



**SUNSURIA BERHAD**  
Registration No.: 196801000641 (8235-K)



EXPANDING  
**HORIZON**

Annual Report 2019

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“Sunsuria has been growing from strength to strength, embracing new challenges as we expand our expertise.”



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“2019 has been an eventful year and Sunsuria Berhad and its subsidiaries have again recorded yet another commendable year.”

# RATIONALE

# EXPANDING HORIZON

The headline - **Expanding Horizon** - highlights Sunsuria Berhad's rapid growth as it forges into the future. The cover design is inspired by Sunsuria Berhad's four pillars - Great Sunsurians, Excellence Performance, Sustainability and Making The World A Better Place.

These sentiments are featured prominently through the artistic illustration on the cover, where the four pillars have been skilfully integrated. The impressive skyline in the illustration proudly features the silhouette of Sunsuria Forum @ Setia Alam - the company's latest flagship development. The vibrant colours of the illustration highlight the company's bright prospects.

In the background, a pristine white base mirrors the company's flawless integrity - the foundation upon which it will continue to flourish.



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“

Sunsuria Berhad as a responsible corporate citizen, has continued to build on sustainability initiatives in our journey towards sustainable development. ”



# VISION

To be a progressive corporation which we can take pride in. One that is valued and respected by all our stakeholders.



# MISSION

To engage and delight our customers by delivering a distinctly Sunsuria experience of service excellence and warmth, through a culture of integrity, quality and reliability.

# VALUES



**RELIABILITY**



**INTEGRITY**



**RESPECTFUL**

We respect and value the community in which we operate and strive to enrich it. We take pride in working as a team and believe in earning respect through our actions.



**COMMITTED**

We are committed to achieve excellence in all that we do and delivering the best experience for our customers.



**PROGRESSIVE**

We constantly embrace change to remain relevant in the marketplace. We strive for continuous improvement and innovation as a trendsetter in the industry.





# OUR CORPORATE PROFILE

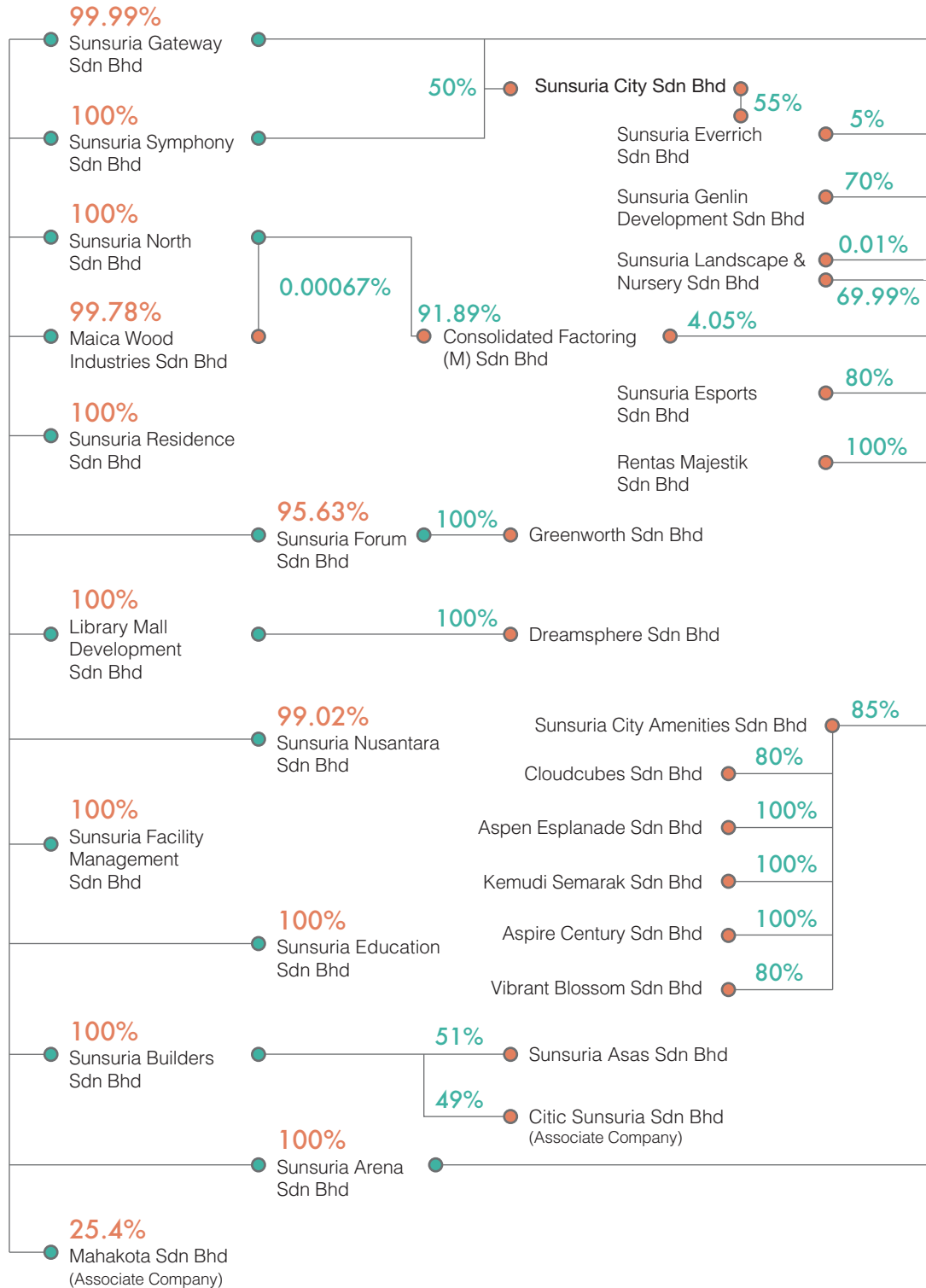
The roots of Sunsuria Group dates back to 1990, when its founder and owner, Tan Sri Datuk Ter Leong Yap, started to develop various residential, commercial and industrial property projects within Klang Valley. Today, Sunsuria has grown into a multi-faceted and well-established property developer, delivering innovative, high quality properties in Malaysia.

Sunsuria has embarked on a 525-acre flagship development located at Salak Tinggi, Putrajaya South with the name of "Sunsuria City". The development is designed with the guiding principles of Smart, Livable and Sustainable. It is a freehold integrated township that will become the new international landmark with Xiamen University Malaysia, the first overseas campus of Chinese university within its vicinity.

Sunsuria has been growing from strength to strength, embracing new challenges as we expand our expertise. Being a community-focused, growth and value-oriented developer, Sunsuria places reliability at the core of its operations and will continue to ensure better value creation for its stakeholders, focusing especially on our customers.

Over the years, Sunsuria has gained recognition as among the leading property developers in Malaysia, winning notable accolades such as Focus Malaysia's Best Under Billion Awards 2019's Best Revenue Growth, Best Profit Growth, and the awards' Overall Winner for 2019, The Cornerstone Award on Best Landed Development for Monet Residences by Starproperty.my Awards 2019, Property Insights Prestigious Developers Awards (PIPDA) 2018 for Best Office Development, Best Small Homes Development for Bell Suites by Starproperty.my Awards 2018, CHT Pursuit of Excellence Developer Property Award 2018, Highest Returns to Shareholders Over Three Years (Property) at The Edge Billion Ringgit Club Corporate Awards 2017, The Edge Top 30 Property Developers Award 2016-2017, Best Township Development by iProperty.com Malaysia People's Choice Awards 2016 and Best Sustainable Township Development 2016 by Property Insights.

# CORPORATE STRUCTURE



## Board of Directors

**Tan Sri Datuk Ter Leong Yap**  
(Executive Chairman)

**Tan Pei Geok**  
(Senior Independent  
Non-Executive Director)

**Dato' Quek Ngee Meng**  
(Independent Non-Executive  
Director)

**Datin Loa Bee Ha**  
(Independent Non-Executive  
Director)

### Audit Committee

**Tan Pei Geok** (Chairman)  
**Datin Loa Bee Ha**  
**Dato' Quek Ngee Meng**

### Nomination and Remuneration Committee

**Tan Pei Geok** (Chairman)  
**Datin Loa Bee Ha**  
**Dato' Quek Ngee Meng**

### Risk Management Committee

**Dato' Quek Ngee Meng** (Chairman)  
**Tan Pei Geok**  
**Tan Sri Datuk Ter Leong Yap**

### Employee Share Option Scheme Committee

**Datin Loa Bee Ha** (Chairman)  
**Tan Sri Datuk Ter Leong Yap**  
**Dato' Quek Ngee Meng**

### Company Secretary

**Lee Swee Kheng** (MIA 12754)

### Registered Office and Head Office

Suite 8, Main Tower, Sunsuria Avenue  
Persiaran Mahogani, Kota Damansara  
PJU 5, 47810 Petaling Jaya  
Selangor, Malaysia  
Tel : (603) 6145 7777  
Fax : (603) 6145 7778  
Website : www.sunsuria.com

### Stock Exchange Listing

Main Market of Bursa Malaysia  
Securities Berhad  
Stock Name: SUNSURIA  
Stock Code: 3743  
Sector: Properties

### Auditors

**Messrs Deloitte PLT** (LLP0010145-LCA)  
Chartered Accountants (AF0080)  
Level 16, Menara LGB  
1 Jalan Wan Kadir  
Taman Tun Dr Ismail  
60000 Kuala Lumpur

### Principal Bankers

AmBank (M) Berhad  
CIMB Bank Berhad  
Malayan Banking Berhad  
Public Bank Berhad  
RHB Bank Berhad

### Share Registrar

Tricor Investor & Issuing House Services  
Sdn Bhd

### Office:

Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : (603) 2783 9299  
Fax : (603) 2783 9222  
e-mail : is.enquiry@my.tricorglobal.com

### Customer Service Centre:

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

# EXECUTIVE CHAIRMAN'S STATEMENT



“ DEAR VALUED SHAREHOLDERS,

2019 has been an **eventful year**. Amidst a challenging property market, Sunsuria Berhad and its subsidiaries (“the Group”) has achieved **year-on-year Revenue** and **Net Profit** of **RM534.3 million** and **RM135.5 million** respectively.

On behalf of the Board of Directors of Sunsuria Berhad (“the Company”), it is my pleasure to present to you the Company’s Annual Report and Financial Statements for the Financial Year ended 30 September 2019. ”

## THE YEAR THAT HAS BEEN

With the ever-challenging global economic outlook and the intricacies that come with it, the property market is always one of the first to be affected in terms of investments and spending when there is a halt in such spending. However, we are glad to still see a strong demand in terms of our buyers and their confidence in the quality that we deliver in our commercial and residential offerings as well as other services.

We are proud to say that we have poured our heart and soul into every project we embark on to put in the little elements that make up the bigger picture. The Sunsuria Philosophy is to not only go for Customer Satisfaction, but to also achieve Customer Success. We want to go beyond delivering our products and services and think ahead to ensure there is a standard and quality of living that will be enjoyed for the years to come.

At Sunsuria, we take great care to ensure our products and services are created to make the world a better place, have the foresight to celebrate a 100-year Sunsuria anniversary, cultivate a great people culture and encourage top performance.

Hence, we aim to make the Company not just good, but great - we do so with the following four main pillars:

### Great Sunsurians

A great company begins, sustains and thrives with great people. We want to instil a sense of belonging, ownership and ‘we’ culture where everybody helps each other and can count on each other. It is important that they have good moral values and ethics, be effective and efficient whilst having the right culture and attitude. Through this we hope to encourage openness to ideas, innovations and reinvention and create Sunsurians who are proud to be part of the family and practise good business conduct without forgoing their own lifestyles and wellness.

### Excellence Performance

Quality is always our utmost focus - whether it is our products or services, we want to ensure that it is customer centric and is ultimately of value to them and to us. At Sunsuria, we want to remain competitive and ensure profitability with the right recognitions. We want to continue to grow in both revenue and profits with a global outlook that will sustain our ambitions as we move forward.

### Sustainability

In order to reach our goals of celebrating a 100-year anniversary, we acknowledge the importance of cultivating a healthy corporate culture with good business conduct to achieve success today without compromising the needs of the future. In everything we do, we make sure that we are able to meet present and future needs in order to preserve and enhance our financial, environmental and social capital.



### Making the World a Better Place

Beyond providing great quality services to our customers, Sunsuria aims to contribute to the society no matter where we build and deliver. We want to create products and services that improve the lives of others. We aim to encourage fair trade, spread kindness and also reduce our impact and conserve the earth by conserving energy, reducing waste and taking care of our Mother Earth.

It is with these stepping stones that we intend to bring Sunsuria into a greater tomorrow.

### A CHALLENGING ECONOMIC LANDSCAPE

The year 2018 saw the soaring of profits after reinstatements brought upon by the adoption of the Malaysian Financial Reporting Standards 15 *Revenue From Contracts with Customers* ("MFRS 15") that took effect at the beginning of the Group's Financial Year. This then brought the Group's initial reported Revenue in 2018 from RM491.5 million to a higher RM712.3 million, and Net Profit of RM155.2 million compared to the previously reported RM101.6 million.

This restatements affected the Group's overall Year-on-Year financial statements and thus caused yearly revenue to be at a decrease. Global issues continued to plague a challenging economy, with trade tensions between US and China re-escalating in August following the announcement of the US imposing further tariffs on Chinese imports and vice versa. Higher tariffs could dampen domestic demand growth in major economies such as China, which is a main source of final demand for many exporters today including Malaysia.

Domestically, the Malaysian economy experienced lower growth of 4.4% in the third quarter of 2019 as compared to 4.9% in the previous quarter due to lower growth in key sectors and a decrease in mining and construction activities.

### A HEALTHY FINANCIAL PERFORMANCE

For the financial year ended 30 September 2019 ("FY2019"), the Group's revenue totalled RM534.3 million, which is 25.0% lower than the RM712.3 million recorded in the financial year ended 30 September 2018 ("FY2018"). Profit before taxation decreased by 25.9% to RM203.3 million in the year under review compared to RM274.5 million in the previous financial year. These figures have been restated following the adoption of the MFRS 15.

Even through a more challenging economic situation, the Group still saw a healthy profit stream due to the completion of commercial and residential developments such as Jasper Square, Monet Lily and The Olive in FY2019. Other on-going projects that continue to contribute to the increase in revenue and profit before taxation in FY2019 were The Olive, Bell Suites SOHO, Monet Lily, Monet Springtime and Monet Garden @ Sunsuria City and Forum 2 SOHO and Offices @ Setia Alam. A more in-depth review of our financial and operational performance will be reported under the Management Discussion and Analysis section of this Annual Report.



**TAN SRI DATUK TER LEONG YAP**

Executive Chairman



*Sunsuria Team Building 2019*

### STRATEGIC CORPORATE INITIATIVES

In line with the Group's efforts to ensure a healthy growth and long-term sustainability, several corporate initiatives were pursued in 2019. A corporate collaboration was made possible with the signing of a Memorandum of Understanding (MoU) with China's Sinotrans Ltd. to set up a smart logistics partnership in Malaysia which will leverage on the strong growth of cross-border e-commerce, as well as a MoU signed with IAT Automobile Technology Co., Ltd. to set up an ASEAN automotive design hub. The hub will serve as the main operations centre for obtaining a car-sharing operations licence in Malaysia and importing modified electric vehicles from China.

In an effort to further the growth of a rising segment in the nation - the Company has also signed a partnership with M8HEXA to build an esports hub in Sepang. This project was started to cultivate the local esports ecosystem by providing infrastructure in the form of educational centres which will be part of the esports hub.

### VALUE CREATION FOR SHAREHOLDERS

It pleases me to report that the Company has received several accolades in 2019, further boosting our brand and credentials and enhancing our shareholders' value as a result. These include Focus Malaysia's Best Under Billion Awards (BUBA) 2019 for Best Profit Growth, Best Revenue Growth and the Overall Winner for 2019. We were also awarded the Best Landed Development for Monet Residences at The Cornerstone Award 2019 by Starproperty.my.

### UPHOLDING STRICT CORPORATE GOVERNANCE

The Board remains committed to upholding and implementing strong standards of corporate governance as well as robust risk management and internal control measures throughout the organisation. As an integral component of the business, these elements help ensure sustainable, long-term growth, bolster investors' confidence, preserving the Company's reputation and continuing shareholders' value creation.

### LOOKING AHEAD FOR 2020 AND BEYOND

With the challenging year that has been, the coming Financial Year 2020 will be a year of consolidating our internal strengths and commitment, and at the same time expanding our landbank and negotiating of projects that we want to launch for the betterment of our communities, buyers and shareholders. Year 2020 is a time to make ourselves better and stronger and relook at what it means to do more with less.

### APPRECIATION

On behalf of the Board of the Company, I would like to extend my sincere thanks and gratitude to our shareholders for their trust and confidence in Sunsuria now and in the years gone by. I would also like to convey my deep appreciation to all Sunsurians for your dedication and commitment as we continue to grow this company together.

I would also like to take the opportunity to thank Mr Koong Wai Seng for journeying with the Company for the past three years as Chief Executive Officer and his many years of service with us prior to his appointment in that role.

Last but not least, we would like to extend our heartfelt appreciation to our valued customers, bankers, government departments and agencies, vendors, suppliers, partners and stakeholders for your unwavering support – we will grow to the next level in this new decade together.

**Tan Sri Datuk Ter Leong Yap**  
Executive Chairman





# MANAGEMENT DISCUSSION AND ANALYSIS

Dear Valued Shareholders,  
The year 2019 has been marked by continued change and disruption amidst ongoing global and regional trade uncertainties, numerous policy changes, and growing commodity pressures. These factors led to challenging market conditions for the business, which called for some consolidation. However, it also demanded us to expand our horizon as we focus on forging into the future while still demonstrating commendable financial performance.

In keeping to our belief in delivering outstanding sustainable value to our customers, we embrace the four key pillars of Great Sunsurians, Excellence Performance, Sustainability, Making the World a Better Place and to ride and overcome this current economic climate and create value for our shareholders.

#### **Enriching Customers & Community**

To maintain our unique value proposition and competitive advantage, the Group recognised the need to enrich our customers' lifestyle whilst also expanding beyond property-related businesses.

To maintain our unique value proposition and competitive advantage, the Group recognised the need to enrich our customers' lifestyle whilst also expanding beyond property-related businesses.

In line with the country's agenda to develop a knowledge economy and digitally savvy citizens, the Group invested into fostering the growth of automotive and e-sports within Sunsuria City, our flagship township built on the principles of 'Smart, Livable, Sustainable'.

The launch of the M8HEXA e-sports hub at Bell Avenue in Sunsuria City - the first mobile e-sports hub of its kind in Selangor - is an example of the Group's innovative approach towards value creation and upholding its belief to education as a catalyst for enriched living.

The Group had also initiated conversations with China's Sinotrans Ltd. and engineering firm IAT Automobile Technology Co., Ltd. to explore potential collaborative opportunities in smart logistics as well as automotive product design and talent development.



Additionally, in May 2019, the Group launched the Sunsuria Badminton Sponsorship Programme in partnership with the Chong Ming Badminton Academy ("CMBA") to nurture unity through the love of badminton whilst also to grow future budding talents at the grassroots level.

