LBI CAPITAL BERHAD (41412-x)

ANNUAL REPORT 2018

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty First Annual General Meeting of the Company will be held at the Company's office, Lot 1282, Jalan Bukit Kemuning, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan on Thursday, 30 May 2019 at 10.00 a.m. for the following purposes:-

A G E N D A

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Report of the Directors and Auditors thereon.

2. To approve the payment of Directors' fees of RM60,000 in respect of the financial year ended 31 December 2018. — Ordinary Resolution 1

3. To re-elect the following Directors who retire by rotation in accordance with Article 122 of the Company's Constitution and who being eligible, offers themselves for re-election :

   (i) Raymond Ng Yew Foong — Ordinary Resolution 2
   (ii) Kong Sau Kian — Ordinary Resolution 3

4. To re-appoint Messrs. UHY as Auditors of the Company and authorise the Directors to fix their remuneration. — Ordinary Resolution 4

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass with or without modifications, the following Resolutions:

5. **Authority to Directors to Allot and Issue Shares Pursuant to the Companies Act 2016** — Ordinary Resolution 5

   "THAT subject to the Companies Act 2016, the Constitution of the Com pany and the approvals and/or requirements of the relevant governmental and/or regulatory authorities, where necessary, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Companies Act 2016 to allot and issue new shares in the Company from time to time at such price, upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit provided the aggregate number of shares to be allotted and issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

6. **Proposed Renewal of Authority for the Company to Purchase its Own Shares** — Ordinary Resolution 6

   "THAT subject to the Companies Act 2016, the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of all relevant governmental and/or regulatory authorities, if any, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors from time to time, through Bursa Malaysia Securities Berhad and upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

   (i) the aggregate number of ordinary shares purchased pursuant to this resolution does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Malaysia Securities Berhad as at the point of purchase; and

   (ii) an amount not exceeding the Company's retained profit at the time of the purchase(s) be allocated by the Company for the Proposed Share Buy-Back;

AND THAT the authority conferred by this resolution shall commence immediately upon the passing of this resolution and shall, subject to renewal thereat, expire at the conclusion of the next Annual General Meeting of the Company following the passing of this resolution (unless earlier revoked or varied by ordinary resolution of shareholders of the Company in a general meeting);

AND THAT the Directors be and are hereby authorised to act and to take all steps and do all things as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Share Buy-Back AND FURTHER THAT authority be and is hereby given to the Directors to decide in their absolute discretion to either retain the ordinary shares in the Company purchased by the Company pursuant to the Proposed Share Buy-Back as treasury shares to be either distributed as share dividends or transferred to eligible employees and Directors of the Group pursuant to an employees' share scheme, or transferred as purchase consideration or resold on Bursa Malaysia Securities Berhad or subsequently cancelled, or to cancel the shares so purchased, or a combination of any of the above, or for such other purposes as may be permitted by the Companies Act 2016, as amended from time to time and any re-enactment thereof."

7. **Proposed Adoption of the new Constitution of the Company** — Special Resolution

"THAT approval be and is hereby given to alter or amend the whole of the existing Constitution of the Company by the replacement thereof with a new Constitution of the Company as set out in the Circular to Shareholders dated 30 April 2019 with immediate effect ("Proposed New Constitution");

AND THAT the Board of Directors of the Company be and are hereby authorised to do all acts and things in any manner as they may deem necessary and/or expedient to in order to give full effect to the Proposed New Constitution with full powers to assent to any conditions, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities."

8. To transact any other business of the Company for which due notice shall have been given.

BY ORDER OF THE BOARD,

NG SAY OR
COMPANY SECRETARY
(LS 00515)

Date: 30 April 2019

Notes:-

1. The members whose names appear in the Record of Depositors on 1 April 2019 shall be entitled to attend and vote at this Forty First Annual General Meeting.

2. A member entitled to attend and vote at this meeting is entitled to appoint at least one proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.

3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. Where a member is an exempt authorised nominee (EAN) as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.

6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, under its Common Seal or the hand of its attorney duly authorised.

7. The instrument appointing a proxy must be deposited at the Company's registered office at Lot 1282, Jalan Bukit Kemuning, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

Explanatory Notes:

1. Audited Financial Statements for financial year ended 31 December 2018

The audited financial statements are for discussion only under Agenda 1, as it does not require shareholders' approval under the provisions of Section 340(1)(a) of the Companies Act 2016. Hence, it shall not be put for voting.

2. Ordinary Resolution 5 – Authority to Directors to Allot and Issue Shares Pursuant to the Companies Act 2016

The Proposed Ordinary Resolution 5 of the Agenda is a renewal of the General Mandate for the Directors to issue and allot shares pursuant to the Companies Act 2016.

The proposed Ordinary Resolution 5, if passed, will give authority to the Directors of the Company, from the date of the above Annual General Meeting, to issue and allot shares to such persons in their absolute discretion without convening a general meeting provided the aggregate number of share issued does not exceed 10% of the issued share capital of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Fortieth Annual General Meeting held on 31 May 2018 and which will lapse at the conclusion of the Forty First Annual General meeting to be held on 30 May 2019.

The General Mandate sought will enable the Directors of the Company to issue and allot shares, including but not limited to further placing of shares, for purposes of funding investment(s), working capital and/or acquisition(s).

3. Ordinary Resolution 6 – Proposed Renewal of Authority for the Company to purchase its Own Shares

The proposed Ordinary Resolution 6, if passed, will empower the Company to purchase its own shares up to 10% of the issued and paid-up capital of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. Please refer to the Share Buy-Back Statement in the Annual Report for more information.

4. Special Resolution - Proposed Adoption of the new Constitution of the Company

The proposed Special Resolution, if passed, will align the Constitution of the Company with the Companies Act 2016 which came to force on 31 January 2017, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and prevailing statutory and regulatory requirements. The shareholders' approval is sought in accordance with Section 36(1) of the Companies Act 2016 for the Company to alter and amend the whole of the existing Constitution by the replacement thereof with the new Constitution as set out in the Circular to Shareholders dated 30 April 2019. The Proposed New Constitution shall take effect once the proposed Special Resolution has been passed by a majority of not less than 75% of such members who are entitled to vote and do vote in person or by proxy at the 41st AGM to be held on 30 May 2019.

5. Poll Voting

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by way of a poll.

Statement Accompanying Notice of Annual General Meeting
(Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

1. Details of persons who are standing for election as Directors

No individual is seeking election as a Director at the Forty First Annual General Meeting of the Company

2. General Mandate for issue of securities in accordance with Paragraph 6.03(3) of MMLR

The details of the proposed authority for Directors to issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in Explanatory Note (1) of the Notice of 41st AGM.

SHARE BUY-BACK STATEMENT

Statement Accompanying Notice of Annual General Meeting Pursuant to Paragraph 12.06 of the Listing Requirements of Bursa Malaysia Securities Berhad

1. DISCLAIMER STATEMENT

If you are in doubt as to the course of action to take, you should consult your stockbroker, solicitor, accountant, banker or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused the Statement prior to its issuance as it is an exempt document. Bursa Securities takes no responsibility for the contents of this Share Buy-Back Statement ("Statement"), makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

2. INTRODUCTION

The Company had announced on 19 April 2019 that it will be seeking shareholders' approval at the 41st Annual General Meeting ("AGM") for the proposed renewal of authority for the Company to purchase its own ordinary shares of up to ten percent (10%) of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back Authority").

The purpose of this Statement is to provide the information on the Proposed Share Buy-Back Authority together with the Directors' recommendation thereon, and to seek shareholders' approval of the Ordinary Resolution on the Proposed Share Buy-Back Authority to be tabled at the 41st AGM to be held on Thursday, 30 May 2019 at 10.00 a.m. at the Company's office, Lot 1282, Jalan Bukit Kemuning, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan.

The Notice of the 41st AGM of the Company and the Form of Proxy are enclosed in the Annual Report 2018 of the Company.

3. DETAILS OF THE PROPOSED SHARE BUY-BACK AUTHORITY

At the 40th Annual General Meeting of LBI held on 31 May 2018, the shareholders had approved the renewal of the authority for the Company to purchase its own shares of up to ten percent (10%) of the issued and paid-up share capital of the Company ("Share Buy-Back Authority"). The said approval will expire at the conclusion of the 41st AGM to be held on 30 May 2019 unless renewed by an ordinary resolution passed by the shareholders.

The renewal of authority for the Company to purchase its own shares will be effective immediately upon the passing of the Ordinary Resolution on the Proposed Share Buy-Back Authority at the 41st AGM to be held on 30 May 2019 until:-

(i) the conclusion of the next AGM of the Company, at which time it will lapse, unless renewed by an ordinary resolution passed by the shareholders of the Company in a general meeting;

(ii) the expiry of the period within which the next AGM of LBI is required by law to be held; or

(iii) the authority is revoked or varied by an ordinary resolution passed by shareholders in a general meeting,

whichever occurs first.

In accordance with Section 127 of the Companies Act 2016 (the "Act"), the Board may, at its discretion, deal with the purchased LBI shares in the following manner:
- (i) cancel the LBI shares so purchased;
- (ii) retain the LBI shares so purchased as treasury shares;
- (iii) retain part of the LBI shares so purchased as treasury shares and cancel the remainder of the LBI shares;

3. DETAILS OF THE PROPOSED SHARE BUY-BACK AUTHORITY (CON'T)

Shares that are purchased by the Company shall be deemed to be cancelled immediately on purchase unless it is held as treasury shares. If such purchased shares are held as treasury shares, the Directors of the Company may:-

(a) distribute the shares as dividends to shareholders, such dividends to be known as "share dividends";
(b) resell the shares or any of the shares in accordance with the relevant rules of the stock exchange;
(c) transfer the shares, or any of the shares for the purposes of or under an employees' share scheme;
(d) transfer the shares, or any of the shares as purchase consideration.
(e) cancel the shares or any of the shares; or
(f) sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe.

or in any other manner as may be prescribed by the Act, all applicable laws regulations and guidelines applied from time to time by Bursa Securities and/or any other relevant authority for the time being in force and that the authority to deal with the purchased LBI shares shall continue to be valid until all the purchased LBI shares have been dealt with by the Directors of the Company.

In the event LBI ceases to hold all or part of the purchased LBI shares as a result of the above, LBI may further purchase such additional number of LBI shares provided that the total purchased LBI shares (including LBI shares held as treasury shares then) does not exceed 10% of its ordinary issued and paid-up share capital at the time of such purchase.

The maximum number of shares which may be purchased by LBI pursuant to the Proposed share Buy-Back will be ten percent (10%) of the prevailing number of total issued and paid-up share capital of the Company.

The Company's Shares purchased and retained by the Company as treasury shares can only be resold at a price which is:

(i) not less than the weighted average market price of LBI Shares for the five (5) market days immediately prior to the resale; or
(ii) at a discount of not more than 5% to the weighted average market price of LBI Shares for the five (5) market days immediately before the resale provided that:

    (a) the resale takes place not earlier than thirty (30) days from the date of purchase; and
    (b) the resale price is not less than the cost of purchase of LBI Shares being resold.

In accordance with Paragraph 12.26 of the Listing Requirements, the Company may purchase its own shares in odd lots, i.e. any number of its own shares which is less than the number of shares prescribed by Bursa Securities as a board lot through Direct Business Transaction or in any other manner as may be approved by Bursa Securities in accordance with such requirements as may be prescribed or imposed by Bursa Securities.

To date, LBI has yet to determine the manner of which the purchased shares are to be treated.

4. RATIONALE FOR THE PROPOSED SHARE BUY-BACK AUTHORITY

The Proposed Share Buy-Back Authority will provide LBI with another option to utilise its financial resources more efficiently. The Proposed Share Buy-Back Authority is expected to stabilise the supply and demand of LBI Shares as well as the market price of LBI Shares. All else being equal, the Proposed Share Buy-Back Authority, irrespective of whether the Purchased LBI Shares are held as treasury shares or cancelled, will result in a lower number of LBI Shares being taken into account for the purpose of computing the earnings per share ("EPS"). Therefore, depending on the price paid for the purchase of each LBI Share and its impact on earnings, the Proposed Share Buy-Back Authority may improve the consolidated EPS of LBI, which in turn could be expected to have a positive impact on the market price of LBI Shares.

LBI may also retain the LBI Shares purchased as treasury shares with the intention of realising potential gains from the resale of treasury shares and/or to reward its shareholders through the distribution of the treasury shares as share dividends.

5. RETAINED PROFITS

The Listing Requirements of Bursa Securities ("Listing Requirements") stipulate that the proposed purchase by a listed company of its own shares must be made wholly out of retained profits account of the listed company. LBI therefore proposed to allocate an amount not exceeding the audited retained profits account of LBI for the purpose of the Proposed Share Buy-Back Authority.

Based on the latest audited financial statements of LBI as at 31 December 2018, the accumulated profit account of LBI amounted to RM32,740,343.

6. SOURCE OF FUNDS

The funding for the Company to purchase its own shares will be from internally generated funds and/or bank borrowings (if necessary). In the event that the Company purchases its own shares using bank borrowings, the Board will ensure that the Company has sufficient funds to repay the external borrowings and that the repayment will not have a material effect on the cashflow of the Company.

The actual number of LBI shares to be purchased, the total amount of funds involved for each purchase and the timing of the purchase will depend on market conditions, as well as the availability of financial resources of the Company and the availability of retained profit of the Company.

7. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK AUTHORITY

7.1 Advantages

The Proposed Share Buy-Back Authority, if exercised, is expected to potentially benefit LBI and its shareholders as follows:

(i) the EPS of LBI Shares and the return on equity of LBI, assuming all other things being equal, would be enhanced. This is expected to have a positive impact on the market price of LBI Shares which will benefit the shareholders of LBI; and

(ii) if the Purchased LBI Shares are retained as treasury shares, LBI may realise potential gains from the resale of treasury shares. Alternatively, the Purchased LBI Shares retained as treasury shares may be distributed as share dividends to shareholders of LBI.

7.2 Disadvantages

The potential disadvantages of the Proposed Share Buy-Back Authority, if exercised, are as follows:

(i) the Proposed Share Buy-Back Authority will utilise the financial resources of the Company and may divert the Company from pursuing future investment opportunities; and

(ii) as the funds to be allocated for the Proposed Share Buy-Back Authority must be made out of retained profits, the amount available from these accounts for distribution of dividend to the shareholders may decrease accordingly.

Nevertheless, the Board is of the view that the Proposed Share Buy-Back Authority is not expected to have any material disadvantage to the shareholders as well as the Group as it will be implemented only after careful consideration of the financial resources of the Group and the resultant impact on the Group and its shareholders.

8. EFFECTS OF THE PROPOSED SHARE BUY-BACK AUTHORITY

The effects of the Proposed Share Buy-Back Authority on the share capital, shareholdings of the Directors and substantial shareholders, net tangible assets ("NTA"), net assets ("NA") and working capital, and earnings of LBI, assuming LBI purchases LBI Shares up to the maximum ten percent (10%) of the issued and paid-up share capital of LBI, are set out below:-

8.1 Share capital

In the event that all the Purchased LBI Shares are cancelled and on the assumption that the Proposed Share Buy-Back Authority is exercised in full, the proforma effects of the Proposed Share Buy-Back Authority on the issued and paid-up share capital of LBI as at 1 April 2019 are as follows:-

	Number of LBI Shares	**RM**
As at 1 April 2019	82,160,414	103,285,663
Cancellation of Purchased LBI Shares	(8,216,041)	(10,328,566)
After the Proposed Share Buy-Back Authority	73,944,373	92,957,097

However, the Proposed Share Buy-Back Authority will not have any effect on the issued and paid-up share capital of LBI in the event that all LBI Shares bought-back are retained as treasury shares, resold or distributed to our shareholders.

8. EFFECTS OF THE PROPOSED SHARE BUY-BACK AUTHORITY (CONT'D)

8.2 Shareholdings of the Directors and Substantial Shareholders

(i) Shareholdings of Directors

In the event that all the Purchased LBI Shares are cancelled and on the assumption that the Proposed Share Buy-Back Authority is exercised in full, the proforma effects of the Proposed Share Buy-Back Authority on the shareholdings of the Directors of LBI based on the Register of Directors' Shareholdings as at 1 April 2019 are as follows:-

Directors	As at 1 April 2019				After the Proposed Share Buy-Back Authority			
	Direct		Indirect		Direct		Indirect	
	No. of LBI Shares held	%*	No. of LBI Shares held	%*	No. of LBI Shares held	%	No. of LBI Shares held	%
Dato' Ng Chin Heng	–	–	44,283,140(1)	56.27	–	–	44,283,140(1)	59.89
Datin Low Wee Chin	–	–	4,283,140(1)	56.27	–	–	44,283,140(1)	59.89
Dato' Khor Ah Hua @Khor Choo Fong	–	–	–	–	–	–	–	–
Kong Sau Kian	832,000	1.06	–	–	832,000	1.13	–	–
Raymond Ng Yew Foong	–	–	44,283,140(1)	56.27	–	–	44,283,140(1)	59.89
Khoo Siang Hsi @ Khoo Chen Nan	–	–	–	–	–	–	–	–
Azlan Bin Arshad	–	–	1,086,036(2)	1.38	–	–	1,086,036(2)	1.47

Notes:
(1) *Deemed interested by virtue of Section 8 of the Companies Act 2016 via Ng Tiong Seng Corporation Sdn. Bhd. and Ng C.H. Holdings Sdn. Bhd.*
(2) *Deemed interested by virtue of Section 8 of the Companies Act 2016 via Zalaraz Sdn. Bhd. and by virtue of interest through parent, Tan Sri Arshad Bin Ayub*

** Excluding a total of 3,464,435 LBI shares bought-back by LBI and retained as treasury shares.*

8. EFFECTS OF THE PROPOSED SHARE BUY-BACK AUTHORITY (CONT'D)

8.2 Shareholdings of the Directors and Substantial Shareholders (cont'd)

(ii) Shareholdings of Substantial Shareholders

In the event that all the Purchased LBI Shares are cancelled and on the assumption that the Proposed Share Buy-Back Authority is exercised in full, the proforma effects of the Proposed Share Buy-Back Authority on the shareholdings of the substantial shareholders of LBI based on the Register of Substantial Shareholders as at 1 April 2019 are as follows:-

Substantial Shareholders	As at 1 April 2019				After the Proposed Share Buy-Back Authority			
	Direct		Indirect		Direct		Indirect	
	No. of LBI Shares held	%*	No. of LBI Shares held	%*	No. of LBI Shares held	%	No. of LBI Shares held	%
Ng Tiong Seng Corporation Sdn. Bhd.	13,021,700	16.54	–	–	13,021,700	17.61	–	–
Ng C.H. Holdings Sdn. Bhd.	31,261,440	39.72			31,261,440	42.28		
Galaksi Sejati Sdn. Bhd.	7,767,216	9.87	–	–	7,767,216	10.50	–	–
Dato' Ng Tiong Seng	–	–	44,283,140(1)	56.27	–	–	44,283,140(1)	59.89
Datin Chan Lai Har @ Chan Soon	–	–	44,283,140(1)	56.27	–	–	44,283,140(1)	59.89
Dato' Ng Chin Heng	–	–	44,283,140(1)	56.27	–	–	44,283,140(1)	59.89
Ng Chin Loong	–	–	44,283,140(1)	56.27	–	–	44,283,140(1)	59.89
Datin Low Wee Chin	–	–	44,283,140(1)	56.27	–	–	44,283,140(1)	59.89
Raymond Ng Yew Foong	–	–	44,283,140(1)	56.27	–	–	44,283,140(1)	59.89
Ng Pooi Mun	–	–	44,283,140(1)	56.27	–	–	44,283,140(1)	59.89
Ng Pooi Yee	–	–	44,283,140(1)	56.27	–	–	44,283,140(1)	59.89
Ng Pooi Cheng	–	–	44,283,140(1)	56.27	–	–	44,283,140(1)	59.89

Notes:
(1) Deemed interested via their substantial shareholdings in Ng Tiong Seng Corporation Sdn. Bhd. and Ng C.H. Holdings Sdn. Bhd.
** Excluding a total of 3,464,435 LBI shares bought-back by LBI and retained as treasury shares.*

8. EFFECTS OF THE PROPOSED SHARE BUY-BACK AUTHORITY (CONT'D)

8.3 NTA, NA and Working Capital of the LBI Group

The Proposed Share Buy-Back Authority may increase or decrease the NTA and NA per LBI Share depending on the purchase price(s) of LBI Shares bought-back pursuant to the Proposed Share Buy-Back Authority. The NTA and NA per LBI Share will increase if the purchase price is less than the NTA and NA per LBI Share and will decrease if the purchase price exceeds the NTA and NA per LBI Share at the time when the LBI Shares are purchased.

In the event the Purchased LBI Shares which are retained as treasury shares are resold, the NTA and NA of the LBI Group will increase or decrease depending on whether a gain or loss is realized upon the resale. The quantum of the increase or decrease in NTA and NA will depend on the actual disposal price and the number of the Purchased LBI Shares, retained as treasury shares, which are resold.

The Proposed Share Buy-Back will reduce the working capital of the LBI, the quantum of which will depend on the purchase price and the number of LBI Shares that are purchased in the open market pursuant to the Proposed Share Buy-Back.

8.4 Earnings

The effect of the Proposed Share Buy-Back Authority on the EPS of LBI Shares will depend on, inter-alia, the number of LBI Shares purchased and the purchase price(s) of the LBI Shares.

9. APPROVAL REQUIRED

The Proposed Share Buy-Back Authority is subject to the approval of the shareholders of LBI at the forthcoming AGM to be convened on 30 May 2019.

.

