unallocated assets	**-**	**-**	**-**	**-**	**35,778**	**-**	**-**
Unallocated liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**(190,892)**
Consolidated total	**230,466**	**(20,913)**	**(39,661)**	**18,940**	**3,072,870**	**31,585**	**(1,672,213)**
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)

31. OPERATING SEGMENTS (CONTINUED)

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 geographical location of the customers for segment revenue are disclosed in Note 21.1 to the financial statements. The amounts of non-current assets do not include financial instruments (including investments in associates and investment in joint ventures) and deferred tax assets.

Geographical information	Group	
	External revenue RM'000	Non-current assets RM'000
2018		
Malaysia	**230,466**	**1,691,362**
2017		
Malaysia	101,095	1,414,753
Others	185	14
Discontinued operations	(185)	-
	101,095	1,414,767

Major customers

The following are major customers with revenue more than 10% of the Group's total revenue:

	Revenue		Segment
	2018 RM'000	2017 RM'000	
All common control companies of:			
- Customer A	**60,674**	65,192	Construction
- Customer B	**15,852**	15,246	Water
- Customer C	**131,134**	-	Concession

32. FINANCIAL INSTRUMENTS

32.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2018 categorised as follows:

(a) Fair value through profit or loss ("FVTPL")- Designated upon initial recognition ("DUIR")
(b) Amortised cost ("AC")

2018	Carrying amount RM'000	AC RM'000	FVTPL- DUIR RM'000
Group			
Financial assets			
Trade and other receivables	519,462	519,462	-
Short-term investments	421,510	302,326	119,184
Cash and cash equivalents	298,752	298,752	-
	1,239,724	1,120,540	119,184
Financial liabilities			
Trade and other payables	(185,983)	(185,983)	-
Loans and borrowings	(1,108,871)	(1,108,871)	-
	(1,294,854)	(1,294,854)	-
Company			
Financial assets			
Other receivables	123,709	123,709	-
Short-term investments	15,907	6,286	9,621
Cash and cash equivalents	116,010	116,010	-
	255,626	246,005	9,621
Financial liabilities			
Other payables	(9,650)	(9,650)	-

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.1 Categories of financial instruments (continued)

The table below provides an analysis of financial instruments as at 31 December 2017 categorised as follows:

(a) Loans and receivables ("L&R")
(b) Fair value through profit or loss – held for trading ("FVTPL-HFT")
(c) Financial liabilities measured at amortised cost ("FL")

2017	Carrying amount RM'000	L&R/(FL) RM'000	FVTPL-HFT RM'000
Group			
Financial assets			
Trade and other receivables	96,688	96,688	-
Short-term investments	290,778	10,367	280,411
Cash and cash equivalents	246,175	246,175	-
	633,641	353,230	280,411
Financial liabilities			
Trade and other payables	(221,430)	(221,430)	-
Loans and borrowings	(163,252)	(163,252)	-
	(384,682)	(384,682)	-
Company			
Financial assets			
Other receivables	117,741	117,741	-
Short-term investments	290,090	10,367	279,723
Cash and cash equivalents	196,553	196,553	-
	604,384	324,661	279,723
Financial liabilities			
Other payables	(4,754)	(4,754)	-

32.2 Net gains/(losses) arising from financial instruments

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Net gains/(losses) on:				
Financial assets at fair value through profit or loss:				
- *Designated upon initial recognition*	**5,243**	-	**4,765**	-
- *Held for trading*	**-**	19,069	**-**	19,061
Financial assets at amortised cost	**(3,691)**	-	**(13,769)**	-
Loans and receivables	**-**	8,175	**-**	(102,969)
Financial liabilities at amortised cost	**(29,981)**	(5,451)	**(5)**	(33)
	(28,429)	21,793	**(9,009)**	(83,941)

32. FINANCIAL INSTRUMENTS (CONTINUED)

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.

32.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual 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. There are no significant changes as compared to prior periods.

32.4.1 Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

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.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Credit risk concentration profile

At the reporting date, the Group's trade receivables were mainly due from five (2017: four) customers.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Credit risk (continued)

32.4.1 Trade receivables and contract assets (continued)

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 30-60 days.

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments except for construction and concession segment. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

Management has taken reasonable steps to ensure that trade receivables and contract assets that are neither past due nor impaired are stated at their recoverable values. A significant portion of these trade receivables and contract assets are arising from a few individual customers. The Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. All of these customers have low risk of default.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2018 which are grouped together as they are expected to have similar risk nature.

	2018		
Group	**Gross carrying amount RM'000**	**Net remeasurement of loss allowances RM'000**	**Net balance RM'000**
Unbilled	488,794	(4,512)	484,282
Not past due	28,816	(611)	28,205
1-30 days past due	35	(1)	34
31-60 days past due	53	(1)	52
61-90 days past due	595	(7)	588
	518,293	(5,132)	513,161
Credit impaired			
More than 90 days past due	9,398	(266)	9,132
Individually impaired	140	(140)	-
	527,831	(5,538)	522,293
Trade receivables	481,800	(4,692)	477,108
Advances to subcontractors	16,014	(546)	15,468
Contract assets	30,017	(300)	29,717
	527,831	(5,538)	522,293

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Credit risk (continued)

32.4.1 Trade receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

The movements in the allowance for impairment in respect of trade receivables and contract assets during the year are shown below.

Group	2018		
	Lifetime ECL		
	Trade receivables RM'000	Contract assets RM'000	Total RM'000
Balance at 1 January as per MFRS 139			-
Adjustments on initial application of MFRS 9			995
Balance at 1 January as per MFRS 9	451	544	995
Net remeasurement of loss allowance	4,843	(300)	4,543
Balance at 31 December	5,294	244	5,538

Comparative information under MFRS 139, Financial Instruments: Recognition and measurement

The ageing of trade receivables as at 31 December 2017 was as follows:

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

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Credit risk (continued)

32.4.2 Short-term investments

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

As at the end of the reporting period, the Group or the Company has only invested in unit trust and cash fund. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

There is no history of default on the unit trust and cash fund and there are no indicators that these fund may default. The Group is of the view that the loss allowance is not material and hence, it is not provided for.

32.4.3 Cash and cash equivalents

Cash and cash equivalents are placed with financial institutions which are regulated.

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.

These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

32.4.4 Other receivables

Risk management objectives, policies and processes for managing the risk

Credit risks on non-current other receivables are mainly arising from receivables from contract with customer which represents financial assets from the concession agreements for the UiTM project.

Credit risks on current other receivables are mainly on sundry debtors and deposits paid.

Expected credit loss of other receivables is determined individually after considering the financial strength of the other receivables.

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)

32.4.4 Other receivables (continued)

Recognition and measurement of impairment loss

In managing credit risk of other receivables, the Group and the Company manages their sundry debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances.

The movements in the allowance for impairment in respect of other receivables during the year are shown below.

Group	2018 Lifetime ECL Other receivables RM'000
Balance at 1 January as per MFRS 139	6,194
Adjustments on initial application of MFRS 9	283
Balance at 1 January as per MFRS 9	6,477
Net remeasurement of loss allowance	422
Balance at 31 December	6,899
Company	
Balance at 1 January as per MFRS 139	-
Adjustments on initial application of MFRS 9	44
Balance at 1 January as per MFRS 9	44
Net remeasurement of loss allowance	(6)
Balance at 31 December	38

32.4.5 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.

Loans and advances are not secured by any collateral or supported by any other credit enhancements.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Credit risk (continued)

32.4.5 Inter-company loans and advances (continued)

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- the subsidiary is unlikely to repay its loan or advance to the Company in full; or/and
- the subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances as at 31 December 2018.

Company	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
2018			
Low credit risk	**112**	**-**	**112**
Significant increase in credit risk	**124,324**	**(1,543)**	**122,781**
Credit impaired	**348,169**	**(348,169)**	**-**
	472,605	**(349,712)**	**122,893**

The movement in the allowance for impairment in respect of subsidiaries' loans and advances during the year is as follows:

Company	2018 Lifetime ECL RM'000
Balance at 1 January per MFRS 139	**319,765**
Adjustments on initial application of MFRS 9	**903**
Balance at 1 January per MFRS 9	**320,668**
Net remeasurement of loss allowance	**29,044**
Balance at 31 December	**349,712**

The significant increase in net measurement of loss allowance is primarily due to a subsidiary in the Construction segment where the subsidiary is continuously loss making and is having a deficit shareholder's fund. The subsidiary is unlikely to repay its loan and advance to the Company.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Credit risk (continued)

32.4.5 Inter-company loans and advances (continued)

Comparative information under MFRS 139, Financial Instruments: Recognition and measurement

The movements in the allowance for impairment losses of inter-company loans and advances during the financial year were:

Company	2017 RM'000
At 1 January	203,854
Impairment loss recognised	119,385
Reversal of impairment loss	(3,474)
At 31 December	319,765

The Company does not specifically monitor the ageing of current advances to the subsidiaries.

32.4.6 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 RM276,413,000 (2017: RM194,393,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period which are guaranteed by the Company.

The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- the subsidiary is unlikely to repay its credit obligation to the bank in full; or/and
- the subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

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 its various payables, loans and borrowings.

The Group manages liquidity risk by establishing budget with the view to ensure sufficient bank balances and have sufficient liquidity to meet its liabilities when they fall due. In addition, the Group negotiates with financial institutions to reschedule and/or restructure the existing credit facilities to coincide with the present operating environment.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.5 Liquidity risk (continued)

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
2018						
Financial liabilities:						
Tawarruq term loan	**138,674**	**5.25% - 5.4%**	**204,859**	**10,377**	**124,154**	**70,328**
Medium Term Notes	**177,425**	**3% - 5.93%**	**227,012**	**30,061**	**148,170**	**48,781**
Junior Notes	**29,877**	**8% - 116.6%**	**80,676**	**4,212**	**14,015**	**62,449**
Senior Sukuk Murabahah	**612,871**	**4.75% - 5.9%**	**1,013,523**	**33,629**	**282,591**	**697,303**
Term loan	**62,559**	**5% - 6.63%**	**64,760**	**64,760**	**-**	**-**
Revolving credit facility	**69,900**	**5.35% - 5.5%**	**69,969**	**69,969**	**-**	**-**
Bank overdraft	**2,283**	**8.07%**	**2,439**	**2,439**	**-**	**-**
Obligation under finance leases	**15,282**	**2.43% - 3.55%**	**16,947**	**4,937**	**11,602**	**408**
Trade and other payables	**185,983**	**-**	**185,983**	**175,983**	**10,000**	**-**
Total undiscounted financial liabilities	**1,294,854**		**1,866,168**	**396,367**	**590,532**	**879,269**
2017						
Financial liabilities:						
Tawarruq term loan	138,674	5.25%	212,157	7,298	107,608	97,251
Revolving credit facility	18,100	5.25%- 5.35%	18,340	18,340	-	-
Obligation under finance leases	6,478	2.38%- 3.4%	7,075	2,051	5,024	-
Trade and other payables	221,430	-	221,430	221,430	-	-
Total undiscounted financial liabilities	384,682		459,002	249,119	112,632	97,251

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
2018				
Financial liabilities:				
Other payables	**9,650**	-	**9,650**	**9,650**
Total undiscounted financial liabilities	**9,650**		**9,650**	**9,650**
Financial guarantees	**-**		**276,413**	**276,413**
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

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. Foreign currency denominated assets and liabilities together with expected cash flows from expenses, 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:

Group	Denominated in USD RM'000
As at 31 December 2018	
Cash and cash equivalents	**1,214**
Trade and other receivables	**532**
Trade and other payables	**(934)**
	812
As at 31 December 2017	
Cash and cash equivalents	547
Trade and other receivables	523
Trade and other payables	(1,083)
	(13)
Company	
As at 31 December 2018	
Cash and cash equivalents	**121**
	121
As at 31 December 2017	
Cash and cash equivalents	132
	132

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 deposits 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 short-term receivables and payables are not significantly exposed to interest rate risk.