Although the Group has extended our resources to other sectors of growth, concentrated efforts were placed in the areas of property development. In FY2019, the Group recorded significant progress in the commercial and residential developments of Sunsuria City, namely Jasper Square, Monet Lily and The Olive.

#### Expanding Horizon, Sustainably

As a Group, we are committed in operating as a responsible and sustainable company. One of our latest initiatives in FY2019 was the installation of solar panels at the Celebration Centre at Sunsuria City, which was completed in October 2019. This initiative helps to reduce electricity usage at the Celebration Centre by up to 50%.

The Group also engaged a third-party specialist to conduct Chemical Health Risk Assessment (CHRA) monitoring at Sunsuria City. The air and noise quality are monitored on a quarterly basis to ensure meeting the Environmental Regulatory-compliant standards. The Certificates of Completion and Compliance for Jasper Square, Monet Lily and The Olive were also issued during the financial year.

An e-inspection web application was also introduced for the site supervision team whereby inspection records and approval are conducted through web or mobile. This resulted in increased efficiency at daily worksite and inspections by the Clerk of Works to ensure construction work was in accordance to specifications and standards.







We also believe that F&B activities will aid in creating vibrancy and increasing footfall into the Group's development project as evidenced at the Forum 1@ Setia Alam.



### Diversifying Business Solutions

The Group expanded into landscape and nursery-related businesses through Sunsuria Landscape & Nursery Sdn. Bhd., a 69.99%-owned subsidiary, which enables the operation and management of the landscape and nursery functions throughout the Group. It augments the Group's long-term plans to set up our own plant nursery in Sunsuria City to encourage a sustainable means of growing and maturing our plots of greenery and potentially enhancing our margins in the long run.

We also ventured into the area of Food & Beverages ("F&B") via Sunsuria City Amenities Sdn. Bhd.. Through joint ventures with partners who are experienced in the field of food and beverages, we hope to encourage pick-up in rental from tenants at our commercial developments. We also believe that F&B activities will aid in creating vibrancy and increasing footfall into the Group's development projects as evidenced at the Forum 1 @ Setia Alam.

Sunsuria is committed towards accomplishing long-term business sustainability and growth through the expansion of our approaches while considering the concerns of our stakeholders. We aim to become a progressive corporation that is valued and respected by all our stakeholders and by this, secure large-scale infrastructure and property projects.

In order to establish long-term growth, the Group is committed to expanding our landbank as well as business activities in the areas of property development, real estate investments, construction and infrastructure and other complementary businesses.

### Our Financial Performance

On 1 October 2018, the Group adopted Malaysian Financial Reporting Standards ("MFRS") Framework which includes MFRS 15 *Revenue from Contracts with Customers*. MFRS 15 aims to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within and across industries. In adopting MFRS 15, the Group's revenue from the commercial property development projects, namely Bell Avenue, Jasper Square and Forum 1, which was previously recognised over time (progressively over the construction period) was restated to be based at point in time (recognised all the development revenue only upon completion).

#### Revenue

For FY2019, the Group recorded revenues of RM534.3 million and a net profit of RM135.5 million, as compared to the preceding financial year's restated revenue of RM712.3 million and restated net profit of RM155.2 million, marking a decline of 25.0% and 12.7% respectively. Due to the adoption of MFRS15, the revenue recognition from two of Sunsuria's commercial developments, namely Forum 1 and Bell Avenue, whereby the revenue was only recognised upon the completion of the project in the previous financial year (FY2018), have contributed RM411.06 million to the restated revenue in FY2018.

The restated adjustment on revenue recognition from two of Sunsuria's commercial developments, namely Forum 1 and Bell Avenue, were completed in the previous financial year (FY2018).

The Group's FY2019 revenue was mainly derived from the property development business, with various development projects within the Sunsuria City development and the Forum 2 SOHO contributing RM519.3 million or 97.2% of the Group's revenue.

## Management Discussion and Analysis

The completed Jasper Square shop office at Sunsuria City contributed RM152.6 million to the Group's revenue whilst The Olive, Bell Suites, Monet Lily, Monet Springtime and Monet Garden contributed a total of RM350.3 million. The Forum 2 SOHO which is still at the foundation stage of construction contributed RM10.5 million to the FY2019 revenue.

### Healthy Balance Sheet

The Group's total assets in the financial year under review registered a slight decrease of RM1.51 billion as compared to RM1.52 billion in FY2018. However, shareholders' funds increased by RM196.4 million from RM803.2 million in FY2018 to RM999.6 million in FY2019. The Group's net gearing stood at 0.06 times in FY2019 with cash and bank balances of RM125.51 million.

The Group continues to manage its financial position prudently and cautiously. Against the backdrop of a lackluster property market, the Group managed to put in a commendable performance in FY2019.

### KEY DEVELOPMENT PROJECTS

During FY2019, the Group completed the Monet Lily and The Olive, which are residential developments. The Group also completed the Jasper Square, a shop office development at Sunsuria City.

The vacant possession for Monet Lily which was delivered to the purchasers in October 2019 achieved a QLASSIC score of 78% while The Olive, being Sunsuria City's first high rise residential development achieved a QLASSIC score of 83%.

The Group's other on-going development projects during FY2019 are the Bell Suites SOHO & Retails, Monet Garden, Monet Springtime, the Tangerine Suites, Giverny Walk and the Forum 2 SOHO and Offices @ Setia Alam.

The Group's other on-going development projects during FY2019 are the Bell Suites SOHO & Retails, Monet Garden, Monet Springtime, the Tangerine Suites, Giverny Walk and the Forum 2 SOHO and Offices @ Setia Alam.

### Completed Projects

#### Jasper Square

Jasper Square, a commercial shop office development which was launched in February 2016 and spans over 8.5 acres of land comprises 86 shop offices which are surrounded by charming greenery. It is located within 500-meter north of Xiamen University Malaysia Campus in Sunsuria City. Additionally, Jasper Square is also located near the main entrance to the township, neighbouring our Provence Village and is set to create vibrancy in the commercial components of the Sunsuria City. Jasper Square which has a GDV of RM157.4 million has issued vacant possession in January 2019.

#### Monet Lily

Monet Lily was launched in October 2017. Exquisitely built with a French contemporary design, Monet Lily comprises 211 units of 2-storey terrace homes. Monet Lily is the first landed residential development in Sunsuria City. It has a GDV of RM152.3 million and achieved 100% work completion in FY2019 with 96.0% of the units sold.



**TANGERINE  
SUITES**  
SUNSURIA CITY

### The Olive

The recently completed 663 units of freehold condominium with full amenities has a GDV of RM282.3 million. Construction work was 100% completed in FY2019 and the keys were handed over to purchasers in November 2019. Launched in November 2016, it was designed for the new generation of buyers, first-time homeowners, parents of students, business owners and investors, and with an orientation in the north-south direction, minimising exposure to solar heat and offering stunning views of the pool deck and the recreation areas.



the Olive  
SUNSURIA CITY

### Ongoing Projects

#### Bell Suites

Bell Suites SOHO & Retails features 478 units of SOHO suites and 5 units of retail which are orientated in a north-south direction minimising exposure to solar heat and offering views of the main gate of Xiamen University Malaysia. Launched in March 2017, it has a combined GDV of RM190.9 million and as of the end of FY2019, Bell Suites SOHO is 96.1% sold with 73.7% work completion. Bell Suites is expected to deliver vacant possession in FY2020.

#### Monet Springtime

Monet Springtime features 308 units of two-storey terrace homes. It was launched in the last quarter of FY2018 and has a GDV of RM229.9 million. Monet Springtime was 52.3% sold and work completion was 51.5% in FY2019. Monet Springtime is expected to be completed in FY2021.

#### Monet Garden

Monet Garden features 132 units of family townhouses and 114 units of 3-storey terrace homes. Monet Garden Townhouse was launched in November 2017 while the 3-storey terrace home was launched in August 2018. The Monet Garden 3-storey terrace home was initially planned targetting foreign buyers. The Monet Garden series has a total GDV of RM217.7 million and as at the end of FY2019, Monet Garden Townhouse and the 3-storey terrace homes were 73.4% and 2.5% sold respectively. Total works completed was 50.4%. Monet Garden is expected to be completed in FY2021.

#### Giverny Walk

Giverny Walk has a total of 33 limited units of dual frontage shoplots and was launched in January 2019 with a GDV of RM66.3 million. Due to its close proximity to the Monet Residences namely Monet Lily, Monet Springtime and Monet Garden, Giverny Walk has the potential to be visited by residents of the Monet Residences, and the businesses at Giverny Walk will benefit from the community's regular patronage. Giverny Walk was 18.7% sold and work completed was 29.7% in FY2019. Giverny Walk is expected to be completed in FY2021.

#### Tangerine Suites

In line with the Group's customer-centric approach, Tangerine Suites creates affordable living for first-time home buyers. This is also in support of the government's initiative to promote a higher home ownership rate among Malaysians. The 778-units Tangerine Suites is a Peranakan-themed development which comprises multi-facility serviced apartments with proximity to our Provence Village development. Tangerine Suites which was launched in May 2019 has a GDV of RM238.0 million and was 11.2% sold and works completed was 8.0% in FY2019. Tangerine Suites is expected to be completed in FY2022.

#### Forum 2

In Setia Alam, the Group has launched its first integrated mixed development project known as The Forum @ 7th Avenue comprising retail shops and offices, residential suites, corporate offices and SOHO suites. Phase 1 comprising 264 units of shop offices and retail lots was launched in March 2015 and was completed in June 2018.

The 2<sup>nd</sup> Phase of the development known as the Forum 2 consists of SOHO Tower, Serviced Apartments Tower, Office Tower and a retail mall on the ground and first floor. Forum 2 strongly advocates the lifestyle of business and leisure, combining both to offer businesses and residents a holistic lifestyle experience in Setia Alam. The SOHO Tower which was launched in July 2018 was 65.8% sold in FY2019. Meanwhile, the Office Tower recorded a take-up rate of 8.4% as at the end of FY2019. The Serviced Suites Tower was only launched in November 2019.





*Giverny*PARK  
SUNSURIA CITY

### **BUSINESS RISKS**

As the Group moves forward, we recognise our vulnerability to three key anticipated or known risks that may have a material effect on our operations i.e. regulatory, operational and market risks.

#### **Regulatory Risks**

The Group's operations are subject to guidelines, laws and regulations of local authorities, government bodies and ministries, securities commission and listing requirement.

The changes in laws and regulations may directly and indirectly affect the Group. The Group keeps abreast with latest rulings, regulations and guideline changes and continues to assess the impact of such changes to the operation of the Group to ensure compliance.

#### **Operational Risks**

The Group's operations were exposed to project management and construction related risks.

The Group recognised the importance of delivering quality products and services. The Group adhered to stringent standard operating policies and procedures and carefully select and assess every contractor, supplier, consultant, service provider and vendor that the Group engaged.

#### **Market Risk**

The Group's revenue and profitability were exposed to the risk of uncertainty arising from global and local economic condition and the challenging property market.

Recognising this, the Group embraces changes and strive for continuous innovation to create its differentiation and remain relevant in the marketplace. Besides delivering quality products, the Group also embarks on initiatives to create vibrancy and improve footfall to its development in order to enhance customers' value.

### **MOVING FORWARD**

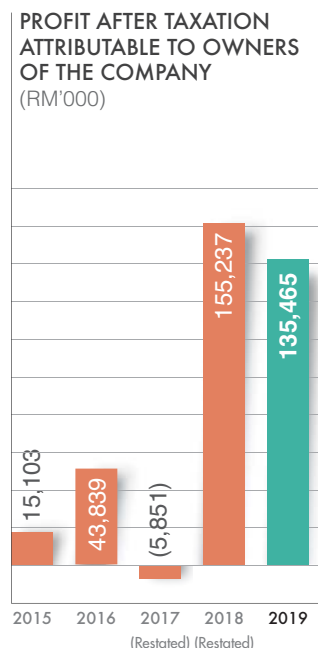
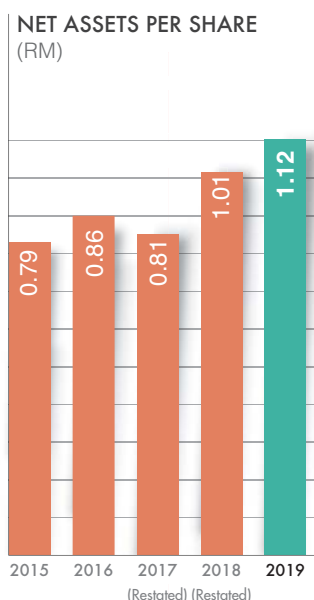
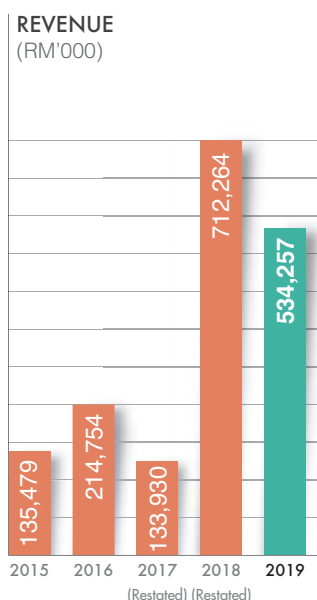
The World Bank Group has trimmed Malaysia's GDP growth from 4.6% to 4.5% attributed to weaker-than-anticipated investment and export growth. Despite the challenging global economic outlook, private consumption is projected to expand at a healthy rate of 6.5% in 2020.

Acknowledging a weak financial economy, the Group is understandably cautious towards new property launches and business ventures and we are looking to drive our focus towards selling the available units of our ongoing development projects and exercising prudence in our spending. The Group will continue to remain prudent in managing its gearing ratio.

The Group's ultimate aim for the next financial year is to ensure integration and for Sunsurians to be of one mind, working together towards a common goal. The emphasis would be in continually boosting morale within the Group and realigning our vision, mission and values. We are also working towards attaining a Green Building Index (GBI) certification for our future development to further our sustainability mission.

Moving forward, we will endeavour to sustain and continuously improve our short-term, medium term and long-term performance and drive focus on logistic, trading and digital development endeavours. Our inspiration in this matter includes strengthening ties with key stakeholders and peers in the industry to identify areas and sustainability initiatives that will effectively address material sustainability matters.

# GROUP FINANCIAL HIGHLIGHTS



YEAR	2015 (18 months ended Sep 2015)	2016	2017 (Restated)	2018 (Restated)	2019
Revenue (RM'000)					
- continuing operations	110,163	202,401	133,930	712,264	534,257
- discontinued operations	25,316	12,353	-	-	-
Profit after taxation attributable to owners of the Company (RM'000)	15,103	43,839	(5,851)	155,237	135,465
Total Borrowings (RM'000)	31,489	221,363	181,348	239,974	183,398
Equity attributable to owners of the Company (RM'000)	581,693	680,751	646,166	803,202	999,570
Gearing Ratio (times)	0.05	0.32	0.28	0.30	0.18
Basic Earning Per Share (sen) *					
- continuing operations	11.74	4.80	(0.73)	19.43	16.08
- discontinued operations	(5.24)	0.93	0.00	0.00	0.00
Net Asset Per Share (RM) **	0.79	0.86	0.81	1.01	1.12
No. of shares ('000)	735,487	798,831	798,834	798,834	895,917

\* Based on weighted average number of shares issued during the period/year.

\*\* Based on number of shares issued as at end of financial year.

Segmental : Revenue

YEAR	2015 (18 months ended Sep 2015)	2016	2017 (Restated)	2018 (Restated)	2019
Manufacturing (RM'000)	25,316	9,301	-	-	-
Property Development (RM'000)	95,158	198,933	133,288	711,347	532,439
Others (RM'000)	15,005	6,520	642	917	1,818
	135,479	214,754	133,930	712,264	534,257

# BOARD OF DIRECTORS



From left to right:

**TAN PEI GEOK**  
Senior Independent  
Non-Executive Director

**DATIN LOA BEE HA**  
Independent  
Non-Executive Director

**TAN SRI DATUK  
TER LEONG YAP**  
Executive Chairman

**DATO' QUEK NGEE MENG**  
Independent  
Non-Executive Director



# DIRECTORS' PROFILE

## TAN SRI DATUK TER LEONG YAP

**Executive Chairman**

<b>Gender</b>	Male
<b>Nationality</b>	Malaysian
<b>Age</b>	56



**Tan Sri Datuk Ter's** foray into the industry began with a construction and material handling equipment business back in 1989. Since then, Tan Sri Datuk Ter has diversified his business interests to include property development and education.

Armed with a wealth of experience, determination, and an impeccable track record in the property development sector, he has successfully incorporated his personal vision and mission into Sunsuria, making it the very essence of the Company. Tan Sri Datuk Ter strongly believes in running Sunsuria with upmost integrity and reliability.

### Date of Appointment:

22 January 2014

### Length of Service: (as at 22 January 2020)

6 years

### Date of Last Re-election:

8 March 2018

### Board Committees:

- Member of Risk Management Committee
- Member of Employees' Share Option Scheme Committee

### Board meeting attended in the Financial Year:

5/5

### Academic/ Professional Qualifications:

- Bachelor of Engineering (Honours), University of Malaya

### Present Directorship(s):

- **Listed entity:** Nil
- **Other public company:** Nil

### Positions and Affiliations:

- President of the National Chamber of Commerce and Industry of Malaysia (NCCIM) (2016-Present)
- President of the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) (2015-Present)
- President of the Chinese Chamber of Commerce & Industry of Kuala Lumpur & Selangor (KLSCCCI) (2012-Present)
- President of Klang Chinese Chamber of Commerce and Industry (KCCCI) (2002-2009)
- Director of Xiamen University Malaysia (2012-Present)
- Director of Bank of China (M) Bhd (2010-2017)
- Member of World Chinese Entrepreneurs Convention (WCEC) Advisory Committee (2015-Present)
- Executive Member for China Overseas Friendship Association (COFA) (2019-Present)

- Member for Trade and Industry Advisory Council (TIAC) (2019-Present)
- Advisor of the Malaysia Retail Chain Association (MRCA) (2018-Present)
- Vice Chairman of Hin Hua High School
- Vice Chairman of Pin Hwa High School
- Director of Kuen Cheng High School
- Honorary Director of Buddhist Compassion Relief Tzu Chi Foundation

### Awards and Recognitions:

- Panglima Setia Mahkota (PSM), 2017
- Panglima Jasa Negara (PJN), 2011
- Ahli Mangku Negara (AMN), 2001
- National Unity Ambassador - Department of National Unity and Integration (JPNIN), 2016
- The Edge Malaysia Outstanding Property Entrepreneur Award, 2017
- Business Excellence Person of the Year - Sin Chew Business Excellence Awards, 2014
- Outstanding Malaysian Hokkien Award - Federation of Hokkien Associations of Malaysia, 2008 and 2017

## DATO' QUEK NGEE MENG

Independent Non-Executive Director

<b>Gender</b>	Male
<b>Nationality</b>	Malaysian
<b>Age</b>	51



After commencing private practice with a legal firm in Johor Bahru for 2 years, **Dato' Quek** served as in-house legal counsel of the SMI Group, a company dealing with plywood with its operational headquarters in Singapore from 1997 to 2000. He then set up his own practice in 2000 as Halim Hong & Quek.