10. IMPLICATIONS OF THE PROPOSED SHARE BUY-BACK AUTHORITY IN RELATION TO THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 1998 ("CODE")

In the event that the Proposed Share Buy-Back Authority is carried out in full, the collective shareholdings of Ng Tiong Seng Corporation Sdn. Bhd. ("NTSSB"), Ng C.H. Holdings Sdn. Bhd. ("NCHHSB") and the persons acting in concert namely Dato' Ng Tiong Seng, Datin Chan Lai Har @ Chan Soon, Dato' Ng Chin Heng, Ng Chin Loong, Datin Low Wee Chin, Raymond Ng Yew Foong, Ng Pooi Yee, Ng Pooi Mun and Ng Pooi Cheng ("PAIC") will increase from 56.27% to 59.89%, assuming that the shares purchased pursuant to the Proposed Share Buy-Back Authority are cancelled.

The Board does not anticipate any implication relating to the Code on LBI and its shareholders in the event the Share Buy-back Mandate of up to ten percent (10%) of the issued and paid-up capital of the Company is carried out in full (subject to the compliance of public shareholding spread requirement).

11. PUBLIC SHAREHOLDING SPREAD

The Proposed Share Buy-Back Authority shall be in compliance with Section 127 of the Companies Act, 2016 and any prevailing laws, orders, requirements, guidelines, rules and regulations issued by the relevant authorities at the time of purchase including compliance with the twenty five percent (25%) public shareholding as required by Bursa Malaysia Securities Berhad. The public shareholding spread of LBI as at 1 April 2019 is 31.42%. The Board of Directors will ensure that prior to any share buy-back exercise, the Required Public Shareholding Spread of at least twenty five (25%) is maintained at all times.

12. SHARES PRICES

The monthly highest and lowest prices of the shares traded on the Bursa Securities for the last twelve (12) months from April 2018 to March 2019 are as follows:

Year/ Month	2018 April	2018 May	2018 June	2018 July	2018 Aug.	2018 Sept	2018 Oct	2018 Nov	2018 Dec	2019 Jan	2019 Feb	2019 Mar
(RM) High	1.050	0.925	0.910	0.880	0.875	0.845	0.840	0.760	0.770	0.740	0.770	1.00
(RM) Low	0.950	0.835	0.810	0.810	0.810	0.820	0.725	0.710	0.630	0.685	0.665	0.760

The last transacted price of LBI shares on 1 April 2019, being last practicable date prior to the printing of this statement was RM0.990.

13. PURCHASES AND RESALE OF LBI SHARES MADE IN THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

During the financial year ended 31 December 2018, LBI did not buy-back any LBI Shares. On 21 May 2018, 3,026,056 shares bought back has been distributed as share dividend. The distribution of share dividend is on the basis of 4 treasury shares of LBI for every 100 existing LBI shares held.

As at 31 December 2018, LBI held a total of 3,464,435 treasury shares.

14. None of the Directors and substantial shareholders of LBI and persons connected to them has any interest, direct or indirect, in the Proposed Share Buy-Back Authority.

15. DIRECTORS' STATEMENT

This Statement has been seen and approved by the Board of Directors and they individually and collectively accept full responsibility for the accuracy of the information given in this Statement and confirm that, after making all reasonable enquiries, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

Having considered all aspects of the proposed share buy-back, the Board of Directors is of the opinion that the Proposed Renewal of Authority for Share Buy-Back is fair, reasonable and in the best interest of the Company.

16. DIRECTORS' RECOMMENDATION

The Board of Directors recommends that you vote in favour of the Ordinary Resolution on the Proposed Share Buy-Back Authority to be tabled at the 41st AGM to be held on 30 May 2019.

17. OTHER INFORMATION

Copies of the following documents will be available for inspection at the registered office of LBI at Lot 1282, Jalan Bukit Kemuning, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan during normal office hours on any working day from 30 April 2019 up to and including the date of the AGM:-

(a) Constitution of LBI; and
(b) Audited financial statements for financial years ended 31 December 2017 and 31 December 2018.

There is no other information concerning the Proposed Share Buy-Back Authority as shareholders and their professional advisers would reasonably require and expect to find in this Statement for the purpose of making informed assessment as to the merits of approving the Proposed Share Buy-Back Authority and the extent of the risks involved in doing so.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Khor Ah Hua
Chairman
Independent Non-Executive

Dato' Ng Chin Heng
Managing Director
Non-independent Executive

Datin Low Wee Chin
Non-independent Executive

Kong Sau Kian
Non-independent Executive

Raymond Ng Yew Foong
Non-independent Executive

Khoo Siang Hsi @ Khoo Chen Nan
Independent Non-Executive

Azlan Bin Arshad
Independent Non-Executive

AUDIT COMMITTEE

Khoo Siang Hsi @ Khoo Chen Nan
Chairman
Independent Non-Executive Director

Dato' Khor Ah Hua
Independent Non-Executive Director

Azlan Bin Arshad
Independent Non-Executive Director

NOMINATION COMMITTEE

Dato' Khor Ah Hua
Chairman
Independent Non-Executive

Azlan Bin Arshad
Independent Non-Executive

Khoo Siang Hsi @ Khoo Chen Nan
Independent Non-Executive

REMUNERATION COMMITTEE

Dato' Khor Ah Hua
Chairman
Independent Non-Executive

Dato' Ng Chin Heng
Managing Director
Non-independent Executive

Khoo Siang Hsi @ Khoo Chen Nan
Independent Non-Executive

SECRETARY

Mr Ng Say Or
Ms. Yew Ing Chuo

AUDITORS

UHY
Suite 11.05, Level 11,
The Gardens South Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur

REGISTRARS

Bina Management (M) Sdn Bhd.
Lot 10, The Highway Centre
Jalan 51/205, 46050 Petaling Jaya
Selangor Darul Ehsan
Tel : 603-77843922
Fax : 603-77841988

RISK MANAGEMENT COMMITTEE

Dato' Khor Ah Hua
Chairman
Independent Non-Executive

Dato' Ng Chin Heng
Managing Director
Non-independent Executive

Khoo Siang Hsi @ Khoo Chen Nan
Independent Non-Executive

Kong Sau Kian
Non-independent Executive

Azlan Bin Arshad
Independent Non-Executive Director

REGISTERED OFFICE

Lot 1282, Jalan Bukit Kemuning
Seksyen 32, 40460 Shah Alam,
Selangor Darul Ehsan
Tel : 603-51225128
Fax : 603-51225118

PRINCIPAL BANKERS

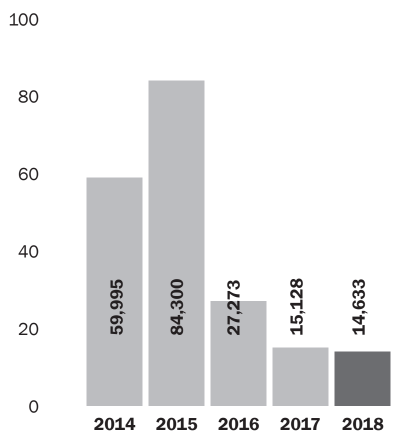
Public Bank Berhad
Public Investment Bank Berhad

STOCK EXCHANGE LISTING
Bursa Malaysia Securities Berhad

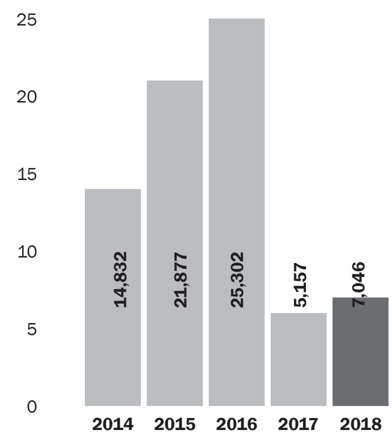
SUMMARY OF FINANCIAL HIGHLIGHTS
OF THE LBI CAPITAL BHD'S GROUP

	2014 (RM'000)	2015 (RM'000)	2016 (RM'000)	2017 (RM'000)	2018 (RM'000)
Revenue	59,995	84,300	27,273	15,128	14,633
Profit Before Taxation	14,832	21,877	25,302	5,157	7,046
Profit Attributable to Equity Holders	10,518	15,610	21,572	4,622	3,471
Earning Per Share (Sen)	14.70	21.72	30.46	6.30	4.50
Dividend Per Share (Sen) (*Include Dividend- in-specie)	5.0	5.0	7.0	7.0	7.0*
Return on Equity (%)	9.8	13.3	16.2	3.4	2.5
Net Gearing Ratio (%)	38.9	17.3	0	0	0
Shareholder's Equity	107,782	117,698	133,319	135,256	137,903
Net Asset Per Share (RM)	1.49	1.57	1.70	1.68	1.68

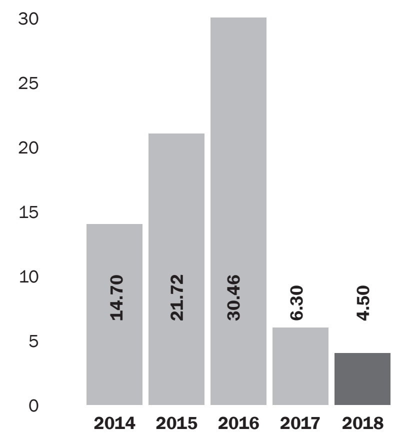
REVENUE (RM Million)



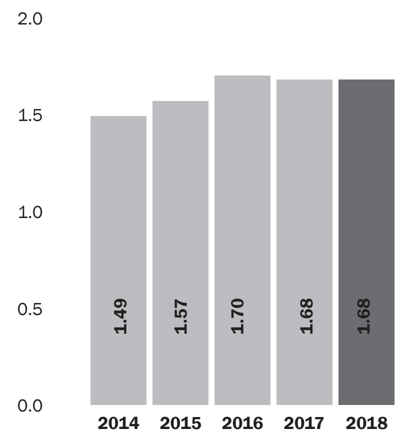
PROFIT BEFORE TAXATION (RM Million)



EARNING PER SHARE (Sen)



NET ASSET PER SHARE (RM)



On behalf of the Board of Directors, I am pleased to present the Annual Report, the Financial Statements of LBI Capital Bhd ("the Company") and its subsidiaries ("the Group) and the management discussion and analysis for the financial year ended 31 December 2019.

FINANCIAL PERFORMANCE

During the financial year, the Group recorded a higher profit before tax of RM7.0 million as compared to previous year of RM5.2 million on slightly lower revenue of RM14.6 million as compared to previous year of RM15.1 million. The higher profit before tax in the current financial year was contributed mainly by the sales of its entitled Midhills units which carried a higher profit margin than previous year.

The Group's financial position continues to be strong with shareholders' funds increased from RM135.3 million to RM138.0 million, representing an increase of 2% despite it had paid RM6.4 million (2017: 5.2 million) of dividend during the financial year. The Group's has cash and liquid assets and investment of RM28.4 million with minimum bank borrowings of RM7.9 million. Its net asset per share was RM1.68 per share.

DIVIDENDS

For the financial year ended 2018, the Board has declared and paid a cash interim single tier dividend of 3 sen per share (2017: 7 sen) and distributed four (4) treasury shares for every 100 shares held on entitlement date amounting to RM6.4 million (2017:RM5.2 million) in respect of the financial year ended 31 December 2018.

CORPORATE DEVELOPMENT

During the financial year, the Company increased it's issued and paid-up capital from RM101,839,637 to RM103,357,964 through the creation of 1,446,026 ordinary shares arising from the conversion of its warrant at RM1.00 per share and the balance arising from the transfer of warrant reserve to paid-up capital upon the exercise of the warrants.

The warrants issued ten (10) years ago has expired on 18 April 2018 with 18,071,141 warrant remained unexercised and lapsed. A total of 13,123,526 warrants had been exercised during the 10 years period, thus raising RM13,123,526 for the Company.

On 5th March 2019, the company announced proposal to issue bonus issue of shares with warrants which will involve the issuance of up to 16,432,082 bonus shares together with up to 49,296,248 warrants on the basis of one (1) bonus share together with three (3) warrants for every five(5) existing shares held on entitlement date to be fixed later. On the same day, the Company had also terminated its Employee Share Option Scheme (ESOS) and proposed to replace it with Long Term Incentive Plan (LTIP). The proposed LTIP shall comprise the proposed share grant plan (SGP) and proposed share option plan (SOP)

MANAGEMENT DISCUSSION AND ANALYSIS

The aim of the management discussion and analysis is to provide shareholders with an overview of the business operations of the Group, it's challenges and the management's expectation of the business moving forward.

PROPERTY MARKET OUTLOOK & CHALLENGES

The property and real estate market in 2019 will remain challenging across all property sectors. However industrial properties will remain as bright spot amidst the sluggish property market outlook in 2019.

The property market has slow down since the last few years and this will remain more or less the same this year. The economy will also slow down slightly while the cost of living will remain high which indirectly reduce the deposable income. Property overhang amounted to more than 30,000 units in 2018 (latest figure by Valuation and Property Services Department) with take up rates for unsold units of high-rise residential and high-end products are extremely slow.

The government's plan to build one million units of affordable homes within the next 10 years will indirectly compete with private developer in that market segment. Hence we need plan our development to target mid-market segment rather than affordable market segment or the high-end segment.

STRATEGIC FOCUS

Our strategic focus remains unchanged where the management would like to focus on the mid-market segment with preference for landed properties instead of high-rise stratified properties. High-rise stratified properties are capital intensive, and normally carries high risk as well. However, suitable land for landed property development especially in Klang Valley is difficult to source and can be very expensive relative to the price landed properties can command in such slow market.

WORKING CAPITAL AND LIQUIDITY

Based on the current project awarded and the take-up rate, the Group has sufficient working capital in the near future. For future project launches, the management will take into account the market reception for such property and sufficient working capital will be budgeted to fund the project.

CURRENT DEVELOPMENT PROJECTS

During the financial year, we have launched the 56 units of double storey house known as Sg. Jati Permai at Jalan Sg. Jati, Klang, Selangor with a gross development value (GDV) of RM30.0 million. The construction is well in progress and it's expected to be completed by end of this year. We have recorded a take-up rate of 55% and expect to achieve 90% by year end based on the booking in hand.

The construction and sale of the turkey management project for I-Hub 2 comprising 8 units of semi-detached factory and 15 units of terrace factory with an estimated GDV of RM30.0 million will commenced in second quarter of this year.

During the financial year, we are actively marketing and selling Midhills@ Genting entitlement units and our completed bungalow lots project known as Amanjaya in Section 14, Petaling Jaya. We have recorded a take-up rate of 85% and 64% respectively on these two projects.

In the meantime, we had also made decision to defer the shoplot project in Taman Mewah, Johor Bahru due to weak market in that area. We have been selective in property launches to avoid building up inventory and borrowing which can be costly in long term. Our unsold stocks is being manage to minimal amidst the current property downturn.

PROSPECTS

The Group expects the current financial year to be better than previous financial year based on the sales achieved and the new project launched despite in a soft property market across all segments of market.

The Group continues to be guided by prudent management of its resources to deliver long-term growth and sustainable returns to its shareholders.

ACKNOWLEDGEMENT

We would like to express our appreciation to the members of the Board for their stewardship and contribution throughout the years. We would like to thank our management and staff for their dedication and hard work.

Finally, we would like to thank our shareholders, financiers, government authorities and business associates for their continued support.

Dato' Khor Ah Hua
Chairman
18 April, 2019

BOARD OF DIRECTORS

DATO' KHOR AH HUA

A Malaysian, aged 71, was appointed as an Independent Non-Executive Director of the Company on 26 November 2013, subsequently Chairman on 24 November 2014. He is a businessman with vast experience in the Motor Vehicle Industry. He completed the Management Development Programme at the Asian Institute of Management, Philippines and Senior Management Development Programme of Harvard Business School.

He is currently the Chairman of the Board of Directors for Ewein Berhad and holds directorship in several private companies. He is actively involved in the dealership and retain management of motor vehicles.

He has previously served in various senior positions including the position of an Executive Director in Daihatsu (M) Sdn Bhd, Board member of Hino Motors (Malaysia) Sdn Berhad and Chairman of Federal Auto Holdings Berhad.

He attended four out of four Board meetings held during the financial year ended 31 December 2018. He has no family relationship with any Director of the Company, no conflict of interest with the Company and has never been charged for any offence within the past 10 years.

DATO' NG CHIN HENG

Aged 61, Malaysian, Managing Director of the Company. He was first appointed to the Board on 21 November 1979. He is a specialist in rubber technology having studied in Japan and Germany. He also attended the management programme of Tsinghua University, Beijing, China.

He attended three out of four Board meetings held during the financial year ended 31 December 2018. He is the spouse of Datin Low Wee Chin and father of Raymond Ng Yew Foong and has no conflict of interest with the Company and has never been charged for any offence within the past 10 years.

DATIN LOW WEE CHIN

Aged 60, Malaysian, Executive Director of the Company. He was appointed to the board on 5 September 2008. She has extensive experience in administration, corporate restructuring and finance works.

She attended four out of four Board meetings held during the financial year ended 31 December 2018. She is the spouse of Dato' Ng Chin Heng and mother of Raymond Ng Yew Foong and has no conflict of interest with the Company and has never been charged for any offence within the past 10 years.

RAYMOND NG YEW FOONG

Aged 36, Malaysian, Executive Director. He started his career with the Company after graduating with a Diploma in Business Management and subsequently went on to earn a Master In Business Administration (MBA). Currently he is in charge of the Sales and Marketing Division for the Group.

He attended four out of four Board meetings held during the financial year ended 31 December 2018. He is the son to Dato' Ng Chin Heng and Datin Low Wee Chin. He does not have any conflict of interest in any business arrangement involving the Company. He has had no convictions for any offence within the past 10 years.

KONG SAU KIAN

Aged 55, Malaysian, Executive Director. He is a member of the Malaysian Institute of Accountants. He graduated with a Bachelor of Accounting (Honours) degree from University of Malaya in 1988. Subsequently, he joined KPMG Peat Marwick, an international accounting firm until 1992 where his exposure include audit of wide range of industries, corporate restructuring, acquisition audit and other special assignments.

He also sits on the Board of Asia Brands Corporation Bhd.

He attended four out of four Board meetings held during the financial year ended 31 December 2018. He has no family relationship with any Director of the Company, no conflict of interest with the Company and has never been charged for any offence within the past 10 years.

KHOO SIANG HSI @ KHOO CHEN NAN

Aged 53, Independent Non-Executive Director. He was first appointed as a director on 1 August 2012. He graduated from the University of Malaya and a Chartered Accountant with the Malaysian Institute of Accountants with more than 20 years of experience in audit, corporate finance and consultancy.

He sits on the Board of ES Ceramics Technology Bhd.

He attended four out of four Board meetings held during the financial year ended 31 December 2018. He has no family relationship with any Director of the Company, no conflict of interest with the Company and has never been charged for any offence within the past 10 years.

AZLAN BIN ARSHAD

Aged 55, Independent Non-Executive Director. He was first appointed as a director on 5 January 2015. He graduated with a Diploma of Accounting (Honours) from Institute Technology Mara 1986. He went on to join Plessey Electronics, UK followed by KPMG and Tongkah Holding Berhad before operating his own businesses.

He attended four out of four Board meetings held during the financial year ended 31 December 2018. He has no family relationship with any Director of the Company, no conflict of interest with the Company and has never been charged for any offence within the past 10 years.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors recognizes the importance of the enhancement of corporate governance and fully supports the high standard of corporate behavior and accountability. The Board has been managing the business and affairs of the Group in the manner which is consistent with the Principles ("the Principles") and Best Practices ("the Best Practices") of the Malaysian Code on Corporate Governance ("the Code").

Board Charter

The Board Charter sets out the composition and balance, roles and responsibilities and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board Members.

The Board Charter shall be reviewed by the Board as and when required and its relevance in assisting the Board to discharge its duties with the changes in the corporate law and regulation that may arise from time in to time and to remain consistent with the Board's objective and responsibilities. The Board' Charter is published on the Company's website.

Ethical Standards through Code of Business Ethics

The Board acknowledges the importance of establishing a healthy corporate culture and has formalized in writing a Code of Conduct and Ethic for the Board and employee, which sets out the standards of good behavior by underscoring the core ethical values that are vital for their business decisions.

Whistle Blowing Policy

During the year the Group adopted a whistle blowing policy which encourages employees and stakeholders to report and disclose any wrongdoing or improper conduct relating to unlawful conduct, inappropriate behavior, malpractices, any violation of established written policies and procedures within the Group or any action that is or could be harmful to the reputation of the Group and/or compromise the interest of the shareholders, clients and the public, to the companies.

Employees and stakeholders are encouraged to submit their report and concerns to the Company's Audit Committee.

A. BOARD OF DIRECTORS

(i) The Board

The Board consists of persons of various professional backgrounds, business and commercial experiences relevant for the effective management of the Group. The wealth of experience possessed by members of the Board had been helpful in meeting the company's corporate objective through strategic business initiatives. The daily operation of the Group is under the supervision of the executive directors, and is fully supported by the management team.

The Board has seven (7) members comprising four (4) executive directors and three (3) independent non-executive directors. The independent Non-Executive Directors are independent of management, and free from any business which could interfere with their independent judgment and their ability to act in the Group's best interest. Their backgrounds are briefly described director profile in this Annual Report 2018.

(ii) Board Responsibilities

The Board retains full and effective control of the Group, the primarily responsibilities of the Board are as follows:

- Reviewing and adopting a strategic plan for the Group
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed
- Identifying principal risks and ensure the implementation of appropriate systems to manage these risks
- Succession planning, including appointing, training, fixing the compensation and where appropriate, replacing senior management
- Developing and implementing an investor relations program or shareholder communications policy for the company

A. BOARD OF DIRECTORS (CONT'D)

(ii) Board Responsibilities (Cont'd)

- Reviewing the adequacy and the integrity of the company's internal control systems and management information systems for compliance with applicable laws, regulations, rules, directives and guidelines

The Board of Directors has delegated certain responsibilities to other Board committees which function within approved terms of reference. The other Board committees include the Audit Committee, the Nomination Committee, the Remuneration Committee and Risk Management Committee.