The Company's loans and advances to subsidiaries are exposed to a risk of change in cash flows due to changes in interest rates charged. Short-term loans and advances to subsidiaries 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Fixed rate instruments				
Financial assets	**489,623**	209,314	**102,818**	199,485
Financial liabilities	**(835,365)**	(6,478)	**-**	-
	(345,742)	202,836	**102,818**	199,485
Floating rate instruments				
Financial assets	**-**	-	**122,893**	95,285
Financial liabilities	**(273,506)**	(156,774)	**-**	-
	(273,506)	(156,774)	**122,893**	95,285

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 RM2,735,000 (2017: RM1,568,000) higher and the Company's pre-tax loss would have been RM1,229,000 (2017: RM953,000) lower. If the interest rates had been 100 basis points lower, with all other variables held constant, the Group's and the Company's pre-tax loss would have had equal but opposite effect.

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 2018 RM'000	Fair value 2018 RM'000	Carrying amount 2017 RM'000	Fair value 2017 RM'000
Financial liabilities				
Loans and borrowings				
- Obligation under finance leases	**(15,282)**	**(14,833)**	(6,478)	(6,313)
- Revolving credit	**(69,900)**	**(69,900)**	(18,100)	(18,100)
- Term loan	**(62,559)**	**(62,559)**	-	-
- Tawarruq term loan	**(138,674)**	**(138,674)**	(138,674)	(138,674)
- Medium Term Notes	**(177,425)**	**(177,425)**	-	-
- Junior Notes	**(29,877)**	**(29,877)**	-	-
- Senior Sukuk Murabahah	**(612,871)**	**(612,871)**	-	-
- Bank overdraft	**(2,283)**	**(2,283)**	-	-

Short-term investments (comprise of unit trust and cash fund) of the Group amounted to RM119,184,000 (2017: RM280,411,000) while short-term investments of the Company amounted to RM9,621,000 (2017: RM279,723,000). 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 RM276,413,000 (2017: RM194,393,000) 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 (2017: 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
Loans and borrowings	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 18 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 RM1,108,871,000 (2017: RM163,252,000) and a total capital of RM2,471,416,000 (2017: RM1,698,124,000) giving rise to a gearing ratio of approximately 45% (2017: 10%).

There was no change in the Group's approach to capital management during the financial year.

34. COMMITMENTS

34.1 Operating lease commitments – as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2018 RM'000	2017 RM'000
Future minimum lease payments:		
Less than one year	**844**	564
Between one and five years	**-**	10
	844	574

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	
	2018 RM'000	**2017 RM'000**
Future minimum lease payments:		
Not later than 1 year	**4,937**	2,054
Later than 1 year but not later than 2 years	**4,589**	2,054
Later than 2 years but not later than 5 years	**7,422**	2,968
	16,948	7,076
Less: Finance charges	**(1,666)**	(598)
Present value of minimum lease payables	**15,282**	6,478
Present value of payments:		
Not later than 1 year	**4,326**	1,745
Later than 1 year but not later than 2 years	**4,078**	1,684
Later than 2 years but not later than 5 years	**6,878**	3,049
Present value of minimum lease payables	**15,282**	6,478
Less: Amount due within 12 months (Note 18)	**(4,326)**	(1,745)
Amount due after 12 months (Note 18)	**10,956**	4,733

The finance lease has been accounted for as loans and borrowings as disclosed in Note 18 to the financial statements.

35. CAPITAL COMMITMENTS

Capital expenditure as at the reporting date is as follows:

	Group	
	2018 RM'000	**2017 RM'000**
Property, plant and equipment		
Contracts approved and contracted for	**8,615**	1,596

NOTES TO THE FINANCIAL STATEMENTS

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.

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 19 to the financial statements.

	Company	
	2018 RM'000	2017 RM'000
A. Subsidiaries		
Rental charged to SINO	**288**	1,209
Commission income charged to PNCSB	**-**	2
Management fees charged by PNMSSB	**24,135**	32,597
Interest income charged on amount due from subsidiaries	**10,487**	5,360

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
B. Key management personnel					
Employee benefits		**9,812**	12,974	**-**	-
Defined contribution plan		**1,838**	2,520	**-**	-
Other staff related expenses		**1,808**	2,008	**482**	450
Estimated money value of benefits-in-kind		**369**	334	**-**	-
		13,827	17,836	**482**	450
Included in the total key management personnel are:					
Directors' remuneration	30	**8,122**	11,644	**482**	450

36. RELATED PARTIES (CONTINUED)

Significant related party transactions (continued)

B. Key management personnel (continued)

The top five senior management's remuneration in bands of RM50,000 for the current and the previous financial year are as follows:

Range of remuneration	Tan Sri Rozali Bin Ismail	Dato' Zainal Abidin Bin Salleh	Tan Bee Lian	Dato' Nasir Khan Bin Illadad Khan	Ng Wah Tar
2018					
RM700,001 to RM750,000			√	√	√
RM800,001 to RM850,000		√			
RM4,950,001 to RM5,000,000	√				

	Tan Sri Rozali Bin Ismail	Dato' Ir Lee Miang Koi	Dato' Zainal Abidin Bin Salleh	Tan Bee Lian	Dato' Nasir Khan Bin Illadad Khan
2017					
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	√				

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
C. Directors-related corporation				
Acquisition of investment property	-	41,949	-	-

37. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of TRIplc Group

On 31 May 2018, the Company had acquired the entire issued share capital in TRIplc Berhad from Pimpinan Ehsan Berhad for a cash consideration of RM210 million. TRIplc Group is principally involved in the provision of project management services for construction projects, property development, property investment, property management and facilities management services. TRIplc is the holder of two concessions, namely the CA-Z1P2 and CA-Z1P3. The above acquisition resulted in TRIplc Berhad and its subsidiaries becoming wholly-owned subsidiaries of the Company.

During the seven months period from 31 May 2018 to 31 December 2018, the subsidiary contributed revenue of RM131,134,000 and profit of RM26,550,000. If the acquisition had occurred on 1 January 2018, management estimates that consolidated revenue would have been RM279,690,000 and consolidated loss for the financial year would have been RM162,732,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2018.

37. ACQUISITION OF SUBSIDIARIES (CONTINUED)

(a) Acquisition of TRIplc Group (continued)

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 2018 RM'000
Property, plant and equipment	4	26,293
Investment properties	5	233,789
Concession asset		6,401
Deferred tax assets	10	28,234
Trade and other receivables		405,622
Contract cost		10,514
Current tax assets		2,303
Short-term investments		419,220
Cash and cash equivalents		192,332
Concession liability		(117,641)
Borrowings		(910,496)
Deferred tax liabilities	10	(22,754)
Trade and other payables		(62,944)
Total identifiable net assets		210,873

The significant bases and assumptions used in arriving at the fair values of the assets acquired are set out as below:

(1) Properties consisting land and buildings

The fair value of the properties consisting land and buildings are estimated by an independent valuer.

The following tables show the valuation technique used in the determination of fair values, classified within Level 2, as well as the significant unobservable inputs used in valuing the land and buildings.

Approach 1 – Comparison approach

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison approach: This 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 properties 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 market value per square foot.	The estimated fair value would increase/(decrease) if adjusted market value per square foot were higher/(lower).

37. ACQUISITION OF SUBSIDIARIES (CONTINUED)

(a) Acquisition of TRIplc Group (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):

(1) Properties consisting land and buildings (continued)

Approach 2 – Income approach

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Income approach: This method considers the present value of net cash flows to be generated from the property including, but not limited to, estimated gross development value ("GDV"), estimated gross development cost ("GDC") and estimated duration of development of the property. The expected net cash flows are discounted using risk-adjusted discount rates.	- Projected GDV per unit; - Projected GDC per unit; - Estimated duration of development of the property is 3 years; and - Risk-adjusted discount rate used is 10%.	- The estimated fair value would increase/(decrease) if projected GDV is higher/(lower), projected GDC is lower/(higher) and the estimated duration of development of the property is shorter/(longer). - The estimated fair value would increase/(decrease) if the risk-adjusted discount rate is lower/(higher).

Approach 3 – Cost approach

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Cost approach: This method reflects the amount that would be required to replace the service capacity of the property. This method involves costs including, but not limited to depreciation on the physical deterioration, functional obsolescence and economic obsolescence.	- Estimated depreciation on the physical deterioration from 5% to 65%; - Estimated depreciation on the functional deterioration from 0% to 10%; - Estimated depreciation on the economic deterioration from 0% to 10%; and - Adjusted value per square foot.	- The estimated fair value would increase/(decrease) if estimated depreciation rate on all the deterioration is lower/(higher). - The estimated fair value would increase/(decrease) if the adjusted market value per square foot is higher/(lower).

37. ACQUISITION OF SUBSIDIARIES (CONTINUED)

(a) Acquisition of TRIplc Group (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) Concession asset and liability

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
Income approach: This method involves determining the expected discounted future cash flows arising from the concession agreements. In arriving at the valuation, the Directors made assumptions for factors, which would affect the fair value of the concession asset and liability including but not limited to, maintenance and asset management services charges and discount rate.	CA-Z1P2: - An incremental rate of 3.5% at an interval of 5 years was used in the projection of the maintenance charge commencing year 2019. This increment is subject to the approval from UiTM and the Government according to the concession agreement; and - Post-tax discount rate of 11% was used. CA-Z1P3: - The following incremental rates for the asset management services charges were assumed by the Directors: Year 2025 to Year 2030 : 40.71% Year 2030 to Year 2035 : 21.47% Year 2035 to Year 2040 : 17.44% Year 2040 to Year 2042 : 13.45% These increments are subject to the approval from UiTM and the Government according to the concession agreement; and - Post-tax discount rate of 12% was used.	- The estimated fair value would increase/(decrease) if the incremental rates used for the maintenance charge of CA-Z1P2 and the asset management services of CA-Z1P3 were higher/(lower). - The estimated fair value would decrease/(increase) if the post-tax discount rates used were higher/(lower).