Having been in practice for more than 20 years, Dato' Quek has extensive legal experience in various areas notably cross border investment, real property and land, corporate and commercial. He is regularly sought by multi-national companies, major developer and financial institutions for advice

and representation. He is sought by major corporations for strategic advice on investment plans including cross-border transactions as well as review of commercial contracts and agreements. Business councils regularly seek him for advice and representation. His vast experience in strategic advice has earned him a spot in these organizations where he currently served as the director of Malaysia-China Business Council and as the Chairman of Silk Road Business Council Malaysia Committee. Dato' Quek is also the co-chairman of Malaysia-China Commercial Law Cooperation Committee.

Dato' Quek is active in advocating social causes, in particular against Batang Kali massacre where he was appointed as the coordinator of the Action Committee Condemning the Batang Kali Massacre in December 1948 to seek justice against the killings perpetrated by the British armies.

In the legal fraternity, Dato' Quek is an arbitrator of the Asian International Arbitration Centre (AIAC) and serves as a panel member of the Disciplinary Committee of the Advocate & Solicitor's Disciplinary Board. He frequently speaks at international and local conferences on law-related subjects including the Belt & Road issues. He is empanelled as an arbitrator of Shanghai International Arbitration Centre (SIAC), and appointed as director and Vice Chairman of Asian Institute for Alternative Dispute Resolution (AiADR).

**Date of Appointment:**

24 November 2017

**Length of Service:  
(as at 22 January 2020)**

2 years 2 months

**Date of Last Re-election:**

8 March 2018

**Board Committees:**

- Member of Audit Committee
- Member of Nomination and Remuneration Committee
- Chairman of Risk Management Committee
- Member of Employees' Share Option Scheme Committee

**Board meeting attended in the Financial Year:**

5/5

**Academic/ Professional Qualifications:**

- Bachelor Degree in Economics and Law, University of Adelaide, Australia
- Master Degree of Laws, National University of Singapore

**Present Directorship(s):**

- **Listed entity:** Nil
- **Other public company:** Nil



# TAN PEI GEOK

**Senior Independent  
Non-Executive Director**

<b>Gender</b>	Female
<b>Nationality</b>	Malaysian
<b>Age</b>	58

**Date of Appointment:**

1 October 2015

**Length of Service:  
(as at 22 January 2020)**

4 years 4 months

**Date of Last Re-election:**

8 March 2018

**Board Committees:**

- Chairman of Audit Committee
- Chairman of Nomination and Remuneration Committee
- Member of Risk Management Committee



**Ms Tan** began her career as an audit assistant with Binder Hamlyn before joining Public Bank Berhad, where she served for over 20 years in various credit-related departments. She was the Deputy Director of Corporate Banking in the bank before she left to join Health Scan Malaysia Sdn Bhd, a leading medical and diagnostic centre, as its Chief Executive Officer in 2004. Her position has since been re-designated as the Director of Health Scan Malaysia in 2016 when the operations of the Company were injected into Cardiac Vascular Sentral (Kuala Lumpur) Sdn Bhd, an integrated cardiac vascular hospital.

**Board meeting attended in the Financial Year:**

5/5

**Academic/ Professional Qualifications:**

- Bachelor of Economics degree, Monash University
- Member of the Certified Practising Accountants (CPA Australia)
- Member of the Malaysian Institute of Accountants (MIA).

**Present Directorship(s):**

- **Listed entity:** Nil
- **Other public company:** Nil

## DATIN LOA BEE HA

Independent Non-Executive Director

<b>Gender</b>	Female
<b>Nationality</b>	Malaysian
<b>Age</b>	56

**Date of Appointment:**

21 August 2014

**Length of Service:  
(as at 22 January 2020)**

5 years 5 months

**Date of Last Re-election:**

29 March 2019

**Board Committees:**

- Member of Audit Committee
- Member of Nomination and Remuneration Committee
- Chairman of Employees' Share Option Scheme Committee



**Datin Loa** began her career with Price Waterhouse in 1989 and later joined Team Accountants Sdn Bhd, an investment holding company in 1994 as the Finance Manager for 12 years.

She was previously on the Board of Director of Taylor's College Sdn Bhd, Garden International School Sdn Bhd and Taylor's International School (KL) Sdn Bhd.

**Board meeting attended in the Financial Year:**

5/5

**Academic/ Professional Qualifications:**

- Bachelor of Accounting (Honours) degree, University of Malaya
- Member of the Malaysian Institute of Accountants (MIA)
- Member of the Malaysian Institute of Certified Public Accountants (MICPA)

**Present Directorship(s):**

- **Listed entity:** Nil
- **Other public company:** Nil

**Other Information**

- Tan Sri Datuk Ter Leong Yap is a major shareholder of the Company.
- Except as disclosed above, none of the other Directors has any family relationship with any Directors and/or major shareholders of the Company.

**Conflict of Interest**

None of the other Directors has any conflict of interest with the Company except as disclosed in this Annual Report.

**Conviction for Offences**

None of the Directors have been convicted of any offences within the past 5 years other than traffic offences.

None of the Directors have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# SENIOR MANAGEMENT



**CHUAH CHEW HAI**  
Chief Executive Officer,  
Sunsuria Asas Sdn Bhd

**DATO' TAN  
TIAN MENG**  
Chief Executive Officer,  
Citic Sunsuria Sdn Bhd

**TAN SRI DATUK  
TER LEONG YAP**  
Executive Chairman

**LEE SWEE KHENG**  
Chief Financial Officer/  
Company Secretary

**SIMON KWAN  
HOONG WAI**  
Chief Operating Officer

# SENIOR MANAGEMENT'S PROFILE



## TAN SRI DATUK TER LEONG YAP

Executive Chairman

Tan Sri Datuk Ter Leong Yap's profile is available on page 17.



## SIMON KWAN HOONG WAI

Chief Operating Officer

**Simon Kwan Hoong Wai**, male, age 47, a Malaysian, he is the Chief Operating Officer of the Company. He is responsible for the local and regional business development, property and asset management, he also heads the Property Development and oversees the Project Department, Sales and Marketing Department, Customer Experience, Corporate Communication, Branding and Security services of Sunsuria Group. He started his career as technical and sales executive in the engineering industry and made his strides into property development focused on areas of sales and marketing since 1993.

Simon Kwan has over 20 years of working experiences spanning across the fields of sales, marketing, branding, customer experience & service and corporate social responsibility. A hands-on person overseeing both townships and integrated developments, he has also led product development, project management, sales staff's management and motivation, sales administrative functions, as well as public relations and social/ digital marketing. He was also given responsibility to take on business innovation role by leading a team of creative and innovative minds in creating sustainable, new and inspiring processes and ideas for the growth of the company.

He holds a Master in Business Administration (Marketing) from the University of Southern Queensland, Australia.



## LEE SWEE KHENG

Chief Financial Officer/  
Company Secretary

**Lee Swee Kheng**, female, age 55, a Malaysian, she is the Chief Financial Officer of the Company.

Madam Lee has more than 30 years of work experience and has held various finance positions in the property development, hotel and leisure sectors. She began her career in public accounting firms before joining various public listed company as an Accountant and later on as General Manager, Finance.

She holds a Diploma in Financial Accounting from Kolej Tunku Abdul Rahman. She is a member of the Malaysian Institute of Accountants (MIA) and Fellow of the Association of Chartered Certified Accountants (FCCA).



## DATO' TAN TIAN MENG

Director/ Chief Executive Officer,  
Citic Sunsuria Sdn Bhd

**Dato' Tan Tian Meng**, male, age 56, a Malaysian, he is a Director and Chief Executive Officer of Citic Sunsuria Sdn Bhd, a joint-venture company between Sunsuria Builders Sdn Bhd, a wholly-owned subsidiary of the Company, and Citic International Investment Ltd. He graduated with a Bachelor of Civil Engineering (Honours) degree from the University of Malaya in 1988.

Since his graduation, he has had 31 years' experience and professional practice careers in industries related to construction and property development. He is currently a director of several private limited companies including Lintasan Remaja Sdn. Bhd., Delta Elegance Sdn. Bhd. and Grand Maluri Sdn. Bhd.



## CHUAH CHEW HAI

Director/ Chief Executive Officer,  
Sunsuria Asas Sdn Bhd

**Chuah Chew Hai**, male, age 56, a Malaysian, is a Director and Chief Executive Officer of Sunsuria Asas Sdn Bhd, an indirect 51% owned subsidiary of the Company.

Mr Chuah has more than 30 years of experience in the construction and property development industry and he has founded Metrio group of companies in October 2002, which are principally involved in property development.

His extensive experience and knowledge in construction and development industry has driven Metrio group of companies to become a leading property development in the northern region of Peninsular Malaysia.

### Other Information

- Mr Simon Kwan Hoong Wai is the brother-in-law to Tan Sri Datuk Ter Leong Yap, a Director and major shareholder of the Company.
- Dato' Tan Tian Meng is the spouse of Datin Loa Bee Ha, an Independent Non-Executive Director of the Company.
- Except as disclosed, none of the Senior Management Team members have any family relationship with any Directors/or major shareholders of the Company.

### Conflict of Interest

None of the Senior Management Team members have any conflict of interest with the Company except as disclosed in this Annual Report.

### Conviction for Offences

None of the Senior Management Team members have been convicted any offences within the past 5 years other than traffic offences.

None of the Senior Management Team members have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.



# ACCOLADES



**01.**  
FOCUS  
MALAYSIA'S  
BEST UNDER  
BILLION  
AWARDS 2019

Best Under  
Billion Awards  
2019 Overall  
Winner -  
Sunsuria Bhd

**02.**  
FOCUS  
MALAYSIA'S  
BEST UNDER  
BILLION  
AWARDS 2019

Best Revenue  
Growth  
(Category  
RM500mil-  
RM950mil) -  
Sunsuria Bhd

**03.**  
FOCUS  
MALAYSIA'S  
BEST UNDER  
BILLION  
AWARDS 2019

Best Profit  
Growth  
(Category -  
RM500mil-  
RM950mil) -  
Sunsuria Bhd

**04.**  
THE  
STARPROPERTY.  
MY AWARDS  
2019

The Cornerstone  
Award  
(Excellence) on  
Best Landed  
Development -  
Monet  
Residences,  
Sunsuria City  
Sdn Bhd

**05.**  
CERTIFICATE  
FROM  
SIRIM QAS  
INTERNATIONAL  
ON ISO  
9001:2015

for Development  
of Properties  
and Provision of  
Project  
Management  
Services -  
Sunsuria Berhad

**06.**  
CERTIFICATE  
FROM SIRIM  
INDUSTRI 2018

for participating  
in Quality  
Management  
System  
Certification  
Scheme 2018 -  
Sunsuria Berhad

**07.**  
CERTIFICATE  
FROM IQNET  
AND SIRIM  
QAS  
INTERNATIONAL  
ON ISO  
9001:2015

for Development  
of Properties  
and Provision of  
Project  
Management  
Services -  
Sunsuria Berhad



**08.**  
 (DEVELOPER  
 PROPERTY) AWARD  
 2018

CHT Pursuit of  
 Excellence - Sunsuria  
 Berhad

**09.**  
 PROPERTY INSIGHT  
 PRESTIGIOUS  
 DEVELOPERS AWARDS  
 (PIPDA) 2018

Best Office  
 Development -  
 Sunsuria Berhad

**10.**  
 THE STARPROPERTY.  
 MY AWARDS 2018

Best Small Home  
 Development for Bell  
 Suites - Sunsuria Berhad

**11.**  
 THE STARPROPERTY.  
 MY AWARDS 2017

The Neighbourhood  
 Award (Honours) - Best  
 Boutique Township  
 (below 500 acres) -  
 Sunsuria City

**12.**  
 THE EDGE BILLION  
 RINGGIT CLUB 2017

Highest Returns to  
 Shareholders over Three  
 Years (Gold) - Property  
 Below RM3B Market  
 Capitalisation - Sunsuria  
 Berhad

**13.**  
 NOBLE EXCELLENCE  
 AWARDS 2016

Catalytic Developer  
 Award - Sunsuria  
 Berhad

**14.**  
 PROPERTY INSIGHT  
 PRESTIGIOUS  
 DEVELOPER AWARDS  
 2016

Top 10  
 Developers - Sunsuria  
 Berhad

**15.**  
 PROPERTY INSIGHT  
 PRESTIGIOUS  
 DEVELOPER AWARDS  
 2016

Best Sustainable  
 Township  
 Development - Sunsuria  
 City

**16.**  
 FOCUS MALAYSIA  
 BEST UNDER BILLION  
 AWARDS 2015

Best Enterprise Value  
 Growth (Runner-up) -  
 Sunsuria Berhad







### Sunsuria applies to extend completion of private placement to April 2020

**KUALA LUMPUR (Sept 30):** Sunsuria Bhd is seeking an extension from Bursa Malaysia to complete its private placement.

In a hours filing, the property developer said it had appealed to Bursa last Friday to delay the completion of the 102.23 million share placement to April 15, 2020.

"An announcement will be made upon receipt of Bursa Securities' decision on the application when obtained in due course," the group said.

On April 10, 2019, Sunsuria announced the placement exercise, which constitutes 10% of the group's shareholdings and would have netted up to RM61.34 million for the group.

The group said the proceeds from the placement would have been utilised as general working capital for its ongoing and upcoming property development projects, having highlighted its Sunsuria City and The Forum 2 developments as beneficiaries of the private placement.

It was then estimated that the private placement would be completed by the third quarter of this year (3Q19).

The first tranche of placement shares, consisting of 26 million shares, was listed and quoted on May 10, while the second tranche of 15 million shares was quoted on Bursa on Aug 15.

Both tranches were placed at 70 sen apiece.

Inter-Pacific Securities Sdn Bhd is the adviser and placement agent for the exercise while Advisory Sdn Bhd is the financial adviser for the placement.

At 3:26pm, Sunsuria shares were 2.33% or 1.5 sen higher at 66 sen, valuing the company at RM591.31 million. The counter saw some 15,000 shares traded.

09

### Sustainability starts with the community

**Sunsuria City.** (Images by Sunsuria Bhd)

**SUNSURIA CITY**  
THE INSPIRED SIDE OF LIFE

Sunsuria City is also a short drive away from the Kuala Lumpur International Airport (KLIA) and KLIA2, while commuters can opt to take the Express Rail Link from the Selat Tinggi station which is located within the township for a 7-minute trip to the airport while a trip to KL Sentral will take about 30 minutes.

"We planned the township based on the three pillars of creating a township that is smart, liveable and sustainable. Many would say that it is every developer's slogan but for us, it is our vision," says Sunsuria Bhd group chief operating officer and head of property division Simon Kwan.

The 525-acre Sunsuria City in Putrajaya South, Selat Tinggi, Selangor is a landmark development in the Greater Kuala Lumpur southern corridor, offering state-of-the-art facilities through three principles: smart, liveable and sustainable.

A flagship development of Sunsuria Bhd, the master-planned township has plenty to offer. It caters to those seeking not just an abode but also a myriad of amenities and integrated features that meet their lifestyle needs.

With an estimated gross development value of RM1.8 billion, Sunsuria City is expected to be completed in about 10 years with the current completion rate of 20% as of October 2019. Lying in the heart of the township is Xiamen University Malaysia – the first overseas campus by a top Chinese university. The university with its 5,000 students and an estimated 400 staff (as of Sep-2019) serves as the catalyst for the township's growth and development.

The freehold township is highly accessible. It is connected to the L326 Highway via a direct link from the Putrajaya-Cyberjaya Expressway as well as from other major highways such as the North-South Expressway and the Maju Expressway.

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### Malaysia's first ever book tunnel concept bookstore opens at BookXcess Sunsuria Forum

**31 October, SELANGOR** – BookXcess Sunsuria Forum is Malaysia's first-ever book tunnel concept bookstore that takes visitors on a journey of reading surrounded by half a million books. Spanning 16,000 square feet, the bookstore is located at SP-1, Sunsuria Forum @ 7th Avenue, Setia Alam with books at 80% to 85% off recommended retail price. The bookstore is open from 12am to 10pm, daily.

**31 October, SELANGOR** – BookXcess Sunsuria Forum is Malaysia's first-ever book tunnel concept bookstore that takes visitors on a journey of reading surrounded by half a million books. Spanning 16,000 square feet, the bookstore is located at SP-1, Sunsuria Forum @ 7th Avenue, Setia Alam with books at 80% to 85% off recommended retail price. The bookstore is open from 12am to 10pm, daily.

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### Buku ajaib dengan teknologi AR

**DIPAK (9/11) dan Pengarah Kanan Projek Sunsuria Berhad, Wong Chiew Meng (tiga dari kiri) bersama sebahagian KOLEKSI buku ajaib yang dilengkapi dengan teknologi Augmented Reality (AR) pastinya menjadi tarikan buat ibu bapa untuk berkunjung ke BookXcess Sunsuria Forum yang terletak di 7th Avenue, Setia Alam, Selangor.**

Bukan sahaja 15 judul buku ajaib dengan pelbagai cerita fantasi dijual secara eksklusif, malah kedai yang pertama dalam negara berkonsepkan terowong buku itu turut memberikan pengalaman cukup menakjubkan buat si kecil.

Masakan tidak, kanak-kanak boleh membaca, bermain di dalam mini maze dan belajar dengan buku ajaib yang didatangkan dengan teknologi canggih bagi merevolusikan pembacaan serba interaktif lagi mengasyikkan.

Mengulas mengenainya, Ketua Pegawai Pemasaran BookXcess, Dipak Madhavan berkata, pihaknya sentiasa mencari cara baharu bagi menggalakkan amalan suka membaca dalam kalangan masyarakat termasuk konsep terowong buku.

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### BEST UNDER BILLION AWARDS 2019

**Recognising 5 years of corporate excellence**

**BUBA 2019 winners**

**Recognising corporate excellence**

**Thank you Datuk Johan Idris**

**CONGRATULATIONS**

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### Sunsuria Q4 Revenue Increases To RM104.8 Million

**Penang (December 3, 2019)**

Sunsuria Berhad ("Sunsuria") announced a higher revenue of RM104.8 million for the current quarter under review. For the three months ended 30th September 2019, Sunsuria achieved RM118.8 million in revenue compared to the RM97.47 million in Q3 revenue.

The rise in Q4 revenue was attributed to higher work completion upon the issuance of the Certificate of Completion and Compliance for the Doughty (10) and The Doha residential developments, as well as Sunsuria's other projects such as Mount Damansara and Sun Valley (10).

Pre-tax profit for Q4 was at RM22.3 million as compared to the RM24.31 million recorded in the previous quarter.

Following the adoption of the Malaysian Financial Reporting Standard (MFRS) framework at the beginning of the current financial year, the Group tracks any outstanding borrowing trade specifically to obtain a qualifying asset that is ready for its intended use or sale, as part of general borrowing. In such, the higher charges of RM1.66 million in finance costs arising from MFRS 102 before the difference in pre-tax profit for Q4 quarter on quarter.

Check out all these Sunsuria press releases:

- The previous year's corresponding quarter, Sunsuria recorded a retained revenue and retained pre-tax profit of RM27.67 million and RM11.31 million respectively.
- The Group's higher retained revenue was mainly due to the recognition of RM76.6 million in revenue contribution from the Sunsuria Forum project upon its completion and handover of keys to purchasers during Q4 quarter.