(iii) Appointments of the Board and Re-election

The Board has formed a Nomination Committee comprising all Non-Executive Directors. The members of the Nomination Committee consist of:-

	No' of Meeting Attended
1. Dato' Khor Ah Hua @ Khor Choo Fong (Chairman)	1/1
2. Khoo Siang Hsi @ Khoo Chen Nan	1/1
3. Azlan Bin Arshad	1/1

In assessing the independence of the Independent Directors, the Nomination Committee notes that the respective Independent Directors have met the definition of Independent Director as set out in the Main Market Listing Requirement of Bursa Malaysia Securities Berhad

Currently the Company does not have a tenure limit for the Independent Director to serve on the Board as the Board is of the view that the years of experience and knowledge gained through the years in invaluable to the Company.

The function of the Nomination Committee amongst others, is to recommend to the Board suitable candidates for all directorships or Board Committee of the Group. In addition, the Committee reviews the profile of the required skills and experience of each individual director and assist in implementing the assessment programme to assess the effectiveness of the Board as a whole. An orientation and education programme for newly appointed Directors is part of the function of Nomination Committee. This is to ensure that the Board has an appropriate balance of experience and abilities.

In accordance with the Company's Constitution, one third of the Board members are required to retire at every Annual General Meeting ("AGM") and be subject to re-election by shareholders. Newly appointed Directors shall hold office until the following AGM and shall then be eligible for re-election by shareholders. All Directors, including the Managing Director shall retire from office at least once in every three years and shall be eligible for re-election.

(iv) Board Meeting and Supply of Information

The Board has at least four regular scheduled meetings each year to review and monitor the development of the Group. The agenda for each Meeting is circulated to all the Directors for their perusal well in advance of the Board meeting date. They are given sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed before the meeting. The quarterly financial results and business review, including the financial performance to-date against the previous year has been tabled at each scheduled meeting for discussion.

A. BOARD OF DIRECTORS (CONT'D)

(iv) Board Meeting and Supply of Information (Cont'd)

Four (4) Board meetings were held during the financial year ended 31 December 2018. The attendance record of each Director since the last financial year is as follows:

	No. of Meeting Attended
Dato' Khor Ah Hua @ Khor Choo Fong	4 of 4
Dato' Ng Chin Heng	3 of 4
Datin Low Wee Chin	4 of 4
Kong Sau Kian	4 of 4
Raymond Ng Yew Foong	4 of 4
Khoo Siang Hsi @ Khoo Chen Nan	4 of 4
Azlan Bin Arshad	4 of 4

All Directors have full and complete access to all information within the Company. The Board also has direct access to the advice and services of the Company Secretary in discharging their duties competently.

Directors are empowered to seek independent professional advice as they may require, at the expenses of the Group, to enable them to form a decision.

(v) Directors' Training

The Directors of the Company have attended and successfully completed the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysis Malaysia and have completed the Continuing Education Programme. Amongst the training programme attended by directors are post budget seminar, audit quality enhancement programme taxation conference, financial reporting standards and corporate governance seminars.

B. DIRECTORS' REMUNERATION

The majority members of the Remuneration Committee are made up of independent non-executive directors. The members of the Remuneration Committee consist of:-

1. Dato' Khor Ah Hua @ Khor Choo Fong (Chairman)
2. Dato' Ng Chin Heng
3. Khoo Siang Hsi @ Khoo Chen Nan

The Remuneration Committee reviews the salaries, incentive and service arrangement of all Executive Directors on an annual basis. The Committee also established a formal and transparent procedure on executive remuneration and recommends to the Board the remuneration package of the Executive and Non-Executive Directors. The Directors concerned would abstain from participating in decisions regarding their own remuneration package.

The remuneration of Executive Director is linked to their corporate and individual performance. The remuneration of Non-Executive Director is related to their experience and level of responsibilities. The reviews and recommendation of the Committee would be subject to the approval of the Board.

B. DIRECTORS' REMUNERATION (CONT'D)

For the financial year ended 31 December 2018, the details of Directors' remuneration of the Group are as follows:

RM'000 Name	Fee	Salaries	Bonus	EPF, EIS & Sosco	Benefits- in-kind	Total
Dato Ng Chin Heng		816	99	175	27	1,117
Datin Low Wee Chin		360	42	77	24	503
Kong Sau Kian		360	56	80	11	507
Raymond Ng Yew Foong		162	17	35	31	245
Dato' Khor Ah Hua @ Khor Choo Fong	24					24
Khoo Siang Hsi @ Khoo Chen Nan	18					18
Azlan Bin Arshad	18					18
Total	60	1,698	214	367	93	2,432

C. ACCOUNTABILITY AND AUDIT

(i) Risk Management and Internal Controls

The Risk Management and Internal Control Statement in respect of the state of internal control of the Company pursuant to paragraph 15.27 (b) of the Listing Requirements.

During the financial year, the Board has formed a Risk Management Committee which comprises the following members:

a) Dato' Khor Ah Hua @ Khor Choo Fong (Chairman)
b) Dato' Ng Chin Heng
c) Khoo Siang Hsi @ Khoo Chen Nan
d) Azlan Bin Arshad
e) Kong Sau Kian

The Board acknowledges that risk management and internal controls is an integral part of the overall management processes which is an ongoing process to identify, evaluate, monitor and manage and mitigate the risks that may affect its corporate objectives. The components of the Group's risk management and internal financial control include:-

- Business system
  The information systems operated within the Group have been developed with controls to safeguard the integrity of financial data.

- Financial and operational reporting
  Financial and operations reports are reported monthly to the Executive Directors and to the Board on a quarterly basis

- Authorisation limits
  The Group well-defined organisation structure with a clear line of accountability, segregation of duties and strict authorisation, approval and control procedures within which senior management operate.

- Risk Management
  The Risk Management Committee had conducted its annual risk evaluation execise and reviewed the adequacy and effectiveness of the internal controls and was reviewed by the Audit Committee. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place for the year under review and up to date approval of the Annual Report.

C. ACCOUNTABILITY AND AUDIT (CONT'D)

(i) Risk Management and Internal Controls (Cont'd)

The Company had engaged an internal audit firm to undertake internal audit function for the financial year ended 31 December 2018.

(ii) Financial Reporting

Directors' Responsibility statement in respect of Audited Financial Statements pursuant to Paragraph 15.27 (a) of the Listing Requirements.

The Board of Directors is responsible for financial statements for each financial year which gives a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and the results and cash flows of the Group and of the Company for the year then ended. The Board of Directors is also responsible in ensuring that the financial statements of the Group and the Company are drawn up in accordance with applicable approved accounting standards in Malaysia, consistently applied and with reasonable and prudent judgments and estimates.

In presenting the annual financial statements and quarterly announcements of its results, the Board has ensured that the financial statements present a fair assessment of the Group's position and prospects.

(iii) Relationship with Internal and External Auditors

The Company maintained a transparent relationship with internal and external auditors in seeking their professional advice and towards ensuring compliance with accounting standards in Malaysia.

D. RELATIONSHIP WITH SHAREHOLDERS

The annual reports and the quarterly announcements are the primary modes of communication to report on the Group's business activities and financial performance.

The Annual General Meeting is the principal forum for dialogue with shareholders. Notice of the Annual General Meeting together with a copy of the Company's Annual Reports are sent out to the shareholders at least 28 days before the meeting. At each Annual General Meeting, shareholders are given ample time and opportunity to raise more questions pertaining to the business activities of the Group, without limiting of the type of queries asked and they do not seek prior approval from the major shareholders. During the meeting, the Managing Director and the Executive Directors are prepared to provide responses to queries and to receive feedback from the shareholders during the meeting. The external auditors are also present to provide their professional and independent clarification on issue of concern raised by the shareholders. Until the date of this report, we have not received any complaint from any shareholder

E. OTHER INFORMATION

The following information is provided in compliance with the listing requirement of Bursa Malaysia Securities Berhad.

a) Corporate fund raising exercise undertaken by the Company.

A total 1,446,026 new ordinary shares of RM1.00 each were issued from the conversion of warrant at RM1.00.

b) Share Buy Back

During the financial year ended 31 December 2018, the Company did not repurchase any of its issued shares from open market.

c) Option, warrants or convertible securities.

As at 31 December 2018, there is Nil (2017: 19,517,167) warrants in the Company.

E. OTHER INFORMATION (CONT'D)

During the financial year ended 31 December 2018, there were no:-

(a) American Depository Receipts or Global Depository Receipts programme sponsored by the Company;
(b) Sanctions and / or penalties imposed on the Company or its subsidiary companies;
(c) Non-audit fee paid to the external auditors of the Company
(d) Variance of results which differs by 10% or more from any profit estimate / forecast / projection / unaudited results announced;
(e) Profit guarantee given by the Company;
(f) Material contracts of the Company and its subsidiary companies involving directors and substantial shareholders;
(g) Recurrent related party transactions of revenue nature during the year involving revenue of more than RM1 million and hence shareholders' mandate is not required;
(h) Contract relating to loan by the Company and
(i) Revaluation policy on landed property during the financial year.

AUDIT COMMITTEE REPORT

TERMS OF REFERENCE

The main objective of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities relating to accounting and reporting practices of the Company and its subsidiary companies. In particular, the Audit Committee shall :

- oversee and appraise the quality of the audits conducted by the Company's external auditors;
- maintain open line of communication between the Board of Directors and the external and internal auditors for the exchange of views and information, as well as to confirm their respective authority and responsibilities; and
- Determine the adequacy of the Group's administrative, operating and accounting controls.

COMPOSITION

a) The Committee members shall be appointed by the Board of Director from amongst the Directors of the Company
b) The Committee shall comprise not less than three audit committee members, a majority of whom shall be Independent and all shall be Non-Executive Directors. All the members are independent and non-executive directors.
c) At least one of the Committee members:
    i) must be a member of the Malaysian Institute of Accountants; or
    ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three years working experience and:-
        1. he must have passed the examinations specified in part I of the 1st Schedule of the Accountants Act 1967; or
        2. he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
d) No Alternate Director shall be appointed as a member of the Committee.
e) The members of the Committee shall elect a Chairman from among their members who shall be an independent Non-Executive Director.
f) If a member of the Committee resigns, dies or for any other reason ceases to be member which resulted that the number of members is reduced to below three, the Board of Directors shall, within three months of that event, appoint such number of new members as may be required to make up the minimum number.

SECRETARY

The Company Secretary or his assistant shall be the Secretary of the Committee.

FUNCTIONS

The function of the Audit Committee are as follows:

- Review the audit plan with the external auditors;
- Review the system of internal accounting controls with external auditors;
- Review the audit report with external auditors;
- Review the assistance given by the Company's officers to the external auditors;
- Review the Balance Sheets and Profit and Loss Accounts of the Company and the Group;
- Review any related party transactions that may arise within the Company or the Group;
- Recommend to the Board the appointment of external auditor;
- Identify and direct any special project or investigations deemed necessary;
- Carry out any other related activities and duties in relation to the function of the Audit Committee.

AUTHORITY

The Committee shall, whenever necessary and reasonable for the performance of its duties at the Company's cost:-

a) have authority to investigate any activity within its term of reference
b) have the resources which are required to perform its duties
c) have unrestricted authority to access to any information pertaining to the Group
d) have direct communication with the external auditors.
e) have authority to obtain external legal or other independent professional advice
f) have the power to convene meetings with external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

MEETING

a) The quorum for any meeting of the Committee shall be two and the majority of members present shall be independent Directors.
b) Apart from the members of the Committee who will be present at the meetings, the Committee may invite any member of the Chief Executive, the head of finance, the head of project and representatives of the external auditors to present at meetings of the Committee.
c) The Committee shall meet at least four times a year and such additional meetings as the Chairman shall decide in order to fulfill its duties.
d) Upon request by the external auditors, the Chairman may call for a meetings of the Committee to consider any matter the external auditors believe should be brought to the attention of the directors or shareholders of the Company. The committee met the external auditors twice in the year without the presence of the executive directors.
e) If at any meeting the Chairman is not present at the time appointed for holding meeting, or is unwilling to act, the members present may choose one of their members other than an Executive Director to chair the meeting.

MINUTES

Minutes of each Committee meeting are to be prepared and sent to Committee members and the Company's directors who are non-members of the Committee. If the Company Secretary had not taken the minutes, a copy of the minutes should be sent to him or her for permanent filing.

AUDIT COMMITTEE REPORT

The members of the Audit Committee comprises the following:

Members of The Committee	Designation in The Company
Khoo Siang Hsi @Khoo Chen Nan	Chairman /Independent Non-Executive Director
Dato' Khor Ah Hua @ Khor Choo Fong	Independent Non-Executive Director
Azlan Bin Arshad	Independent Non-Executive Director

The summary of attendance at Audit Committee meetings for the financial year ended 31 December 2018.

Member	No. of Meetings Attended
Khoo Siang Hsi @Khoo Chen Nan	4 of 4
Dato' Khor Ah Hua @ Khor Choo Fong	4 of 4
Azlan Bin Arshad	4 of 4

ACTIVITIES OF AUDIT COMMITTEE

The activities carried out by the Audit Committee during the financial year ended 31 December 2018 were as follows:

a) Reviewed the Group's quarterly financial results and annual audited accounts before submission for the Board's approval and announcements to Bursa Malaysia.
b) Reviewed with the external auditors their audit plan and significant audit issues.
c) Reviewed the adequacy and effectiveness of the internal audit process and assessed the performance, effectiveness and efficiency of its function.
d) Reviewed the adequacy of provision for doubtful debts and bad debts written off.
e) Reviewed the related party transactions within the Company and the Group.
f) Reviewed the audit reports and assessed the recommendations on the audit issues prepared by the external auditors.
g) Reviewed the internal audit report with the internal auditors, evaluating the adequacy of the approach and work performed via the internal audit programmes and results thereon.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place for the year under review and up to date approval of the Annual Report.

However the Company had engaged an internal audit firm, Bizsery Corporate Management Sdn Bhd to undertake internal audit function for the financial year ending 31 December 2018. The total cost incurred in outsourcing of the internal audit function to an independent professional firm during the financial year amounted to approximately RM16,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors is committed and is taking appropriate steps to strengthen the system of internal control and risk management within the Group. The system of internal control and risk management is designed to manage the inherent business risks and risk of failure to achieve the business objectives. As such, it can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

The Group has in place a risk management process to identify, evaluate and manage significant risks impacting the Group. The process is supported by procedures, methodologies and evaluation criteria to ensure clarity and consistency of application across the Group.

The Board has delegated its authority to the Management to review and determine the level of risk tolerance. The process requires management to comprehensively identify and assess all types of risks in terms of likelihood, velocity and magnitude of impact as well as to identify and evaluate the adequacy and application of mechanisms in place to manage, mitigate, avoid or eliminate these risks. The process encompasses assessments and evaluations at business unit process level before being examined on a Group perspective.

A briefing is presented to the Audit Committee on the significant risks impacting the Group and the measures taken by the management to address and manage such risks. It also highlights residual exposures along with an appropriate management action plan to manage or mitigate such exposures. Any internal or external change that may significantly impact the risks and controls spectrum is also highlighted. The Board annually reviews and discussed with management at Board meetings, the risk tolerance and additional internal controls to be implemented (if any).

INTERNAL CONTROL SYSTEM

The key processes that the directors have established in reviewing the adequacy and integrity of the system of internal controls are as follows:

- The Audit Committee, on behalf of the Board, regularly reviews and holds discussion with management on the action taken on internal control issues identified by the management and issues highlighted by the external auditors and internal auditors in the course of their work as statutory auditors and internal auditors. The Audit Committee meets regularly and as and when needed.

- The Board receives and reviews regularly reports from the Management on the key operating statistics, legal and regulatory matters. The Board approves appropriate responses to regulatory authorities' queries.

- There are internal audit visits and if the need arises, other specific assignments to monitor compliance with policies and procedures, to assess effectiveness of the internal control system and to highlight any significant findings in respect of non-compliance.

The Group had outsourced its internal audit function to an independent party who assists the Audit Committee as well as the Board of Directors to discharge their responsibility by providing an independent, objective assurance and advisory services that add value and improve the Group operation. The internal audit function has focused on high priority activities determined by risk assessment and in accordance with the audit planning memorandum approved by the Audit Committee.

The Board also acknowledged that internal controls and self-control assessment are integral self-regulatory mechanisms in enhancing corporate governance and the organization's performance. For the year under review the on going review process was facilitated with internal control procedures with clear line of authority, responsibilities, policies and procedures. A close involvement of the Executive Directors in the daily activities has reduced the operational risk of the Group.

MONITORING AND REVIEW

The Board is committed in its responsibilities and accountability for the Group's system of internal controls and risk management. The controls not only cover the areas of financial, operating and administration but also compliance with statutory requirements and organization's policies and procedures.

The Board recognizes the importance of risk management, as such the control processes are reviewed by the Board on an ongoing basis for identification and mitigation of the major risks within the Group. Besides this, the participation of the Executive Directors in the daily activities has also reduced the business and operational risks of the Group. The Executives Directors and senior management regularly organized informal meetings for purpose of identifying and managing the business risk of the Group.

The Directors are of the opinion that the existing system of internal control was satisfactory and has not resulted in significant losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

REVIEW OF THIS STATEMENT

The External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide ("RPG") 5 issued by Malaysian Institute of Accountants. Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal control and risk management of the Group. RPG 5 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

CONCLUSION.

For the financial year under review and up to the date of issuance of the Financial Statements, the Board has received assurance from the CEO and Chief Financial Officer and are satisfied with the adequacy, integrity and effectiveness of the Group's systems of internal controls and risk management. No material losses, contingencies or uncertainties have arisen form any inadequacy or failure of the Group's system of internal controls and risk management that would require separate disclosure in the Annual Report.

The Board of Directors is fully aware and committed to integrate our social responsibilities into our business strategies for the sustainable growth of the Group. As the Group work to increase stakeholders value through our core business, it will not neglect our responsibilities and will strive for the betterment of the community and our employees.

EMPLOYEE WELFARE

Recognising that employees are important asset for the Group, the Group shall continue to care for the welfare of all its employees and shall constantly upgrade employee skills to meet changing requirements. Constant education and guidance are given to all employees to ensure high level of job satisfaction at all levels. Staff funds and advances were provided in instances of unexpected hardship.

WORKPLACE DIVERSITY AS AT 31 DECEMBER 2018

Category	**Executive**	**Non Executive**	
	47%	53%	
Gender	**Male**	**Female**	
	60%	40%	
Age Group	**20 to <30**	**30 to <40**	**50 & Above**
	7%	47%	46%
Diversity	**Malay**	**Chinese**	**Indian**
	13%	80%	7%

COMMUNITY WELFARE

The Group encourages and supports employee participation in community activities. Support given is in the form of mainly cash donation by the Group to deserving welfare and charity organizations, religion organizations, schools and the supports for culture and arts performances during the financial year. Certain directors in their personal capacity are actively involved in school and charity organizations such as Alzheimer's Disease Foundation Malaysia and Khe Beng School, Bkt Kemuning, Shah Alam. They have been putting a lot of efforts by holding positions and contributing donation to these welfare and charity organization as part of the efforts of giving back to the society where the Group operates.

BUSINESS PRACTICES

Our business practices in engaging sub-contractors, consultants and workers to carry out our business activities. This practice would help in the wealth distribution and employment creation in the community and the industry where it operates.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and provision of management services to its subsidiary companies. The principal activities of the subsidiary companies are disclosed in Note 5 to the financial statements.

FINANCIAL RESULTS

	Group RM	Company RM
Net profit for the financial year	3,468,237	54,881
Attributable to:		
Owners of the Parent	3,470,900	
Non-controlling interests	(2,663)	
	3,468,237	

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the last financial year, the company paid an interim single-tier dividend of 3 sen per ordinary share amounting to RM2,270,098 and an interim share dividend on the basis of 4 treasury share for every 100 existing ordinary shares held, amounting to RM4,142,765 in respect of the financial year ended 31 December 2018 on 21 May 2018.

The Board of Directors does not recommend any final dividend in respect of current financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 1,446,026 new ordinary shares at an exercise price of RM1.00 per warrant for total consideration of RM1,446,026 from the conversion of warrants.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debenture during the financial year.

TREASURY SHARES

As at 31 December 2018, the total number of treasury shares held by the Company is 3,464,435 out of its issued ordinary shares, further relevant details are disclosed in Note 19 to the financial statements.

WARRANT RESERVES

The Warrants 2008/2018 were constituted under the Deed Poll dated 4 February 2008.

The salient features and other teams of the Warrants are disclosed in Note 18 to the financial statements.

During the financial year, a total of 1,446,026 warrants were exercised before the expiry date of the warrants on 18 April 2018. As at the expiry date of 18 April 2018, 18,071,141 unexercised warrants had lapsed and thereafter ceased to be valid for any purpose.

OPTIONS GRANTED OVER UNISSUED SHARES

At the Extraordinary General Meeting held on 3 June 2014, the Company's shareholders approved the establishment of an Employees' Share Option Scheme ("ESOS") and is effective for 5 years from 18 July 2014. The Proposed ESOS may be extended by the Board at its absolute discretion, without having to obtain the approval of shareholders for up to another five (5) years immediately from the expiry of the first five (5) years, and shall not in aggregate exceed ten (10) years from the Effective Date or such longer period as may be allowed by the relevant authorities.

No options have been offered under the existing ESOS since its commencement.

The Company proposed the termination of the Company's existing ESOS in accordance with the by-laws governing the Existing ESOS on 5 March 2019.