Net cash inflow arising from acquisition of TRIplc Group

	Group 2018 RM'000
Purchase consideration settled in cash and cash equivalents	**210,000**
Less: Cash and cash equivalents acquired	**(192,332)**
Net purchase consideration transferred	**17,668**
Add: Bank overdraft assumed	**1,776**
	19,444
Less: Deposit paid in the financial year ended 31 December 2016	**(21,000)**
Net cash inflow arising from acquisition of the subsidiary	**(1,556)**

37. ACQUISITION OF SUBSIDIARIES (CONTINUED)

(a) Acquisition of TRIplc Group (continued)

Gain on bargain purchase

Gain on bargain purchase was recognised as a result of the acquisition as follows:

	Group 2018 RM'000
Total consideration transferred	(210,000)
Fair value of identifiable net assets	210,873
Gain on bargain purchase	873

Acquisition-related costs

The Group incurred acquisition-related costs of RM3,711,000 related to external legal fees, land valuation and due diligence costs.

The acquisition-related costs of RM1,045,000 incurred in the financial year ended 31 December 2016, RM1,380,000 incurred in the previous financial year and RM1,286,000 incurred in the current financial year are included in the other expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

(b) Acquisition of Danum Sinar

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 Sendirian Berhad (the "Vendor"), at a total cash consideration of RM274,734,000. Danum Sinar is involved in the development of oil palm plantation. The acquisition of Danum Sinar had 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 was impracticable to estimate the consolidated revenue and consolidated loss for the previous 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 were significant accounting gap differences to conform with the Group's accounting framework which was 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 the previous financial year, the estimate of the range of outcomes of the contingent consideration could not be reliably estimated as the land survey was still pending finalisation.

As at the current financial year, there was no changes to the contingent consideration.

37. ACQUISITION OF SUBSIDIARIES (CONTINUED)

(b) Acquisition of Danum Sinar (continued)

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 summarised 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 assets	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	10	(83,597)
Total identifiable net assets		275,139

The fair values of trade and other receivables approximate their contractual amounts.

The significant basis and assumptions used in arriving the fair values of the assets acquired were set out as below:

(1) Bare land cost

The fair value of bare land estimated by an independent valuer was RM4,000 per acre. The value estimated by the independent valuer was not observable as there was no direct comparable recent transaction for the cost of the bare land of this size in Sarawak. In addition, the independent valuer factored in a non-observable discount on the value of bare land per acre.

The Directors of the Company had adopted a bare land cost of RM2,750 per acre to best allocate the purchase price consideration in view that there was 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 assumed that all other variables and assumptions remained constant.

37. ACQUISITION OF SUBSIDIARIES (CONTINUED)

(b) Acquisition of Danum Sinar (continued)

Identifiable assets acquired and liabilities assumed (continued)

The significant basis and assumptions used in arriving the fair values of the assets acquired were set out as below (continued):

(1) Bare land cost (continued)

The following table summarised 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 involved determining the market value by directly comparing the property under valuation with similar properties which had been sold, finding its value from these transactions. This method was 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 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 was 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 SUBSIDIARIES (CONTINUED)

(b) Acquisition of Danum Sinar (continued)

Identifiable assets acquired and liabilities assumed (continued)

The significant basis and assumptions used in arriving the fair values of the assets acquired were set out as below (continued):

(2) Bearer biological assets

The Directors determined the fair value of the bearer biological assets with the assistance of the independent valuer.

The following table summarised 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 involved determining the expected discounted future cash flows arising from the bearer biological assets. In arriving at the valuation, the independent professional valuer made adjustment for factors, which would affect the fair value of the bearer biological assets 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 higher/(lower).

37. ACQUISITION OF SUBSIDIARIES (CONTINUED)

(b) Acquisition of Danum Sinar (continued)

Net cash outflow arising from acquisition of Danum Sinar

	Group 2017 RM'000
Purchase consideration settled in cash and cash equivalents	274,809
Less: Cash and cash equivalents acquired	(77)
Net purchase consideration transferred	274,732
Add: Bank overdraft assumed	1,748
	276,480
Less: Deposit paid in the financial year ended 31 December 2016	(44,650)
Net cash outflow arising from acquisition of subsidiary	231,830

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 were included in other expenses in the Group's consolidated statement of profit or loss and other comprehensive income in the previous financial year.

38. CHANGES IN COMPOSITION OF THE GROUP

In the current financial year, the changes in the composition of the Group are as follows:

(a) 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. On 23 January 2019, the member's voluntary winding-up of GRL has been completed upon receipt of the letter dated 11 March 2019 from the Government of the Republic of the union of Myanmar, Ministry of Investment and the Foreign Economic Relations, Directorate of Investment and Company Administration on the termination of GRL with effect from 5 March 2019. Accordingly, GRL has ceased to be a sub-subsidiary of the Company on 5 March 2019.

(b) On 1 March 2018, SINO commenced the process to voluntarily dissolve its wholly-owned subsidiary, Sino Water Environmental Consultancy (Shanghai) Co., Ltd ("Sino Water Shanghai") pursuant to the relevant rules and regulations of the PRC. On 11 March 2019, the voluntarily dissolution was completed upon receipt of the notice from the regulatory authorities of the PRC on the cancellation of the business license of Sino Water Shanghai with effect from 11 March 2019. Accordingly, Sino Water Shanghai ceased to be a sub-subsidiary of the Company on 11 March 2019.

(c) The Company had on 16 March 2018 subscribed for 1,000,000 ordinary shares in Jadekind Ltd ("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 was satisfied wholly in cash from the Company's internal generated funds. Arising from the Shares Subscription, Jadekind had on 16 March 2018 became a 50% owned subsidiary of the Company.

(d) On 31 May 2018, the acquisition of TRIplc Berhad was completed following, inter alia, the payment of the Balance Purchase Consideration of RM189 million by the Company to Pimpinan Ehsan Berhad. Resulting from the completion, TRIplc Berhad is now a wholly-owned subsidiary of the Company.

(e) The Company had on 23 July 2018 transferred two ordinary shares representing the entire issued share capital of Aneka Suriamas Sdn. Bhd. ("Aneka Suriamas"), a wholly-owned subsidiary of the Company, to Danum Sinar, an indirect sub-subsidiary of the Company, at a total cash consideration of RM2.00 only thereby resulting in Aneka Suriamas becoming a wholly-owned subsidiary of Danum Sinar.

(f) The Company had on 27 July 2018 transferred two (2) ordinary shares representing the entire issued share capital of Pujian Bayu Sdn. Bhd. ("Pujian Bayu"), a wholly-owned subsidiary of the Company to TRIplc, at a total cash consideration of RM2.00 only thereby resulting in Pujian Bayu becoming a wholly-owned subsidiary of TRIplc.

(g) Puncak Niaga (India) Sdn. Bhd. ("PN India"), a wholly-owned subsidiary of the Company, had on 29 August 2018 submitted an application to strike off the name of PN India from the Register of Companies Commission of Malaysia pursuant to Section 550 of the Companies Act, 2016 ("Striking Off PN India").

(h) On 23 January 2019, the Company announced that the members' voluntary winding up Puncak Niaga Holdings Berhad (Myanmar Branch) ("Puncak Myanmar Branch") was completed on 16 January 2019 following the receipt by the Company of the termination letter dated 22 January 2019 from the Government of the Republic of the Directorate of Investment and Company Administration.

(i) Puncak Niaga Overseas Capital Pte Ltd ("PNOC"), a wholly-owned subsidiary of the Company, had on 30 November 2018 submitted an application for striking off the name of PNOC from Register pursuant to Section 34A of the Companies Act, Cap.50 with the Accounting and Corporate Regulatory Authority ("ACRA") in Singapore. On 7 March 2019, PNOC had been struck off from the Register and accordingly, PNOC ceased to be a subsidiary of the Company with effect from 7 March 2019.

38. CHANGES IN COMPOSITION OF THE GROUP (CONTINUED)

In the previous financial year, the changes in the composition of the Group were as follows:

(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").

39. SIGNIFICANT EVENTS (CONTINUED)

(I) Acquisition of TRIplc (continued)

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.

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.

On 31 May 2018, the Proposed Acquisition of TRIplc Berhad was completed. Following the completion of the due diligence verification, the final purchase price was RM210 million and was fully satisfied by cash.

Resulting from the completion, TRIplc Berhad and its subsidiaries are now wholly-owned by the Company. Refer to Note 37 to financial statements.

39. SIGNIFICANT EVENTS (CONTINUED)

(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 with ASSB as the remaining 10% shareholder.

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.

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.

40. MATERIAL LITIGATIONS (CONTINUED)

(I) KHEC (continued)

(i) The First Arbitration Proceedings (continued)

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.

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.

40. MATERIAL LITIGATIONS (CONTINUED)

(I) KHEC (continued)

(i) The First Arbitration Proceedings (continued)

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.

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.

40. MATERIAL LITIGATIONS (CONTINUED)

(I) KHEC (continued)

(i) The First Arbitration Proceedings (continued)

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.

The continued hearing proceeded on 5 May 2018 and 6 May 2018 but the hearing date of 7 May 2018 was vacated. The Panel fixed the next continued hearing date on 23 June 2018 and 24 June 2018.

The hearing proceeded on 23 June 2018 and the Panel vacated the hearing scheduled on 24 June 2018. The Panel fixed the next continued hearing of First Arbitration Proceedings on 30 June 2018 and 1 July 2018.

The hearing proceeded on 30 June 2018 and 1 July 2018. The Panel fixed the next continued hearing of the First Arbitration Proceedings on 11 August 2018 and 12 August 2018.

The hearing proceeded on 11 August 2018. The Panel vacated the hearing scheduled on 12 August 2018 and fixed the next continued hearing of the First Arbitration Proceedings on 15 September 2018.

The continued hearing proceeded on 15 September 2018 and parties were directed to submit written submissions on or before 15 October 2018.

(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 Joint Venture Agreement ("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.

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.

40. MATERIAL LITIGATIONS (CONTINUED)

(I) KHEC (continued)

(ii) The Second Arbitration Proceedings (continued)

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.

On 29 June 2018, the Madras High Court fixed the continued hearing on 27 July 2018 for the Second Arbitration Proceedings.

At the hearing held on 27 July 2018, the Madras High Court adjourned the next hearing for the Second Arbitration Proceedings to 27 August 2018.