Sunsuria achieved a year-to-date revenue and pre-tax profit of RM384.28 million and RM204.80 million respectively, compared to retained revenue of RM377.26 million and retained pre-tax profit of RM223.47 million respectively in the previous year.

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- 09. Edge Prop - 30<sup>th</sup> Sept 2019
- 10. Edge Prop - 18<sup>th</sup> October 2019
- 11. I Property - 1<sup>st</sup> November 2019
- 12. Sinar - 11<sup>th</sup> November 2019

- 13. Focus Malaysia - 16<sup>th</sup> November 2019
- 14. Property Guru - 3<sup>rd</sup> December 2019

# SUSTAINABILITY STATEMENT



Sunsuria Berhad (herewith referred to as “Sunsuria” or the “Group”), as a responsible corporate citizen, has continued to build on **sustainability initiatives** in our journey **towards sustainable development**.

The enthusiasm and commitment of our Group towards this goal is showcased in our sustainability statement this year. We have developed strategies that **maximise our business performance** and expansion into new business portfolios whilst creating reputable long-term relationships with our stakeholders.

Since our last statement, we have executed a number of initiatives to reinforce sustainability into our Group's culture including the development of a Sustainability Policy and, the establishment of a Terms of Reference for our Sustainability Steering and Working Committees (SSC and SWC). Other progress in addressing our economic, environmental and social (EES) opportunities and risks are described in this statement.

#### Scope of Reporting [102-1, 102-3, 102-4, 102-6, 102-50]

The scope of our sustainability statement encompasses our three business divisions comprising property development, construction, and food and beverages; and our corporate headquarters in Kota Damansara, Selangor.

Business Division	Division Name	Project/Restaurant Name	Stage of Completion/ Date of commencement
Property Development	1. Sunsuria City Sdn Bhd	1. Bell Suites Soho & Retail 2. The Olive 3. Monet Lily 4. Monet Garden 5. Monet Springtime	73.67% 100% 100% 42.4% 41.4%
	2. Sunsuria Forum Sdn Bhd	1. Forum 2, Office 2. Forum 2, Soho	5.3% 7.74%
Construction	Sunsuria Asas Sdn Bhd	The Group's development project in Sunsuria City and at Forum 2, Setia Alam.	-
Food & Beverages ("F&B")	Sunsuria City Amenities Sdn Bhd	Double Happiness@ Forum 1 Artelier Café @ Forum 1 Ming Yang @Forum 1	16/2/2019 14/4/2019 23/9/2019

#### Reporting Period [102-50], [102-52]

Unless otherwise specified, the disclosures presented in this statement represent activities carried out between 1 October 2018 and 30 September 2019. This report is our second reporting cycle.

#### Reporting Framework

In this report, we present disclosures consistent with the Global Reporting Initiative (GRI) Standards and the Bursa Malaysia Sustainability Reporting Guide (2nd Edition, 2018). As applicable, the GRI indicator numbers denoted in parenthesis next to the main titles throughout the statement reference the specific disclosure of the standards.

#### Feedback [102-53]

This statement is available in PDF format and can be downloaded from our website [www.sunsuria.com](http://www.sunsuria.com). We encourage our readers to share their feedback on our sustainability achievements and programmes by directing their comments and suggestions to:

Lee Swee Kheng  
Chief Financial Officer  
[sunsuriacosec@sunsuria.com](mailto:sunsuriacosec@sunsuria.com)  
+603-6145 7777

102-1 : Name of organisation;	102-50 : Reporting period;
102-3 : Location of headquarters;	102-52 : Reporting cycle;
102-4 : Location of operations;	102-53 : Contact point for questions regarding the report;
102-6 : Market served;	



## OUR CONTRIBUTION TOWARDS SUSTAINABLE DEVELOPMENT

### Commitment to Sustainable Growth

In making sustainability inherent in our operations and satisfying the needs of our stakeholders, we have embedded elements of sustainable development in our Vision and Mission statements.



MONET  
*Lily*  
SUNSURIA CITY

### CORPORATE VISION

To be a progressive corporation which we can take pride in. One that is valued and respected by all our stakeholders.

### CORPORATE MISSION

To engage and delight our customers by delivering a distinctly Sunsuria experience of service excellence and warmth, through a culture of integrity, quality and reliability.

We believe that sustainable practices are driven by our core values of **Integrity, Reliability, Respectful, Committed and Progressive**. **These** values are built into our working culture to enable us to be responsible, honest and ethical in managing our EES risks and opportunities.

Guided by our core values and the Group's Vision and Mission, we have established our Sustainability Policy ("Policy") at the Group level. The Policy underpins our commitment and comprises ten tenets which are as follows:

- i. Continuously engaging with relevant stakeholders to address and manage their concerns and expectations of the Group;
- ii. Complying with applicable laws and regulations;
- iii. Delivering sustainable economic growth and returns to our investors and enrich the domestic economy;
- iv. Achieving high standards of service;
- v. Minimising environmental impact on areas within and adjacent to our development areas;
- vi. Undertaking green initiatives including those involving the environment and climate change emissions into the air, water, land and energy management, where possible;
- vii. Providing a safe and healthy workplace for all our employees, including those directly employed by the Group as well as those who work in our premises on development and construction sites;
- viii. Developing the knowledge, skills and abilities of our employees to increase awareness and understanding of local industry;
- ix. Ensuring fair treatment to all employees regardless of gender, age, ethnicity, and religion; and
- x. Contributing to local communities and assisting them in improving and enhancing their socio-economic status.

### Our Contribution towards Sustainable Development

The United Nations has established a blueprint as a catalyst to help in achieving Agenda 2030 for Sustainable Development. This blueprint comprises 17 global goals that endeavour to end poverty, protect our natural environment and ensure that we and our fellow man can enjoy peace and prosperity. The Government of Malaysia has adopted these goals towards realising Agenda 2030 on sustainable development.



The achievement of Malaysia's sustainability target can only be realised if the private sector alongside the government contributes towards these goals. To this end, in 2018, Sunsuria identified five out of the 17 UN SDGs which are most relevant to our business. We continued to build on these five goals in this reporting year.

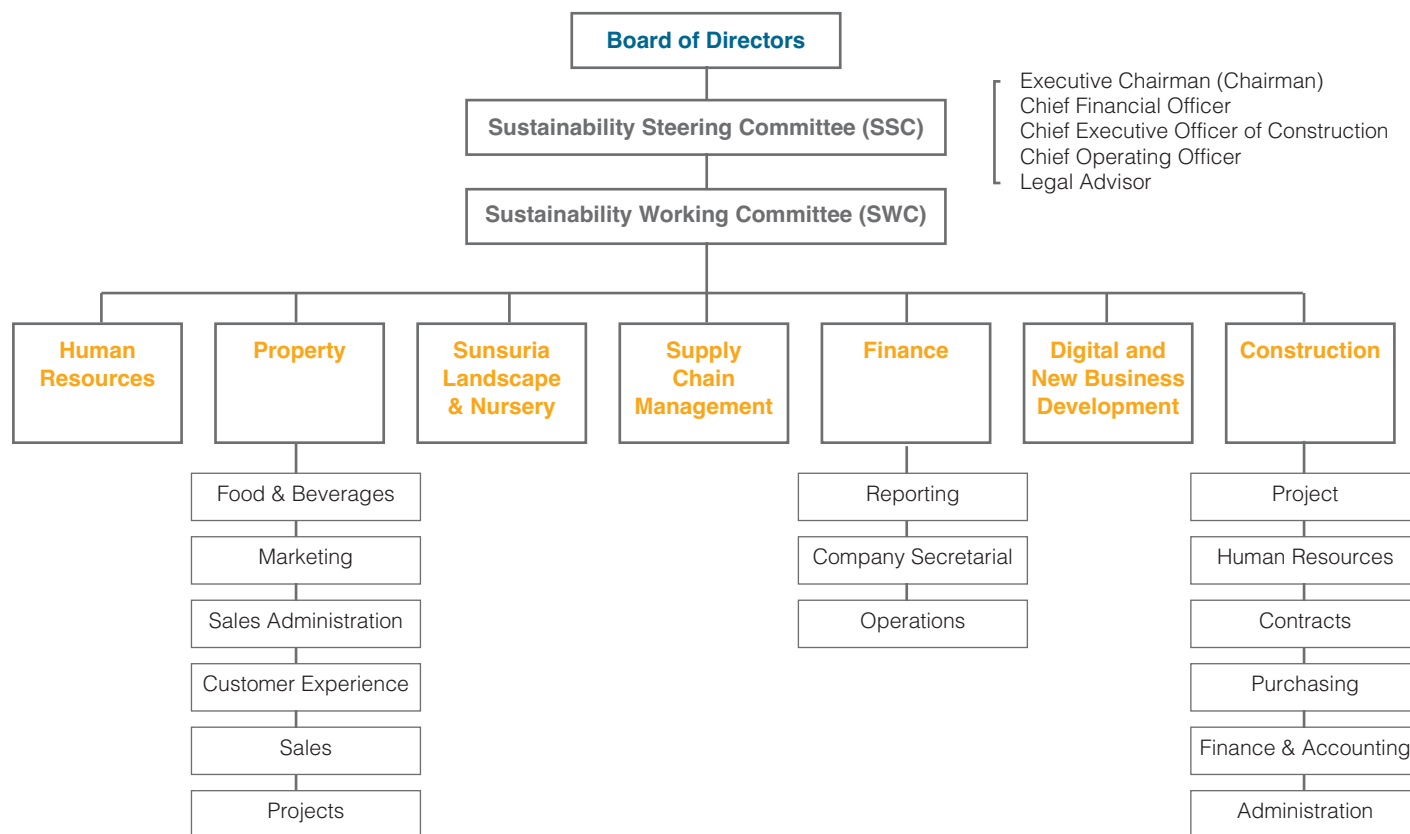
 <p><b>Goal 3: Good Health and Well Being</b> Ensure Healthy Lives &amp; Promote Well-being</p>	 <p><b>Goal 4: Quality Education</b> Ensure Equitable Quality Education And Promote Lifelong Learning Opportunities</p>	 <p><b>Goal 8: Decent Work and Economic Growth</b> Promote Sustainable Economic Growth, Productive Employment And Decent Work</p>	 <p><b>Goal 11: Sustainable Cities and Communities</b> Make Cities Inclusive, Safe, Resilient And Sustainable</p>	 <p><b>Goal 16: Peace, Justice and Strong Institution</b> Promote Peaceful And Inclusive Societies For Sustainable Development</p>
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Sunsuria's UN SDGs Focus Area

## Governance and Accountability [102-18, 102-20, 102-32]

At Sunsuria, we are cognizant that a strong governance structure is key in steering our Group in the right direction. To ensure this we have set up a four-tiered governance structure for sustainability.

The Board of Directors (Board) is at the apex of our sustainability governance structure and their role is to lead the Group's sustainability agenda. Reporting directly to the Board is the Sustainability Steering Committee (SSC) comprising the Executive Chairman, Chief Operating Officer, Chief Financial Officer, Chief Executive Officer of Construction and Legal Advisor. The SSC is responsible for developing sustainability strategies and initiatives aligned with the aspirations of the Board and working with the Sustainability Working Committee (SWC), the necessary programmes and campaigns are implemented across the Group. The SWC is made up of representatives from key business division and departments. The SSC and SWC meet at least once annually or more frequently upon the request of the Chairman of the Committee.



102-18 : Governance structure  
 102-20 : Executive-level responsibility for economic, environmental and social topics;  
 102-32 : Highest governance body's role in sustainability reporting

For this reporting year, we developed a formal set of Terms of Reference on the roles and responsibilities of the SSC and the SWC which has been presented and endorsed by the Board. This is to ensure both these committees actively contribute in their respective capacities. A summary is provided in the table below.

Committee	Roles and Responsibilities
<b>Board of Directors</b>	Oversees the Group's sustainability initiatives progress.
	Provides final approval on sustainability-related matters.
<b>SSC</b>	Established as a Management/Steering Committee to make recommendations for the proposed Sustainability Statement in the Annual Report.
	To oversee the SWC for the Group's progress in sustainability.
	The SSC shall ensure the disclosure of the Sustainability Statement in the Annual Report is prepared in accordance with the sustainability framework as recommended by Bursa Malaysia Securities Berhad and its Main Market Listing Requirements.
<b>SWC</b>	The SWC is established as a Working Committee to assist the SSC in recommending the proposed Sustainability Statement in the Annual Report.
	Assist the SSC in fulfilling its oversight responsibilities relating to the Group's sustainability strategy, policy and practices.



The Fun-Suria Fiesta @ Sunsuria Forum



TenPoint - Gourmet Food Truck Park @ Sunsuria City

## Stakeholder Engagement [102-40, 102-43, 102-44]

We recognise that stakeholder engagement is key to ensuring the success of our sustainability programmes and we engage on multiple platforms to identify their areas of interest.



**1. Customers**

- Efficient complaint resolution
- Customer-company relations
- Safety and security
- PDPA compliance



**2. Employees**

- Performance management
- Learning and development
- Ethics and integrity
- Transparency and communication
- Safety and hygiene working condition



**3. Regulatory Bodies**

- Regulatory compliance
- Labour practices
- Environmental management and compliance
- Occupational health and safety



**4. Shareholders & Investors**

- Financial Performance
- Business Strategy
- Sustainable and stable income distribution
- Degree of control and influence



**5. Fund Providers**

- Company results and cash flow
- Project launches
- Project Sales




**6. Service Providers**

- Transparent procurement practices
- Payment schedule
- Pricing of services
- Sustainable building methods
- Health, Safety and Environment (HSE) Compliance
- Project completion and timely delivery
- Product quality
- Agents performance and compliance management
- Non-disclosure agreement
- Service Quality Management



**7. Local Communities**

- Impact of business operations
- Transparency and accountability
- Environmental impacts
- Place making activities



**8. Media**

- Financial performance
- New product launch
- Major events pre-and post launch
- Crisis management

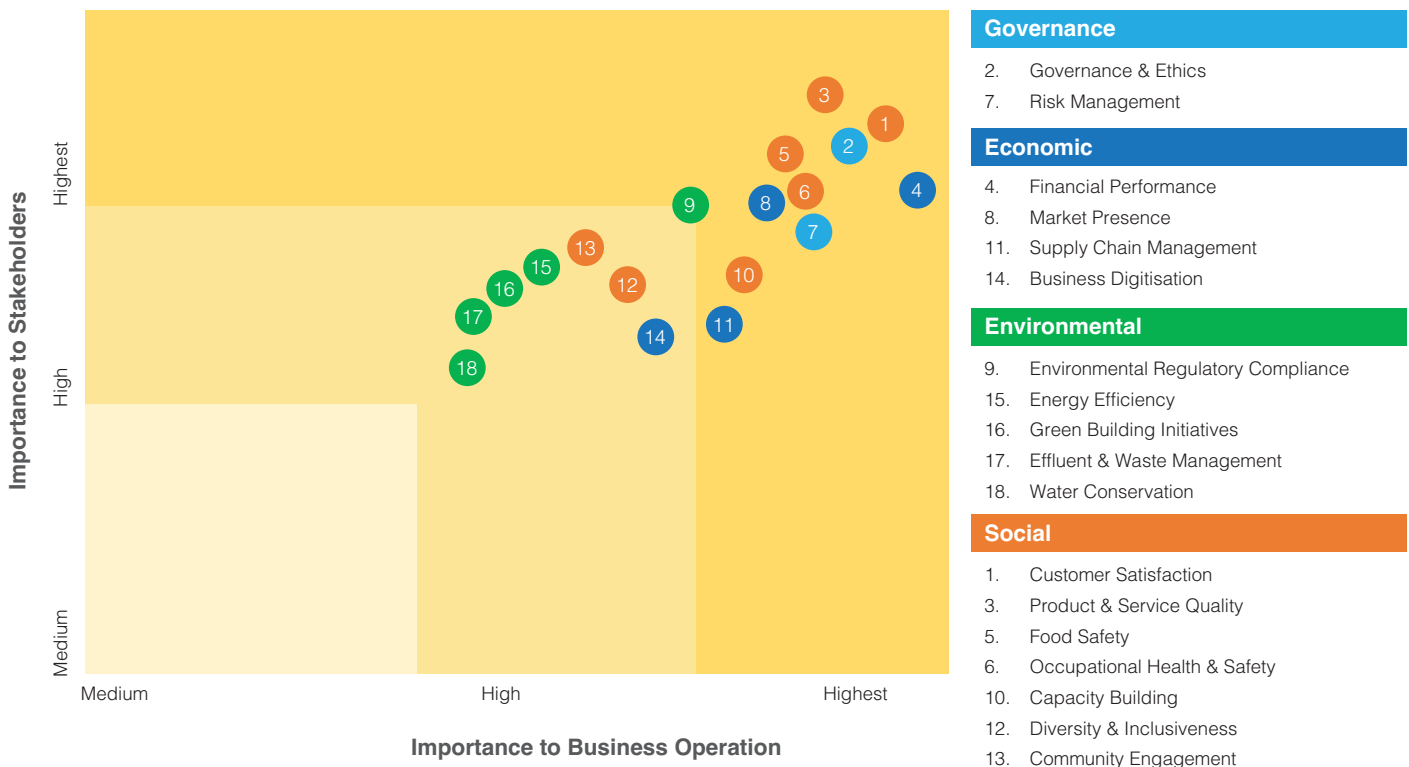
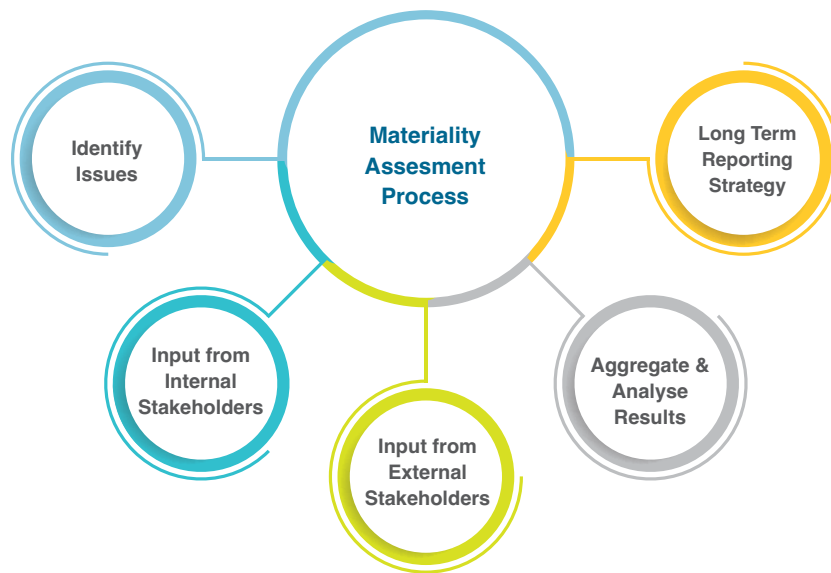
102-40 : List of stakeholder groups;  
 102-43 : Approach to stakeholder engagement;  
 102-44 : Key topics and concern raised