DIRECTORS

The Directors in office during the financial year until the date of this report are:

Dato' Khor Ah Hua @ Khor Choo Fong
Dato' Ng Chin Heng*
Datin Low Wee Chin*
Kong Sau Kian*
Raymond Ng Yew Foong
Khoo Siang Hsi @ Khoo Chen Nan
Azlan Bin Arshad

*Director of the Company and its subsidiary companies

The Directors who held office in the subsidiary companies (excluding the Directors who are also Directors of the Company) during the financial year up to the date of this report:

Chong Wan Tat
Hing Chi Chiang @ Hing Yee Chang

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

DIRECTORS' INTERESTS

The interests and deemed interests in the shares and Warrants of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

DIRECTORS' INTERESTS (CONT'D)

	Number of ordinary shares			
	At 1.1.2018	**Acquired**	**Disposed**	**At 31.12.2018**
LBI Capital Berhad				
Direct interests				
Kong Sau Kian	800,000	32,000	–	832,000
Indirect interests				
Dato Ng Chin Heng [1]	40,801,000	6,486,140	(3,806,600)	43,480,540
Datin Low Wee Chin [1]	40,801,000	6,486,140	(3,806,600)	43,480,540
Raymond Ng Yew Foong [1]	40,801,000	6,486,140	(3,806,600)	43,480,540
Azlan Bin Arshad 2	1,016,966	69,070	–	1,086,036

	Number of Warrants 2008/2018			
	At 1.1.2018	**Acquired**	**Lapsed**	**At 31.12.2018**
LBI Capital Berhad				
Indirect interests				
Dato' Ng Chin Heng [3]	852,000	–	(852,000)	–
Datin Low Wee Chin [3]	852,000	–	(852,000)	–
Raymond Ng Yew Foong [3]	852,000	–	(852,000)	–

Note:

[1] Deemed interest through Section 8(4) of the Companies Act, 2016 in Ng C.H. Holdings Sdn. Bhd., Ng Tiong Seng Corporation Sdn. Bhd. and Datin Chan Soon @ Chan Lai Har.

[2] Deemed interest through Section 8(4) of the Companies Act, 2016 in Zalaraz Sdn. Bhd. and his father, Tan Sri Arshad Bin Ayub.

[3] Deemed interest through warrants held by Ng Tiong Seng Corporation Sdn. Bhd. and Datin Chan Soon @ Chan Lai Har by virtue of Section 8(4)(b) of the Companies Act,2016.

By virtue of their interests in the shares of the Company, Dato' Ng Chin Heng, Datin Low Wee Chin and Raymond Ng Yew Foong are also deemed interests in the shares of all the subsidiary companies during the financial year to the extent the Company has an interest under Section 8 of the Companies Act, 2016.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 31 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

INDEMNITY AND INSURANCE COSTS

There was no indemnity given to or insurance effected for any Directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no bad debts to be written off and adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

(iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:

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

(ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

HOLDING COMPANY

The Directors regard Ng C.H. Holdings Sdn. Bhd., a company incorporated and domiciled in Malaysia, as the holding company.

SUBSIDIARY COMPANIES

The details of the subsidiary companies are disclosed in Note 5 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 27 to the financial statements.

AUDITORS

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 18 April 2019.

DATO' NG CHIN HENG

DATIN LOW WEE CHIN

KUALA LUMPUR

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act, 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 45 to 130 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 18 April 2019.

DATO' NG CHIN HENG	DATIN LOW WEE CHIN

KUALA LUMPUR

STATUTORY DECLARATION
Pursuant to Section 251(1) of the Companies Act, 2016

I, Kong Sau Kian (MIA Membership No: 6814), being the Director primarily responsible for the financial management of LBI Capital Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 45 to 130 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory on 18 April 2019)

KONG SAU KIAN

Before me,

COMMISSIONER FOR OATHS

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of LBI Capital 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 45 to 130.

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 financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis of Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key Audit Matters	How we addressed the key audit matters
1. Carrying value of land and property development costs and revenue recognition	
The Group's assessment of the carrying value of land and property development costs, being the lower of cost and net realisable value, is a judgemental process. The Group use the percentage of completion method in accounting for the progress towards complete satisfaction of the performance obligation. This requires the estimation of selling prices, sales rates and costs to complete, determined on a project by project basis. These factors drive the gross margin for each project and hence the profit recognised over time. There is a risk that the actual revenue and costs are different to those forecast across the whole projects resulting in material misstatement of land and property development costs and gross profit recognised.	We conducted testing in relation to the revenue recognised under MFRS 15 *Revenue from Contracts with Customers.* This testing involved both tests of detail and analytical procedures. We have performed the following audit procedures: • we assessed the judgements in relation to the future profitability of the project with reference to the project budget; and • we recalculated the percentage of completion as at the reporting date. We assessed the management's assumption in estimating the costs to completions and verified the budgeted cost to suppliers' contracts and sub-contractors' contracts. We verified the costs to work certifications and the total sales value agreed to contracts.

Key Audit Matters (Cont'd)

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

Key Audit Matters	How we addressed the key audit matters
1. Carrying value of land and property development costs and revenue recognition (cont'd)	
There is also a risk that costs are inappropriately recognised within land and property development costs or that the allocation of costs that relate to the whole projects, such as land and infrastructure, is inappropriate across development phases, resulting in a material misstatement of land and property development or gross profit of each project.	At the analytical level, we developed an expectation of the income that should be recognised in the financial year from this revenue stream, with reference to the level of completion. We inspected the sales and purchase contracts for all significant new land acquisitions to understand the terms and identify any deferred or contingent payments therein. We have considered the adequacy of the Group's disclosures regarding this revenue stream and whether they are in accordance with *MFRS 15 Revenue from Contracts with Customers.*
2. Investment properties	
The value of investment properties was determined by a firm of independent external valuers using the Comparison Method of Valuation. The valuation is dependent on certain key inputs and the most significant input used in this approach is the comparison of selling price per square feet of properties which were recently transacted within the same vicinity of the investment properties adjusting for differences such as tenure, size, current cost of construction and other relevant factors, where necessary.	Our audit procedures in relation to management's valuation of investment properties included: • Evaluation of the independent external valuer's competence, capabilities and objectivity. • Assessing the methodologies used and the appropriateness of the key assumptions used by the external valuers. • Checked the accuracy and relevance of the input data used. • Assessing the adequacy and appropriateness of the disclosures relating to the valuation methodology and estimation made in the financial statements.

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 annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' financial report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

1. As stated in Note 2(a) and Note 39 to the financial statements, LBI Capital Berhad adopted International Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2017 and 1 January 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31December 2017 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2018 have in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as of 31 December 2018 and financial performance and cash flows for the financial year then ended.

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

UHY
Firm Number: AF 1411
Chartered Accountants

DATUK TEE GUAN PIAN
Approved Number: 01886/05/2020 J
Chartered Accountant

KUALA LUMPUR
18 April 2019

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

		Group			Company		
		31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	Note	RM	RM	RM	RM	RM	RM
Non-Current Assets							
Property, plant and equipment	4	**294,270**	465,239	1,116,922	**65,262**	179,652	432,411
Investment in subsidiary companies	5	**–**	–	–	**25,305,006**	25,305,006	25,877,304
Investment in an associate company	6	**1**	1	1	**1**	1	1
Investment properties	7	**33,300,000**	31,300,000	28,128,723	**31,000,000**	29,000,000	26,000,000
Inventories	8	**23,555,302**	23,331,189	22,974,426	**–**	–	–
Amount due from subsidiary companies	9	**–**	–	–	**8,392,000**	–	–
Amount due from an associate company	10	**5,787,766**	–	–	**5,787,766**	–	–
		62,937,339	55,096,429	52,220,072	**70,550,035**	54,484,659	52,309,716
Current Assets							
Other investments	11	**4,688,936**	4,279,608	3,043,189	**–**	4,279,608	3,043,189
Inventories	8	**52,499,501**	48,180,253	51,446,480	**–**	–	–
Trade receivables	12	**16,389,600**	7,485,388	5,701,106	**–**	–	–
Contract assets	13	**4,598,548**	10,467,767	4,085,944	**–**	–	–
Other receivables	14	**1,991,270**	990,352	1,426,288	**13,500**	13,000	855,400
Tax recoverable		**283,351**	396,900	352,525	**168,824**	282,373	237,998
Amount due from subsidiary companies	9	**–**	–	–	**60,848,915**	65,398,069	58,600,569
Amount due from an associate company	10	**–**	6,160,000	6,100,000	**–**	6,160,000	6,100,000
Cash held under Housing Development Account	15	**968,023**	221,348	264,852	**–**	–	–
Deposits, cash and bank balances	16	**22,704,873**	26,225,363	36,054,285	**21,196,334**	25,774,932	33,842,816
		104,124,102	104,406,979	108,474,669	**82,227,573**	101,907,982	102,679,972
Total Assets		**167,061,441**	159,503,408	160,694,741	**152,777,608**	156,392,641	154,989,688

		Group			Company		
		31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	Note	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Equity							
Share capital	17	**103,357,964**	101,839,637	78,220,288	**103,357,964**	101,839,637	78,220,288
Reserves	18	**39,285,835**	42,300,099	63,981,995	**32,740,343**	39,170,626	61,734,983
Treasury shares	19	**(4,740,747)**	(8,883,512)	(8,883,512)	**(4,740,747)**	(8,883,512)	(8,883,512)
Equity attributable to owners of the Parent		**137,903,052**	135,256,224	133,318,771	**131,357,560**	132,126,751	131,071,759
Non–controlling interests		**232,227**	234,890	237,422	**–**	–	–
Total Equity		**138,135,279**	135,491,114	133,556,193	**131,357,560**	132,126,751	131,071,759
Non–Current Liabilities							
Loans and borrowings	20	**4,487,501**	6,462,692	7,612,875	**–**	–	–
Deferred tax liabilities	21	**2,135,360**	138,073	138,073	**2,127,145**	125,851	125,851
		6,622,861	6,600,765	7,750,948	**2,127,145**	125,851	125,851
Current Liabilities							
Trade payables	22	**2,760,148**	1,681,483	2,269,603	**–**	–	–
Contract liabilities	13	**8,671,805**	8,299,371	8,402,591	**–**	–	–
Other payables	23	**6,759,713**	5,952,023	7,293,594	**333,665**	343,225	345,264
Amount due to subsidiary companies	9	**–**	–	–	**18,959,238**	23,796,814	23,446,814
Loans and borrowings	20	**3,458,424**	1,192,624	860,858	**–**	–	–
Provision for taxation		**653,211**	286,028	560,954	**–**	–	–
		22,303,301	17,411,529	19,387,600	**19,292,903**	24,140,039	23,792,078
Total Liabilities		**28,926,162**	24,012,294	27,138,548	**21,420,048**	24,265,890	23,917,929
Total Equity and Liabilities		**167,061,441**	159,503,408	160,694,741	**152,777,608**	156,392,641	154,989,688

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Revenue	24	**14,633,472**	15,127,855	**1,144,851**	1,321,848
Cost of sales	25	**(2,707,255)**	(8,712,964)	**–**	–
Gross profit		**11,926,217**	6,414,891	**1,144,851**	1,321,848
Other operating income		**3,191,308**	4,742,055	**2,931,551**	4,246,307
Other operating expenses		**(7,568,089)**	(5,999,400)	**(800,272)**	(1,641,214)
Net loss on impairment of financial instruments		**(78,273)**	–	**–**	–
Finance costs	26	**(425,274)**	(815)	**(1,009,955)**	–
Profit before tax	27	**7,045,889**	5,156,731	**2,266,175**	3,926,941
Taxation	28	**(3,577,652)**	(536,736)	**(2,211,294)**	(186,875)
Net profit for the financial year, representing total comprehensive income for the financial year		**3,468,237**	4,619,995	**54,881**	3,740,066
Net profit for the financial year attributable to:					
Owners of the Parent		**3,470,900**	4,622,527	**54,881**	3,740,066
Non–controlling interests		**(2,663)**	(2,532)	**–**	–
		3,468,237	4,619,995	**54,881**	3,740,066
Total comprehensive income attributable to:					
Owners of the Parent		**3,470,900**	4,622,527	**54,881**	3,740,066
Non–controlling interests		**(2,663)**	(2,532)	**–**	–
		3,468,237	4,619,995	**54,881**	3,740,066

Earning per share			
Basic earnings per share (sen)	29(a)	**4.50**	6.30
Diluted earnings per share (sen)	29(b)	**4.50**	5.99

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Attributable to Owners of the Parent						
		<-----------Non-Distributable----------->			Distributable		Non-con-trolling	
		Share capital	Warrants reserves	Treasury shares	Retained earnings	Total	interests	Total equity
Group	**Note**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
At 1 January 2018		**101,839,637**	**523,562**	**(8,883,512)**	**41,776,537**	**135,256,224**	**234,890**	**135,491,114**
Net profit for the financial year, representing total comprehensive income for the financial year		–	–	–	**3,470,900**	**3,470,900**	**(2,663)**	**3,468,237**
Transactions with owners:								
Issuance of ordinary shares		**1,446,026**	–	–	–	**1,446,026**	–	**1,446,026**
Conversion of warrants	17,18	**72,301**	**(72,301)**	–	–	–	–	–
Transfer to retained earnings upon lapse of warrants	18	–	**(451,261)**	–	**451,261**	–	–	–
Dividends paid	30	–	–	**4,142,765**	**(6,412,863)**	**(2,270,098)**	–	**(2,270,098)**
		1,518,327	**(523,562)**	**4,142,765**	**(5,961,602)**	**(824,072)**	–	**(824,072)**
At 31 December 2018		**103,357,964**	–	**(4,740,747)**	**39,285,835**	**137,903,052**	**232,227**	**138,135,279**

Group	Note	Share capital	Share premium	Warrants reserves	Treasury shares	(Accumulated losses)/ Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to Owners of the Parent							
		<-------------Non-Distributable--------------->				Distributable			
		RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2017		78,220,288	107,953,726	648,267	(8,883,512)	(44,619,998)	133,318,771	237,422	133,556,193
Net profit for the financial year, representing total comprehensive income for the financial year		–	–	–	–	4,622,527	4,622,527	(2,532)	4,619,995
Transactions with owners:									
Issuance of ordinary shares		2,494,100	–	–	–	–	2,494,100	–	2,494,100
Conversion of warrants	17,18	108,500	16,205	(124,705)	–	–	–	–	–
Share premium reduction	18	–	(86,953,182)	–	–	86,953,182	–	–	–
Dividends paid	30	–	–	–	–	(5,179,174)	(5,179,174)	–	(5,179,174)
		2,602,600	(86,936,977)	(124,705)	–	81,774,008	(2,685,074)	–	(2,685,074)
Transition to no-par value regime	17,18	21,016,749	(21,016,749)	–	–	–	–	–	–
At 31 December 2017		101,839,637	–	523,562	(8,883,512)	41,776,537	135,256,224	234,890	135,491,114

Company	Note	<---Non-Distributable--- Share capital RM	Warrants reserves RM	Treasury shares RM --->	Distributable Retained earnings RM	Total RM
At 1 January 2018		101,839,637	523,562	(8,883,512)	38,647,064	132,126,751
Net profit for the financial year, representing total comprehensive loss for the financial year		–	–	–	54,881	54,881
Transactions with owners:						
Issuance of ordinary shares		1,446,026	–	–	–	1,446,026
Conversion of warrants	17,18	72,301	(72,301)	–	–	–
Transfer to retained earnings upon lapse of warrants	18	–	(451,261)	–	451,261	–
Dividends paid	30	–	–	4,142,765	(6,412,863)	(2,270,098)
		1,518,327	(523,562)	4,142,765	(5,961,602)	(824,072)
At 31 December 2018		103,357,964	–	(4,740,747)	32,740,343	131,357,560

		<---------------Non-Distributable			--------------->	Distibutable	
Company	Note	Share capital RM	Share premium RM	Warrant reserves RM	Treasury shares RM	(Accumulated losses)/ Retained earnings RM	Total RM
At 1 January 2017		78,220,288	107,953,726	648,267	(8,883,512)	(46,867,010)	131,071,759
Net profit for the financial year, representing total comprehensive income for the financial year		–	–	–	–	3,740,066	3,740,066
Transactions with owners:							
Issuance of ordinary shares		2,494,100	–	–	–	–	2,494,100
Conversion of warrants	17,18	108,500	16,205	(124,705)	–	–	–
Share premium reduction	18	–	(86,953,182)	–	–	86,953,182	–
Dividends paid	30	–	–	–	–	(5,179,174)	(5,179,174)
		2,602,600	(86,936,977)	(124,705)	–	81,774,008	(2,685,074)
Transition to no-par value regime	17,18	21,016,749	(21,016,749)	–	–	–	–
At 31 December 2017		101,839,637	–	523,562	(8,883,512)	38,647,064	132,126,751

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

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

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Cash Flows From Operating Activities				
Profit before tax	**7,045,889**	5,156,731	**2,266,175**	3,926,941
Adjustments for:				
Depreciation of property, plant and equipment	**237,919**	681,437	**116,640**	264,435
Fair value loss on financial assets recognised in profit or loss	**1,088,618**	93,352	**–**	93,352
Fair value gain on investment properties	**(2,000,000)**	(3,171,277)	**(2,000,000)**	(3,000,000)
Impairment losses on investment in subsidiary companies	**–**	–	**–**	572,298
Finance costs	**425,274**	815	**1,009,955**	–
Finance income	**(860,568)**	(974,716)	**(843,190)**	(964,662)
Dividend income	**(299,977)**	(266,101)	**(5,291)**	(266,101)
Gain on disposal of other investments	**(60,117)**	(191,924)	**–**	(191,924)
Gain on disposal of property, plant and equipment	**–**	(41,999)	**–**	–
Impairment losses on trade receivables	**78,273**	–	**–**	–
Unrealised loss on foreign exchange	**(63,125)**	(89,722)	**–**	(89,722)
Operating profit before working capital changes	**5,592,186**	1,196,596	**544,289**	344,617

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Cash Flows From Operating Activities (Cont'd)				
Operating profit before working capital changes	**5,592,186**	1,196,596	**544,289**	344,617
Changes in working capital:				
Inventories	**(4,041,642)**	3,454,554	**–**	–
Trade receivables	**(8,982,485)**	(1,784,282)	**–**	–
Other receivables	**(1,000,918)**	435,936	**(500)**	842,400
Trade payables	**1,078,665**	(588,120)	**–**	–
Other payables	**807,689**	(1,341,571)	**(9,560)**	(2,039)
Contract assets/(liabilities)	**6,241,653**	(6,485,043)	**–**	–
	(5,897,038)	(6,308,526)	**(10,060)**	840,361
Cash (used in)/generated from operations	**(304,852)**	(5,111,930)	**534,229**	1,184,978
Interest received	**860,568**	974,716	**843,190**	964,662
Interest paid	**(507,768)**	(545,905)	**–**	–
Tax paid	**(1,192,758)**	(856,037)	**(189,576)**	(231,250)
Tax refund	**93,125**	–	**93,125**	–
	(746,833)	(427,226)	**746,739**	733,412
Net cash (used in)/from operating activities	**(1,051,685)**	(5,539,156)	**1,280,968**	1,918,390

	Notes	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Cash Flows From Investing Activities					
Purchase of property, plant and equipment		**(66,950)**	(29,755)	**(2,250)**	(11,676)
Purchase of other investments		**(3,298,293)**	(2,286,659)	**–**	(2,286,659)
Proceeds from disposal of property, plant and equipment		**–**	42,000	**–**	–
Proceeds from disposal of other investments		**1,907,072**	1,148,812	**4,279,608**	1,148,812
Dividend received		**299,977**	266,101	**5,291**	266,101
Net cash (used in)/from investing activities		**(1,158,194)**	(859,501)	**4,282,649**	(883,422)
Cash Flows From Financing Activities					
Increase in fixed deposits pledged		**(2,868)**	(2,600)	**–**	–
Proceed from issuance of shares	17	**1,446,026**	2,494,100	**1,446,026**	2,494,100
Repayment from subsidiary companies		**–**	–	**(9,278,143)**	(6,447,500)
Repayment from associate company		**(40,000)**	(60,000)	**(40,000)**	(60,000)
Dividends paid	30	**(2,270,098)**	(5,179,174)	**(2,270,098)**	(5,179,174)
Repayment of term loans	32	**(1,152,617)**	(855,739)	**–**	–
Net movement on revolving credits		**1,472,486**	–	**–**	–
Net cash used in financing activities		**(547,071)**	(3,603,413)	**(10,142,215)**	(9,192,574)

		Group		Company	
		2018	2017	2018	2017
	Notes	RM	RM	RM	RM
Net decrease in cash and cash equivalents		**(2,756,950)**	(10,002,070)	**(4,578,598)**	(8,157,606)
Cash and cash equivalents at the beginning of the financial year		**26,319,827**	36,232,175	**25,774,932**	33,842,816
Effect of exchange translation differences on cash and cash equivalents		**17,588**	89,722	**–**	89,722
Cash and cash equivalents at the end of the financial year		**23,580,465**	26,319,827	**21,196,334**	25,774,932
Cash and cash equivalents at the end of financial year comprises:					
Deposits, cash and bank balances	16	**22,704,873**	26,225,363	**21,196,334**	25,774,932
Bank overdraft	20	**–**	(37,322)	**–**	–
Cash held under Housing Development Account		**968,023**	221,348	**–**	–
		23,672,896	26,409,389	**21,196,334**	25,774,932
Less: Fixed deposits pledged to licensed banks	16	**(92,431)**	(89,562)	**–**	–
		23,580,465	26,319,827	**21,196,334**	25,774,932

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business is located at Lot 1282, Jalan Bukit Kemuning, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan.

The principal activities of the Company consist of investment holding and provision of management services to its subsidiary companies. The principal activities of its subsidiary companies are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

The holding company is Ng C.H. Holdings Sdn. Bhd., a company incorporated and domiciled in Malaysia.

2. Basis of Preparation

(a) Statement of compliance

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

In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRSs") in Malaysia. These are the Group's and the Company's first financial statements prepared in accordance with MFRSs and MFRSs 1, *First–time Adoption of Malaysian Financial Reporting Standards* has been applied.

There were no material financial impact on transitions to MFRSs, except as disclosed in Note 39 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 2	Classification and Measurement of Share–based Payment Transactions
Amendments to MFRS 4*	Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property
Annual Improvements to MFRSs 2014 – 2016 Cycle	Amendments to MFRS 1 Amendments to MFRS 128

Note:

* *Entities that meet the specific criteria in MFRS 4, paragraph 20B, may choose to defer the application of MFRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.*

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

The adoption of the new and amendments to MFRSs did not have any significant impact on the financial statements of the Group and the Company, except for:

(i) MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the financial statements.

The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of this Standard, while the hedge accounting requirements under this Standard are not relevant to the Group and to the Company.

The Group and the Company applied MFRS 9 retrospectively, and have elected not to restate the comparative periods in the financial year of initial adoption as permitted under MFRS 9 transitional provision.