On 27 August 2018, the Madras High Court adjourned the hearing for the Second Arbitration Proceedings to a later date to be advised in due course due to the change in the sitting judge.

On 12 September 2018, the Madras High Court adjourned the hearing of the Second Arbitration Proceedings to the first week of October 2018.

On 3 October 2018, the Madras High Court adjourned the hearing of the Second Arbitration Proceedings to the third week of October 2018.

On 1 November 2018, the Madras High Court adjourned the hearing of the Second Arbitration Proceedings to a later date to be advised in due course.

On 7 March 2019, the Madras High Court adjourned the hearing of the Second Arbitration Proceedings to a later date to be advised in due course.

40. MATERIAL LITIGATIONS (CONTINUED)

(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 judgement.

(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.

(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 PASSB's reply to the Defence on 14 July 2017.

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 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.

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.

The case management originally fixed on 2 May 2018 has been postponed to 1 June 2018 by the High Court.

On 30 May 2018, Puncak's appeal to the Court of Appeal against the decision to restrain Puncak's solicitors from acting was called up for case management. The appeal will be further case managed on 3 July 2018 before the Deputy Registrar of the Court of Appeal pending receipt of the High Court's grounds of judgement and notes of proceedings.

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 1 June 2018, the case management adjourned to 4 July 2018 for parties to update the High Court on the status of Puncak's appeal to the Court of Appeal against the decision to restrain Puncak's solicitors from acting.

On 3 July 2018, Puncak's appeal to the Court of Appeal against the decision to restrain Puncak's solicitors from acting was called up for further case management. The appeal will be further case managed on 18 July 2018 before the Deputy Registrar of the Court of Appeal pending the filing of the Supplementary Record of Appeal and to fix a hearing date for the appeal.

The case management which was fixed on 4 July 2018 was subsequently adjourned by the High Court to 18 September 2018 for parties to update the Court on the status of Puncak's appeal to the Court of Appeal against the decision to restrain Puncak's solicitors from acting.

Puncak's appeal to the Court of Appeal against the decision to restrain Puncak's solicitors from acting was called up for case management on 18 July 2018. The appeal is fixed for final case management on 8 October 2018 before the Deputy Registrar of the Court of Appeal, and the appeal is fixed for hearing on 18 October 2018.

On 18 September 2018, the case management was adjourned to 24 October 2018 for parties to update the Court on the outcome of Puncak's appeal to the Court of Appeal against the decision to restrain solicitors from acting from Puncak.

Puncak's appeal to the Court of Appeal against the decision to restrain Puncak's solicitors from acting which was fixed for hearing on 18 October 2018, was taken-off by the Court of Appeal and the hearing of the appeal was adjourned to 8 January 2019.

The case management scheduled on 24 October 2018 was adjourned to 14 January 2019 for parties to update the Court on the outcome of Puncak's appeal to the Court of Appeal against the decision to restrain solicitors from acting for Puncak.

On 8 January 2019, the Court of Appeal had dismissed Puncak's appeal with costs against the decision to restrain Puncak's solicitors from acting. Puncak will consider the next course of action in defending the suit by PASSB.

On 14 January 2019, the High Court fixed the next case management on 28 January 2019 for parties to update the High Court on whether Puncak is appealing the Court of Appeal's decision dated 8 January 2019 in respect of the Disqualification Application.

On 28 January 2019, the case management before the Shah Alam High Court Judge was adjourned to 12 February 2019 for parties to update the Court on whether PNHB is appealing the Court of Appeal's dismissal of PNHB's appeal against the High Court's decision to restrain PNHB's current solicitors from acting for PNHB.

The case management before the Shah Alam High Court Judge has been postponed to 1 March 2019.

On 1 March 2019, Puncak's new solicitors attended the case management and the High Court fixed the next case management on 9 April 2019.

40. MATERIAL LITIGATIONS (CONTINUED)

(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 to RM2,353,000,000 and the actual purchase consideration of RM1,555,300,000 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.

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.

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)

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.

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.

On 6 April 2018, Puncak's solicitors received a copy of Dato' Seri Azmin's Notice of Appeal to the Court of Appeal against the decision of the High Court in dismissing the Counterclaim with costs. The matter is fixed for case management on 25 May 2018 before the Registrar of the Court of Appeal.

On 18 May 2018, Dato' Seri Azmin's appeal to the Court of Appeal against the High Court's decision in dismissing his Counterclaim against Puncak is fixed for case management on 25 May 2018 before the Registrar of the Court of Appeal.

On 23 May 2018, Puncak's appeals against the High Court's decision in allowing the defendants' applications and striking out the claim is fixed for hearing on 30 August 2018 at the Court of Appeal.

On 25 May 2018, the Registrar of the Court of Appeal fixed Dato' Seri Azmin's appeal to the Court of Appeal against the High Court's decision in dismissing his Counterclaim against Puncak for further case management on 2 July 2018 pending the receipt of the grounds of judgement from the High Court and the filing of the Record of Appeal.

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 2 July 2018, Dato' Seri Azmin's appeal to the Court of Appeal against the High Court's decision in dismissing his Counterclaim against Puncak was called up for case management. The Registrar of the Court of Appeal fixed the said appeal for further case management on 18 July 2018 pending the filing of the Record of Appeal.

At the case management on 18 July 2018, the Registrar of the Court of Appeal fixed Dato' Seri Azmin's appeal to the Court of Appeal against the High Court's decision in dismissing his Counterclaim against Puncak for hearing on 5 November 2018.

The hearing of Puncak's appeals against the High Court's decision in allowing the defendants' applications and striking out the claim which was scheduled on 30 August 2018 was adjourned to 15 January 2019 at the Court of Appeal.

On 8 October 2018, Puncak's solicitors received notification from the Court of Appeal that Puncak's appeal against the High Court's decision in allowing Tan Sri Khalid's application to strike out the claim was scheduled for case management on 21 November 2018 before the Deputy Registrar at the Court of Appeal.

The hearing of Dato' Seri Azmin's appeal to the Court of Appeal against the High Court's decision in dismissing his Counterclaim against Puncak that was scheduled on 5 November 2018 was vacated as Dato' Seri Azmin had withdrawn the said appeal.

Puncak's solicitors received notification from the Court of Appeal that Puncak's appeals against the High Court's decision in allowing Tan Sri Khalid, Dato' Seri Azmin and the Selangor State Government's applications to strike out the claim which were scheduled on 21 November 2018 are now rescheduled for case management on 10 December 2018 before the Deputy Registrar at the Court of Appeal.

On 10 December 2018, the Court of Appeal adjourned the hearing of Puncak's appeals to 8 March 2019 which was originally fixed on 15 January 2019.

On 8 March 2019, at the hearing of Puncak's appeals against the High Court's decision in allowing the defendant's applications and striking out the claim, the Court of Appeal adjourned the matter for case management on 30 April 2019.

(IV) PNCSB

<u>Four (4) 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</u>

(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.

40. MATERIAL LITIGATIONS (CONTINUED)

(IV) PNCSB (continued)

Four (4) 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)

(1) Notice of Adjudication dated 27 May 2016 issued under CIPAA to PNCSB (continued)

(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.

(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.

40. MATERIAL LITIGATIONS (CONTINUED)

(IV) PNCSB (continued)

Four (4) 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 (continued)

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 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.

On 25 April 2018, Genbina's adjudication (for the Notice of Adjudication dated 31 July 2017) whereby Genbina has claimed for a principal claim sum of RM25,413,723.45 were dismissed in total with cost of RM100,000 awarded in PNCSB's favour.

On 13 June 2018, Genbina served on PNCSB's solicitors its sealed application before the Kuala Lumpur High Court to set aside the Adjudicator's decision in part and to consequently seek payment from PNCSB for the sum of RM5,893,032.19 with interest and costs for the adjudication and the application.

At the case management on 27 June 2018, the High Court fixed the hearing of Genbina's setting aside application on 23 August 2018.

On 27 August 2018, following the winding-up of Genbina, the hearing of Genbina's setting-aside application was adjourned in order for the High Court to determine a preliminary point as to whether Genbina's Receivers and Managers have the necessary locus to continue with the setting-aside application after Genbina's winding-up and the hearing is fixed on 13 September 2018.

40. MATERIAL LITIGATIONS (CONTINUED)

(IV) PNCSB (continued)

Four (4) 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)

(4) Notice of Adjudication dated 31 July 2017 issued under CIPAA to PNCSB (continued)

Upon hearing the submissions of both parties' counsels on 12 December 2018, the Kuala Lumpur High Court dismissed Genbina's application to set aside the adjudication decision and for Genbina to consequently seek payment from PNCSB for the sum of RM5,893,032.19 with interest and cost for the adjudication. The Kuala Lumpur High Court has further awarded cost of RM30,000 to PNCSB.

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.

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 to PNCSB (continued)

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

(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. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the year, the Group and the Company adopted MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* on their financial statements. The Group and the Company generally applied the requirements of these accounting standards retrospectively with practical expedients and transitional exemptions as allowed by the standards. Nevertheless, as permitted by MFRS 9, the Group and the Company have elected not to restate the comparatives.

41.1 Impacts on financial statements

The following tables summarise the impacts arising from the adoption of MFRS 15 and MFRS 9 on the Group's and the Company's financial statements.