Stakeholder	Form of Engagement	Frequency of Engagement
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Regular client meetings/communication</li> <li>• Feedback and surveys</li> <li>• Community and networking events</li> <li>• Workplace safety and awareness training</li> <li>• Website enquiry form (24 hours reply standard)</li> <li>• Facebook enquiries (24 hours reply standard)</li> <li>• PDPA consent</li> </ul>	<p>As and when required</p> <p>As and when required</p> <p>Annually</p> <p>As and when required</p> <p>Daily</p> <p>Daily</p> <p>As and when required</p>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Annual staff KPI setting and appraisal</li> <li>• Circulation of internal policies</li> <li>• Team building activities</li> <li>• Monthly training programmes</li> <li>• Sunsuria Live Portal</li> <li>• Annual employee survey</li> <li>• Regular social activities</li> </ul>	<p>Annually</p> <p>As and when required</p> <p>Annually and as when required</p> <p>Monthly</p> <p>As and when required</p> <p>Annually</p> <p>As and when required</p>
<b>Regulatory Bodies</b>	<ul style="list-style-type: none"> <li>• Inspection by local authority</li> <li>• Annual Reports</li> <li>• Dialogue with regulators at seminars and conferences</li> <li>• General meetings between managers and local regulators</li> </ul>	<p>As and when required</p> <p>As and when required</p> <p>Annually</p> <p>As and when required</p> <p>As and when required</p>
<b>Shareholders &amp; Investors</b>	<ul style="list-style-type: none"> <li>• Quarterly investor relations</li> <li>• Quarterly press releases</li> <li>• Annual general meetings</li> <li>• Corporate website</li> </ul>	<p>Quarterly</p> <p>Quarterly and as and when required</p> <p>Annually</p> <p>As and when required</p>
<b>Fund Providers</b>	<ul style="list-style-type: none"> <li>• Annual reports</li> <li>• Annual financing reporting</li> <li>• Dialogue and discussions with fund providers</li> </ul>	<p>Annually</p> <p>Annually</p> <p>As and when required</p>
<b>Services Providers</b>	<ul style="list-style-type: none"> <li>• Half-yearly evaluation and performance reviews</li> <li>• Standard tender procedures</li> <li>• Contract negotiation</li> <li>• Contract agreement</li> <li>• Site quality assessments</li> <li>• Site inspections and certifications</li> <li>• Letter of appointment</li> <li>• Non-disclosure agreement</li> <li>• Vendor registration and prequalification</li> <li>• Internal control system</li> <li>• Memorandum of Understanding</li> </ul>	<p>Biannually</p> <p>As and when required</p> <p>As and when required</p> <p>As and when required</p> <p>Monthly</p> <p>Monthly</p> <p>As and when required</p> <p>As and when required</p> <p>As and when required</p> <p>Annually</p> <p>As and when required</p>
<b>Local Communities</b>	<ul style="list-style-type: none"> <li>• Community engagement</li> <li>• Annual and quarterly financial reporting</li> <li>• Annual sustainability reporting</li> <li>• Surveys and monitoring</li> </ul>	<p>As and when required</p> <p>Quarterly</p> <p>Annually</p> <p>As and when required</p>
<b>Media</b>	<ul style="list-style-type: none"> <li>• Official press release</li> <li>• Exclusive media interview</li> <li>• Annual media appreciation event</li> </ul>	<p>As and when required</p> <p>As and when required</p> <p>Annually</p>

**OUR MATERIAL SUSTAINABILITY MATTERS**

In 2018, we identified 16 material sustainability matters that impact our business operations and relevant to our stakeholders. This year, we added two new material sustainability matters (Water Conservation and Food Safety) into our scope of reporting to represent the issues relevant to our latest venture into the food and beverages industry. To ensure our materiality matrix presents the correct ranking of the 18 material matters, we repeated our materiality assessment using a weighted ranking method.



Our top 11 material matters include customer satisfaction, governance and ethics, product and service quality, financial performance, food safety, occupational health and safety, risk management, market presence, environmental regulatory compliance, capacity building and supply chain management.

### Mapping Our Material Sustainability Matters

To reflect the relationship between our material sustainability matters and the UN SDGs we have adopted as well as the corresponding GRI indicators, we have mapped the linkage in the table below.

Material Sustainability Matters	GRI Indicator	Corresponding GRI Indicators	SDG
<b>Governance</b>			
Governance and Ethics	<ul style="list-style-type: none"> <li>Shareholders &amp; Investors</li> <li>Fund Providers</li> <li>Service Providers</li> </ul>	102: General Disclosure 103: Management Approach 205: Anti-Corruption	
Risk Management	<ul style="list-style-type: none"> <li>Shareholders &amp; Investors</li> <li>Fund Providers</li> <li>Service Providers</li> </ul>	102: General Disclosure 103: Management Approach 201: Economic Performance	
<b>Economic</b>			
Financial Performance	<ul style="list-style-type: none"> <li>Shareholders &amp; Investors</li> <li>Customers</li> <li>Media</li> </ul>	102: General Disclosure 103: Management Approach 201: Economic Performance	
Market Presence	<ul style="list-style-type: none"> <li>Customers</li> <li>Shareholders &amp; Investors</li> <li>Employees</li> <li>Media</li> </ul>	202: Market Presence	
Supply Chain Management	<ul style="list-style-type: none"> <li>Service Providers</li> </ul>	103: Management Approach 204: Procurement Practices	
Business Digitisation	<ul style="list-style-type: none"> <li>Customers</li> <li>Employees</li> </ul>	Non-GRI	
<b>Environmental</b>			
Environmental Regulatory Compliance	<ul style="list-style-type: none"> <li>Regulatory Bodies</li> </ul>	103: Management Approach 307: Environmental Compliance	
Energy Efficiency	<ul style="list-style-type: none"> <li>Customers</li> </ul>	103: Management Approach 302: Energy	
Green Building Initiatives	<ul style="list-style-type: none"> <li>Customers</li> <li>Service Providers</li> <li>Regulatory Bodies</li> </ul>	Non-GRI	
Effluent and Waste Management	<ul style="list-style-type: none"> <li>Regulatory Bodies</li> </ul>	306: Effluents and Waste	
Water Conservation	<ul style="list-style-type: none"> <li>Customers</li> </ul>	103: Management Approach 303: Water and Effluents	

# Sustainability Statement

Material Sustainability Matters	GRI Indicator	Corresponding GRI Indicators	SDG
<b>Social</b>			
Customer Satisfaction	<ul style="list-style-type: none"> <li>Customers</li> <li>Service Providers</li> </ul>	102: General Disclosure 417: Marketing and Labelling	 
Product and Service Quality	<ul style="list-style-type: none"> <li>Customers</li> <li>Service Providers</li> </ul>	103: Management Approach 416: Customer Health and Safety	
Food Safety	<ul style="list-style-type: none"> <li>Customers</li> <li>Service Providers</li> </ul>	103: Management Approach 416: Customer Health and Safety	
Occupational Health and Safety	<ul style="list-style-type: none"> <li>Employees</li> </ul>	403: Occupational Health and Safety	 
Capacity Building	<ul style="list-style-type: none"> <li>Employees</li> </ul>	404: Training and Education	
Diversity and Inclusiveness	<ul style="list-style-type: none"> <li>Employees</li> </ul>	401: Employment 405: Diversity and Equal Opportunities	
Community Engagement	<ul style="list-style-type: none"> <li>Local Communities</li> </ul>	413: Local Communities	 

## GOVERNANCE

### Governance and Ethics [102-16]

We strive to maintain an ethical approach to business acknowledging that integrity and reliability are core values. The Group is committed to the highest standard of integrity and accountability in conducting our business operations. Building upon this, the Group has established an anti-corruption policy to prevent corruption cases from occurring. We conducted a workshop on the Provision on Corporate Liability under the Malaysian Anti-Corruption Commission Act 2009. The purpose of the Provision is to criminalise an organisation if any associated person commits corrupt practices. This training was attended by mid and senior management from each department. We are pleased to announce that in FY2019, we recorded zero cases of corruption as defined under the Provision.

In accordance to Sunsuria's "Limits of Authority", we ensure the authorised personnel are empowered to use and allocate resources efficiently. All contracts or agreements must be advised, reviewed and vetted by the Group Legal Department, prior to approval and before any formal written communication is made to the other party. Our "No Gift No Entertainment" policy prohibits employees from accepting gifts, especially cash gifts from our external business partners and suppliers.

The Group has a Whistleblowing Policy in place to ensure businesses are transacted in a fair and transparent manner. The policy also includes procedures for employee to report on suspected wrongdoings in line with the commitment to promote transparency and ethical business conduct. Employees are trained to inculcate a high standard of work ethics and professionalism in discharging their duties. The Human Resources Department is the first line of inquiry for those seeking advice on unethical and unlawful behaviour. Inquiries can also be forwarded to the Group's Legal Department and Senior Management for advice.

Documents such as the Board Charter, Whistleblowing policy, Board Code of Conduct and Ethics, and Terms of Reference (TOR) are available to employees and the public via the Group's corporate website. New policies or guidelines are circulated to all employees via email.

102-16 : Values, principles, standards, and norms of behaviour



**Risk Management [102-30]**

Sunsuria established the Risk Management Committee (“RMC”) during FY2017 to review the effectiveness of the Group’s risk management processes. The primary roles and responsibilities of the RMC are developing and recommending risk policies and objectives aligned with the Group’s strategic business objectives. The RMC communicates the Board’s risk policies, objectives, responsibilities and reporting lines to employees across the Group. Their roles also include identifying and communicating critical risks (present and potential) to the Board, notifying changes to management action plans to manage risks and perform risk oversight, reviewing risk profiles besides regularly reviewing and updating business units’ risk profile and risk management processes.

Based on the risk management review conducted in FY2019, we have identified two key (2) risk areas as shown below:

<b>Business Unit</b>	Project Management
<b>Specific Risk</b>	Regulatory risk
<b>Description of risk</b>	Delay in obtaining approval from relevant authorities prior to launching and upon completion of projects.
<b>Solutions</b>	We recognise the importance of regulatory compliance and actively engage with our consultants and service providers to ensure we comply with regulations.

Internally, we review and continuously improve our processes and policies to ensure we comply with regulations’ requirements from project planning, start of the project to delivery of vacant possession within the prescribed dates.

<b>Business Unit</b>	Human Resource
<b>Specific Risk</b>	Succession risk
<b>Description of risk</b>	Loss of key management personnel
<b>Solutions</b>	<ol style="list-style-type: none"> <li>1. Succession planning in place by appointing successor to key positions; and</li> <li>2. Coaching / mentoring of qualified personnel in place to readily fill key positions should the need arise.</li> </ol>

Efficient risk management enhances work efficiency through proactive internal control systems. It also drives the Group towards healthy and sustainable development while maintaining strong stakeholder relationships by ensuring organisational transparency and integrity.

**BUSINESS PERFORMANCE****Financial Performance [201-1]**

A robust financial performance is important to ensure business sustainability including the availability of capital for investment and new project development, as well as to meet shareholders’ expectations and returns on investment. The lukewarm domestic economy was a major challenge faced by the Group this year. We achieved a total revenue of RM534.26 million for the year ending 30th September 2019. RM19.19 million was shared with 162 employees, capital providers received RM13.7 million while the government collected RM47.5 million through income tax. Full details on economic performance can be found on page 15 of the annual report.

**Market Presence [202-2]**

Sunsuria is committed towards establishing a solid market presence in Malaysia. The Group adheres to the Minimum Wage Order 2018 which is set to meet market conditions, living costs, and job demands. Our employees’ wages are based on the individuals’ skills and competency as we value their contribution. We are proud to announce that 100 % of our senior management is hired from the local community. By making senior positions available to the local community, we not only provide a platform for growth and development, but indirectly contribute to the status of the domestic economy.

# Sustainability Statement

## Supply Chain Management

Effective supply chain management ensures timely delivery of products at competitive prices without any compromise on quality. This improves customer service, our financial position as well as our quality which impacts the branding of our commercial and residential properties.

Our suppliers are appointed based on merit using criteria such as reliability, timeliness and meeting our expectations in terms of quality. The Group constantly assesses and monitors the performance of our suppliers with biannual performance evaluation conducted by the Tender Procurement Committee to review and evaluate approved or active suppliers.

## Business Digitisation

Business digitisation is an innovative and forward-thinking exercise that identifies the potential to increase business productivity and efficiency besides strengthening the communication platform for our employees and customers. The table below lists initiatives carried out within the reporting year.

Initiative	Users	Objective
eProDev Approval App <b>February '19</b>	Staffs and employees	To allow approval of staff leave, procurement requests and sales administration by using a mobile application. It allows approver perform tasks anytime and anywhere.
e-Application to Purchase (e-ATP) <b>April '19</b>	Salesperson, Agents and Sales admin	Integrated with eProDev – For online unit reservation, automated Sales Booking, and to view unit information online.
Financial Analytics Reports <b>May '19</b>	Finance and Sales administration	Financial forecast for sold and unsold units with sales & billing data plus the analysis.
e-Inspection System <b>September '19</b>	Project team and Contractors	A web application for the project department to ensure works completed by contractors are inspected and verified by Site Personnel (Clerk of Work), and finally approved by the Project Manager.  Quality Assurance (QA)/ Quality Control (QC) Manager to use this tool to oversee the inspection progress in order to meet Quality Assessment System in Construction (QLASSIC) requirement.
Business Analytic (B.I) <b>September '19</b>	EXCO Team	To provide a real time update and analysis of Group sales performance, marketing event effectiveness and defects raised during Pre-Delivery Inspection (PDI) & Vacant Possession (VP) stage.

201-1 : Direct economic value generated and distributed; 202-2: Proportion of senior management hired from the local community



MONET  
*Lily*  
SUNSURIA CITY

## ENVIRONMENTAL IMPACT MANAGEMENT

### Environmental Regulatory Compliance [307-1]

We comply with the Environmental Quality Act 1974 and its subsidiary regulations in terms of discharges from our silt traps and sediment retention structures at our construction sites, management of our scheduled waste and undertaking the required environmental monitoring to gauge the effectiveness of our mitigation measures. Third-party consultants and accredited laboratories are engaged to test environmental samples to ensure they meet the prescribed limits enforced by the Department of Environment. At our Monet Springtime project site, the Group conducted air quality and noise monitoring on a quarterly basis by a third-party specialist.

Compliance is an important part of managing our environmental risks and demonstrates the Group's level of commitment towards sustainability. In our contractual documents involving the main contractor, we clearly state the need for compliance to environmental protection. The regulations that we comply to are listed below:

#### Environmental Legislation

Environmental Quality Act 1974

Environmental Quality (Scheduled Wastes) Regulations 2005

Environmental Quality (Industrial Effluent) Regulations 2009

Environmental Quality (Sewage) Regulations 2009

Environmental Quality (Clean Air) Regulations 2014

Environmental Quality (Prescribed Activities)  
(Environmental Impact Assessment) Order 2015

Sewerage Services Act 1993

Street, Drainage and Building Act 1974

Protection of Wildlife Act 1972 (Act 1976)

Land Conservation Act 1960

Drainage Work Ordinance 1954

Water Enactment (1935)

307-1 : Non-compliance with environmental laws and regulations

# Sustainability Statement

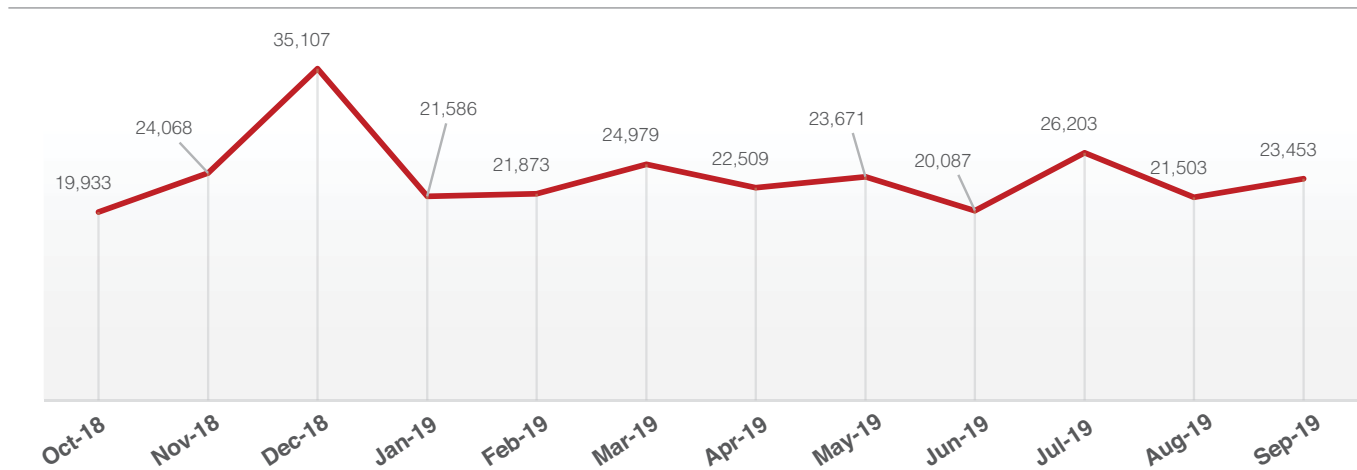
## Energy Efficiency [302-1, 302-4]

Efficient use of energy is important to reduce our carbon footprint as well as our operational costs. We monitor the electricity consumption at our corporate headquarters in Kota Damansara to identify areas where energy can be conserved to prevent wastage.

### Our Corporate Headquarters

Our electricity intensity for FY2019 was estimated at 11.8 kWh/m<sup>2</sup>. This value will be used as our baseline for comparison of electricity consumption for the coming years.

Electricity usage at Sunsuria HQ (kWh)



Note: The electricity intensity is calculated by dividing the total electricity consumption in kWh against our floor space (m<sup>2</sup>).

Next year, we plan to extend the monitoring to our project sites where we will record both electricity and diesel consumption.

### Celebration Centre at Sunsuria City

At the Celebration Centre in Sunsuria City, we installed solar panels on the rooftops of the centre in October 2019 as part of our contribution to the consumption of renewable energy. We are currently monitoring the electricity reduction achieved in order to estimate the quantum of reduction. Prior to installation of solar panels, we recorded an average electricity consumption of 31,721 kWh and after installation we recorded an average amount of 19,561 kWh. This indicates a reduction of 38% of electricity consumption.



302-1 : Energy consumption within the organization;  
302-4 : Reduction of energy consumption





**JASPER SQUARE**  
SUNSURIA CITY

**Green Building Initiatives**

A 'green' building in architectural and construction terminology denotes a structure that reduces or eliminates negative impacts on the environment and potentially protects natural resources and improves the general quality of life.

In the property development sector, there is an increase of eco-friendly development projects where the buildings are designed with environmentally friendly features and there are provisions for increased green spaces that not only promote a healthy lifestyle but also increase biodiversity. As one of the leading property developers, Sunsuria as a Group aspires to construct eco-friendly properties that show our commitment to sustainability. We aim to do this by incorporating elements of Green Building such as rainwater harvesting, solar panels and water and energy-efficient fittings, into the design of our properties in the coming years.

**Effluent and Waste Management [303-2, 306-1, 306-2]**

The main source of effluent from our construction sites is the overflow from the silt traps. As required by prevailing regulations, we monitor the overflow to ensure the concentration of suspended solids. Samples are collected on a monthly basis by an accredited independent laboratory. Based on the data obtained for the first three months of 2019 at our construction site of The Olive Project, we are pleased to report 100% compliance to the permissible limit of 50 mg/L.