The adoption of MFRS 9 has no material financial impact other than the disclosures made in the financial statements.

(a) Classification of financial assets and liabilities

MFRS 9 contains three principal classification categories for financial assets: measured at amortised cost ("AC"), fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL") and replaces the existing MFRS 139 Financial Instruments: Recognition and Measurement categories of loans and receivables, held–to–maturity and available–for–sale. Classification under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities. There were no changes to the classification and measurements of financial liabilities to the Group and the Company.

If the entity holds highly liquidity investments as cash and cash equivalents: Liquid investments were classified as loans and receivables under MFRS 139. On the adoption of MFRS 9, the liquid investments meet the criteria for mandatory measurement of FVTPL because the contractual cash flows of these securities are not solely payments of principal and interest on the principal outstanding.

(b) Impairment

MFRS 9 requires impairment assessments to be based on an Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139. The Group and the Company require to record ECL on all of its debt instruments, loans and receivables, either on a 12–months or lifetime basis. The Group and the Company applied the simplified approach and record lifetime expected losses on all receivables. Based on readily information as at the date of this report, the Group and the Company do not expect any significant increase in impairment losses.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

(i) MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) (Cont'd)

(c) Effect of changes in classification and measurement of financial assets on 1 January 2018

	As at 31.12.2017	Reclassification to MFRS 9 AC
	RM	RM
Group		
Financial assets		
Loans and receivables		
Trade and other receivables	8,475,740	8,475,740
Amount due from an associate company	6,160,000	6,160,000
Cash held under Housing Development Account	221,348	221,348
Deposits, bank and cash balances	26,225,363	26,225,363
	41,082,451	41,082,451
Held for trading		
Other investments	4,279,608	4,279,608
Company		
Financial assets		
Loans and receivables		
Other receivables	13,000	13,000
Amount due from subsidiary companies	65,398,069	65,398,069
Amount due from an associate company	6,160,000	6,160,000
Deposits, bank and cash balances	25,774,932	25,774,932
	97,346,001	97,346,001

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

(i) MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) (Cont'd)

(c) Effect of changes in classification and measurement of financial assets on 1 January 2018 (Cont'd)

The Directors regard the liquid investments as cash and cash equivalents in view of their high liquidity and insignificant changes in fair value.

The adoption of MFRS 9 results in changes in accounting policies for financial instruments. The Group and the Company has implemented the new classification and measurement and impairment rules under MFRS 9. The impact of reclassification and the calculation of ECL has no material impact to the financial statements of the Group and of the Company, and the standard has thus been implemented without adjusting the opening balance at 1 January 2018.

(ii) MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a five–step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Revenue is recognised when a customer obtains control of a good or service, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contract with customer. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group and the Company using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Accordingly, the comparative information was not restated and the cumulative effects of initial application of MFRS 15 were recognised as an adjustment to the opening balance of retained earnings as at 1 January 2018. The comparative information continued to be reported under the previous accounting policies governed under MFRS 118.

The adoption of MFRS 15 resulted in changes in accounting policies and the impact of adoption were included in the opening retained earnings as at 1 January 2018.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

(ii) MFRS 15 Revenue from Contracts with Customers (Cont'd)

(a) Changes to accounting policies

(i) Incremental costs

The Group previously recognised the commission expenses paid to sales agents in profit or loss as incurred as distribution and marketing expenses. Under MFRS 15, these commission expenses had been capitalised and expensed by reference to the progress towards complete satisfaction of the performance obligation.

(ii) Accounting for consideration payable to customer

The Group offers promotions to its customers, including rebates, discount, and recognised these as promotion costs in profit or loss as occurred. Under MFRS 15, consideration payable to a customer, which includes cashback, vouchers and gift cards, are accounted for as a reduction of the transaction price and therefore, of revenue.

The adoption of MFRS 15 has no material financial impact other than the disclosures made in Note 39 to financial statements.

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs, new interpretations and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 - 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sales or Contributions of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above MFRSs when they become effective.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The initial application of the abovementioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company except as mentioned below:

MFRS 16 *Leases*

MFRS 16, which upon the effective date will supersede MFRS 117 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right–of–use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right–of–use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right–of–use asset and the lease liability are initially measured on a present value basis. The measurement includes non–cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of the new MFRSs, amendments and improvements to published standard on the financial statements of the Group and of the Company are currently being assessed by management.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

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

Money market instruments as cash and cash equivalents

MFRS107 *Statement of Cash Flows* defines the criterion on what constitutes cash and cash equivalents. Generally, cash and cash equivalents are short–term, highly liquid, readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. In determining whether an investment into a specific money market fund constitutes cash and cash equivalents, the management assesses each investment against the said criterions. Generally, money market instruments that do not have a maturity date, but are readily convertible into an amount of cash that is known at inception are subject to an insignificant risk of future changes in value. Such investments, are thus in substance cash equivalents.

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Judgements (Cont'd)

Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations.

The Group recognises revenue over time in the following circumstances:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
(b) the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and
(c) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

The carrying amounts at the reporting date for property, plant and equipment are disclosed in Note 4.

Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2018 for investment properties and revalued land and buildings. For investment properties, a valuation methodology based on sales comparison approach was used. The key assumptions used to determine the fair value of properties are provided in Note 7.

Revenue from property development contracts

Revenue is recognised when the control of the asset is transferred to the customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Revenue from property development contracts (Cont'd)

If control of the asset transfers over time, the Group recognises property development revenue and costs over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. This is measure based on the proportion of property development costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total property development costs of the contract.

Significant judgement are used to estimate these total property development costs to complete the contracts. In making these estimates, management relies on past experience, the work of specialists and a continuous monitoring mechanism.

The carrying amount of assets and liabilities of the Group arising from property development activities are disclosed in Note 13.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 8.

Impairment of receivables

The Group review the recoverability of its receivables, include trade and other receivables, amounts due from subsidiary companies and associate company at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 9, 10, 12 and 14 respectively.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2018, the Group has tax recoverable and tax payable of RM283,351 and RM653,211 (31.12.2017: RM396,900 and RM286,028, 1.1.2017: RM352,525 and RM560,954) respectively, and as of that date, the Company has tax recoverable of RM168,824 (31.12.2017: RM282,373, 1.1.2017: RM237,998).

Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting internal and external experts to the Group, for matters in the ordinary course of business. Details of contingent liabilities are disclosed in Note 35.

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Fair value of financial instrument

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 36(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non–controlling interests in the acquiree on an acquisition–by–acquisition basis, either at fair value or at the non–controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition–related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re–measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of MFRS 9 Financial Instrument is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re–measured, and its subsequent settlement is accounted for within equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Inter–company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investment in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(m) to the financial statements on impairment of non–financial assets.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non–controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non–controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non–controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred the amount of any non–controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non–controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(m) to the financial statements on impairment of non–financial assets.

(b) Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Investments in associates (Cont'd)

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's profit or loss for the period in which the investment is acquired.

An associate is accounted for either at cost or equity method as described in MFRS 128 from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The requirements of MFRS 136 Impairment of Assets are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value–in–use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investment in associates are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(m) to the financial statements on impairment of non–financial assets.

(c) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non–monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non–monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss.

Exchange differences arising on the translation of non–monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non–monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non–monetary items are also recognised in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(m) to the financial statements on impairment of non–financial assets.

(i) Recognition and measurement

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, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. 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. All other repair and maintenance costs are recognised in profit or loss as incurred.

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.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part 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 part will flow to the Group and its cost can be measured reliably. The costs of the day–to–day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on a straight–line basis to write off the cost of each asset to its residual value over its estimated useful life.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Furniture and fittings	5 – 10 years
Renovation	10 years
Office equipment	10 years
Motor vehicles	5 years
Computer equipment	5 years
Signboard	10 years

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

(e) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (Cont'd)

As lessee

(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 lease. 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 finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss. 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 a property, plant and equipment.

(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, except for property interest held under operating lease, the leased assets are not recognised on the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

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.

As lessor

Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(f) Investment properties

Investment properties are properties which are owned or held under a freehold and 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 or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are measured at fair value which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self–constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Investment properties (Cont'd)

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are valued by independent professionally qualified valuers, having appropriate recognised professional qualifications and recent experience in the locations and segments of the investment properties valued. The management team reviewed and discussed the valuations, including valuation processes, performed by the independent valuers for financial reporting purposes.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the reporting period of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner–occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner–occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(g) Inventories

(i) Land held for property development

Land held for property development consists of purchase price of land, professional fees, stamp duties, commissions, conversion fees, other relevant levies and direct development cost incurred in preparing the land for development.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale. If net realisable value cannot be determined reliably, these inventories will be stated at the lower of cost or fair value less costs to sell. Fair value is the amount the inventory can be sold in an arm's length transaction.

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non–current asset.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

(ii) Property development costs

Cost is determined based on specific identification basis. Property development costs comprise costs of land, professional fees, direct materials, direct labour, other direct costs, attributable overhead, payments to subcontractors and borrowing costs capitalised for qualifying assets that incurred during the development period. The asset is subsequently recognised as an expenses in profit or loss when and as the control of the asset is transferred to the customer.

Properties development costs attributable to unsold properties, upon completion, are transferred to completed properties held for sale.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Inventories (Cont'd)

(iii) Completed properties held for sales

The cost of completed properties includes costs of land and related development cost or its purchase costs and incidental cost of acquisition.

Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

(h) Financial assets

Policy applicable from 1 January 2018

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include other investments, trade and other receivables and amount due from subsidiary companies and associate company.

(a) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) Financial assets at fair value through other comprehensive income ("FVTOCI")

The Group and the Company have not designated any financial assets as FVTOCI.

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

All financial assets not classified as measured at amortised cost or FVTOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial assets (Cont'd)

Policy applicable from 1 January 2018 (Cont'd)

(c) Financial assets at fair value through profit or loss (Cont'd)

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

Policy applicable before 1 January 2018

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

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the following categories:

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

Financial assets at fair value through profit or loss include financial assets held for trading, contingent consideration in a business combination or financial assets that are designated into this category upon initial recognition. A financial asset is classified in this category if it is acquired principally for the purpose of selling it in the near term. Derivatives, including separated embedded derivatives, are also categorised as held for trading unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non–current.

After initial recognition, financial assets in this category are measured at fair value with any gains or losses arising from changes in the fair values recognised in profit or loss in the period in which the changes arise.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

(ii) Loans and receivables

Loans and receivables are non–derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non–current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial assets (Cont'd)

Policy applicable before 1 January 2018 **(Cont'd)**

(iii) Available–for–sale financial assets

Available–for–sale financial assets are non–derivatives that are either designated in this category or not classified in any of the other categories. They are included in non–current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of the reporting period.

After initial recognition, available–for–sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends from an available–for sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial assets has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or losses that had been recognised in equity is recognised in the profit or loss.

(i) Financial liabilities

Policy applicable from 1 January 2018

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Policy applicable before 1 January 2018

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial liabilities

Policy applicable before 1 January 2018 **(Cont'd)**

(i) Financial liabilities measured at amortised cost

The Group's and the Company's financial liabilities comprise trade and other payables, loans and borrowings and amount due to subsidiary companies.

Trade and other payable and amount due to subsidiary companies are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(ii) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(j) Financial guarantee contracts

Policy applicable from 1 January 2018

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

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of:

- the best estimate of the expenditure required to settle the present obligation at the reporting date; and
- the amount initially recognised less cumulative amortisation.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Offsetting of financial instruments

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

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of pledged deposits.

(m) Impairment of assets

(i) Non–financial assets

The carrying amounts of non–financial assets (except for inventories and investment property measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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

The recoverable amount of an asset or cash–generating units 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 cash–generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash–generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cash–generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash–generating unit (group of cash–generating units) and then to reduce the carrying amounts of the other assets in the cash–generating unit (group of cash–generating units) 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 only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Impairment of Assets (Cont'd)

(ii) Financial assets

Policy applicable from 1 January 2018

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12–months ("a 12–month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, other receivables, contract assets and inter–company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward–looking factors specific to the debtors and the economic environment.

Policy applicable before 1 January 2018

All financial assets, other than those categorised as fair value through profit or loss, investment in subsidiary companies and investment in associated companies, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in the profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Impairment of Assets (Cont'd)

(ii) Financial assets (Cont'd)

Policy applicable before 1 January 2018 **(Cont'd)**

Available–for–sale financial assets

Significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available–for–sale financial assets are impaired. A significant or prolonged decline in the fair value of investments in equity instruments below its cost is also an objective evidence of impairment.

If an available–for–sale financial asset is impaired, the amount of impairment loss is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised. When a decline in the fair value of an available–for–sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

Impairment losses on available–for–sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value of equity instrument, if any, subsequent to impairment loss is recognised in other comprehensive income. For available–for–sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(n) Share capital

(i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction cost. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(ii) Treasury shares

When issued share of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity as treasury shares until the shares are cancelled, reissued or disposed off. No gain or loss is recognised in profit or loss on the sale, re–issuance or cancellation of the treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is deducted against the retained earnings of the Company.

When 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Employee benefits

(i) Short–term employee benefits

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

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(p) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

(a) Revenue from property development

The Group recognises revenue from property development over time when control over the property has been transferred to the customers. The properties have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement.

Revenue is recognised over the period of the contract using input method to measure the progress towards complete satisfaction of the performance obligations under the sale and purchase agreement, i.e. based on the proportion of property development costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total costs of development of the contract.

The Group becomes entitled to invoice customers for construction of promised properties based on achieving a series of performance–related milestones (i.e. progress billing). The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised to date, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

Revenue from sales of completed properties is recognised at a point in time, being when the control of the properties has been passed to the purchasers. And, it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the properties sold.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Revenue recognition (Cont'd)

(ii) 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.

(iii) Dividend income

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

(iv) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the 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. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

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.

(r) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is 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 financial 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 for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit nor 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.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Income taxes (Cont'd)

Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts 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. 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.

(s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision–maker. The chief operating decision–makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(t) Contingencies

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation 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.

4 PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings RM	Renovation RM	Office equipment RM	Motor vehicles RM	Computer equipment RM	Signboard RM	Total RM
Group							
Cost							
At 1 January 2018	246,959	1,263,756	385,168	4,161,482	68,420	6,050	6,131,835
Additions	47,932	–	19,018	–	–	–	66,950
Written off	(26,895)	–	(18,782)	–	(4,588)	–	(50,265)
At 31 December 2018	267,996	1,263,756	385,404	4,161,482	63,832	6,050	6,148,520
Accumulated depreciation							
At 1 January 2018	245,500	1,261,081	311,252	3,784,672	63,610	481	5,666,596
Charge for the financial year	6,820	–	37,088	192,660	710	641	237,919
Written off	(26,895)	–	(18,782)	–	(4,588)	–	(50,265)
At 31 December 2018	225,425	1,261,081	329,558	3,977,332	59,732	1,122	5,854,250
Net carrying amount							
At 31 December 2018	42,571	2,675	55,846	184,150	4,100	4,928	294,270

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Furniture and fittings RM	Renovation RM	Office equipment RM	Motor vehicles RM	Computer equipment RM	Signboard RM	Total RM
Group							
Cost							
At 1 January 2017	246,959	1,260,915	364,304	4,381,482	68,420	–	6,322,080
Additions	–	2,841	20,864	–	–	6,050	29,755
Disposal	–	–	–	(220,000)	–	–	(220,000)
At 31 December 2017	246,959	1,263,756	385,168	4,161,482	68,420	6,050	6,131,835
Accumulated depreciation							
At 1 January 2017	245,093	1,260,915	275,462	3,360,959	62,729	–	5,205,158
Charge for the financial year	407	166	35,790	643,712	881	481	681,437
Disposal	–	–	–	(219,999)	–	–	(219,999)
At 31 December 2017	245,500	1,261,081	311,252	3,784,672	63,610	481	5,666,596
Net carrying amount							
At 31 December 2017	1,459	2,675	73,916	376,810	4,810	5,569	465,239
At 1 January 2017	1,866	–	88,842	1,020,523	5,691	–	1,116,922

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Furniture and fittings RM	Renovation RM	Office equipment RM	Signboard RM	Motor vehicles RM	Total RM
Company						
Cost						
At 1 January 2018	**190,870**	**1,260,915**	**21,356**	**6,050**	**1,543,602**	**3,022,793**
Additions	**2,250**	**–**	**–**	**–**	**–**	**2,250**
At 31 December 2018	**193,120**	**1,260,915**	**21,356**	**6,050**	**1,543,602**	**3,025,043**
Accumulated depreciation						
At 1 January 2018	**188,195**	**1,260,915**	**18,039**	**481**	**1,375,511**	**2,843,141**
Charge for the financial year	**322**	**–**	**533**	**641**	**115,144**	**116,640**
At 31 December 2018	**188,517**	**1,260,915**	**18,572**	**1,122**	**1,490,655**	**2,959,781**
Net carrying amount						
At 31 December 2018	**4,603**	**–**	**2,784**	**4,928**	**52,947**	**65,262**
Cost						
At 1 January 2017	188,029	1,260,915	18,571	–	1,543,602	3,011,117
Additions	2,841	–	2,785	6,050	–	11,676
At 31 December 2017	190,870	1,260,915	21,356	6,050	1,543,602	3,022,793
Accumulated depreciation						
At 1 January 2017	188,029	1,260,915	17,506	–	1,112,256	2,578,706
Charge for the financial year	166	–	533	481	263,255	264,435
At 31 December 2017	188,195	1,260,915	18,039	481	1,375,511	2,843,141
Net carrying amount						
At 31 December 2017	2,675	–	3,317	5,569	168,091	179,652
At 1 January 2017	–	–	1,065	–	431,346	432,411

5. INVESTMENT IN SUBSIDIARY COMPANIES

	Company		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
Unquoted shares, at cost			
In Malaysia	**27,405,004**	27,405,004	27,405,004
Less: Accumulated impairment losses	**(2,099,998)**	(2,099,998)	(1,527,700)
	25,305,006	25,305,006	25,877,304

Movements in the allowance for impairment losses for investment in subsidiary companies are as follows:

	Company		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
At 1 January	**2,099,998**	1,527,700	20,187,320
Impairment losses recognised	**–**	572,298	492,643
Impairment losses reversed	**–**	–	(19,152,263)
At 31 December	**2,099,998**	2,099,998	1,527,700

The details of the subsidiary companies are as follows:

Name of company	**Place of business/ country of incorporation**	**Effective interest 31.12.2018 %**	**31.12.2017 %**	**1.1.2017 %**	**Principal activities**
LBR Industries Sdn. Bhd.	Malaysia	100	100	100	Invetsment holding
Goldmount Resources Sdn. Bhd.	Malaysia	100	100	100	Property development and investment holding
Indamont Development Sdn. Bhd.	Malaysia	100	100	100	Property development
Triple Equity Sdn. Bhd.	Malaysia	100	100	100	Property development
Milestones Development Sdn. Bhd.	Malaysia	100	100	100	Dormant

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The details of the subsidiary companies are as follows: (Cont'd)

Name of company	Place of business/ country of incorporation	Effective interest 31.12.2018 %	31.12.2017 %	1.1.2017 %	Principal activities
Priority Sdn. Bhd.	Malaysia	100	100	100	Property development and project management
LBI Management Sdn. Bhd.	Malaysia	100	100	100	Dormant
Haba Equity Sdn. Bhd.	Malaysia	51	51	51	Property development
Wittee Land Sdn. Bhd.	Malaysia	100	100	100	Property development

The Company's subsidiary companies which have non–controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group.

6. INVESTMENT IN AN ASSOCIATE COMPANY

	Group			Company		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
In Malaysia						
Unquoted shares, at cost	**50,000**	50,000	50,000	**50,000**	50,000	50,000
Share of post–acquisition reserve	**(49,999)**	(49,999)	(49,999)	**–**	–	–
	1	1	1	**50,000**	50,000	50,000
Accumulated impairment losses						
At 1 January	**–**	–	–	**49,999**	49,999	–
Impairment losses during the financial year	**–**	–	–	**–**	–	49,999
	–	–	–	**49,999**	49,999	49,999
	1	1	1	**1**	1	1

6. INVESTMENT IN AN ASSOCIATE COMPANY (CONT'D)

The details of the associate company are as follows:

Name of company	Place of business/ country of incorporation	Effective interest 31.12.2018 %	31.12.2017 %	1.1.2017 %	Principal activities
Direct holding:					
^Nine Avenue Development Sdn. Bhd.	Malaysia	40	40	40	Property development.

^ Associate company not audited by UHY. The consolidation is based on audited financial statements for the financial year ended 30 June 2018 as the Company's financial year end is 30 June.

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Assets and liabilities			
Non–current assets	**18,035,435**	18,459,416	18,801,771
Current assets	**82,483**	70,161	22,067
Total Assets	**18,117,918**	18,529,577	18,823,838
Current liabilities	**(19,643,092)**	(19,543,424)	(19,305,643)
Total net liabilities	**(1,525,174)**	(1,013,847)	(481,805)
Financial results			
Revenue	**–**	–	–
Loss before taxation	**(511,327)**	(532,142)	(562,229)
Taxation	**–**	100	(882)
Net loss for the financial year	**(511,327)**	(532,042)	(563,111)

There are no significant restrictions on the ability of the associated company to transfer funds to the Group in the form of cash dividends.