(a) Statement of financial position

Group	As previously reported RM'000	MFRS 15 adjustments RM'000	As restated RM'000
1 January 2017			
Contract assets	-	52,807	52,807
Trade and other receivables	159,511	(52,807)	106,704
Others	1,849,580	-	1,849,580
Total assets	2,009,091	-	2,009,091
Deferred tax liabilities	28,983	-	28,983
Contract liabilities	-	-	-
Others	226,312	-	226,312
Total liabilities	255,295	-	255,295
Retained earnings	1,083,374	-	1,083,374
Non-controlling interests	12,963	-	12,963
Others	657,459	-	657,459
Total equity	1,753,796	-	1,753,796
Total equity and liabilities	2,009,091	-	2,009,091

41. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

41.1 Impacts on financial statements (continued)

(a) Statement of financial position (continued)

Group	31 December 2017 As previously reported RM'000	31 December 2017 MFRS 15 adjustments RM'000	31 December 2017 As restated RM'000	1 January 2018 MFRS 9 adjustments RM'000	1 January 2018 As restated RM'000
Contract assets	-	56,145	56,145	**(544)**	**55,601**
Trade and other receivables	180,156	(56,145)	124,011	**(734)**	**123,277**
Others	1,964,265	-	1,964,265	**-**	**1,964,265**
Total assets	2,144,421	-	2,144,421	**(1,278)**	**2,143,143**
Deferred tax liabilities	110,160	-	110,160	**-**	**110,160**
Contract liabilities	-	-	-	**-**	**-**
Others	464,211	-	464,211	**-**	**464,211**
Total liabilities	574,371	-	574,371	**-**	**574,371**
Retained earnings	882,092	-	882,092	**(1,278)**	**880,814**
Non-controlling interests	33,900	-	33,900	**-**	**33,900**
Others	654,058	-	654,058	**-**	**654,058**
Total equity	1,570,050	-	1,570,050	**(1,278)**	**1,568,772**
Total equity and liabilities	2,144,421	-	2,144,421	**(1,278)**	**2,143,143**

Company	As previously reported RM'000	MFRS 9 adjustments RM'000	As restated RM'000
1 January 2018			
Trade and other receivables	**118,282**	**(947)**	**117,335**
Others	**1,364,178**	**-**	**1,364,178**
Total assets	**1,482,460**	**(947)**	**1,481,513**
Other payables	**4,754**	**-**	**4,754**
Others	**13,876**	**-**	**13,876**
Total liabilities	**18,630**	**-**	**18,630**
Retained earnings	**898,803**	**(947)**	**897,856**
Others	**565,027**	**-**	**565,027**
Total equity	**1,463,830**	**(947)**	**1,462,883**
Total equity and liabilities	**1,482,460**	**(947)**	**1,481,513**

41. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

41.1 Impacts on financial statements (continued)

(b) Statement of profit or loss and other comprehensive income and statement of cash flows

There is no restatement arising from the adoption of MFRS 9 as the Group and the Company have elected not to restate the comparatives as permitted by MFRS 9. There is no impact arising from the adoption of MFRS 9 on the statement of cash flows.

41.2 Accounting for financial instruments

(a) Transition

In the adoption of MFRS 9, the following transitional exemptions as permitted by the standard have been adopted:

(i) The Group and the Company have not restated comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139, *Financial Instruments: Recognition and Measurement.*

(ii) The determination of the business model within which a financial asset is held has been made based on the facts and circumstances that existed at the date of initial application.

(iii) If an investment in a debt security had low credit risk at date of initial application of MFRS 9, the Group and the Company have assumed that the credit risk on the asset had not increased significantly since its initial recognition.

(iv) Loss allowance for receivables (other than trade receivables) is recognised at an amount equal to lifetime expected credit losses until the receivable is derecognised.

(b) Classification of financial assets and financial liabilities on the date of initial application of MFRS 9

The following table shows the measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group's and the Company's financial assets and financial liabilities as at 1 January 2018:

Category under MFRS 139 Group	31 December 2017 RM'000	1 January 2018 Reclassification to new MFRS 9 category Remeasurement RM'000	Amortised cost ("AC") RM'000	Fair value through profit or loss - designated upon initial recognition ("FVTPL-DUIR") RM'000
Financial assets				
Loans and receivables				
Trade and other receivables	96,688	**(1,278)**	**95,410**	-
Cash and cash equivalents	246,175	-	**246,175**	-
	342,863	**(1,278)**	**341,585**	-
Fair value through profit or loss – held-for-trading				
Short-term investments	290,778	-	**10,367**	**280,411**
	290,778	-	**10,367**	**280,411**

41. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

41.2 Accounting for financial instruments (continued)

(b) Classification of financial assets and financial liabilities on the date of initial application of MFRS 9 (continued)

		1 January 2018		
		Reclassification to new MFRS 9 category		
Category under MFRS 139 Company	31 December 2017 RM'000	Remeasurement RM'000	Amortised cost ("AC") RM'000	Fair value through profit or loss - designated upon initial recognition ("FVTPL-DUIR") RM'000
Financial assets				
Loans and receivables				
Trade and other receivables	117,741	**(947)**	**116,794**	-
Cash and cash equivalents	196,553	-	**196,553**	-
	314,294	**(947)**	**313,347**	-
Fair value through profit or loss – held-for-trading				
Short-term investments	290,090	-	**10,367**	**279,723**
	290,090	-	**10,367**	**279,723**

		1 January 2018	
		Reclassification to new MFRS 9 category	
Category under MFRS 139 Group	31 December 2017 RM'000	Remeasurement RM'000	Amortised cost ("AC") RM'000
Financial liabilities			
Other financial liabilities measured at amortised cost			
Loans and borrowings	(163,252)	-	**(163,252)**
Trade and other payables	(221,430)	-	**(221,430)**
	(384,682)	-	**(384,682)**
Company			
Other financial liabilities measured at amortised cost			
Trade and other payables	(4,754)	-	**(4,754)**

41. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

41.2 Accounting for financial instruments (continued)

(b) Classification of financial assets and financial liabilities on the date of initial application of MFRS 9 (continued)

(i) Reclassification from loans and receivables to amortised cost

Trade and other receivables that were classified as loans and receivables under MFRS 139 are now reclassified at amortised cost. An increase of RM1,278,000 and RM947,000 in allowance for impairment was recognised in opening retained earnings of the Group and of the Company at 1 January 2018 respectively on transition to MFRS 9.

41.3 Accounting for revenue

In the adoption of MFRS 15, the following practical expedients as permitted by the standard have been adopted:

(a) for completed contracts, the Group did not restate contracts that:

(i) began and ended within the same annual reporting period; or

(ii) were completed contracts at the beginning of the earliest period presented.

If this practical expedient is not applied, revenue for the current year is expected to be higher because performance obligations where revenue was recognised previously could have been recognised in the current year.

There is no change in the profit for the year and retained earnings in the comparative period upon adoption of MFRS 15.

The following are the changes in revenue recognition from the adoption of MFRS 15:

Type of revenue	Previous year's revenue recognition	Current year's revenue recognition
Construction contracts	If the outcome of a construction contract could be estimated reliably, then contract revenue was recognised in proportion to the stage of completion of the contract. Stage of completion is determined based on the proportion of contract costs incurred for work performed to date against estimated costs where the outcome of the project can be estimated reliably. Otherwise, contract revenue was recognised only to the extent of contract costs incurred that were likely to be recovered. Contract expenses were recognised as they were incurred. An expected loss on a contract was recognised immediately in profit or loss. Advances received were included in deferred revenue. Unbilled revenue was included in amount due from contract customer.	Under MFRS 15, revenue is recognised over time by reference to the cost incurred over the estimated cost. The related costs are recognised in profit or loss when they are incurred. Advances received are now included in contract liabilities. Unbilled revenue is now included in contract asset.

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 259 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 2018 and of their financial performance and cash flows for the financial year then ended.

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

Tan Sri Rozali Bin Ismail
Director

Dato' Zainal Abidin Bin Salleh
Director

Shah Alam

Date: 28 March 2019

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 259 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 (MIA CA: 6550), at Shah Alam in the State of Selangor on 28 March 2019.

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 2018 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 259.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and 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.

Group

Revenue recognition

Refer to Note 2(g), Note 2(u)(i), Note 21 and Note 41.3 of the financial statements.

The key audit matter

One of the revenue streams of the Group is construction contract revenue. Construction contract revenue is recognised over time by reference to the cost incurred over the estimated cost of each individual contract.

This was one of our key audit matters because it required us to exercise significant judgement to evaluate the estimation of the total costs to be incurred, which inherently was uncertain.

In addition, the concession revenue stream from the newly-acquired subsidiary by the Group required significant judgement in determining the appropriate discount rates to compute the concession revenue from construction contracts, maintenance services and finance income.

How the matter was addressed in our audit

In this area our audit procedures included, amongst others:

Construction revenue:

- Ascertained the budgeted cost and subsequent revisions were approved by the Board of Directors;

- Reviewed information provided by the entity. Inquired management as to whether they had determined the completeness of the budgets, if there were any disputes with the customers/sub-contractors and if there would be any delays in the projects which would render additional costs;

- Selected samples of estimated costs and compared them with contracts or letter of awards;

- Performed a re-computation of the actual costs to budgeted cost to determine if the percentage of completion was computed appropriately, and subsequently, performed a re-computation to determine if the revenue was recognised appropriately; and

- Reassessed that foreseeable losses and liquidated ascertained damages had been recognised in accordance with the requirements of the accounting standards.

Concession revenue:

- Reviewed the agreements and assessed whether these agreements had been appropriately identified to be service concession arrangements within the scope of IC Interpretation 12;

- Evaluated the appropriateness of discount rates applied in discounting the receivables from the customers;

- Assessed the Group's estimate on budgeted costs to be incurred including comparison of historical budgets with actual costs incurred; and

- Assessed the Group's estimate on total costs to completion through enquiries and inspected documentation to support the cost estimates.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PUNCAK NIAGA HOLDINGS BERHAD

(Company No. 416087-U) (Incorporated in Malaysia)

Key Audit Matters (continued)

Group (continued)

Acquisition of TRIplc Group

Refer to Note 2(a) and Note 37 of the financial statements.

The key audit matter

The Group acquired the entire issued and paid-up share capital of TRIplc Berhad and its subsidiaries ("TRIplc Group") for a cash consideration of RM210 million. The acquisition was completed on 31 May 2018.

This was one of our key audit matters as the accounting for the acquisition of TRIplc Group was complex and the process of purchase price allocation required significant judgement of management.

How the matter was addressed in our audit

In this area our audit procedures included, amongst others:

- Evaluated the appropriateness of the fair value of identifiable assets, with the involvement of KPMG's specialist;
- Evaluated the appropriateness of the discount rate used by comparing it with our expectations based on our knowledge of the industry in which the asset operates;
- Assessed those significant and highly sensitive assumptions to determine that they were appropriate and supportable by comparing them with internal and external sources;
- Re-computed the gain on bargain purchase arising from the business combination; and
- Considered the adequacy of the Group's disclosures in respect of the acquisition.

Group and Company

Adoption of MFRS 15 and MFRS 9

Refer to Note 2(c), Note 2(l), Note 2(m), Note 2(o)(i), Note 2(u)(i), Note 13, Note 21, Note 32 and Note 41 of the financial statements.

The key audit matter

Both MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* were effective on 1 January 2018.

MFRS 15 replaced MFRS 118 *Revenue* and MFRS 111 *Construction Contracts*, which may have significant impact on the revenue recognition.

MFRS 9 *Financial Instruments* replaced MFRS 139 *Financial Instruments – Recognition and Measurement*, which may have impact on how financial assets were classified and measured.

In addition, there were new disclosures required.

How the matter was addressed in our audit

In this area our audit procedures included, amongst others:

- Evaluated the appropriateness of the Group's revised accounting policies upon adopting MFRS 15 and MFRS 9;
- Evaluated the accounting impacts disclosure in relation to the adoption of MFRS 15 and MFRS 9; and
- Assessed the completeness, accuracy and relevance of the disclosures in the financial statements required by MFRS 15 and MFRS 7, *Financial Instruments Disclosure*.