**TSS Results for The Olive (mg/L)**



**MONET Garden**  
SUNSURIA CITY

303-2 : Management of water discharge-related impacts;  
 306-1 : Water discharge by quality and destination;  
 306-2 : Waste by type and disposal method;

# Sustainability Statement

## Waste Management

Indiscriminate disposal of construction waste is one of the key environmental issues in property development. Types of waste generated include construction waste and debris, municipal waste and scheduled waste.

Construction waste and municipal waste generated at our project sites are disposed by our licensed contractors at approved disposal sites. Where possible, we reduce our waste generation and recycle our construction waste. By employing aluminium formwork which is 100% reusable, we do not generate any formwork waste. Waste such as reinforced bars (rebar) are collected from construction sites and sold to recycling contractors. In FY2019 we collected 37,570 kg of rebar from our project sites for recycling purposes.

The collection, storage and disposal of scheduled waste is regulated under the Environmental Quality (Scheduled Waste) Regulations 2005. The main types of scheduled waste generated include contaminated sand/soil, spent lubricating oil, hydraulic and mineral oil and contaminated containers and drums. We monitor and track the movement of our scheduled waste from the point of generation, through transportation and finally to the licensed recycling or disposal site. Dedicated storage areas have been provided at our construction sites for the interim storage of these wastes pending collection by the licensed transportation contractors.

## Delivering Quality Properties and Services

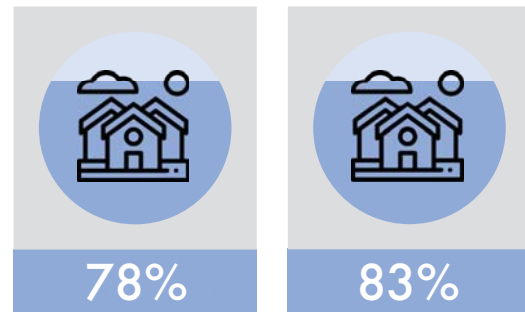
### Quality Control

QLASSIC (Quality Assessment System for Building Construction Work), which is a benchmark for quality workmanship for building construction, provides a standard assessment system for the management of quality control in construction. Sunsuria's QA/QC team conducts an Internal Pre-QLASSIC assessment prior to the actual QLASSIC and certification by the Construction Industry Development Board (CIDB).

Our site inspection teams use web-based e-inspection or smartphone applications which reduce time and effort and therefore increases the efficiency of our daily inspections. These new procedures represent an innovative approach to ensuring that work is being carried out according to specifications.

Sunsuria has implemented a Standard Manual for Physical Product Quality Workmanship, a practical guideline for the Project and Operations teams on how to excel in quality. The guideline includes the requirement of Construction Trade Training (and Technical Conference which serves to brief contractors and workers on the correct Construction Work Methodology that can lead to high quality standards at project sites.

The manual also stipulates the requirement for Site Quality Assessments to be conducted on a monthly basis at construction sites to ensure the structure conforms to the approved building design. We carry out Project Delivery Inspections to ensure that our products are meeting expectations before being handed over to purchasers.



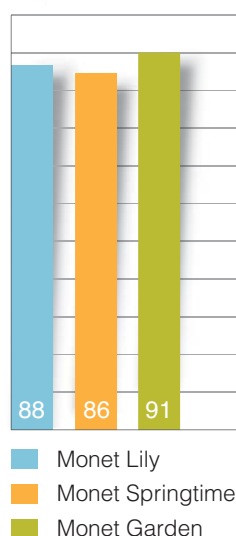
In 2019, we achieved QLASSIC scores of **78% for Monet Lily** and **83% for The Olive**

**Customer Satisfaction [102-43]**

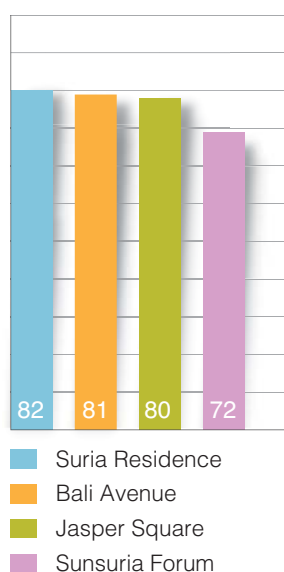
Our customers are one of our key stakeholders and to gauge if their requirements are met we undertake Customer Satisfaction Surveys. We do our best to ensure that we not only meet expectations but surpass them in delivering properties of quality and providing outstanding sales and marketing services. Feedback from our customers is essential in improving our overall quality.

We conducted surveys at various stages, namely, at the pre-sales, post-sales and post-project handover stages. For the pre-sales survey, the assessment criteria include sales experience, marketing support and business partners with our Monet Garden project scoring the highest ranking of 91 in overall performance.

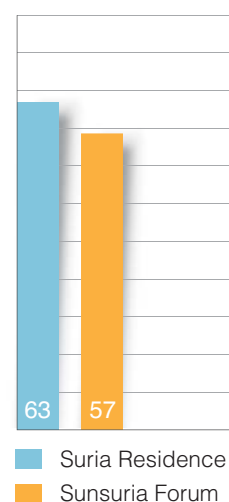
**Customer Service Index**



**Post-Sales Survey**



**Post Project Handover**



For the Post-Sales Survey, which was conducted for Suria Residence, Bell Avenue, Jasper Square and Sunsuria Forum, the assessment was based on handover experience, personnel, facilities, recommendations, product and design with Suria Residence scoring highest ranking of 82 in overall performance.

The Post-Project Handover survey which was conducted at Suria Residence and Sunsuria Forum, look into areas such as customer service, facilities, quality, product design and quality.

Our customer service department shares owners' feedback with all relevant departments to facilitate improvement and eliminate recurrence mistakes. Among issues highlighted were the quality of rectification and its duration.

Moving forward, we aim to strengthen the customer satisfaction level by implementing new initiatives. One of the initiatives is to conduct the survey on site to improve the response rate. In addition, our contractors and quality control department will tighten the pre-delivery inspection process on issues raised about rectification and ensuring rectification is conducted within the stipulated timeline.

Finally, with new venture into the food and beverages business in FY2019, customer satisfaction and food safety have become one of our priorities. We obtained customer feedback from walk-in customers either verbally or via online platforms. This is to ensure we capture and address customer's concern in order to improve our quality of food and service.

**Food Safety [416-1]**

Our entry into food and beverage services in FY2019 was to complement our core business activity as a property developer. We are cognisant that this industry requires strict compliance with the Food Hygiene Regulations 2009 on matters pertaining to hygiene at food outlets and the safety of food sold to the public. The law stipulates compulsory course for food handlers which requires them to be trained in the field besides being familiar with regulations. Food safety also requires all employees to be vaccinated for typhoid fever, a bacterial gastrointestinal infection transmitted by direct contact with infected persons due to poor hand and body hygiene when handling food and water. Food safety requires monitoring to ensure food nearing the expiry date is disposed of for customer safety. This will ensure that food served is always fresh and safe to eat.

102-43 : Approach to stakeholder engagement  
 416-1 : Assessment of the health and safety impacts of product and service categories

**OCCUPATIONAL HEALTH AND SAFETY**

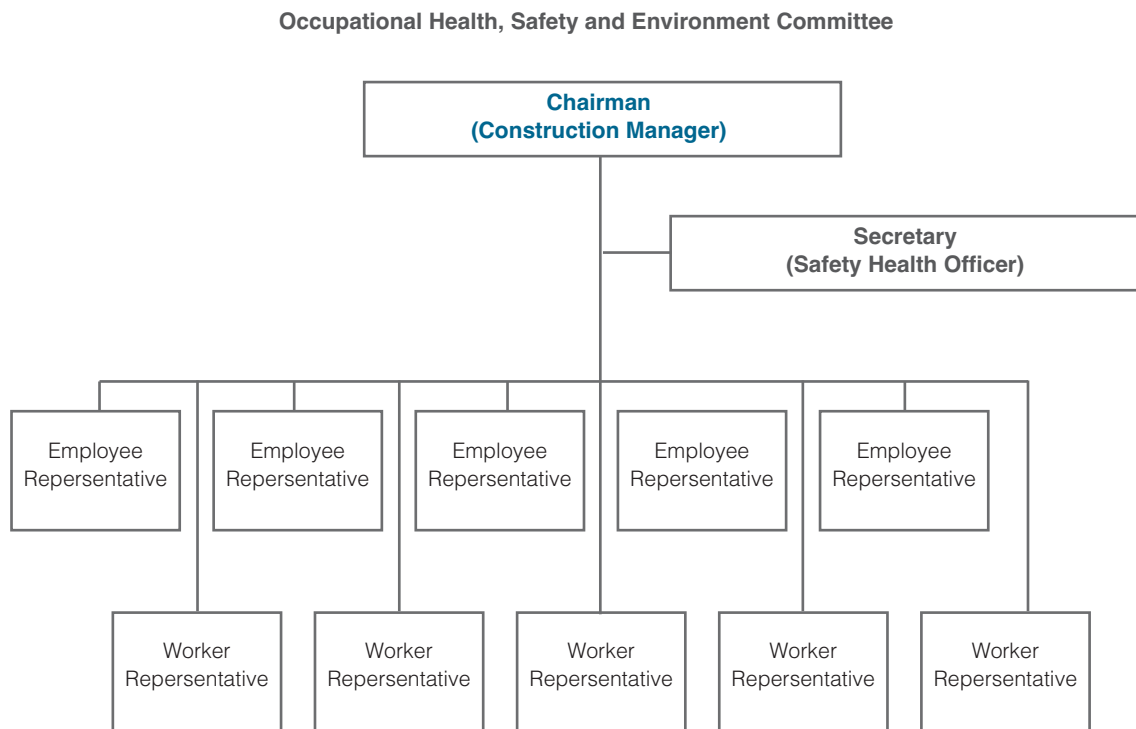
**Occupational Health and Safety [403-1]**

Sunsuria is committed to ensuring the health and safety of employees at the workplace by creating a safe and conducive workplace. In this respect, Sunsuria adheres strictly to the Factories and Machineries Act, 1967, Occupational Safety and Health Act, 1994 (OSHA 1994) and the Occupational Health and Safety Assessment Series (OHSAS 18001).

We have established an Occupational Health, Safety and Environment (OHSE) committee at all our construction sites to manage occupational health and safety issues in addition to ensuring environmental compliance. The OSHE committee has equal representation from employer and employees and the size dependent on the number of workers at each construction site.

Construction site workers are required to attend the "In-house Safety Induction" training in addition to the weekly "Tool Box" talks. The appointed safety and health officer prepares monthly reports which provides a status of health and safety issues at the site including man-hours lost due to injury. The office is also responsible for the coordination of safety programmes to promote a safe and healthy working culture. During the reporting year, we did not record any cases of injury resulting in loss of man hours.

Illustrated below is a typical organisation chart for our OHSE Committee organisational chart FY2019.



403-1 : Occupational health and safety management system

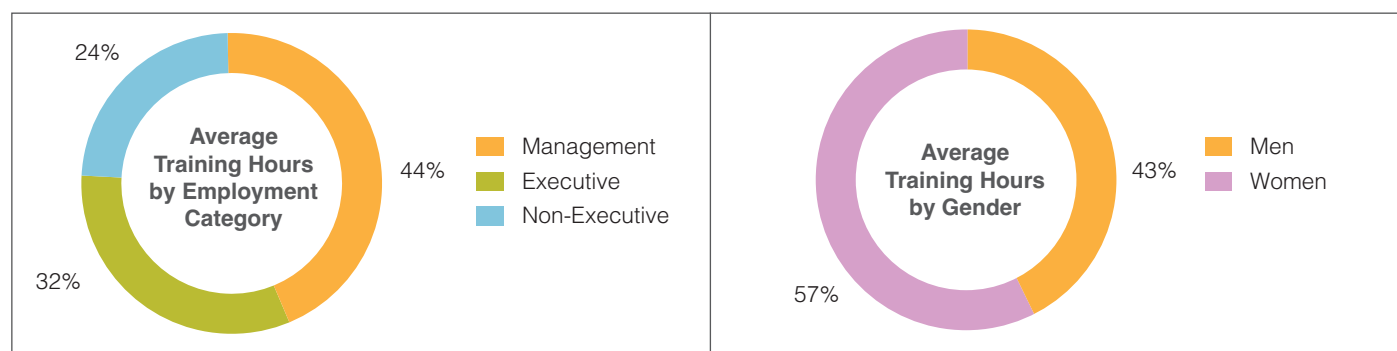


**CAPACITY BUILDING & DEVELOPMENT**

**Capacity Building [404-1,404-2]**

Our employees are key assets of the Group who drive business excellence. We emphasize the development of employee talent and potential by providing practical training and career development programmes. The training provided is aimed at ensuring that employees are given opportunities to hone their skills and competencies.

Our employees recorded a total training of 4,039.5 hours with average training hours per employee of 24.4 hours. Training hours for men and women averaged 21 hours and 27.8 hours respectively. In terms of employment category, management staff attended on average 29.6 hours of training with executives 21.3 hours and non-executives 16.4 hours. This ongoing learning process benefits individual employee and the Group, adding much to the accomplishment of projects. The distribution of average training hours by gender and employment category are represented in the chart below.



Sunsuria acknowledges the need for continuous improvement and skills development of employees through training programmes or conferences relevant to job requirements. We believe that by developing our people, we are creating a sense of fulfilment and ownership of roles and responsibilities that would greatly contribute towards healthy and sustainable growth of the company.

Training Programme
<b>Property Development and Construction</b>
Breakfast Talk on Sustainable Supply Chain (ISO20400)
Policies and Regulatory Updates Impacting the Housing Industry
Big Data Analytics for Real Estate & Property Development
Technical Training and Workshop on Green Technology, Workmanship, Building Information Modelling, Piling and Foundation and etc.
Quality Training for Site on Structural, Architectural Works and Mechanical & Electrical Trade
<i>Kursus Induksi Keselamatan Bagi Pekerja Binaan</i>
Construction Site Safety & Health

404-1 : Average hours of training per year per employee;  
 404-2 : Programs for upgrading employee skills and transition assistance programs

**Training Programme**

**Leadership and Team Building Development**

Leadership Talk: Transforming the Next Gen Leaders

Asia Human Capital Development Conference 2019

Leading & Managing Change

Employee Healthcare Interactive 2018

**Financial Reporting**

MFRS 15 Workshop

Tax updates

**Compliance and Quality Controls**

Gearing Up to Corporate Liability

Provision of Financial Assistance and RPT Rules

ISO9001:2015 Quality Management System Awareness Training

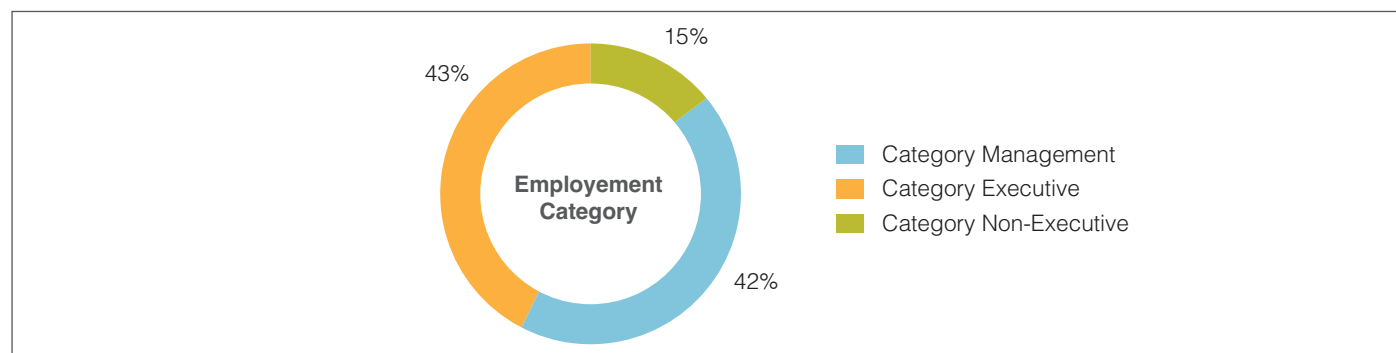
Application and Interpretation of Practising Certificate for Company Secretaries Under S.241 of the Companies Act, 2016

Dealings in Listed Securities, Closed Period & Insider Trading

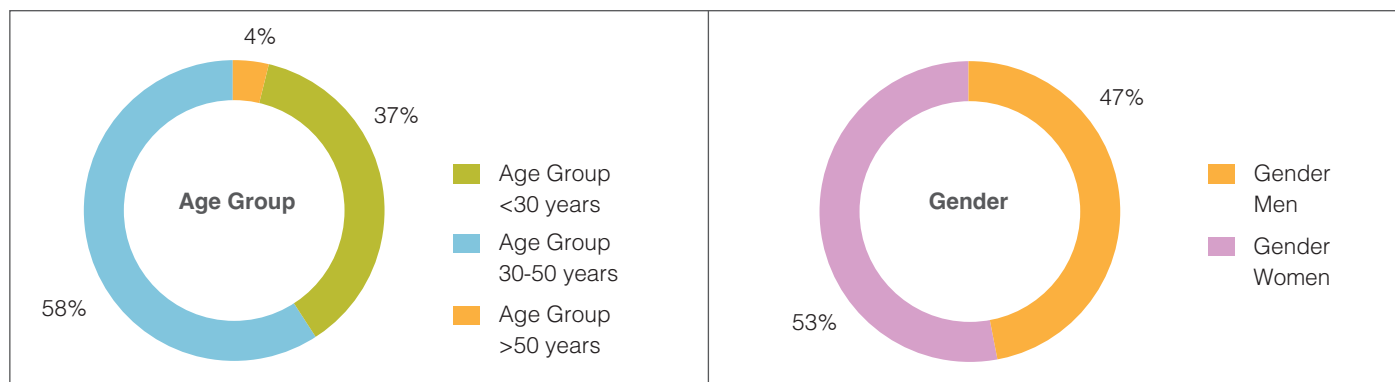
Corporate Liability, Adequate, Procedures & ISO37001

**Diversity and Inclusiveness [405-1]**

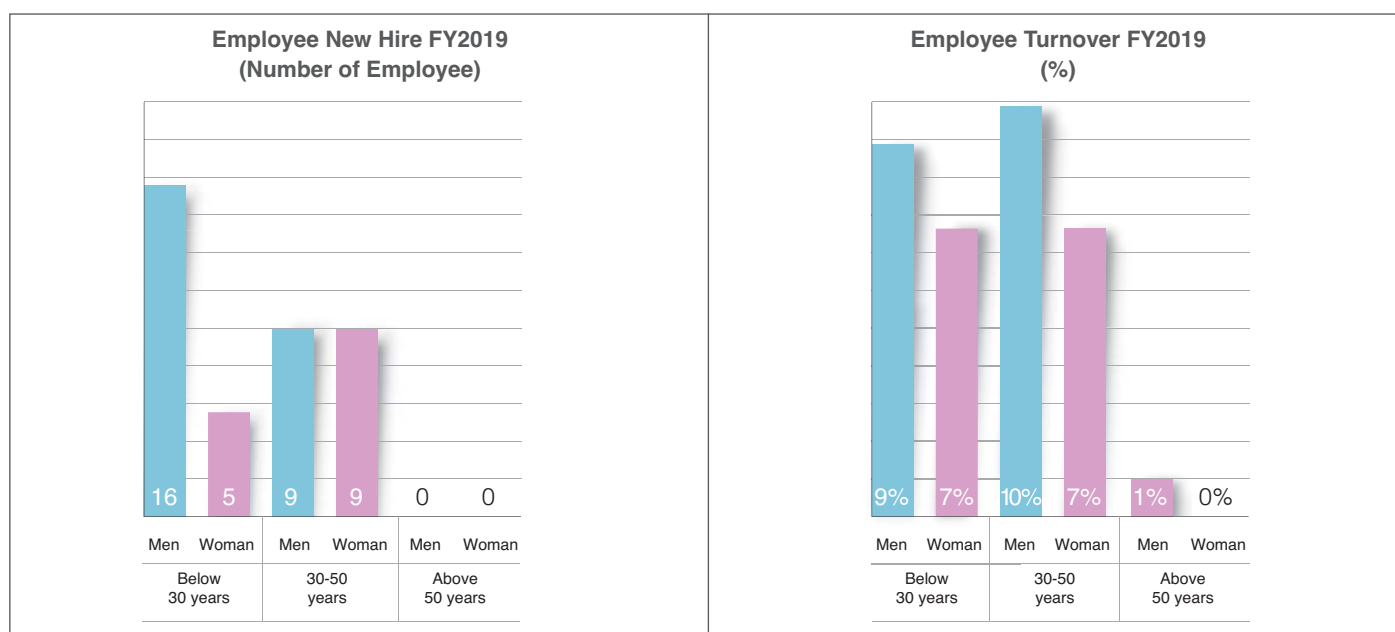
Diversity and inclusiveness act as guiding principles to ensure that the Group recruits and retains the best talent regardless of gender, race, religion or background. Diversity ensures that the Group has the requisite variety of skillsets and understanding to effectively serve our stakeholders, both internal and external.