6. INVESTMENT IN AN ASSOCIATE COMPANY (CONT'D)

The unrecognised share of losses of the associated companies is as follow:

	Group		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
At 1 January	**(680,783)**	(467,966)	(242,722)
Additions during the financial year	**(204,531)**	(212,817)	(225,244)
At 31 December	**(885,314)**	(680,783)	(467,966)

7. INVESTMENT PROPERTIES

	Group		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
At 1 January	**31,300,000**	28,128,723	28,128,723
Change in fair value			
recognised in profit or loss	**2,000,000**	3,171,277	–
At 31 December	**33,300,000**	31,300,000	28,128,723
Included in the above are:			
At fair value			
Freehold land and building	**31,000,000**	29,000,000	26,000,000
Parking lots and			
accessory parcels	**2,300,000**	2,300,000	2,128,723
	33,300,000	31,300,000	28,128,723

	Company		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
At 1 January	**29,000,000**	26,000,000	26,000,000
Change in fair value			
recognised in profit or loss	**2,000,000**	3,000,000	–
At 31 December	**31,000,000**	29,000,000	26,000,000
Included in the above are:			
At fair value			
Freehold land and building	**31,000,000**	29,000,000	26,000,000

7. INVESTMENT PROPERTIES (CONT'D)

(a) Investment properties under leases

Investment properties comprise of freehold land, building and parking lot and accessory parcels. The freehold building is leased to third parties. Most of the leases contains cancellable periods ranging from one to three years. Subsequent renewals are negotiated with the lessee on renewal periods range from one to three years. No contingent rents are charged.

b) Fair value basis of investment properties

The investment properties of the Group and of the Company are valued annually at fair value based on market values determined by independent qualified valuer amounting to RM33,300,000, and RM31,000,000, (31.12.2017: RM31,300,000, 1.1.2017: RM28,128,723).

The independent professionally qualified valuers hold recognised relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. The fair value measurements of the investment properties are based on the highest and best use, which does not differ from their actual use. The fair values are within level 2 of the fair value hierarchy. The fair value have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

There were no transfers between levels during current and previous financial year.

The increase in the fair values for the Group and for the Company of RM2,000,000 and RM2,000,000 (31.12.2017: RM3,171,277 and RM3,000,000, 1.1.2017: RM Nil) respectively, have been recognised in the profit or loss during the financial year.

(c) Income and expenses recognised in profit or loss

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

	Group		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
Rental Income	**1,139,560**	1,055,747	926,860
Directing operating expenses	**73,417**	77,749	77,774

	Company		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
Rental Income	**1,139,560**	1,055,747	926,860
Directing operating expenses	**73,417**	73,417	74,062

7. INVESTMENT PROPERTIES (CONT'D)

(d) Investment properties pledged as securities to financial institutions

An investment property of the Company with carrying amount of RM31,000,000 (31.12.2017: RM29,000,000, 1.1.2017: RM26,000,000) have been pledged to secure banking facilities granted to a subsidiary company as disclosed in Note 20.

(e) An investment properties of the Group with carrying amount of RM2,300,000 (31.12.2017: RM2,300,000, 1.1.2017: RM2,128,723) has remaining leasehold period of 83 years (31.12.2017: 84 years, 1.1.2017: 85 years).

8. INVENTORIES

(a) Land held for development

	Group		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
Non–Current			
Freehold land, at cost			
At 1 January	**18,464,074**	18,183,526	17,865,679
Additions	**224,113**	280,548	317,847
At 31 December	**18,688,187**	18,464,074	18,183,526
Leasehold land, at cost			
At 1 January	**4,867,115**	4,790,900	4,790,186
Additions	**–**	76,215	714
At 31 December	**4,867,115**	4,867,115	4,790,900
	23,555,302	23,331,189	22,974,426

(b) Property development costs

Current			
Leasehold land, at cost			
At 1 January	**5,582,450**	16,723,462	11,322,932
Additions	**6,297,691**	5,139,725	5,400,530
Reversal of completed project	**–**	(16,280,737)	–
At 31 December	**11,880,141**	5,582,450	16,723,462
Cumulative property development costs			
At 1 January	**107,259,052**	161,119,859	157,609,053
Additions	**736,232**	307,012	3,510,806
Reversal of completed project	**–**	(53,213,714)	–
Transfer to inventories	**–**	(954,105)	–
At 31 December	**107,995,284**	107,259,052	161,119,859

8. INVENTORIES (CONT'D)

(b) Property development costs (Cont'd)

	Group		
	31.12.2018	31.12.2017	1.1.2017
	RM	RM	RM
Cumulative property development costs (CONT'D)			
At 31 December	**107,995,284**	107,259,052	161,119,859
Less: Cumulative costs recognised in profit or loss			
At 1 January	**67,687,995**	128,469,482	110,376,701
Recognised during the financial year	**2,707,255**	8,712,964	16,948,902
Provision for foreseeable losses	**–**	–	1,143,879
At 31 December	**70,395,250**	137,182,446	128,469,482
Reversal of completed project	**–**	(69,494,451)	–
	70,395,250	67,687,995	128,469,482
	49,480,175	45,153,507	49,373,839

(i) Certain subsidiary companies have entered into several agreements with third parties (the landowners) to jointly develop their leasehold land. The subsidiary companies will solely be responsible for the development at the leasehold land and development cost incurred thereon. Based on the joint development agreements between the subsidiary companies and the respective landowners, the landowners are entitled to the following:

(a) an agreed contract sum as specified in the agreement with the respective landowners; or

(b) ownership to certain completed intermediate units of shops and houses erected on the leasehold land thereon, free from all encumbrances as the case may be.

(ii) A subsidiary company (landowner) entered into Joint Venture agreements with a third party (developer) to develop a land, solely at the costs of developer and based on the agreement, the landowner is entitled to certain percentage of the respective development gross sales value payable mainly in certain units of completed properties erected thereon free from all encumbrance.

(iii) Certain parcels of the land and property development costs of the subsidiary companies have been pledged to a licensed bank as security for credit facilities granted to the subsidiary companies as disclosed in Note 20.

(iv) During the financial year, the following costs are capitalised to property development costs:

	Group	
	31.12.2018	31.12.2017
	RM	RM
Sales commission	**185,433**	–
Finance costs (Note 26)	**501,719**	545,090
	687,152	545,090

8. INVENTORIES (CONT'D)

(b) Property development costs (Cont'd)

(iv) During the financial year, the following costs are capitalised to property development costs: (Cont'd)

The Group capitalised sales commission in relation to the property development contracts entered into as incremental costs of obtaining contracts with customers in property development costs. These costs are expected to be recoverable and are amortised to profit or loss as cost of sales when the related revenue are recognised. In the comparative period, no commissions were recognised as selling and marketing expenses when incurred.

(c) Completed properties

	Group		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
At cost:			
Unsold units of completed properties	**3,019,326**	3,026,746	2,072,641
At 1 January	**3,026,746**	2,072,641	2,072,641
Transfer from property development costs	**–**	945,105	–
Reversal of capitalised costs	**(7,420)**	–	–
At 31 December	**3,019,326**	3,026,746	2,072,641

9. AMOUNTS DUE FROM/(TO) SUBSIDIARY COMPANIES

(a) Amount due from subsidiary companies

These represent unsecured, non–interest bearing advances and repayable on demand except for an amount of RM8,392,000 (31.12.2017: RM Nil, 1.1.2017: RM Nil) which bears interest of 3.5% (31.12.2017: Nil, 1.1.2017: Nil) per annum.

(b) Amount due to a subsidiary company

These represent unsecured, non–interest bearing advances and repayable on demand (31.12.2017: repayable on demand, 1.1.2017: repayable on demand).

10. AMOUNT DUE FROM AN ASSOCIATE COMPANY

These represent unsecured, with interest bearing of 3.5% (31.12.2017: Nil, 1.1.2017: Nil) per annum and repayable within 2 years (31.12.2017: repayable on demand, 1.1.2017: repayable on demand).

11. OTHER INVESTMENTS

	Group		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
Financial assets at fair value through profit or loss			
– Real Estate Investment Trust outside Malaysia	**4,688,936**	4,279,608	3,043,189
Market Value of quoted Investments	**4,688,936**	4,279,608	3,043,189

	Company		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
Financial assets at fair value through profit or loss			
– Real Estate Investment Trust outside Malaysia	**–**	4,279,608	3,043,189
Market Value of quoted Investments	**–**	4,279,608	3,043,189

The fair value of the listed equity securities was determined by reference to the quoted prices in an active market.

The investment is pledged to a licensed bank as security for credit facilities as disclosed in Note 20.

12. TRADE RECEIVABLES

	Group		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
Trade receivables	**16,467,873**	6,975,976	3,289,790
Stakeholder funds	**–**	1,315,403	3,217,307
	16,467,873	8,291,379	6,507,097
Less: Accumulated impairment losses	**(78,273)**	(805,991)	(805,991)
	16,389,600	7,485,388	5,701,106

The Group's normal trade credit terms range from 14 to 120 days (31.12.2017: 14 to 120 days, 1.1.2017: 14 to 120 days). Other credit terms are assessed and approved on a case to case basis.

12. TRADE RECEIVABLES (CONT'D)

Trade receivables are recognised at their original invoices which represent their fair value on initial recognition.

Movements in the allowance for impairment losses of trade receivables are as follows:

	Group		
	31.12.2018	**31.12.2017**	**1.12017**
	RM	**RM**	**RM**
At 1 January	**805,991**	805,991	805,991
Impairment losses recognised	**78,273**	–	–
Written off	**(805,991)**	–	–
At 31 December	**78,273**	805,991	805,991

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The aged analysis of trade receivables as at the end of the reporting period:

	Gross Amount	**Loss Allowance**	**Net Amount**
	RM	**RM**	**RM**
31.12.2018			
Neither past due nor impaired	**6,873,791**	**(34,369)**	**6,839,422**
Past due for 61 to 90 days not impaired	**4,636,568**	**(23,016)**	**4,613,552**
Past due for more than 90 days not impaired	**4,879,241**	**(20,888)**	**4,858,353**
	16,389,600	**(78,273)**	**16,311,327**
Credit impaired	**78,273**	**–**	**78,273**
	16,467,873	**(78,273)**	**16,389,600**

	Gross Amount	**Loss Allowance**	**Net Amount**
	RM	**RM**	**RM**
31.12.2017			
Neither past due nor impaired	509,412	–	509,412
Past due for 31 to 60 days not impaired	1,603,535	–	1,603,535
Past due for more than 90 days not impaired	5,372,441	–	5,372,441
	7,485,388	–	7,485,388
Credit impaired	805,991	(805,991)	–
	8,291,379	(805,991)	7,485,388

12. TRADE RECEIVABLES (CONT'D)

The aged analysis of trade receivables as at the end of the reporting period: (Cont'd)

	Gross Amount RM	Loss Allowance RM	Net Amount RM
1.1.2017			
Past due for 31 to 60 days not impaired	46,035	–	46,035
Past due for more than 90 days not impaired	5,655,071	–	5,655,071
	5,701,106	–	5,701,106
Credit impaired	805,991	(805,991)	–
	6,507,097	(805,991)	5,701,106

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 31 December 2018, trade receivables of the group amounting to RM9,515,809 (31.12.2017: RM6,975,976, 1.1.2017: RM2,483,799) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM 78,273 (31.12.2017: RM805,991, 1.1.2017: RM805,991). These balances are expected to be recovered through the debts recovery process.

13. CONTRACT ASSETS/(LIABILITIES)

(a) Property development activities

	Group		
	31.12.2018 RM	**31.12.2017 RM**	**1.1.2017 RM**
At 1 January	**106,147,909**	92,341,902	177,913,436
Property development revenue recognised during the financial year	**13,193,935**	13,806,007	21,596,594
Less: Billings during the financial year	**(123,415,101)**	(103,979,513)	(203,826,677)
At 31 December	**(4,073,257)**	2,168,396	(4,316,647)
Presented as:			
Contract assets	**4,598,548**	10,467,767	4,085,944
Contract liabilities	**(8,671,805)**	(8,299,371)	(8,402,591)
	(4,073,257)	2,168,396	(4,316,647)

Contract assets in relation to property development activities is the excess of revenue recognised in profit or loss over billings to purchasers as at the reporting date. This unbilled amount for work completed will be transferred to trade receivables when the right to bill becomes unconditional. Contract liabilities consist of billings in excess of revenue recognised, this amount is expected to be recognised as revenue over a period of 180 days.

13. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(b) Contract value yet to be recognised as revenue

(i) Contract assets

The followings table shows the revenue expected to be recognised in the future meeting to performance obligations that were unsatisfied nor partially satisfied at the reporting date:

	2019 **RM**
Property development activities	12,966,033

(ii) Contract liabilities

The followings table shows the revenue expected to be recognised in the future relating to performance obligations that were unsatisfied (or partially satisfied) at the reporting date:

	Group **31.12.2018** **RM**
Within one year	500,000

14. OTHER RECEIVABLES

		Group	
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
Other receivables	**–**	–	5,522
Deposits	**6,986,386**	5,985,468	6,415,882
	6,986,386	5,985,468	6,421,404
Less: Accumulated impairment losses	**(4,995,116)**	(4,995,116)	(4,995,116)
	1,991,270	990,352	1,426,288

Movements in the allowance for impairment losses of other receivables are as follows:

		Company	
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
Deposits	**2,838,616**	2,838,116	3,680,516
Less: Accumulated impairment losses	**(2,825,116)**	(2,825,116)	(2,825,116)
	13,500	13,000	855,400

14. OTHER RECEIVABLES (CONT'D)

	Company		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
At 1 January/At 31 December	**2,825,116**	2,825,116	2,825,116

Included in deposits is the amount of RM1,500,000 (31.12.17 : RM500,000, 1.1.2017: RM Nil) paid to third parties for joint venture projects .

15. CASH HELD UNDER HOUSING DEVELOPMENT ACCOUNT

Cash held under Housing Development Account represents monies received from purchasers of residential properties less payments or withdrawals in accordance with the Housing Development (Control and Licensing) Act, 1966, which are restricted for certain usage as prescribed by the relevant authorities.

The interest rates of cash held under Housing Development Account at the reporting date are 2.0% – 2.20 % (31.12.2017: 2.0%, 1.1.2017: 2.0%) per annum.

16. DEPOSITS, CASH AND BANK BALANCES

	Group		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
Cash and bank balances	**1,540,312**	992,833	3,681,820
Fixed deposits with licensed banks	**154,925**	151,594	147,193
Deposits with financial institutions	**21,009,636**	25,080,936	32,225,272
	22,704,873	26,225,363	36,054,285

	Company		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
Cash and bank balances	**186,698**	693,996	2,217,544
Deposits with financial institutions	**21,009,636**	25,080,936	31,625,272
	21,196,334	25,774,932	33,842,816

Included in deposits with licensed banks are fixed deposits of RM92,431 (31.12.2017: RM86,562, 1.1.2017: RM86,962) pledged as securities for bank guarantee granted to subsidiary companies and the fixed deposits of RM154,925 (31.12.2017: RM89,562, 1.1.2017: RM84,336) is held in trust by a Director of the Company.

Deposits with financial institutions are held in short–term money market.

The interest rates of deposits during the financial year are ranging from 3.20% to 3.80% (31.12.2017: 2.95% to 3.80%, 1.1.2017: 2.90% to 3.15%) per annum and the maturities of deposits are overnight to 90 days (31.12.2017: overnight to 90 days, 1.1.2017: overnight to 90 days).

17. SHARE CAPITAL

	Group/Company					
	Number of Shares			Amount		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	Unit	Unit	Unit	RM	RM	RM
Issued and fully paid						
At 1 January	**80,714,388**	78,220,288	75,109,888	**101,839,637**	78,220,288	75,109,888
Issuance of shares	**1,446,026**	2,494,100	3,110,440	**1,446,026**	2,494,100	3,110,400
Conversion of warrants	**–**	–	–	**72,301**	108,500	–
Transition to no–par value regime						
– Share premium	**–**	–	–	**–**	21,016,749	–
At 31 December	**82,160,414**	80,714,388	78,220,328	**103,357,964**	101,839,637	78,220,288

During the financial year, the Company increased its issued and paid–up share capital from RM101,839,637 to RM103,357,964 by way of the creation of 1,446,026 ordinary shares for cash arising from the conversion of warrants at an exercise price of RM1.00 per warrant.

In previous financial year, the Company increased its issued and paid–up share capital from RM78,220,288 to RM101,839,637 through:

(i) the creation of 2,494,100 ordinary shares for cash arising from the conversion of warrants at an exercise price of RM1.00 per warrant, and

(ii) the transfer of share premium pursuant to Section 618(2) of the Companies Act, 2016 amounting to RM21,1016,749.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

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

18. RESERVES

		Group			Company		
		31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	Note	RM	RM	RM	RM	RM	RM
Non–distributable:							
Share premium	(a)	–	–	107,953,726	–	–	107,953,726
Warrants reserves	(b)	–	523,562	648,267	–	523,562	648,267
		–	523,562	108,601,993	–	523,562	108,601,993
Retained earnings		**39,285,835**	41,776,537	(44,619,998)	**32,740,343**	38,647,064	(46,867,010)
		39,285,835	42,300,099	63,981,995	**32,740,343**	39,170,626	61,734,983

(a) Share Premium

	Group/Company		
	31.12.2018	31.12.2017	1.1.2017
	RM	RM	RM
Non–distributable			
At 1 January	–	107,953,726	107,798,206
Conversion of warrants	–	16,205	155,520
Share premium reduction	–	(86,953,182)	–
Transition to no–par value regime	–	(21,016,749)	–
At 31 December	–	–	107,953,726

Prior to 31 January 2017, the application of the share premium account was governed by Sections 60 and 61 of the Companies Act, 1965. In accordance with the transitional provisions set out in Section 618(2) of the new Companies Act, 2016 (the "Act"), on 31 January 2017, the amounts standing to the credit of the share premium account becomes part of the Company's share capital (Note 17). Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM21,016,749 for purposes as set out in Sections 618(3) to pay up the unissued shares and for the bonus issue pursuant to Section 618(4) of the Act.

18. RESERVES (CONT'D)

(b) Warrants Reserves

	Group/Company					
	Number of shares			Amount		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	Unit	Unit	Unit	RM	RM	RM
Non–distributable						
At 1 January	**19,517,167**	22,011,267	25,121,667	**523,562**	648,267	803,787
Exercise of warrants	**(1,446,026)**	(2,494,100)	(3,110,400)	**(72,301)**	(124,705)	(155,520)
Expiry of warrants	**(18,071,141)**	–	–	**(451,261)**	–	–
At 31 December	–	19,517,167	22,011,267	–	523,562	648,267

On 18 April 2008, the Company issued renounceable rights issue of up to 32,937,167 warrants on the basis of one (1) warrant for every two (2) existing shares in the Company at an issue price of RM0.05 per warrant. This exercise price is subject to adjustment in accordance with the basis set out in the Deed Poll.

The warrants may be exercised at any time commencing on the date of issue of warrants on 18 April 2008 but not later than 17 April 2018. Any warrants which have not been exercised at date of maturity will lapse and cease to be valid for any purpose.

The new ordinary shares allotted and issued upon exercise of the warrants shall be fully paid and rank pari passu with the then existing ordinary shares of the Company. The warrant holders will not have any voting rights in any general meeting of the Company unless the warrants are exercised into new ordinary shares and registered prior to the date of the general meeting of the Company.

The warrants expired on 18 April 2018, 18,017,141 unexercised warrants had lapsed and thereafter ceased to be valid for any purpose.

19. TREASURY SHARES

	Group/Company					
	Number of shares			Amount		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	Unit	Unit	Unit	RM	RM	RM
Non–distributable						
At 1 January	**6,490,491**	6,490,491	3,502,491	**8,883,512**	8,883,512	4,792,390
Own shares acquired	–	–	2,988,000	–	–	4,091,122
Interim dividends	**(3,026,056)**	–	–	**(4,142,765)**	–	–
At 31 December	**3,464,435**	6,490,491	6,490,491	**4,740,747**	8,883,512	8,883,512

Treasury shares relate to 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.

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 31 May 2018, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

The repurchase transactions were financed by internally generated funds. The repurchased shares were being held as treasury shares in accordance with the requirements of Section 127 of the Companies Act 2016. Treasury shares had no rights to voting, dividends and participation in other distribution. There has been no cancellation of such shares to date.

The Company do not repurchase or resell any share from or to open market during the financial year.

20. LOANS AND BORROWINGS

	Group		
	31.12.2018	31.12.2017	1.1.2017
	RM	RM	RM
Secured			
Floating rates			
Term loans	**6,465,377**	7,617,994	8,473,733
Revolving credits	**1,480,548**	–	–
Bank overdraft	**–**	37,322	–
	7,945,925	7,655,316	8,473,733
Analysed as:			
Repayable within twelve months			
Term loans	**1,977,876**	1,155,302	860,858
Revolving credits	**1,480,548**	–	–
Bank overdraft	**–**	37,322	–
	3,458,424	1,192,624	860,858
Repayable after twelve months			
Term loans	**4,487,501**	6,462,692	7,612,875
	7,945,925	7,655,316	8,473,733

The revolving credits are foreign currency loan which consists of EUR, USD and JPY.

The above credit facilities of the Group obtained from the licensed banks are secured on the followings:

(a) legal charge over the Company's investment properties as disclosed in Note 7;
(b) first party charge over the freehold land of the subsidiary companies as disclosed in Note 7;
(c) corporate guarantee by the Company; and
(d) revolving credits are secured over quoted investment as disclosed in Note 11.