Company

Impairment assessments of cost of investment in subsidiaries and amounts due from subsidiaries

Refer to Note 2(o), Note 8.2, Note 14.5 and Note 32.4.5 of the financial statements.

The key audit matter

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, subject to impairment assessments.

This was one of our key audit matters because evaluation of impairment of costs of investment and advances to subsidiaries required the exercise of significant judgement by management.

How the matter was addressed in our audit

In this area our audit procedures included, amongst others:

- Challenged the assessment for indications of impairment performed by the Company by considering whether it had factored or considered relevant internal and external information;
- Compared the impairment assessment performed by the Company with the requirements of the accounting standards; and
- Challenged the recoverable amounts determined by the Company by evaluating the key assumptions made by the Company.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PUNCAK NIAGA HOLDINGS BERHAD

(Company No. 416087-U) (Incorporated in Malaysia)

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

- 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 MATTER

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

Chong Chen Kian
Approval Number: 03232/02/2020 J
Chartered Accountant

Petaling Jaya,

28 March 2019

09 OTHER INFORMATION

ANALYSIS ON SECURITIES OF COMPANY

As at 26 March 2019

ANALYSIS OF SHAREHOLDINGS

Share Capital : **RM554,662,777.00**
Total Number of Issued Shares : **449,284,556**
Class of Shares : **Ordinary shares**
Voting Rights : **One vote per ordinary share**
No. of Shareholders : **10,305**

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	523	5.08	5	0.05	528	5.13	12,510	*	204	*	12,714	*
100-1,000	1,476	14.32	18	0.17	1,494	14.49	1,083,055	0.24	11,125	*	1,094,180	0.24
1,001-10,000	5,738	55.68	70	0.68	5,808	56.36	24,517,157	5.48	346,287	0.08	24,863,444	5.56
10,001-100,000	2,082	20.20	49	0.48	2,131	20.68	66,533,245	14.88	1,557,230	0.35	68,090,475	15.23
100,001-22,362,386 (less than 5% of the issued share capital)	323	3.14	18	0.17	341	3.31	140,641,394	31.44	16,843,200	3.77	157,484,594	35.21
22,362,387 and above (5% and above of the issued share capital)	3	0.03	0	0	3	0.03	195,702,349	43.76	0	0	195,702,349	43.76
TOTAL	**10,145**	**98.45**	**160**	**1.55**	**10,305**	**100.00**	**428,489,710**	**95.80**	**18,758,046**	**4.20**	**447,247,756**	**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 26 March 2019.

ANALYSIS ON SECURITIES OF COMPANY

As at 26 March 2019

LIST OF TOP THIRTY SECURITIES ACCOUNT HOLDERS AS PER RECORD OF DEPOSITORS

(Without aggregating the securities from different securities accounts belonging to the same Registered Holder)

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.	**Urusharta Jamaah Sdn Bhd**	44,073,600	9.85
4.	**Corporate Line (M) Sdn Bhd**	21,600,000	4.83
5.	**Nusmakmur Development Sdn Bhd**	8,600,000	1.92
6.	**CIMB Group Nominees (Asing) Sdn Bhd** Exempt An For DBS Bank Ltd (SFS)	5,928,000	1.33
7.	**Kenanga Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Goh Tai Siang	5,487,900	1.23
8.	**HSBC Nominees (Asing) Sdn Bhd** Exempt An For Credit Suisse (SG BR-TST-Asing)	5,000,000	1.12
9.	**Amsec Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Goh Tai Siang	2,718,300	0.61
10.	**Public Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Wong Sui Yuing (E-BTL)	2,474,400	0.55
11.	**CIMB Group Nominees (Tempatan) Sdn Bhd** CIMB Islamic Trustee Berhad For Pacific Dana Aman (3717 TRO1)	2,400,000	0.54
12.	**Yong Jee Patt**	2,057,700	0.46
13.	**Maybank Securities Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Zulkifli Bin Ismail (Margin)	2,000,000	0.45
14.	**Lin Thean Fatt**	1,994,000	0.45

09 OTHER INFORMATION

LIST OF TOP THIRTY SECURITIES ACCOUNT HOLDERS AS PER RECORD OF DEPOSITORS
(Without aggregating the securities from different securities accounts belonging to the same Registered Holder)

NO.	NAME OF SHAREHOLDER	NO. OF ISSUED SHARES HELD	% OF ISSUED SHARES*
15.	**Central Plus (M) Sdn Bhd**	1,912,075	0.43
16.	**Rozali Bin Ismail**	1,901,900	0.43
17.	**Cimsec Nominees (Tempatan) Sdn Bhd** CIMB Bank For Ng Chai Hock (MY0972)	1,655,000	0.37
18.	**Lim Teik Hoe**	1,479,000	0.33
19.	**Chin Yoon Lee**	1,286,100	0.29
20.	**Goh Choon Kim**	1,216,500	0.27
21.	**Khoo Kim Hong**	1,123,400	0.25
22.	**Maybank Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Chee Kah Khuin	1,122,900	0.25
23.	**Lim Kian Huat**	1,115,000	0.25
24.	**Cimsec Nominees (Tempatan) Sdn Bhd** CIMB Bank For Lau Buong Liong (MQ0175)	1,020,000	0.23
25.	**HLB Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Heng Yong Kang @ Wang Yong Kang	1,000,000	0.22
26.	**Lim Mok Leng**	993,000	0.22
27.	**Goh Teck Yiew**	940,000	0.21
28.	**Chai Ming Yang**	899,820	0.20
29.	**Tay Tian Siang**	895,200	0.20
30.	**Lee Kuang Chong**	878,000	0.20
	TOTAL	**275,400,544**	**61.59**

* Excluding 2,036,800 Puncak Niaga Shares bought back by Puncak Niaga and retained as treasury shares as at 26 March 2019.

ANALYSIS ON SECURITIES OF COMPANY

As at 26 March 2019

DIRECTORS' INTEREST IN ORDINARY SHARES AS PER THE REGISTER OF THE DIRECTORS' SHAREHOLDINGS

NO.	NAME OF DIRECTOR	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.	YBhg Dato' Zainal Abidin Salleh	-	-	-	-
3.	Y.A.M. Tengku Dato' Rahimah Almarhum Sultan Mahmud	-	-	-	-
4.	YBhg Tan Sri Dato' Ahmad Fuzi Haji Abdul Razak	-	-	-	-
5.	YBhg Dato' Sri Adenan Ab Rahman	-	-	-	-
6.	YBhg Datuk Dr Marimuthu Nadason	-	-	-	-
7.	YBhg Dato' Yusof Badawi	300	*	-	-
8.	Mr Ng Wah Tar	-	-	-	-
9.	Encik Azlan Shah Rozali (Alternate Director to Tan Sri Rozali Ismail)	389,400	0.09	-	-

Notes:
* Negligible
+ 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 5% is held in his own name and 95% is held in his spouse's and children's names, respectively.
# Excluding a total of 2,036,800 Puncak Niaga Shares bought back by Puncak Niaga and retained as treasury shares as at 26 March 2019.

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.	YBhg Puan Sri Faridah Idris	-	-	175,140,824++	39.16++
3.	Central Plus (M) Sdn Bhd	105,710,335	23.64	-	-
4.	Corporate Line (M) Sdn Bhd	69,430,489	15.52	-	-
5.	Urusharta Jamaah Sdn Bhd	44,073,600	9.85	-	-

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 5% is held in his own name and 95% is held in his spouse's and children's names, respectively.
++ Deemed interest by virtue of 75% shareholding interest each in Central Plus (M) Sdn Bhd (Co. No. 183535-W) and Corporate Line (M) Sdn Bhd (Co. No. 172689-H), respectively.
# Excluding a total of 2,036,800 Puncak Niaga Shares bought back by Puncak Niaga and retained as treasury shares as at 26 March 2019.

09 OTHER INFORMATION

LIST OF PROPERTIES

As at 31 December 2018

Description & Location	Date of Acquisition /Date of Valuation (V)	Land Area/ Built-up Area	Net Book Value (RM'000) 31.12.2018	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	62,199	99 years Leasehold	84 years expiring on 22/01/2102	Office Premises and Land
3 Storey Building						
No. 31, Jalan Temoleh 8/7 Precinct 8 62250 Putrajaya	09/11/2016 31/12/2017 [V]	387 sq.m	4,118	Freehold	N/A	Premises
Plantation Land and Building						
Lot 18, Murum Land District	03/07/2017 26/05/2017 (V)	40,588 Ha.	297,416	99 years Leasehold	85 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.			98 years expiring in 2116	
Land & Building						
PN 10340, Lot No. 267, Mukim of Serting Ulu, District of Jempol, Negeri Sembilan Darul Khusus bearing address No. PT 1152, Batu 36, Jalan Pahang, 72200 Batu Kikir, Negeri Sembilan Darul Khusus	01/11/2016 (V) 31/5/2018 (V) 31/12/2018 (V)	231,704 sq.m (2,494,041 square feet or 57.26 acres) (gross)	24,537	99 years Leasehold	75 years expiring on 25/03/2093	A parcel of industrial land of which about 7.22 acres is built-upon with a single-storey factory building with two-storey office section, and single storey workers' quarters. The remaining portion of the property comprising an estimated land area of about 50.04 acres is presently undeveloped.