405-1 : Diversity of governance bodies and employees



All employees are entitled to the same benefits with different coverage limits depending on their respective job grades. Benefits include medical, dental, optical, life and personal accident insurance and travelling allowance. The distribution of employees' new hire and employee turnover is represented in the graph below.



## OUR SOCIETY

### Community Engagement [413-1]

As part of our corporate social responsibility initiative, Sunsuria endeavours to contribute to society by assisting the underprivileged groups.

One of our community engagement programmes include assistance rendered to Zomi refugees in Malaysia who fled from Myanmar due to religious persecution. As Zomi refugee children do not have access to formal education, the Zomi Association of Malaysia established the Zomi Education Centre which conducts lessons for them. Our team at Sunsuria conduct mathematics and English classes on a weekly basis at the centre for children aged between 10 and 15 years old. During the reporting year, a sum of RM48,803 was also donated to provide educational assistance to underprivileged Zomi refugee children.

413-1 : Operations with local community engagement, impact assessments, and development programs

## Sustainability Statement

The Group donated RM50,000 to Hin Hua High School and RM10,000 to Sekolah Tengku Ampuan Rahimah for academic purposes, and RM18,210 to Pin Hwa High School for their sports team as well as other related expenses. In addition, Sunsuria has set up a store called Circle of Life to sell used clothes at Forum 1, Setia Alam as part of a charity drive.

In FY2019, Sunsuria signed a Memorandum of Understanding (MOU) with Xiamen University Malaysia (XMUM) where Sunsuria provides internship programmes and industrial training opportunities for XMUM's students. This initiative exposes the student to the property sector and enhances their knowledge and skills. We also donated books to the university.



We also donated to various funds, associations and societies (as listed below).

Date	Description	Amount (RM)
<b>2018</b>		
10/10/2018	Donation for SPCA Charity Gala at Concorde Hotel on 20 <sup>th</sup> October 2018 - PLATINUM	30,000
27/11/2018	Sponsorship of Seats for The Stage Play, Pokok on 7 <sup>th</sup> Dec'18 - 16 <sup>th</sup> Dec'18	8,000
<b>2019</b>		
23/01/2019	Sponsor 100 Books of Yearly Culture 2019 to School	5,000
29/01/2019	Academic Donation to The School - PIBG Sek Tg. Ampuan Rahimah	10,000
20/03/2019	Donation of T-Shirts to Pin Hwa High School Sports Team	15,210
25/03/2019	Contribution for MRCA Branding Education Charity Foundation	20,000
21/06/2019	Contribution for Academic - Hin Hua High School	50,000
18/07/2019	Education Fund Raising Sponsorship	10,000
23/07/2019	Organising Sunsuria Badminton Tournament 2019	200,000
01/08/2019	Donation for Persatuan Sosial Ru Shang Malaysia	10,000
26/08/2019	Sponsorship for The Production of Waterfront Heirlooms: The Documentary	10,000
04/09/2019	Donation for The Refurbishment of Rumah Penjagaan Kanak-Kanak Cacat Klang	25,000
Monthly	Monthly educational donation for underprivileged children	48,803

### Conclusion

At Sunsuria, we aspire to be a responsible corporation that contributes towards our nation's agenda for sustainable development. Our enthusiasm and commitment has enabled us to progress forward this year and we will continue to embed sustainability into our business strategy, making it inherent within our Group's culture. As we further align our decisions and policies with the UN SDGs, we will be better equipped to meet the challenges of today and those of the future. We are confident that our people, processes and values will meet these demands, and that we will deliver beyond expectations in the coming years.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Sunsuria Berhad (“**Sunsuria**” or “**Company**”) recognises the importance of maintaining good corporate governance practices within Sunsuria and its subsidiaries (“**Sunsuria Group**” or the “**Group**”) as it is the Board’s fundamental responsibility to protect and enhance long-term shareholder value and the financial performance of Sunsuria Group, whilst taking into account the interest of all stakeholders.

The Board is guided by the principles and recommendations of the Malaysian Code on Corporate Governance (“MCCG”), which was released on 26 April 2017, in implementing its governance system and ensuring compliance with the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Board is pleased to present an overview of the Corporate Governance Statement, which provides key highlights on how Sunsuria complies with the three (3) principles of the MCCG 2017 during the financial year ended 30 September 2019, which are as follows:

1. Principle A : Board Leadership and Effectiveness;
2. Principle B : Effective Audit and Risk Management; and
3. Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This statement has been approved by the Board of Directors on 27 November 2019 and is complemented with a Corporate Governance Report (“CG Report”) based on a prescribed format pursuant to paragraph 15.25 of the Listing Requirements of Bursa Securities. The CG Report is available on the Company’s website [www.sunsuria.com](http://www.sunsuria.com) as well as via announcement on the website of Bursa Securities.

As at 30 September 2019, the Company complied in most of the material aspects with the principles as set out in the MCCG. The Company also adopted 30 out of the total 36 recommended practices in the MCCG including the four (4) Step-up practices. A summary of the CG practices of Bursa Malaysia as well as the Board’s key focus areas and its future priorities in relation to the CG practices are as described below, under each CG principle.

As a testament to the Board’s commitment, Sunsuria garnered the following awards in year 2019:

Best Under Billion Awards 2019 by Focus Malaysia

1. The Overall Winner
2. Category RM500 million to RM950 million - Best Revenue Growth
3. Category RM500 million to RM950 million - Best Profit Growth

The Cornerstone Award 2019 by Starproperty.my

Best Landed Development - Monet Residences

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### Board Leadership, Roles and Responsibilities

The Board is responsible for the effective leadership and long-term success of the Group. The Board has formally adopted a Board Charter, which outlines the roles and responsibilities of the Board and those which it delegates to the various Board Committees. The Board Charter is available at the Company’s website at [www.sunsuria.com](http://www.sunsuria.com).



## Corporate Governance Overview Statement

The Board leads the Group and plays a strategic role for the oversight and overall management of the Company. The Board's key responsibilities include reviewing and approving strategic and annual business plan and budget, overseeing the conduct of the Company's business, investment proposals, compliance and accountability systems, core values and corporate governance practices of the Group to ensure that the Group operates with integrity and in compliance with the rules and regulations.

The Executive Chairman, Tan Sri Datuk Ter Leong Yap is primarily responsible for the leadership and management of the Board, ensuring the Board and Board Committees carry out their responsibilities in the best interest of the Company. Presently, Tan Sri Ter also helms the role of Chief Executive Officer, responsible for providing the vision and strategic direction of the Group and to formulate appropriate corporate strategies and develop the business.

Tan Sri Ter oversees and evaluates the conduct and performance of the Group and undertakes to ensure efficient functioning of the Board and that procedural rules are followed and quality information to facilitate decision-making is delivered to Board members on a timely basis. The Chairman is also tasked to lead the Board in establishing and monitoring good corporate governance practices in the Company.

He is assisted by the Chief Operating Officer and the Chief Financial Officer for implementing the policies and decisions of the Board and overseeing the day-to-day operations of the Group. The Management's performance under the leadership of the Executive Chairman is monitored by the Board through quarterly status report which is tabled to the Board and includes a comprehensive summary of the Group's operating drivers and financial performance during each reporting period.

As at the date of this report, the Board comprises four (4) Board members with one (1) Executive Director i.e. Executive Chairman and three (3) Independent Non-Executive Directors, complies with Paragraph 15.02 of the Listing Requirements of Bursa Securities, which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be independent.

In spite of the compact Board size, the Board is confident that there are sufficient experienced and independent-minded Directors on the Board to provide sufficient check and balance. Given that there are three experienced Independent Directors representing more than 50% of the Board, the Board collectively would be able to function independently of management. This allows for effective oversight of the management as well as to support objective and independent deliberation, review and decision making.

The Board through the Nomination and Remuneration Committee ("NRC") undertakes the independent assessment of all its Independent Directors of the Company which was carried out as part of the board assessment annually. The NRC and the Board reviewed the independence assessment results and are satisfied that all the Independent Directors fulfilled the criteria of "Independence" as prescribed under the Listing Requirements. They opined that the Independent Directors continue to remain objective and independent in expressing their respective views and in participating in deliberations and decision-making of the Board and Board Committees.

None of the Independent Non-Executive Directors hold office for more than nine (9) years under the reporting period. The Board is well aware that the tenure of an independent director should not exceed a cumulative term of nine (9) years as recommended by the MCCG. Upon completion of the nine (9) years, an independent director may continue to serve on the board subject to the director's re-designation as a non-independent director. The NRC and the Board also noted that pursuant to the MCCG, the Board may provide justifications and seek shareholders' approval in the event there is intention to retain a Director who has served a cumulative term of nine (9) years as an Independent Director.

The profile of each Director is disclosed in the Directors' Profile of this Annual Report.

In an effort to promote and maintain high ethical standards at all times, the Board had on 28 August 2019 adopted a Directors' Code of Conduct and Ethics which covers, amongst others, the areas of transparency, integrity, accountability, conflicts of interest, anti-corruption/bribery, confidentiality, insider trading, anti-money laundering, proper use of the Company's assets, and compliance with laws, rules and regulations. The adoption of the Code aims to promote corporate culture which engenders ethical conduct that permeates throughout the Group.

Whereas, the employees of the Group are guided by the Company's Code of Conduct and Ethics which comprehensively listed in the Company's Employee Handbook provides the ethical framework to guide actions and behaviours of all Directors and its employees while at work. The Employee Handbook is accessible through the corporate intranet.

## Corporate Governance Overview Statement

The Company had since 2018 in place a Whistleblowing Policy, with the objective of providing a mechanism for all level of employees and stakeholders of the Group to report concerns about any suspected wrongdoing, inappropriate behaviour or misconduct relating to fraud, corrupt practices and/or abuse for management action.

Details of the Whistleblowing Policy and Procedures are set out in the CG Report, which is available at the Company's website at [www.sunsuria.com](http://www.sunsuria.com).

Apart from the Whistleblowing Policy, the Company has also adopted an Anti-Bribery and Corruption Policy and Procedures ("ABAC") in order to achieve and maintain the highest standard of integrity and work ethics in the conduct of its business and operations as well as complying with all applicable laws including the Malaysian Anti-Corruption Commission Act 2009. The ABAC provides guidance to all employees and associates of Sunsuria Group relating to specific acts of bribery and corruption and also to related matters such as proper reporting and accounting.

Board and Board Committee meetings are scheduled at the onset of the calendar year and an annual corporate calendar with an indication of the key business items for each meeting is circulated to all Directors, to facilitate the Directors' time planning.

Details of attendance of Directors at the meetings held during the financial year are as follows:

Name	Board	Board Committee				AGM	EGM
		AC	RMC	NRC	ESOS		
<b>Executive Director</b>							
1. Tan Sri Datuk Ter Leong Yap&	5/5	-	-.#	-	0/0^	1/1	1/1
2. Koong Wai Seng@	4/5	-	1/2	-	-	1/1	1/1
<b>Non-Executive Director</b>							
1. Ms Tan Pei Geok*	5/5	5/5	2/2	2/2	-	1/1	1/1
2. Dato' Quek Ngee Meng+	5/5	5/5	2/2	2/2	0/0^	1/1	1/1
3. Datin Loa Bee Ha>	5/5	5/5	-	2/2	0/0^	1/1	1/1

**Notes:**

AC : Audit Committee

RMC : Risk Management Committee

NRC : Nomination and Remuneration Committee

ESOS : Employee Share Option Scheme Committee

AGM : Annual General Meeting

EGM : Extraordinary General Meeting

& : Executive Chairman of the Board

\* : Chairman of AC and NRC

+ : Chairman of RMC

> : Chairman of ESOS

# : Appointed as Member of RMC after the 2 meetings held during the financial year

@ : Resigned as Chief Executive Officer on 30 August 2019

^ : The Committee was formed on 28 August 2019 and no meeting was held since then

## Corporate Governance Overview Statement

For the financial year ended 30 September 2019, the Board met five (5) times to discuss the issues on the Group's financial performance, significant investments, corporate development, strategy and business plan and other matters reserved for the decision by the Board. All proceedings of the Board meetings were minuted.

The minutes of the Board meetings were circulated to all Directors for their perusal and comments. The Directors may request for further clarification or raise comments on the minutes prior to the minutes being confirmed as a correct record of the proceedings of the Board at the subsequent meeting.

All Directors have unrestricted direct access to the advice and services of the Company Secretary, as well as the management representatives for obtaining the relevant information to facilitate the discharge of their duties. As and when required, Directors are also able to seek advice from independent professional advisers whenever necessary at the Company's expense, to enable the Board and committee members to discharge their duties with adequate knowledge on the matters being deliberated.

The Company has appointed qualified named secretary for the Company and its subsidiaries under the Companies Act 2016.

The Company Secretary keeps abreast of the evolving regulatory changes and developments in corporate governance through continuous training as she plays an important role in advising the Board on updates relating to new statutory and relevant regulatory requirements.

The Company Secretary also assists the Board in organising and facilitating the induction programme or on-boarding session for newly appointed Directors and making arrangements for their professional development and training.

The profile of Ms Lee Swee Kheng, the Company Secretary is set out on page 22 of this Annual Report.

### Board Committees

In order to ensure the effective discharge of its functions and responsibilities, the Board has delegated certain responsibilities of the Board to the Board Committees and the Executive Chairman to assist it in carrying out its responsibilities and functions. These Committees operate within their own defined terms of reference approved by the Board, and report to the Board on matters considered and their recommendations thereon. The ultimate responsibility for the final decision on all matters however, lies with the Board.

The roles and responsibilities of the Board Committees are as follows:

Audit Committee	Risk Management Committee	Nomination and Remuneration Committee	Employee Share Option Scheme Committee
Oversees the Group's financial reporting process and practices, reviews the Group's business process and system of internal controls, monitors compliance with established policies and procedures and assesses the suitability, objectivity and the independence of both external auditors and internal audit function.	Oversees the risk management framework of the Group. The Committee supports the Board in fulfilling its responsibility in identifying significant risks and ensuring the implementation of appropriate systems to manage the overall risk exposure of the Group.	Assists the Board in fulfilling its responsibilities with regard to the appropriate size and balance of the Board, the required mix of skills, experience, knowledge and diversity of the Directors.  Assists the Board in determining the policy and structure for the remuneration of Directors and senior management of Sunsuria Group.	Primarily assists in administering the ESOS Scheme established by the Company.



## AUDIT COMMITTEE

Further details are disclosed under Principle B: Effective Audit and Risk Management in this Statement.

## RISK MANAGEMENT COMMITTEE

The Risk Management Committee (“RMC”) is headed by Dato’ Quek Ngee Meng as Chairman and the other members of the Committee are Tan Pei Geok and Tan Sri Datuk Ter Leong Yap.

During the financial year ended 30 September 2019, the RMC has met twice to review and discuss the top key risks identified for the Group, risk management and their effectiveness. More information about the activities of the RMC is set out in the Statement on Internal Control and Risk Management.

## NOMINATION AND REMUNERATION COMMITTEE

In line with Paragraph 15.08A (1) of the MMLR, the Nomination and Remuneration Committee (“NRC”) of Sunsuria is instituted comprising exclusively of Non-Executive Directors, all of whom are Independent Non-Executive Directors. The NRC is chaired by an Independent Non-Executive Director, Ms Tan Pei Geok, which is consistent with Practice 4.7 of the MCCG, the two (2) members of the Committee are Dato’ Quek Ngee Meng and Datin Loa Bee Ha.

The primary functions of the NRC are as follows:

- (i) to oversee the selection and assessment of directors and to ensure that Board composition meets the needs of Sunsuria Berhad;
- (ii) to propose new nominees to the Board of Directors of Sunsuria and any Committee of the Board;
- (iii) to assess Directors on an ongoing basis;
- (iv) to recommend to the Board the remuneration of the Executive Directors in all its forms, drawing from outside advice as necessary; and
- (v) to assist the Board in determining the policy and structure for the remuneration of Directors and senior management of Sunsuria Group.

During the financial year ended 30 September 2019, the NRC has met twice and the Chairman and Members of the Committee attended all the meetings.

At the meeting, the NRC reviewed the following matters:

- The effectiveness of the size mix and the composition of the Board and Board Committees.
- The contribution of individual Directors in relation to the effective decision-making of the Board.
- The independence of Independent Directors.
- The re-nomination of the Director who was due for retirement at the Company’s Annual General Meeting.
- The salary increment, performance bonus KPIs for Executive Directors.
- The director’s fee for Non-Executive Director payable from 20 March 2019 to the next Annual General Meeting in March 2020, on a monthly basis, subject to the shareholders’ approval.
- Assessed and evaluated the training needs of the Directors.
- The Proposed adoption of Directors and Senior Management Remuneration Policy.
- The Proposed adoption of Board Diversity Policy.
- The Re-designation of Datin Loa Bee Ha from Non-Independent Non-Executive Director to Independent Non-Executive Director.
- The Reconstitution of Risk Management Committee.

The remuneration of Executive Chairman and Senior Management are structured to link rewards to the Group and individual performance. As for Non-Executive Directors, the level of remuneration reflects mainly on their experience, qualification and competence of the Non-Executive Director concerned.

## Corporate Governance Overview Statement

The Non-Executive Directors are remunerated with Directors' fees which are subject to shareholders' approval at the AGM annually in accordance with the Clause 121 of the Company's Constitution. In recommending the proposed Directors' fees, the Remuneration Committee takes into consideration the qualification, duty and responsibility, and contribution required from a Director in view of the Group's complexity, and also the market rate among the industry.