Maturities of bank borrowings are as follows:

	Group		
	31.12.2018	31.12.2017	1.1.2017
	RM	RM	RM
Within one year	**3,458,424**	1,192,624	860,858
Between one to two years	**2,200,345**	1,984,088	1,155,471
Between two to five years	**2,287,156**	4,478,604	5,555,020
After five years	**–**	–	902,384
	7,945,925	7,655,316	8,473,733

20. LOANS AND BORROWINGS (CONT'D)

The ranges of interest rates at the reporting date are as follows:

	Group		
	31.12.2018	31.12.2017	1.1.2017
	%	%	%
Revolving credits	**0.55 –3.10**	–	5.38 – 8.10
Bank overdraft	**–**	6.10 – 7.22	6.10 – 7.22
Term loans	**6.60 – 6.95**	6.72 – 6.95	6.72 – 6.95

21. DEFERRED TAX LIABILITIES

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	RM	RM	RM	RM	RM	RM
At 1 January	**138,073**	138,073	142,590	**125,851**	125,851	125,851
Recognised in profit or loss	**2,285,388**	–	(4,517)	**2,288,243**	–	–
Over provision in prior financial year	**(288,101)**	–	–	**(286,949)**	–	–
At 31 December	**2,135,360**	138,073	138,073	**2,127,145**	125,851	125,851

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	1.1.2017	1.1.2017
	RM	RM	RM	RM	RM	RM
Deferred tax assets	**(1,865)**	(1,865)	(6,939)	–	–	–
Deferred tax liabilities	**2,137,225**	139,938	145,012	**2,127,145**	125,851	125,851
	2,135,360	138,073	138,073	**2,127,145**	125,851	125,851

The components and movements of the deferred tax assets and liabilities are as follows:

Group	Unabsorb capital allowance RM
Deferred tax assets	
At 1 January 2018	**(1,865)**
Recognised in profit or loss	–
At 31 December 2018	**(1,865)**
At January 2017	(6,939)
Recognised in profit or loss	5,074
At 31 December 2017	(1,865)

21. DEFERRED TAX LIABILITIES (CONT'D)

The components and movements of the deferred tax assets and liabilities are as follows: (Cont'd)

	Fair value on investment property	Accelarated capital allowance	Total
	RM	RM	RM
Group			
Deferred tax liabilities			
At 1 January 2018	**–**	**139,938**	**139,938**
Recognised in profit or loss	**2,283,378**	**2,010**	**2,285,388**
Over provision in prior financial year	**–**	**(288,101)**	**(288,101)**
At 31 December 2018	**2,283,378**	**(146,153)**	**2,137,225**
At 1 January 2017	–	145,012	145,012
Recognised in profit or loss	–	(5,074)	(5,074)
At 31 December 2017	–	139,938	139,938

	Fair value on investment property	Accelarated capital allowance	Total
	RM	RM	RM
Company			
Deferred tax liabilities			
At 1 January 2018	**–**	**125,851**	**125,851**
Recognised in profit or loss	**2,283,378**	**4,865**	**2,288,243**
Over provision in prior financial year	**–**	**(286,949)**	**(286,949)**
At 31 December 2018	**2,283,378**	**(156,233)**	**2,127,145**
At 1 January 2017/31 December 2017	–	125,851	125,851

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

Deferred tax assets not recognised

		Group	
	31.12.2018	31.12.2017	1.1.2017
	RM	RM	RM
Unabsorbed tax loses	**14,784,787**	**13,916,072**	14,036,746
Unutilised capital allowances	**8,832**	**84,639**	46,422
Others	**5,621**	**3,606**	-
	14,799,240	**14,004,317**	14,083,168

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

22. TRADE PAYABLE

	Group		
	31.12.2018	31.12.2017	1.1.2017
	RM	RM	RM
Trade payables	2,760,148	1,681,483	2,269,603

The normal trade credit terms granted to the Group range from 30 to 90 days (31.12.2017: 30 to 90 days, 1.1.2017: 30 to 90 days). Other credit terms are assessed and approved on a case to case basis.

23. OTHER PAYABLES

	Group		
	31.12.2018	31.12.2017	1.1.2017
	RM	RM	RM
Other payables	**3,182,774**	2,629,114	2,835,814
GST payable	**–**	13,189	7,922
Accruals	**844,821**	566,898	1,398,754
Deposits received	**2,732,118**	2,742,822	3,051,104
	6,759,713	5,952,023	7,293,594

	Company		
	31.12.2018	31.12.2017	1.1.2017
	RM	RM	RM
GST payable	**–**	13,189	7,922
Accruals	**132,485**	114,176	112,375
Deposits received	**201,180**	215,860	224,967
	333,665	343,225	345,264

24. REVENUE

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Revenue form contracts with customers:				
Property development	**13,193,935**	13,806,007	**–**	–
Revenue from other sources:				
Rental income	**1,139,560**	1,055,747	**1,139,560**	1,055,747
Dividend received from Quoted shares	**299,977**	266,101	**5,291**	266,101
	14,633,472	15,127,855	**1,144,851**	1,321,848
Timing of revenue recognition:				
At a point in time	**1,439,537**	1,321,848	**1,144,851**	1,321,848
Over time	**13,193,935**	13,806,007	**–**	–
Total revenue from contracts with customers	**14,633,472**	15,127,855	**1,144,851**	1,321,848

25. COST OF SALES

	Group 2018 RM	Group 2017 RM
Property development	**2,707,255**	8,712,964

26. FINANCE COSTS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest expenses on:				
Bank overdraft	**6,049**	61	**–**	–
Interest expenses on financial assets measured at amortised cost:				
– amount due from subsidiary companies	**–**	–	**597,721**	–
– amount due from an associate company	**412,234**	–	**412,234**	–
Revolving credits	**6,991**	–	**–**	–
Term loans	**501,719**	545,844	**–**	–
	926,993	545,905	**1,009,955**	–
Less: Finance costs capitalised in property development costs (Note 8)	**(501,719)**	(545,090)	**–**	–
	425,274	815	**1,009,955**	–

27. PROFIT BEFORE TAX

Profit before tax is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Auditors' remuneration				
– Statutory audits	**76,000**	69,000	**34,000**	30,000
– Over provision in prior year	**(1,978)**	–	**–**	–
– Non–audit services	**5,000**	5,000	**5,000**	5,000
Directors' remuneration				
– Executive	**2,374,493**	2,235,767	**–**	–
– Non–executive	**60,000**	60,000	**60,000**	60,000
Depreciation of property, plant and equipment	**237,919**	681,437	**116,640**	264,435
Impairment losses on:				
– investment in subsidiary companies	**–**	–	**–**	572,298
– trade receivables	**78,273**	–	**–**	–
Fair value loss on financial asset recognised in profit or loss	**1,088,618**	93,352	**–**	93,352
Fair value gain on investment properties	**(2,000,000)**	(3,171,277)	**(2,000,000)**	(3,000,000)
Gain on disposal of other investments	**(60,117)**	(191,924)	**–**	(191,924)
Gain on disposal of property, plant and equipment	**–**	(41,999)	**–**	–
Interest income from money market	**(843,190)**	(964,662)	**(843,190)**	(964,662)
Interest income	**(17,378)**	(10,054)	**–**	–
Rental income	**(94,960)**	(90,700)	**–**	–
Unrealised (loss)/gain on foreign exchange	**(63,125)**	(89,722)	**–**	(89,722)

(a) Directors' Remuneration

	Group		Company	
	2018	**2017**	**2018**	**2017**
Company's Directors				
Non–Executive Directors				
Fees	**60,000**	60,000	**60,000**	60,000

27. PROFIT BEFORE TAX (CONT'D)

(a) Directors' Remuneration (Cont'd)

	Group	
	2018	**2017**
	RM	**RM**
Company's Directors		
Executive Directors		
Salaries and other emoluments	**1,913,125**	1,876,000
Social security contributions	**3,314**	3,315
Defined contribution plans	**363,494**	356,452
Estimated money value of benefits–in–kind	**94,560**	–
	2,374,493	2,235,767

28. TAXATION

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Tax expenses recognised in profit or loss				
Current tax	**1,623,407**	475,074	**244,707**	190,000
(Over)/Under provision of taxation in prior years	**(43,042)**	66,736	**(34,707)**	(3,125)
	1,580,365	541,810	**210,000**	186,875
Deferred tax (Note 21):				
Relating to origination and reversal of temporary differences	**2,285,388**	(5,074)	**2,288,243**	–
Over provision of prior years	**(288,101)**	–	**(286,949)**	–
	1,997,287	(5,074)	**2,001,294**	–
Tax expense	**3,577,652**	536,736	**2,211,294**	186,875

Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated assessable profits for the financial year.

A reconciliation of income tax expenses applicable to profit before taxation at the statutory income tax rate to income tax expenses at the effective income tax rate of the Group and of the Company are as follows:

28. TAXATION (CONT'D)

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Profit before tax	**7,045,889**	5,156,731	**2,266,175**	3,926,941
At Malaysian statutory tax rate of 24% (2017: 24%)	**1,691,013**	1,237,615	**543,882**	942,465
Expenses not deductible for tax purposes	**590,759**	683,529	**409,262**	528,585
Income not subject to tax	**(847,136)**	(1,418,834)	**(703,572)**	(1,281,050)
Deferred tax assets not recognised	**276,787**	94,378	**–**	–
Untilisation of previously unabsorbed tax losses and unutilised capital allowances in prior years	**(86,006)**	(126,688)	**–**	–
(Over)/Under provision of taxation in prior years	**(43,042)**	66,736	**(34,707)**	(3,125)
(Over)/Under provision of deferred tax in prior years	**(288,101)**	–	**(286,949)**	–
Fair value gain on investment property	**2,283,378**	–	**2,283,378**	–
Tax expense	**3,577,652**	536,736	**2,211,294**	186,875

The Group has unabsorbed tax losses and unutilised capital allowances amounting to approximately RM14,784,787 and RM8,832 (2017: RM13,916,072 and RM219,264) respectively available for carry forward to set–off against future taxable profits. The said amounts are subject to approval by the tax authorities.

29. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2018	**2017**
Net profit for the financial year attributable to the owners of the parent (RM)	**3,470,900**	4,622,527
Weighted average number of ordinary shares		
in issue as at 1 January	**80,714,388**	78,220,288
Effect of ordinary shares issued during the year	**1,113,910**	1,628,475
Effect of treasury shares held	**(4,632,950)**	(6,490,491)
Weighted average number of ordinary shares as at 31 December	**77,195,348**	73,358,272
Basic earnings per share (sen)	**4.50**	6.30

(b) Diluted earnings per share

Diluted earnings per share are calculated based on the adjusted consolidated profit for the financial year attributable to the owners of the parent by the adjusted weighted average number of ordinary shares issued and issuable during the year as follows:

	Group	
	2018	**2017**
Net profit for the financial year attributable to the owners of the parent (RM)	**3,470,900**	4,622,527
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**77,195,348**	73,358,272
Adjusted for:		
Assumed conversion of warrants	**–**	3,822,636
Weighted average number of ordinary shares as at 31 December (Diluted)	**77,195,348**	77,180,908
Diluted earnings per share (sen)	**4.50**	5.99

30. DIVIDENDS

	Group/Company	
	2018	2017
	RM	RM
Dividend recognised an distribution to ordinary shareholders of the Company:		
First interim single–tier dividend of 7% on 73,988,200 ordinary shares in respect of the financial year ended 31 December 2017 paid on 30 June 2017	**–**	5,179,174
First interim single–tier dividend of 3% on 75,669,923 ordinary shares in respect of the financial year ended 31 December 2018 paid on 21 May 2018	**2,270,098**	–
Interim share dividend on the basis of 4 treasury share for every 100 existing shares each held in respect of the financial year ended 31 December 2018 paid on 21 May 2018	**4,142,765**	–
	6,412,863	5,179,174

The Board of Directors does not recommend the payment of final dividend for the current financial year.

31. STAFF COSTS

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Salaries, wages and other emoluments	**2,301,594**	2,367,898	**15,600**	14,400
Bonus	**265,975**	412,702	**–**	–
Social security contributions	**10,137**	6,830	**187**	242
Defined contribution plans	**429,910**	81,659	**2,028**	1,872
Other benefits	**428,595**	–	**–**	–
	3,436,211	2,869,089	**17,815**	16,514

31. STAFF COSTS (CONT'D)

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Group during the financial year as below:

	Group	
	2018	**2017**
	RM	**RM**
Company's Director		
Executive Director		
Salaries and other emoluments	**1,913,125**	1,876,000
Social security contributions	**3,314**	3,315
Defined contribution plans	**363,494**	356,452
Estimated money value of benefits–in–kind	**94,560**	–
	2,374,493	2,235,767

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

31.12.2018	**At 1 January**	**Financing cash flows (i)**	**Fair value adjustment**	**Other charges (ii)**	**At 31 December**
Group	**RM**	**RM**	**RM**	**RM**	**RM**
Term loans	**7,617,994**	**(1,152,617)**	**–**	**–**	**6,465,377**
Bank overdraft	**37,322**	**(37,322)**	**–**	**–**	**–**
Revolving credits	**–**	**1,472,486**	**1,071**	**6,991**	**1,480,548**
	7,655,316	**282,547**	**1,071**	**6,991**	**7,945,925**

31.12.2017 **Group**	**At 1 January**	**Financing cash flows (i)**	**At 31 December**
	RM	**RM**	**RM**
Bank Overdraft	–	37,322	37,322
Term loans	8,473,733	(855,739)	7,617,994
	8,473,733	(818,417)	7,655,316

(i) The financing cash flows include the net amount of proceeds from or repayments to holding company and borrowings in the statement of cash flows.

(ii) Other changes include capitalisation of interest accruals.

33. RELATED PARTY DISCLOSURES

(a) Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group and/or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and/or the Company and the party are subject to common control or common significant influence. 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. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Significant related party transactions

Other than related party balances disclosed in Notes 9 and 10 to the financial statement, the Group does not have any related party transactions during the financial year.

(c) Compensation of key management personnel

The remuneration of key management personnel is same as the Directors' remuneration as disclosed in Notes 27 and 31.

34. SEGMENT INFORMATION

The Group has two reporting 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 approaches and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Investment holdings and management	Investment holding and provision of management services
Property development	Development of residential and commercial properties

The accounting policies of the segments are consistent with the accounting policies of the Group.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group Chief Executive Officer, who is the Group's chief operating decision maker. 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 asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total asset is used to measure the return of 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 Group's Chief Executive Officer.

Geographical information
No geographical segment reporting was made as the Group's activities were carried out within Malaysia.

Information about major customers
There is no significant concentration of revenue from any major customers as the Group sells its development properties to individual purchasers.

34. SEGMENT INFORMATION (CONT'D)

	Investment holding and management RM	Property development RM	Adjustments and eliminations RM	Consolidated RM
31.12.2018				
Revenue				
External customers	1,439,537	13,193,935	–	14,633,472
Results				
Segment results	3,086,330	4,811,477	–	7,897,807
Interest income	847,843	12,725	–	860,568
Finance costs	(419,225)	(6,049)	–	(425,274)
Other non–cash items	(1,927,650)	42,717	597,721	(1,287,212)
Profit before tax	1,587,298	4,860,870	597,721	7,045,889
Taxation	(2,211,294)	(1,366,358)	–	(3,577,652)
Net (loss)/profit for the financial year	(623,996)	3,494,512	597,721	3,468,237

	Investment holding and management RM	Property development RM	Adjustments and eliminations RM	Consolidated RM
31.12.2018				
Assets:				
Segment assets	176,781,062	106,771,774	(116,491,396)	167,061,440
Investment in an associate company	1	–	–	1
Total assets				167,061,441
Liabilities:				
Segment liabilities	26,048,921	93,912,128	(91,034,887)	28,926,162
Total liabilities				28,926,162
Non–cash expenses/(income)				
Depreciation of property, plant and equipment	116,929	120,990	–	237,919
Gain on disposal of other investments	(60,117)	–	–	(60,117)
Fair value loss on financial asset recognised in profit or loss	1,088,618	–	–	1,088,618
Fair value gain on investment properties	(2,000,000)	–	–	(2,000,000)
Impairment losses on trade receivables	–	(78,273)	–	(78,273)
Interest expenses on financial assets measured at amortised cost	(1,009,955)	–	597,721	(412,234)
Unrealised gain on foreign exchange	(63,125)	–	–	(63,125)
	(1,927,650)	42,717	597,721	(1,287,212)
Capital expenditure	2,250	64,700	–	66,950

34. SEGMENT INFORMATION (CONT'D)

	Investment holding and management RM	Property development RM	Adjustments and eliminations RM	Consolidated RM
31.12.2017				
Revenue				
External customers	1,321,848	13,806,007	–	15,127,855
Results				
Segment results	5,591,793	166,574	1,144,596	6,902,963
Interest income	966,463	8,253	–	974,716
Finance costs	–	(815)	–	(815)
Share of results of associate	–	–	–	–
Other non–cash items	(2,564,547)	416,712	(572,298)	(2,720,133)
Profit before tax	3,993,709	590,724	572,298	5,156,731
Taxation	(186,875)	(349,861)	–	(536,736)
Net profit for the financial year	3,806,834	240,863	572,298	4,619,995
31.12.2017				
Assets:				
Segment assets	179,564,239	97,386,318	(117,447,150)	159,503,407
Investment in an associate company				1
Total assets				159,503,408
Liabilities:				
Segment liabilities	27,384,029	88,021,184	(91,392,919)	24,012,294
Total liabilities				24,012,294
Non–cash expenses/(income)				
Depreciation of property, plant and equipment	264,725	416,712	–	681,437
Gain on disposal of other investments	(191,924)	–	–	(191,924)
Impairment loss on investment in a subsidiary company	572,298	–	(572,298)	–
Fair value loss on financial asset recognised in profit or loss	93,352	–	–	93,352
Fair value gain on investment properties	(3,171,277)	–	–	(3,171,277)
Gain on disposal of property, plant and equipment	(41,999)	–	–	(41,999)
Unrealised gain on foreign exchange	(89,722)	–	–	(89,722)
	(2,564,547)	416,712	(572,298)	(2,720,133)
Capital expenditure	11,676	18,079	–	29,755

35. CONTINGENT LIABILITIES

	Company	
	2018	2017
	RM	RM
Limit of guarantee		
Corporate guarantee for banking facilities granted to subsidiary companies	**21,250,000**	21,250,000
Amount utilised		
Corporate guarantee for banking facilities granted to subsidiary companies	**6,465,377**	7,616,538

36. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	At Amortised cost	At FVTPL	Total
	RM	RM	RM
Group			
31.12.2018			
Financial Assets			
Other investments	–	**4,688,936**	**4,688,936**
Trade and other receivables	**18,380,870**	–	**18,380,870**
Amount due from an associate company	**5,787,766**	–	**5,787,766**
Cash held under Housing Development Account	**968,023**	–	**968,023**
Deposits, Cash and bank balances	**22,704,873**	–	**22,704,873**
Total financial assets	**47,841,532**	**4,688,936**	**52,530,468**

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

	At Amortised cost	At FVTPL	Total
	RM	RM	RM
Group			
31.12.2018			
Financial Liabilities			
Trade and other payables	**9,519,861**	**–**	**9,519,861**
Loans and borrowings	**7,945,925**	**–**	**7,945,925**
Total financial liabilities	**17,465,786**	**–**	**17,465,786**

	Loans and receivables	Fair value through profit or loss – held for trading	Financial liabilities at amortised cost	Total
	RM	RM	RM	RM
Group				
31.12.2017				
Financial Assets				
Other investments	–	4,279,608	–	4,279,608
Trade and other receivables	8,475,740	–	–	8,475,740
Amount due from an associate company	6,160,000	–	–	6,160,000
Cash held under Housing Development Account	221,348	–	–	221,348
Deposits, cash and bank balances	26,225,363	–	–	26,225,363
Total financial assets	41,082,451	4,279,608	–	45,362,059
Financial Liabilities				
Trade and other payables	–	–	7,620,317	7,620,317
Loans and borrowings	–	–	7,655,316	7,655,316
Total financial liabilities	–	–	15,275,633	15,275,633

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

	Loans and receivables	Fair value through profit or loss – held for trading	Financial liabilities at amortised cost	Total
	RM	RM	RM	RM
Group				
1.1.2017				
Financial Assets				
Other investments	–	3,043,189	–	3,043,189
Trade and other receivables	7,127,394	–	–	7,127,394
Amount due from an associate company	6,100,000	–	–	6,100,000
Cash held under Housing Development Account	264,852	–	–	264,852
Deposits, cash and bank balances	36,054,285	–	–	36,054,285
Total financial assets	49,546,531	3,043,189	–	52,589,720
Financial Liabilities				
Trade and other payables	–	–	9,555,275	9,555,275
Loans and borrowings	–	–	8,473,733	8,473,733
Total financial liabilities	–	–	18,029,008	18,029,008

	At Amortised cost	Total
	RM	RM
Company		
31.12.2018		
Financial Assets		
Other receivables	**13,500**	**13,500**
Amounts due from subsidiary companies	**69,240,915**	**69,240,915**
Amounts due from an associate company	**5,787,766**	**5,787,766**
Cash and bank balances	**21,196,334**	**21,196,334**
Total financial assets	**96,238,515**	**96,238,515**

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

	At Amortised cost RM	Total RM
Company		
31.12.2018		
Financial Liabilities		
Other payables	**333,665**	**333,665**
Amounts due to subsidiary companies	**18,959,238**	**18,959,238**
Total financial liabilities	**19,292,903**	**19,292,903**

	Loans and receivables RM	Fair value through profit or loss – held for trading RM	Financial liabilities at amortised cost RM	Total RM
Company				
31.12.2017				
Financial Assets				
Other investments	–	4,279,608	–	4,279,608
Other receivables	13,000	–	–	13,000
Amounts due from subsidiary companies	65,398,069	–	–	65,398,069
Amounts due from an associate company	6,160,000	–	–	6,160,000
Deposits, cash and bank balances	25,774,932	–	–	25,774,932
Total financial assets	97,346,001	4,279,608	–	101,625,609

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

	Loan and receivables	Fair value through profit or loss – held for trading	Financial liabilities at amortised cost	Total
	RM	RM	RM	RM
Company				
31.12.2017				
Financial Liabilities				
Other payables	–	–	330,036	330,036
Amounts due to subsidiary companies	–	–	23,796,814	23,796,814
Total financial liabilities	–	–	24,126,850	24,126,850
Company				
1.1.2017				
Financial Assets				
Other investments	–	3,043,189	–	3,043,189
Trade and other receivables	855,400	–	–	855,400
Amount due from subsidiary companies	58,600,569	–	–	58,600,569
Amount due from an associate company	6,100,000	–	–	6,100,000
Deposits, cash and bank balances	33,842,816	–	–	33,842,816
Total financial assets	99,398,785	3,043,189	–	102,441,974
Financial Liabilities				
Other payables	–	–	337,342	337,342
Amount due to subsidiary companies	–	–	23,446,814	23,446,814
Total financial liabilities	–	–	23,784,156	23,784,156

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency, interest rate and market price risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

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

(i) Credit risk

Credit risk is the risk of a financial loss to the Group 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 and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and associate company and financial guarantees given to banks for credit facilities granted to subsidiary companies. There are no significant changes as compared to prior periods.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

At each reporting date, the Group and the Company assess whether any if the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial or full) when 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. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM21,250,000 (31.12.2017: RM21,250,000, 1.1.2017: RM21,250,000), representing the outstanding banking facilities to the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary companies would default on repayment as at the end of the reporting period.