LIST OF PROPERTIES

As at 31 December 2018

Description & Location	Date of Acquisition /Date of Valuation (V)	Land Area/ Built-up Area	Net Book Value (RM'000) 31.12.2018	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) 31/12/2018 (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) 31/12/2018 (V)	164 sq.m	2,100	Freehold	N/A	Vacant
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) 31/12/2018 (V)	10,364 sq.m	28,000	99 years Leasehold	81 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) 31/12/2018 (V)	159,996 sq.m	56,400	99 years Leasehold	77 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 # Include a single storey building complete with parking facilities	16/02/2007 31/12/2011 (V) 31/12/2014 (V) 31/12/2015 (V) 31/12/2016 (V) 30/9/2017 (V) 31/12/2018 (V)	331,438 sq.m 213,092 sq.m 229,299 sq.m 229,733 sq.m	462,718	99 years Leasehold	83 years expiring on 24/10/2101	Vacant Vacant Rented out Vacant
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) 31/12/2018 (V)	238 sq.m	2,500	99 years Leasehold	74 years expiring on 21/10/2092	Office Premises

09 OTHER INFORMATION

Description & Location	Date of Acquisition /Date of Valuation (V)	Land Area/ Built-up Area	Net Book Value (RM'000) 31.12.2018	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) 31/12/2018 (V)	1,014 sq.m	5,100	99 years Leasehold	91 years expiring on 21/3/2109	Vacant
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) 31/12/2018 (V)	86 sq.m	11,500	99 years Leasehold	82 years expiring on 01/01/2100	Vacant
No. 8 Eu Tong Sen Street # 22-86, The Central Singapore 059818	26/09/2008 31/12/2014 (V) 31/12/2017 (V) 31/12/2018 (V)	60 sq.m		99 years Leasehold	82 years expiring on 01/01/2100	Vacant
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) 31/12/2018 (V)	331 sq.m	5,600	99 years Leasehold	84 years expiring on 6/11/2102	Rented out
3 Storey Shophouse						
Sublot 8 (Survey Lot 9306) Lot 1541 Block 6 Seduan Land District Sibu, Sarawak	17/08/2016 31/12/2017 (V) 31/12/2018 (V)	140 sq.m	1,155	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 31/12/2018 (V)	84,130 sq.m	41,949	99 years	89 years expiring on 11/05/2107	Vacant
3 Storey Shophouse						
HS(D) 103098 and 103097, Lots PT 33384 and PT 33383, Mukim of Sungai Buloh, District of Petaling, Selangor Darul Ehsan bearing address: Nos. 6 and 8, Jalan Apollo CH U5/CH, Bandar Pinggiran Subang, Section U5, 40150 Shah Alam, Selangor Darul Ehsan.	01/11/2016 (V) 31/5/2018 (V) 31/12/2018 (V)	312 sq.m (3,358 square feet)	2,140	99 years Leasehold	77 years expiring on 10/06/2095	Vacant
3 Storey Shophouse						
HS(D) 136264 and 136265, Lots PT 2774 and PT 2775, Pekan Baru Sungai Buloh, District of Petaling, Selangor Darul Ehsan bearing address: Nos. 20 and 22, Jalan Uranus AH U5/AH, Subang Impian, Section U5, 40150 Shah Alam, Selangor Darul Ehsan	01/11/2016 (V) 31/5/2018 (V) 31/12/2018 (V)	327.04 sq.m (3,520 square feet)	2,520	99 years Leasehold	81 years expiring on 03/04/2099	Partly rented out

LIST OF PROPERTIES

As at 31 December 2018

Description & Location	Date of Acquisition /Date of Valuation (V)	Land Area/ Built-up Area	Net Book Value (RM'000) 31.12.2018	Tenure	Remaining Leasehold (Expiry Date)	Existing Use
Investment properties						
Leasehold Land						
Part of PN 16618, Lot 10965, Mukim of Bukit Raja, District of Petaling, Selangor Darul Ehsan bearing address: Lot 10965, Jalan Pulau Angsa U10/14, Taman Puncak Perdana, Section U10, 40170 Shah Alam, Selangor Darul Ehsan	01/11/2016 (V) 31/5/2018 (V) 31/12/2018 (V)	3.625 acres	7,000	99 years Leasehold	81 years expiring on 09/04/2099	A parcel of residential building land comprising the remaining undeveloped part of Lot 10965 which has been approved for development of medium-cost apartment.
Leasehold Land						
State alineated development land formerly part of Bukit Cherakah Forest Reserve located within Taman Puncak Perdana, Section U10, Shah Alam, in the Mukim of Bukit Raja, District of Petaling, Selangor Darul Ehsan	01/11/2016 (V) 31/5/2018 (V) 31/12/2018 (V)	25.65 acres (gross)	42,460	99 years Leasehold	98 years expiring on 19/02/2117	A parcel of land approved for commercial development.
Leasehold Land						
17 titles included in: PN 81600 to 81603, Lot Nos. 57580 to 57583; PN 81612 to 81617, Lot Nos. 57592 to 57597; HS(D) 114797 to 114801, Lots PT 2104 to PT 2108; HS(D) 114811 and 114812, Lots PT 2118 and PT 2119: 35 titles included in: PN 81635 to 81646, Lot Nos. 57615 to 57626; PN 81647 to 81669, Lot Nos. 57628 to 57650 1 title under PN 81770, Lot No. 57751, all in Mukim of Bukit Raja, District of Petaling, Selangor Darul Ehsan.	01/11/2016 (V) 31/5/2018 (V) 31/12/2018 (V)	50,263 sq.m (541,026 square feet)	25,770	99 years Leasehold	87 years expiring on 05/07/2105 (save for Lots PT 2104 to PT 2108, PT 2118 & PT 2119 that are expiring on 28/10/2096)	53 vacant detached house lots.
Leasehold Land						
906 sub-divided plots of vacant land with individual titles:- (i) 27524-27548, 27550-27555, 27558-27566, 27568-27590, 27592-27718, 27720-27841, 27845-27851, 27853-27861, 27863-27984, 27986-28046, 28048-28063, 28065-28071, 28073-28097, 28099-28112, 28114-28174, 28178-28186, 28188-28228, 28232-28259, 28261-28325, 28339, 28341-28371, 28374-28383, 28385, 28391-28404, 28406-28411, 28413-28429, 28431-28445, 28447-28451, 28455-28470, 28473, 28475-28479 Seksyen 20, Bandar Serendah, District of Ulu Selangor (ii) PT Nos. 1489, 1490, 1533, 1673, 1771, 1833, 2360 Mukim of Serendah, District of Ulu Selangor together with public facilities and amenities areas	01/11/2016 (V) 31/5/2018 (V) 31/12/2018 (V)	338.67 acres (gross)	153,885	99 years Leasehold	81 years expiring on 19/06/2099 (except for Lot No. 28480 (formerly known as PT 1833) which is expiring on 20/06/2099 and Lots Nos. PT 103, PT 115 and PT 117 which are expiring on 25/09/2080)	906 sub-divided building plots approved for development and three parcels of agricultural land with development potential which are not approved for any development as yet.

09 OTHER INFORMATION

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For 'In Accordance' Option – Core

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G4-1	Statement from the most senior decision-maker of the organisation	-	Chairman's Letter To Shareholders	16-19
G4-2	Description of key impacts, risks and opportunities	-	Chairman's Letter To Shareholders, Management Discussion And Analysis	16-19 20-38
ORGANISATIONAL PROFILE				
G4-3	Name of the organisation	-	Corporate Profile	8-9
G4-4	Primary brands, products and services	-	Management Discussion And Analysis, Corporate Profile	20-38 8-9
G4-5	Location of the organisation's headquarters	-	Corporate Information	10-12
G4-6	Number of countries where the organisation operates	-	Corporate Profile, Corporate Structure	8-9, 14-15
G4-7	Nature of ownership and legal form	-	Corporate Profile, Corporate Structure	8-9, 14-15
G4-8	Markets served	-	Corporate Profile, Corporate Structure	8-9, 14-15
G4-9	Scale of the organisation	-	Five-Year Financial Highlights, Corporate Profile, Corporate Structure	5, 8-9, 14-15
G4-10	Organisation's workforce profile	-	Workplace Diversity	53
G4-11	Percentage of total employees covered by collective bargaining agreements	-	No Unionised Workers	Not Applicable
G4-12	Organisation's supply chain	-	Supply Chain	46
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	-	Chairman's Letter To Shareholders, Management Discussion And Analysis	16-19 20-38
G4-14	Precautionary approach or principle	-	Statement On Risk Management And Internal Control	92-99
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 Partnership	40, 54
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organisations	-	Puncak Niaga Group Fact Sheet	2
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G4-17	Entities included in the organisation's consolidated financial statements	-	About This Report	3
G4-18	Process for defining the report content and the aspect boundaries	-	Stakeholder Engagement	41-42
G4-19	Material aspects identified in the process for defining report content	-	Materiality	42
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G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	-	Five-Year Financial Highlights, Audited Financial Statements	5 112-265
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For 'In Accordance' Option – Core

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GENERAL STANDARD DISCLOSURES	**DESCRIPTION**	**OMISSIONS**	**REFERENCE**	**PAGE**
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G4-24	List of stakeholder groups engaged by the organisation	-	Stakeholder Engagement	41-42
G4-25	Basis for identification and selection of stakeholders with whom to engage	-	Stakeholder Engagement	41-42
G4-26	Organisation's approach to stakeholder engagement	-	Stakeholder Engagement	41-42
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	41-42
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G4-28	Reporting period	-	About This Report	3
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G4-30	Reporting cycle	-	About This Report	3
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G4-34	Governance structure of the organisation	-	Organisation Structure, Corporate Governance Overview Statement	13, 74-86
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SPECIFIC STANDARD DISCLOSURES – CORE OPTION

SPECIFIC STANDARD DISCLOSURES				
MATERIAL ASPECTS	**DESCRIPTION**	**OMISSIONS**	**REFERENCE**	**DMA AND INDICATORS**
CATEGORY: ECONOMIC				
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	Development and impact of infrastructure investments and services supported	-	Sustainability Performance On Material Issues – Creating Economic Value	G4-EC7: 43-46
	Significant indirect economic impacts, including the extent of impacts	-	Sustainability Performance On Material Issues – Creating Economic Value	G4-EC8: 43-46
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09 OTHER INFORMATION

SPECIFIC STANDARD DISCLOSURES				
MATERIAL ASPECTS	**DESCRIPTION**	**OMISSIONS**	**REFERENCE**	**DMA AND INDICATORS**
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	Energy consumption within the organisation	-	Reducing Our Internal Environmental Footprint	G4-EN3: 49
Water	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Environmental Value	G4-DMA: Water: 49
	Total withdrawal by source	-	Water Management	G4-EN8: 49
	Water sources significantly affected by withdrawal of water	-	Beaufort WTP	G4-EN9: 44
Effluents and Waste	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Environmental Value	G4-DMA: Effluents and Waste: 50-51
	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 2020.	Waste Management Practices	G4-EN23: 50-51
Biodiversity	Disclosure Management Approach	-	Conserving Biodiversity	G4-DMA: Biodiversity: 47-48
	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: 47-48
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SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK				
Employment	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Value To Our Employees	G4-DMA: Employment: 52
	Total number and rates of new employee hires and employee turnover by age group, gender, and region	-	Workplace Diversity	G4-LA1: 53
	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	-	Benefits And Compensation	G4-LA2: 55
Occupational Safety And Health	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Value To Our Employees	G4-DMA: Occupational Health and Safety: 55-56
	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 Safety And Health	G4-LA6: 55-56
Training and Education	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Value To Our Employees	G4-DMA: Training and Development: 54
	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 2020.	Training And Development	G4-LA9: 54

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For 'In Accordance' Option – Core

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: 53
	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: 53
Labour Practices Grievance Mechanisms	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Value To Our Employees	G4-DMA: Labour Practices Grievance Mechanisms: 53
	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanism	-	Grievance Mechanism	G4-LA16: 53
SUB-CATEGORY: HUMAN RIGHTS				
Child Labour	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Value To Our Employees	G4-DMA: Child Labour: 53
	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: 53
Forced or Compulsory Labour	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Value To Our Employees	G4-DMA: Forced or Compulsory Labour: 53
	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: 53
Security Practices	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Value To Our Employees	G4-DMA: Security Practices: 56
	Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations	-	Auxiliary Police	G4-HR7: 56
Indigenous Rights	Disclosure Management Approach	-	Sustainability Performance On Material Issues – Value To Our Communities	G4-DMA: Indigenous Rights: 57
	Total number of incidents of violations involving rights of indigenous peoples and actions taken	-	Penan Ethnic Communities	G4-HR8: 57

10 NOTICE OF 22ND AGM

NOTICE OF 22ND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Second (22nd) 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 Tuesday, 28 May 2019 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 2018 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 Rule 100 of the Company's Constitution:-

   (a) YBhg Tan Sri Rozali Bin Ismail **Resolution 1**
   (b) YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak **Resolution 2**

3. To re-elect the following Directors of the Company who retire pursuant to Rule 105 of the Company's Constitution:-

   (a) YBhg Dato' Yusof Bin Badawi **Resolution 3**
   (b) YBhg Dato' Zainal Abidin Bin Salleh **Resolution 4**

4. To approve the Independent Non-Executive Directors'/Non-Executive Director's remuneration with effect from 28 May 2019 until the next Annual General Meeting of the Company. **Resolution 5**

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 6**

AS SPECIAL BUSINESSES

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

6. **Special Resolution 1**

   Proposed Amendments to the Constitution of the Company (Proposed Amendments)

   "**THAT** the proposed amendments to the Constitution of the Company as set out in Appendix I of the Annual Report 2018 (Proposed Amendments) be and are hereby approved and adopted **AND THAT** the Board of Directors of the Company be and is 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 Amendments, for and on behalf of the Company." **Resolution 7**

NOTICE OF 22ND ANNUAL GENERAL MEETING

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 (9) 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 8**

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

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this 22nd Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd (Bursa Depository) in accordance with Rule 62 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 (SICDA) to issue a General Meeting Record of Depositors (ROD) as at 17 May 2019. Only a depositor whose name appears on the ROD as at 17 May 2019 shall be entitled to attend the 22nd Annual General Meeting or appoint proxy/ proxies to attend and/or vote on his/her behalf.

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 2019

Notes:-

1. A Member entitled to attend and vote at the Meeting is entitled to appoint another person to attend and vote in his stead.

2. A proxy need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy.

3. 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.

4. 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 this 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 this 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 this Proxy Form.

5. Any corporation which is a Member of the Company may by 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 Rule 85 of the Company's Constitution.

6. 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.

7. 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 22nd Annual General Meeting will be put to vote by poll.

8. **Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2018**

   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.

9. **Resolution 5: Agenda 4 – Approval of the Independent Non-Executive Directors'/Non-Executive Director's 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 Director's (NED) remuneration up to the Annual General Meeting in 2020.

10 NOTICE OF 22ND AGM

The details of the proposed payment of remuneration under Resolution 5 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
	NED	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 NED 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'/NED's remuneration of RM662,000.00 for the period from 28 May 2019 to the next Annual General Meeting (AGM) in 2020 based on the assumption of the projected number of Board and Committee Meetings in 2019 to the next AGM and the appointment of two (2) additional INEDs in the second half of 2019.

10. **Resolution 6: Agenda 5 - Re-appointment of KPMG PLT as 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 22nd Annual General Meeting 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.

Special Businesses

11. **Resolution 7: Special Resolution 1 - Proposed Amendments to the Constitution of the Company (Proposed Amendments)**

The proposed Resolution 7, if passed, will provide clarity and consistency of the existing Constitution of the Company with the provisions of the Companies Act, 2016 and the Listing Requirements of Bursa Malaysia Securities Berhad in relation to the issuance of notices to members of the Company.

12. **Resolution 8: Ordinary Resolution 1 - Continuing In Office As Independent Non-Executive Director**

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, who has served as Independent Non-Executive Director of the Company for a cumulative term of eleven (11) years, and with his consent, whilst believing that he can continue to bring independent and objective judgement to Board/Committees deliberations, had recommended for him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

(a) He fulfils the criteria of the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and had expressed his willingness to continue in office as Independent Non-Executive Director of the Company and he does not hold executive position in the Company/Group nor is an officer of the Company/Group, nor is an adviser or consultant, etc before his Board appointment and is not a major shareholder, 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) His vast experiences would enable him to provide the Board with a diverse set of experience, expertise and independent judgement to better manage and run the Group.

(c) Notwithstanding that he has served the Company as Independent Director for a cumulative term of more than nine (9) years during which he had at all times acted in good faith and in the best interests of the Company, exercising his independent judgement during deliberations and decision making during the Company's Board Meetings, Board Committee Meetings and General Meetings and was familiar with the Company's business operations.

(d) YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak had proven to be reliable Independent Director with his professionalism aptitude and outlook of business perspective, devoted sufficient time and attention to his professional obligations for informed and balance decision making and had also exercised due care during his tenure in the best interests of the Company and the shareholders.

(e) YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak was able to devote sufficient time to discharge his fiduciary duties and responsibilities as Independent Director of the Company.

APPENDIX 1

PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY

The details of the Proposed Amendments to the Constitution of the Company are as follows:-

To amend the following existing Rule 155 and Rule 159 of the Constitution of the Company and to incorporate the following new Rule 159B of the Constitution of the Company, respectively:-

Existing Rule	Amended Rule *
Service of notices 155. Notice of meeting of members:- (a) given in hardcopy shall be sent to any member either personally or by post to the address as appearing in the Register of Members; or (b) given in electronic form shall be transmitted to the electronic address provided by the member to the Company for such purpose as appearing in the Register of Members or by publishing on the Company's website or via short messaging service or any other electronic platform(s). A notice of a meeting of members shall not be validly given by the Company by means of a website unless a notification to that effect is given in accordance with Section 320 of the Act.	Service of notices **and/or documents** 155. **Any n**otice ~~of meeting of~~ **or document required to be sent to** members **may be given by the Company to any member:-** (a) ~~given~~ in hardcopy ~~shall~~ **to** be sent to any member either personally or by post to the address as appearing in the Register of Members **and/or the Record of Depositors;** or (b) ~~given~~ in electronic form ~~shall~~ **to** be transmitted to the **last known** electronic **mail** address provided by the member to the Company for such purpose as appearing in the Register of Members **and/or the Record of Depositors** or by publishing on the Company's website or via short messaging service or any other electronic platform(s). A notice ~~of a meeting of~~ **or document required to be sent to** members shall not be validly given by the Company by means of a website unless a notification to that effect is given in accordance with Section 320 of the Act **and the Listing Requirements**. **(c) using any other electronic platform maintained by the Company or third parties that can host the information in a secure manner for access by members provided that a notification of the publication or availability of the notice or document on the electronic platform via hard copy or electronic mail or short messaging service has been given to them accordingly.**

APPENDIX 1

Existing Rule	Amended Rule *
When service effected 159. Any notice or other document, if served or sent by post or telegram, shall be deemed to have been served or delivered at the time when the letter or telegram containing the same would in the ordinary course to be delivered, and in providing such service or sending, it shall be sufficient to prove that the letter containing the notice or document was properly addressed and put into the Post Office as prepaid letter or that the telegram was properly addressed and handed into the Post Office for despatch.	When service **deemed** effected 159**A.(a)** Any notice or other document, if served or sent by post or telegram, shall be deemed to have been served or delivered at the time when the letter or telegram containing the same would in the ordinary course to be delivered, and in providing such service or sending, it shall be sufficient to prove that the letter containing the notice or document was properly addressed and put into the Post Office as prepaid letter or that the telegram was properly addressed and handed into the Post Office for despatch. **(b) Any notice or document required to be sent to members, if served or sent by electronic means, shall be deemed to have been served or delivered:-** **(i) via electronic mail, at the time of transmission to a Member's last known electronic mail address, provided that the Company has record of the electronic mail being sent and that no written notification of delivery failure is received by the Company;** **(ii) via publication on the Company's website, on the date the notice or document is first made available on the Company's website provided that the notification on the publication of notice or document on website has been given pursuant to Rule 155(b); or** **(iii) via electronic platform maintained by the Company or third parties, on the date the notice or document is first made available thereon provided that the notification on the publication or availability of the notice or document on the relevant electronic platform has been given pursuant to Rule 155(c).** **In the event that service of a notice or document pursuant to Rule 159A.(b) is unsuccessful, the Company must, within two (2) market days from discovery of delivery failure, make alternative arrangements for service by serving the notice or document in hard copy in accordance with Rule 159A.(a) hereof.**
	Last known address for service **159B. A member's address, electronic mail address and any other contact details provided to Central Depository shall be deemed as the last known address, electronic mail address and contact details respectively for purposes of communication including but not limited to service of notices and/or documents to the member.**

Note:

* Additions as bold and deletions as struck through

STATEMENT ACCOMPANYING THE NOTICE OF 22ND ANNUAL GENERAL MEETING

STATEMENT ACCOMPANYING THE NOTICE OF 22ND 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, YBhg Tan Sri Rozali Bin Ismail, YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak, YBhg Dato' Yusof Bin Badawi and YBhg Dato' Zainal Abidin Bin Salleh at this forthcoming 22nd 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 and 4 as stated in the Notice Of 22nd Annual General Meeting are set out in the Board of Directors' Profile section on pages 61, 63, 67 and 62 respectively of the Company's Annual Report 2018.

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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.:____________________

CDS Account No.:____________________Number of Shares Held:____________________

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-Second Annual General Meeting (22nd AGM) of Puncak Niaga Holdings Berhad to be held on Tuesday, 28 May 2019 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 YBhg Tan Sri Rozali Bin Ismail as a Director of the Company.		
2	To re-elect YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak as a Director of the Company.		
3	To re-elect YBhg Dato' Yusof Bin Badawi as a Director of the Company.		
4	To re-elect YBhg Dato' Zainal Abidin Bin Salleh as a Director of the Company.		
5	To approve the Independent Non-Executive Directors'/Non-Executive Director's Remuneration with effect from 28 May 2019 until the next Annual General Meeting of the Company.		
6	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		
7	Special Resolution 1: To approve the Proposed Amendments to the Constitution of the Company.		
8	Ordinary Resolution 1: To approve the continuing in office by YBhg Tan Sri Dato' Ahmad Fuzi Bin Haji Abdul Razak 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____________________2019

____
Signature(s)/Common Seal of Shareholder

Notes:-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 17 May 2019 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 22nd 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 this 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 this 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 this Proxy Form.

6. Any corporation which is a Member of the Company may by 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 Rule 85 of the Company’s Constitution.

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 22nd 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

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-Second 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 Dua 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.

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PUNCAK NIAGA

PUNCAK NIAGA HOLDINGS BERHAD
(416087-U)

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