There are no significant changes as compared to prior periods.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credits risks except for loans and advances to its subsidiary companies where risks of default have been assessed to be low.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risks are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year	1 – 2 years	2 – 5 years	After 5 years	Total contractual cashflows	Carrying amount
	RM	RM	RM	RM	RM	RM
Group						
31.12.2018						
Trade and other payables	**9,519,861**	**–**	**–**	**–**	**9,519,861**	**9,519,861**
Loans and borrowings	**3,458,424**	**2,455,002**	**2,412,228**	**–**	**8,325,654**	**7,945,925**
	12,978,285	**2,455,002**	**2,412,228**	**–**	**17,845,515**	**17,465,786**
31.12.2017						
Trade and other payables	7,620,317	–	–	–	7,620,317	7,620,317
Loans and borrowings	1,192,624	2,357,829	4,844,473	–	8,394,926	7,655,316
	8,812,941	2,357,829	4,844,473	–	16,015,243	15,275,633
1.1.2017						
Trade and other payables	9,555,275	–	–	–	9,555,275	9,555,275
Loans and borrowings	860,858	1,635,899	6,272,218	930,085	9,699,060	8,473,733
	10,416,133	1,635,899	6,272,218	930,085	19,254,335	18,029,008

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year	Total contractual cashflows	Carrying amount
	RM	RM	RM
Company			
31.12.2018			
Other payables	**333,665**	**333,665**	**333,665**
Amounts due to subsidiary companies	**18,959,238**	**18,959,238**	**18,959,238**
Financial guarantee liabilities	**21,250,000**	**21,250,000**	**–**
	40,542,903	**40,542,903**	**19,292,903**
31.12.2017			
Other payables	330,036	330,036	330,036
Amounts due to subsidiary companies	23,796,814	23,796,814	23,796,814
Financial guarantee liabilities	21,250,000	21,250,000	–
	45,376,850	45,376,850	24,126,850
1.1.2017			
Other payables	337,342	337,342	337,342
Amounts owing to			
Amounts due to subsidiary companies	23,446,814	23,446,814	23,446,814
Financial guarantee liabilities	21,250,000	21,250,000	–
	45,034,156	45,034,156	23,784,156

The Company provides unsecured financial guarantee to banks in respect of credit facilities granted to certain subsidiary companies and monitors on an ongoing basis the performance of the subsidiary companies. At end of the financial year, there was no indication that the subsidiary companies would default in repayment.

Financial guarantee have not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiary companies defaulting on their credit facilities is remote.

The maximum amount of the financial guarantees issued to the banks for subsidiary companies' borrowings is limited to the amount utilised by the subsidiary companies, amounting to RM6,465,377 as at 31 December 2018 (31.12.2017: RM7,616,538, 1.1.2017: RM8,473,733). The earliest period any of the financial guarantees can be called upon by the financial institutions is within the next 12 months. At end of the financial year, there was no indication that the subsidiary companies would default on repayment.

Financial guarantee have not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiary companies defaulting on their credit facilities is remote.

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks

Foreign currency risk

The Company is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk is primarily Singapore Dollar (SGD), Australian dollar (AUD), Euro (EUR), United States Dollar (USD) and Japanese Yen (JPY).

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Company will apply natural hedging by selling and purchasing it the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial assets are as follows:

	Group	
	2018	**2017**
Bank Balance	**RM**	**RM**
SGD	**936,207**	543,758

	Group	
	2018	**2017**
Other investment	**RM**	**RM**
EUR	**104,148**	–
USD	**50,697**	–
AUD	**1,339,062**	–
SGD	**3,195,029**	4,279,608
	4,688,936	4,279,608

	Group	
	2018	**2017**
Revolving credits	**RM**	**RM**
EUR	**897,685**	–
USD	**73,473**	–
JPY	**509,390**	–
	1,480,548	–

	Company	
	2018	**2017**
SGD	**RM**	**RM**
Other investment	**–**	4,279,608
Bank balances	**–**	543,758
	–	4,823,366

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(iii) Market risks (cont'd)

Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The Group's exposure to sensitivity of currency risk is insignificant as the transaction currencies are mostly in the functional currencies of the respective operating entities.

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the SGD, AUD, EUR, USD and JPY exchange rates against RM, with all other variables held constant.

		2018		2017
Group	**Change in currency Rate**	**Effect on profit before tax**	**Change in currency Rate**	**Effect on profit before taxation**
	RM	**RM**	**RM**	**RM**
SGD	Strengthened 10%	413,124	Strengthened 10%	482,337
	Weakened 10%	(413,124)	Weakened 10%	(482,337)
AUD	Strengthened 10%	133,906	Strengthened 10%	–
	Weakened 10%	(133,906)	Weakened 10%	–
EUR	Strengthened 10%	(79,354)	Strengthened 10%	–
	Weakened 10%	79,354	Weakened 10%	–
USD	Strengthened 10%	(2,278)	Strengthened 10%	–
	Weakened 10%	2,278	Weakened 10%	–
JPY	Strengthened 10%	50,939	Strengthened 10%	–
	Weakened 10%	(50,939)	Weakened 10%	–

Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(iii) Market risks (cont'd)

Interest rate risk (cont'd)

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2018	2017
Group	**RM**	**RM**
Fixed rate instrument		
Financial asset	**154,925**	151,594
Floating rate nstrument		
Financial asset	**21,009,636**	25,080,936
Financial liabilities	**(7,945,925)**	(7,655,316)
	13,063,711	17,425,620
Company		
Floating rate instrument		
Financial asset	**21,009,636**	25,080,936

Interest rate risk sensitivity

The Group and the Company do 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 floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's and the Company's profit before tax by RM130,637 and RM210,096 (2017: RM174,256 and RM250,809) respectively, arising mainly as a result of lower or higher interest expense on floating rate loans and borrowings.

This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(iv) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its other investments. These investments are listed on Singapore Stock Exchange and are classified as fair value through profit or loss.

Management of the Group monitors investments in quoted instruments on a portfolio basis and material investments within the portfolio are managed on an individual basis.

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(iv) Market price risk (cont'd)

Market price risk sensitivity analysis

At the reporting date, if the various stock indices had been 1% higher/ lower, with all other variables held constant, the Group's and the Company's profit before tax and available for sales reserve would have been RM46,889 and RM46,889 (2017: RM42,796 and RM42,796) respectively higher/lower, arising as a result of higher/lower fair value gains on held for trading investments in equity instruments.

(c) Fair values of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and/ or insignificant impact of discounting.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value			Total fair value	Carrying amount
	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM
31.12.2018					
Group					
Financial asset					
Other investments	**4,688,936**	**–**	**–**	**4,688,936**	**4,688,936**
Financial liability					
Loans and borrowings	**–**	**7,945,925**	**–**	**7,945,925**	**7,945,925**
31.12.2017					
Group					
Financial asset					
Other investments	4,279,608	–	–	4,279,608	4,279,608
Financial liability					
Loans and borrowing	–	7,655,316	–	7,655,316	6,462,692
Company					
Financial asset					
Other investments	4,279,608	–	–	4,279,608	4,279,608

36. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values of financial instruments (cont'd)

	Fair value of financial instruments carried at fair value			Total fair value	Carrying amount
	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM
1.1.2017					
Group					
Financial asset					
Other investment	3,043,189	–	–	3,043,189	3,043,189
Financial liability					
Loans and borrowing	–	8,473,733	–	8,473,733	7,612,875
Company					
Financial asset					
Other investment	3,043,189	–	–	3,043,189	3,043,189

(i) Policy on transfer between levels

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

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) 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 asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

37. CAPITAL MANAGEMENT

The Group's management manage its capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern and maintains an optimal capital structure, so as to maximise shareholders value. The management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

37. CAPITAL MANAGEMENT (CONT'D)

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	RM	RM	RM	RM	RM	RM
Total loans and borrowings	**7,945,925**	7,655,316	8,473,733	**–**	–	–
Less : Cash held under Housing Development Account	**(968,023)**	(221,348)	(264,852)	**–**	–	–
Less: Deposits, cash and bank balances	**(22,704,873)**	(26,225,363)	(36,054,285)	**(21,196,334)**	(25,774,932)	(33,842,816)
Net cash	**(15,726,971)**	(18,791,395)	(27,845,404)	**(21,196,334)**	(25,774,932)	(33,842,816)
Total equity	**137,903,052**	135,256,224	133,318,771	**131,357,560**	132,126,751	131,071,759
Gearing ratio	**N/A**	N/A	N/A	**N/A**	N/A	N/A

NA – the gearing ratio is not applicable as the Group and the Company have sufficient deposits, cash and bank balances to settle the liabilities as at year end.

There were no changes in the Group's approach to capital management during the financial year.

38. SUBSEQUENT EVENTS

The Company has proposes to undertake the following on 5 March 2019:

(i) proposed bonus issue of up to 16,432,082 new ordinary shares in LBI ("Bonus Share(s)") to be credited as fully paid-up, together with up to 49,296,248 free detachable warrants ("Warrant(s)"), on the basis of 1 Bonus Share together with 3 Warrants for every 5 existing ordinary shares in LBI ("LBI Share(s)" or "Share(s)") held on an entitlement date to be determined and announced later ("Proposed Bonus Issue of Shares with Warrants");

(ii) termination of LBI's existing Employees' Share Option Scheme ("ESOS") ("Existing ESOS") in accordance with the by-laws governing the Existing ESOS ("ESOS Termination"); and

(iii) proposed establishment of a long-term incentive plan of up to 15% of the total number of issued Shares of the Company (excluding treasury shares, if any) for eligible Directors and employees of LBI and its subsidiaries (excluding subsidiary companies which are dormant) during the tenure of the proposed long-term incentive plan ("Proposed LTIP" or "Scheme").

39. EXPLANATION OF TRANSITION TO MFRSS

As stated in Note 2(a) to the financial statements, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 3 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2018, the comparative information presented in these financial statements for the financial year ended 31 December 2017 and in the preparation of the opening MFRS statement of financial position at 1 January 2017 (the Group's date of transition to MFRSs).

The transition to MFRSs does not have financial impact to the separate financial statements of the Company.

In preparing the opening consolidated statement of financial position at 1 January 2017, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous FRSs. An explanation of how the transition from previous FRSs to MFRSs has affected the Group's financial position, financial performance and cash flows set out as follows:

39. EXPLANATION OF TRANSITION TO MFRSS (CONT'D)

Consolidated Statement of Financial Position as at 31 December 2017

	FRSs	Effect of transition to MFRSs	MFRSs
	RM	RM	RM
Non-current assets			
Inventories	–	23,331,189	23,331,189
Land held for property development	23,331,189	(23,331,189)	–
Current assets			
Contract assets	–	10,467,767	10,467,767
Inventories	3,026,746	45,153,507	48,180,253
Property development costs	45,153,507	(45,153,507)	–
Accrued billings in respect of property development costs	10,467,767	(10,467,767)	–
Current liabilities			
Contract liabilities	–	8,299,371	8,299,371
Progress billings in respect of property development costs	8,299,371	(8,299,371)	–

Consolidated Statement of Financial Position as at 1 December 2017

	FRSs	Effect of transition to MFRSs	MFRSs
	RM	RM	RM
Non-current assets			
Inventories	–	22,974,426	22,974,426
Land held for property development	22,974,426	(22,974,426)	–
Current assets			
Contract assets	–	4,085,944	4,085,944
Inventories	3,043,189	49,373,839	52,417,028
Property development costs	49,373,839	(49,373,839)	–
Accrued billings in respect of property development costs	4,085,944	(4,085,944)	–
Current liabilities			
Contract liabilities	–	8,402,591	8,402,591
Progress billings in respect of property development costs	8,402,591	(8,402,591)	–

39. EXPLANATION OF TRANSITION TO MFRSS (CONT'D)

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 31 December 2017

There are no material differences between the Consolidated Statement of Profit or Loss and Other Comprehensive Income presented under MFRSs and the Consolidated Statement of Profit or Loss and Other Comprehensive Income presented under FRSs.

Consolidated Statement of Cash Flows for the financial year ended 31 December 2017

There are no material differences between the Consolidated Statement of Cash Flow presented under MFRSs and the Consolidated Statement of Cash Flows presented under FRSs.

40. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 April 2019.

STATISTICS OF SHAREHOLDINGS
AS PER RECORD OF DEPOSITORS AS AT 1 APRIL 2019

Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

Analysis of Shareholdings

Size of Holdings	No. of Holders	No. of Shares	%
1 - 99	520	8,135	0.01
100 - 1,000	158	45,220	0.06
1,001 - 10,000	2,938	7,146,011	9.08
10,001 - 100,000	303	7,032,518	8.93
100,001 - below 5%	22	13,784,739	17.52
5% and above	3	50,679,356	64.40
Total	3,944	78,695,979*	100.00

* Excluding a total of 3,464,435 shares bought-back by LBI and retained as treasury shares

Directors' Direct and Indirect Interest in the Company

Other than as disclosed below, there is no other Director of the Company who has interest, direct or indirect, in the Company

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Dato' Ng Chin Heng	–	–	44,283,140^	56.27
Datin Low Wee Chin	–	–	44,283,140^	56.27
Raymond Ng Yew Foong	–	–	44,283,140^	56.27
Kong Sau Kian	832,000	1.06	–	–
Azlan Bin Arshad	–	–	1,086,036#	1.38

Notes:
^ *Deemed interest through Ng Tiong Sing Corporation Sdn Bhd, Ng C.H. Holdings Sdn Bhd and person connected to.*
# *Deemed interest through Zalaraz Sdn Bhd and person connected to.*

Substantial Shareholders as Per Register of Substantial Shareholders

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Ng Tiong Seng Corporation Sdn. Bhd.	13,021,700	16.54	–	–
Ng C. H. Holdings Sdn. Bhd.	31,261,440	39.72	–	–
Galaksi Sejati Sdn. Bhd.	7,767,216	9.87	–	–
Datin Chan Lai Har	–	–	44,283,140	56.27
Dato' Ng Tiong Seng	–	–	44,283,140	56.27
Dato' Ng Chin Heng	–	–	44,283,140	56.27
Datin Low Wee Chin	–	–	44,283,140	56.27
Ng Chin Loong	–	–	44,283,140	56.27
Raymond Ng Yew Foong	–	–	44,283,140	56.27
Ng Pooi Yee	–	–	44,283,140	56.27
Ng Pooi Mun	–	–	44,283,140	56.27
Ng Pooi Cheng	–	–	44,283,140	56.27

Top Thirty Securities Account Holders as at 1 April 2019
(without aggregating the securities from different securities accounts belonging to the same Depositor)

NO.	NAME	SHAREHOLDINGS	%
1	NG C.H. HOLDINGS SDN. BHD.	31,261,440	39.72
2	NG TIONG SENG CORPORATION SDN. BHD.	11,650,700	14.80
3	GALAKSI SEJATI SDN. BHD.	7,767,216	9.87
4	CHROME ASSET SDN. BHD.	3,557,156	4.52
5	LEONG SIEW SENG	2,419,768	3.07
6	NG TIONG SENG CORPORATION SDN. BHD.	1,371,000	1.74
7	YEOH PHEK LENG	1,172,000	1.49
8	CIMSEC NOMINEES (TEMPATAN) SDN. BHD.	1,040,000	1.32
9	KONG SAU KIAN	832,000	1.06
10	YAP POI HOON	687,960	0.87
11	CHONG SWEE CHIN	488,136	0.62
12	TEH KAY KHENG	380,000	0.48
13	LOH KOK SEONG @ LOH YOON SENG	239,200	0.30
14	TAN LAN DIANG	201,916	0.26
15	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. Beneficiary : Pledge Securities Account for Li Cheng Thong @ Lee Chen Thung	160,000	0.20
16	LEE SOON KIAT	159,770	0.20
17	TEH KAY WAH	150,488	0.19
18	CH'NG SIEW SUAN	132,665	0.17
19	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. Beneficiary : Pledge Securities Account for Lim Kong Hwee	124,800	0.16
20	LIM THIAM SANG	118,560	0.15
21	KHOR KAR HOR	114,660	0.15
22	LOW WAI CHG	114,660	0.15
23	KHOO TEW CHOON	114,000	0.14
24	LIM SIEW CHIN	104,000	0.13
25	CHOONG CHEE SENG	102,000	0.13
26	GAN SOOK AI	94,224	0.12

NO.	NAME	SHAREHOLDINGS	%
27	TAN BENG SIM	91,364	0.12
28	WONG WAI LUM	90,064	0.11
29	YAP SIOW KIM	90,000	0.11
30.	HASBULLAH BIN OTHMAN	86,312	0.11
		64,916,059	82.49

LIST OF PROPERTY
AS AT 31 DECEMBER 2018

Owner	Location/Address	Description & Existing Use	Valuation/Cost at Year Ended (RM)	Land Area/ After 5 Built-up Area	Tenure & Expiry	Age of Building (Years)
LBI Capital Bhd	Lot 1282, Jalan Bukit Kemuning, Seksyen 32, 40460 Shah Alam	Factory and Office For Investment	31,000,000	189,044 sq ft / 143,035 sq ft	Freehold	38
Triple Equity Sdn Bhd	PM 1174, Lot 11844, Tempat Genting Highland, Mukim Bentong, Daerah Bentong, Pahang	Development Land	5,982,721	233,046 sq ft	Leasehold expiring 2089	N/A
	CL 025331499, CL 025331506 & CL025331515, Kg Sibabau, District of Papar, Sabah	Vacant Land	3,482,829	260,913 sq ft	Leasehold expiring 2082	N/A
	Accessory parcels and 319 open car park bays within Putra Walk, on Lot 100182, Mukim and District of Petaling, Selangor	Investment Property	2,300,000	N/A	Leasehold expiring 2101	N/A
Goldmount Resources Sdn Bhd	CL015486647, CL015486656, CL015486674 and CL015179496, District of Kota Kinabalu, Sabah	Development Land	4,790,900	156,816 sq ft	Leasehold expiring 2909	N/A
	Hakmilik No. 480, Lot 537 and Hakmilik No. 582, Lot 535, both of Mukim Telok Panglima Garang & Daerah Kuala Langat, Negeri Selangor	Development Land	7,,826,627	435,000 Sq ft	Freehold	N/A
	GM No. 19301-19365, Lot No PT 120383-120449, Mukim & District of Klang, Selangor	Development Land	5,078,575	88,145 Sq Ft.	Freehold	N/A
Haba Equity Sdn Bhd	Hakmilik No. PM1350, Lot 8587 and Hakmilik No. PM1351, Lot 4992, Mukim Bukit Baru & Daerah Melaka Tengah, Negeri Melaka.	Development Land	8,077,763	189,921 Sq ft	Leasehold expiring 2096 & 2099	N/A
Wittee Land Sdn Bhd	CL 015093491, Jalan Sukang/Mabpai, Bukit Padang, District Kota Kinabalu, Sabah.	Development Land	7,454,946	89,570 sq. ft.	Leasehold expiring 2930	N/A

FORM OF PROXY

LBI CAPITAL BHD.

(41412-X) (Incorporated in Malaysia)

CDS Account No.	**:**	
Total number of ordinary shares held	**:**	
Total number of proxy(ies) appointed	**:**	
Proportion of shareholding to be represented by each proxy	**:**	

I/We ____NRIC/Co.No.________________________

of____

being a member of LBI CAPITAL BHD. hereby appoint______________________________________

____NRIC No.__________________________

of____

or failing whom,______________________________ NRIC No. ______________________________

of ____

Or failing *him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Forty First Annual General Meeting of the Company to be held at the Company's office, Lot 1282, Jalan Bukit Kemuning, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan on Thursday, 30 May 2019 at 10.00 a.m. and at every adjournment thereof for/against the resolutions to be proposed thereat.

	RESOLUTIONS	**FOR**	**AGAINST**
Ordinary Resolution 1	To approve the payment of Directors' fees		
Ordinary Resolution 2	To re-elect Raymond Ng Yew Foong as Director		
Ordinary Resolution 3	To re-elect Kong Sau Kian as Director		
Ordinary Resolution 4	To re-appoint Messrs Auditors of the Company		
Ordinary Resolution 5	To authorise Directors to allot and issue shares pursuant to the Companies Act 2016		
Ordinary Resolution 6	To approve the proposed renewal of authority for the Company to purchase its own shares		
Special Resolution	To approve the proposed Adoption of the new Constitution of the Company		

(Please indicate with an X in the spaces provided on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated this__________day of__________2019

______________________________ ______________________________

Signature of Member(s) Affix Company's Common Seal (if applicable)

Notes:-

1. The members whose names appear in the Record of Depositors on 1 April 2019 shall be entitled to attend and vote at this Forty First Annual General Meeting.
2. A member entitled to attend and vote at this meeting is entitled to appoint at least one proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member is an exempt authorised nominee (EAN) as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, under its Common Seal or the hand of its attorney duly authorised.
7. The instrument appointing a proxy must be deposited at the Company's registered office at Lot 1282, Jalan Bukit Kemuning, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

Audited Financial Statements for financial year ended 31 December 2018

8. The audited financial statements are for discussion only under Agenda 1, as it does not require shareholders' approval under the provisions of Section 340(1)(a) of the Companies Act, 2016. Hence, it shall not be put for voting.

Fold along this line

STAMP

LBI CAPITAL BHD (41412-X)

(Incorperated in Malaysia)

Lot 1282, Jalan Bukit Kemuning,
Seksyen 32, 40460 Shah Alam,
Selangor Darul Ehsan

Fold along this line

LBI CAPITAL BERHAD (41412-X)
Lot 1282, Jalan Bukit Kemuning,
Seksyen 32, 40460 Shah Alam,
Selangor
Tel : 03 5122 5128
Fax : 03 5122 5188