In the forthcoming AGM, the Company would be seeking the shareholders' approval for the Directors' fees payable to Non-Executive Directors for the period from the 51<sup>st</sup> AGM until the next AGM in year 2020. The Proposed fees remain unchanged and would continue paying on a monthly basis instead of in arrears. The Board opined that it is just and equitable for the Non-Executive Directors to be paid such payment on such basis upon them discharging their responsibilities and rendering their services to the Company.

The Non-Executive Directors who are shareholders of the Company will abstain from voting the Resolution concerning the Proposed Directors' Fees payment during the 51<sup>st</sup> AGM.

The details of the Remuneration of the Directors of the Company comprising remuneration received from the Company during the FY2019 are as follows and none of the remuneration was paid by the subsidiaries of Sunsuria:

Directors	Company (RM)					
	Fees	Salary	Other Emoluments	Benefits-in-kind	Bonus	Total
<b>Executive Directors</b>						
Tan Sri Datuk Ter Leong Yap	-	2,305,470	456,741	50,188	1,324,960	4,137,359
Koong Wai Seng (resigned on 30.08.2019)	-	694,347	102,888	33,067	156,000	986,302
<b>Total</b>	-	2,999,817	559,629	83,255	1,480,960	5,123,661
<b>Non-Executive Directors</b>						
Tan Pei Geok	72,000	-	-	-	-	72,000
Dato' Quek Ngee Meng	60,000	-	-	-	-	60,000
Datin Loa Bee Ha	60,000	-	-	-	-	60,000
<b>Total</b>	<b>192,000</b>	-	-	-	-	<b>192,000</b>

### EMPLOYEE SHARE OPTION SCHEME COMMITTEE

The Employee Share Option Scheme Committee was established on 28 August 2019. The Committee is chaired by an Independent Non-Executive Director, Datin Loa Bee Ha, the two (2) members of the Committee are Tan Sri Datuk Ter Leong Yap and Dato' Quek Ngee Meng.

No meeting of the Committee was held during the reporting financial year.

**Appointment to the Board, Succession Planning and Diversity**

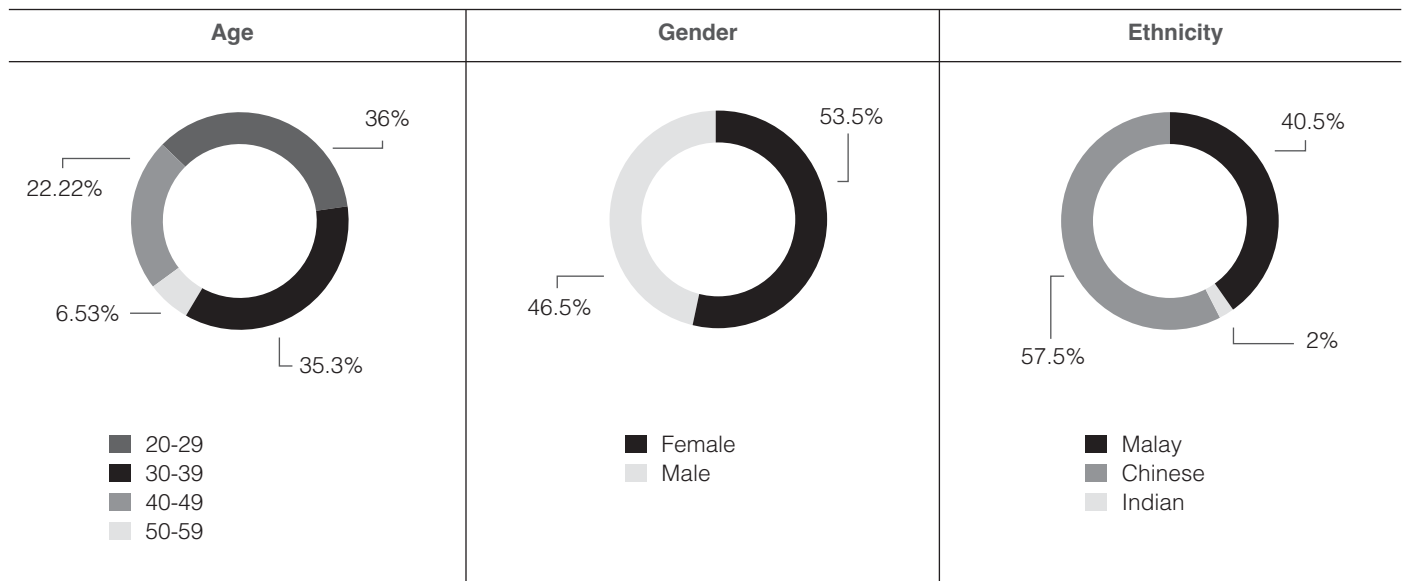
The NRC and where appropriate, the full board, review the composition of the Board taking into consideration the benefits of all aspects of diversity. The principle of achieving Board balance through diversity and inclusivity is encapsulated in the Board Diversity Policy. The said Policy can be found on the Company’s website at [www.sunsuria.com](http://www.sunsuria.com).

The Board values diversity in terms of perspective, knowledge, skill, industry experience, background, age, ethnicity, and gender amongst Directors. The Board also believes that a wide array of perspectives that results from diversity promotes innovation and business success.

The appointment of Datin Loa Bee Ha and Ms Tan Pei Geok in the Board is evidenced that the Board has implemented diversity principle to fulfil the requirement of 30% gender diversity.

At Sunsuria Group as a whole, we are committed to diversity and have an equal employment opportunity policy in promoting diversity in the Group. There are no barriers in employment or development in the Group because of an individual’s gender, race, religion and age. Sunsuria believes that employees with diverse cultural backgrounds bring unique experiences and perceptions to the work team that benefit the Group by strengthening productivity and responsiveness to changing conditions.

The Group’s workforce statistics in terms of age, ethnic, gender and nationality as at 30 September 2019 are as follows:



**Board Evaluation**

The Board, through the NRC, conducts an annual review of the structure and composition of the Board, competency and time commitment of the Board as well as the independence of the Independent Directors. The Board also undertakes an annual assessment of the Board effectiveness, the Board Committees and the individual Directors by way of self and peer assessment. Based on the results of the assessment made, the Board was satisfied with the Board effectiveness, the performance of the Board Committees and individual Directors. The evaluation is especially important in deciding whether a Director who is subject to re-election can be recommended accordingly at the next AGM.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities. All Directors have given their full commitment to the Board meeting by attending all of the Board and Board Committees meetings as shown in the details of attendance of Directors at the meetings held during the financial year.

## TRAINING PROGRAMMES, SEMINARS AND WORKSHOPS ATTENDED BY DIRECTORS

The Board recognises that Directors' training is an ongoing process to ensure that Directors keep themselves abreast of the latest developments in areas related to their duties and to ensure that they are equipped with the necessary skills and knowledge to meet the challenges faced by the Board. The Board has delegated the role of reviewing the training and development needs of the Directors to the NRC.

All Directors are provided with ongoing professional development and training opportunities to enable them to develop and maintain their skills and knowledge. Directors are also encouraged to personally undertake appropriate training and refresher courses as appropriate to maintain the skills required to discharge their obligations to the Group.

Name of Director	Seminars/Forum/Conference/Training	Date
Tan Sri Datuk Ter Leong Yap	• "Pre-Budget Forum ~ Budget: Needs of the Country vs Needs of the People"	29-10-2018
	• 2019 Malaysia - Korea Business Forum	14-03-2019
	• ACCCIM Family Business Survey Report 2018	15-03-2019
	• ACCCIM Malaysia's Business and Economic Conditions Survey Report (M-BECS) for 2 <sup>nd</sup> Half 2018 and 1 <sup>st</sup> Half 2019	03-04-2019
	• Belt and Road CEO: Conference	25-04-2019
	• The Second Belt and Road Forum for International Cooperation (BRF)	26-04-2019
	• Financial Instruments (MFRS 9) and Leases (MFRS 16)	30-04-2019
	• China-Malaysia "Two Double-Park" International Industrial Capacity Cooperation Conference	29-05-2019
	• Malaysia SME Business Summit	25-06-2019
	• Corporate Liability, Adequate Procedures & ISO 37001	27-06-2019
	• ACCCIM 8 <sup>th</sup> Young Entrepreneurs Conference 2019	30-07-2019
	• ACCCIM Malaysia's Business and Economic Conditions Survey Report (M-BECS) for 1 <sup>st</sup> Half 2019 and 2 <sup>nd</sup> Half 2019	05-08-2019
	• National Economic Forum 2019	29-08-2019
	• Singapore-Malaysia Chinese Chambers of Commerce Business Forum 2018	06-09-2019
• Malaysia-China Enterprises Business Matching Conference 2019	10-09-2019	
Ms Tan Pei Geok	• Audit Committee Conference 2019: Meeting the New Expectations	15-04-2019
	• Corporate Liability, Adequate Procedures & ISO 37001	27-06-2019
Dato' Quek Ngee Meng	• Belt and Road CEO: Conference	25-04-2019
	• 2019 Malaysia-China Belt and Road Economic Cooperation Forum	08-08-2019
	• National Economic Forum 2019	29-08-2019
	• Sustainability by Design: Practical Steps for Malaysian Businesses	17-09-2019
Datin Loa Bee Ha	• Financial Instruments (MFRS 9) and Leases (MFRS 16)	30-04-2019
	• MIA's Engagement Session with Audit Committee Members on Integrated Reporting	30-04-2019
	• CG Watch: How does Malaysia Rank?	03-05-2019
	• Corporate Liability, Adequate Procedures & ISO 37001	27-06-2019
	• National Economic Forum 2019	29-08-2019



### Re-election of Directors

The NRC is responsible for recommending to the Board, Directors who are retiring and are standing for re-election at the AGM pursuant to and in accordance with the Constitution of Sunsuria.

In accordance with the Clause 114 of the Company's Constitution, one-third of the Directors for the time being or, if their number is not a multiple of three (3), the number nearest to one-third ( $\frac{1}{3}$ ) shall retire from office and be eligible for re-election at each Annual General Meeting. All Directors are subjected to retirement by rotation at least once every three (3) years.

The NRC is also responsible for recommending to the Board those Directors who are eligible to stand for re-election/re-appointment.

Based on the office period of the Directors since their last election and upon recommendation of the NRC, the Board is proposing the re-election of Dato' Quek Ngee Meng, who is due for retirement by rotation pursuant to Clause 114 of the Company's Constitution, being eligible, have offered himself for re-election.

To assist the shareholders in their decision, sufficient information such as personal profile of the Director standing for re-election is disclosed in the Profile of Directors of this Annual Report. The details of his interest in the securities of the Company are set out in the Analysis of Shareholdings of this Annual Report.

### PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

#### Audit Committee

The Audit Committee ("AC") comprises three (3) members, all of whom are Independent Non-Executive Director. The members of the AC are Ms Tan Pei Geok as Chairman, Dato' Quek Ngee Meng and Datin Loa Bee Ha. The Chairman of the AC is not the Chairman of the Board. This meets the requirements of paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements and Practice 8.1 of the MCGG.

Collectively, the members of the AC have a wide range of relevant skills, knowledge and experience in discharging their duties. Additionally, The Chairman Ms Tan Pei Geok and the Member of the AC, Datin Loa Bee Ha have vast experience and skills in accounting and finance as well as other fields of expertise, and are highly-qualified to review the accuracy of the Group's financial reporting prior to recommending the same to the Board for approvals, both are the member of the Malaysian Institute of Accountants.

The composition, authority as well as the duties and responsibilities of the AC are set out under its Terms of Reference approved by the Board.

The performance of the AC for the Financial Year 2019 was evaluated and based on the results of the evaluation, the Board was generally satisfied that the AC collectively and its members individually, had discharged their functions, duties and responsibilities effectively in accordance with the Terms of Reference of the AC.

A full AC report enumerating summary of activities of the AC during the financial year is set out in the AC Report.

#### Relationship with External Auditors

The AC has in place policies and procedures to review and assess the appointment or re-appointment of the external auditors in respect of their suitability, objectivity and independence. The AC in this regard assesses and reviews annually among others, the adequacy of their experience and resources, their audit engagements and the experience of the engagement partners and staff in accordance with the requirements of the Group.

The AC also meets with the external auditors without the presence of the Management to enable the AC to discuss matters privately with them. During the financial period under review, the AC met the external auditors twice without the presence of the Management.

## Corporate Governance Overview Statement

Aside from the provision of statutory services, the external auditors provide non-audit services to the Group. The proposed fees for the non-audit services are reviewed by the AC and approved by the Board. In its review, the AC ensures that the independence and objectivity of the external auditors are not compromised. In addition, the Audit Committee must be satisfied that there is no element of conflict of interest and the fees chargeable are within the allowable threshold set.

The AC was satisfied with the quality of audit, performance, competency and sufficient resources provided to the Group by the external auditors during the financial period under review. The AC was also satisfied that the provision of the non-audit services by the external auditors to the Group did not impair their objectivity and independence as external auditors of Sunsuria.

Having considered the outcome of the annual assessment of the external auditors, the Board approved the recommendation for the shareholders' approval to be sought at the forthcoming AGM on their re-appointment as external auditors of the Group.

### **Internal Audit Function**

The Group has outsourced its internal audit function to external consultants, which reports directly to the Committee. The Internal Audit is able to undertake independent and systematic reviews of the systems of internal controls and procedures of operating units within the group so as to provide reasonable assurance that such systems continue to operate satisfactorily, effectively and in compliance to the Group's established policies and procedures.

### **Risk Management and Internal Control Framework**

The Board is fully aware of its overall responsibility of continuously maintaining a sound system of internal control which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investment and the Company's assets.

To assist the Board in maintaining a sound system of internal control, the Group has engaged internal audit and risk management consultants, who report regularly to the RMC and the AC, which in turn report to the Board regarding the adequacy and integrity of the system of internal control. The implementation and maintenance of the risk management process to help the Board in identifying, evaluating and managing the risk is carried out by the RMC of the Group.

The Statement on Risk Management and Internal Control which provides an overview of the Group's state of internal control is set out in pages 66 to 71 of this Annual Report.

## **PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS**

### **Communication with Stakeholders**

The Board acknowledges the importance of being accountable to the shareholders and the investors via a direct and effective line of communication. As such, the Group always ensures the timely release of quarterly financial results, audited financial statements, corporate developments and announcements of the Group via the BURSA LINK, the Company's annual reports and other circulars to shareholders and where appropriate, ad hoc press statements which serve as the principal channel in keeping the shareholders and the investing public informed of the Group's major developments and overviews of financial performance and progress throughout the year.

The Company also organises quarterly briefings and conference calls to fund managers, institutional investors, investment analysts and the media upon the announcement of the Company's quarterly financial results to keep the interested public updated on the progress and development of the business and prospects of the Company.

The communication channels used in the Company's engagement with stakeholders includes:

- (a) Various disclosures and announcements to Bursa Securities including quarterly financial results;
- (b) Press releases and announcements to Bursa Securities and to the media;
- (c) The Company's Annual Report;
- (d) Dialogues and presentations at general meetings to provide overview and clear rationale with regards to the proposals tabled for approval by shareholders; and
- (e) Investor relation matters may be directed to the following person:

Ms Lee Swee Kheng  
Chief Financial Officer  
Telephone number: +603-6145 7777  
Email: leesk@sunsuria.com

### Conduct of general meetings

The Company's general meetings serve as principal forums for shareholders to engage directly with the directors and senior management. It also provides the opportunity for shareholders to raise questions pertaining to issues related to the Annual Report, Audited Financial Statements, corporate developments, resolutions being proposed and the business of the Group. Shareholders are encouraged to attend AGM and to participate in the question-and-answer sessions on the resolutions being proposed or on the Group's operations in general. Shareholders who are unable to attend the meetings are allowed to appoint proxies to attend and vote on their behalf in accordance with the Company's Constitution.

In 2019, the Company served notice of its Fiftieth Annual General Meeting at least 28 days before the meeting, well in advance of the 21-day requirements under the Companies Act 2016 and the Main Market Listing Requirements of Bursa Securities. The additional time given to the shareholders provides them with sufficient time to scrutinise the Annual Report 2018 and to make necessary arrangements to attend the meeting. The Company also distributed together with the Notice of Annual General Meeting, information on administrative details such as details of the meeting, shareholders' entitlement to attend the meeting, their right to appoint proxy and information as who may act as a proxy, etc.

All directors attend General Meetings. The Chair of the Audit, Nomination and Remuneration, Risk Management and other committees and even the External Auditors, if so required, provide meaningful response to questions addressed by the shareholders to them during the meeting.

Pursuant to the Paragraph 8.29A(1) of the Listing Requirements, the Company is required to ensure that any resolutions set out in the notice of general meetings are voted by poll.

At the AGM of the Company held on 29 March 2019, all resolutions were decided by a poll and the votes received in respect of each resolution were notified to the Bursa Securities on the same date as the meeting was held. The poll voting was conducted via electronic means and the results of the voting were instantly displayed on the screen. The Company has appointed an independent external scrutineer to validate all the votes at the said general meeting.

### KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board is satisfied that the Group has maintained high standards of corporate governance and strived to achieve the highest level of integrity and ethical standard, in all its business dealings.

Moving forward, the Board will continue to operationalise and improve the Company's corporate governance practices and instil a risk and governance awareness culture and mindset throughout the organisation in the best interest of all stakeholders.

This Statement is made in accordance with the resolution of the Board of Directors dated 27 November 2019.

# AUDIT COMMITTEE REPORT

The Board of Directors of Sunsuria Berhad (“Sunsuria”) is pleased to present the Audit Committee Report for financial year ended 30 September 2019.

## COMPOSITION AND ATTENDANCE

The composition of the Audit Committee (“AC”) of Sunsuria is presented in the table below.

During the financial year ended 30 September 2019, the AC held five (5) meetings. The details of attendance of the AC members are as follows:

Members	Membership / Designation	Meeting Attendance
Ms Tan Pei Geok	Chairman / Senior Independent Non-Executive Director	5/5
Datin Loa Bee Ha	Member / Independent Non-Executive Director	5/5
Dato’ Quek Ngee Meng	Member / Independent Non-Executive Director	5/5

As a whole, the AC are qualified individuals having required skills and expertise to discharge the AC’s functions and duties. The AC’s literacy and understanding of financial reporting standards and information have contributed to meaningful discussions in overseeing the integrity of the financial reporting processes and financial statements. The AC Chairman is a member of the Certified Practising Accountants (CPA, Australia) and the Malaysian Institute of Accountants (MIA). Accordingly, the Company complies with paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements of Bursa Malaysia.

The AC meetings were conducted in accordance with the requisite quorum as stipulated in the Terms of Reference of the AC, which requires at least two (2) members, with the majority of members present must be Independent Non-Executive Directors.

By invitation, the Executive Chairman, Chief Executive Officer, Chief Financial Officer and representative of the internal auditors attended all the meetings held during the financial year, to present their reports on financial results, internal audit matters and other matters for the AC’s deliberation and approval, if required. Other senior management personnel and representatives of the external auditors were also invited to attend these meetings, when necessary, to brief the AC on specific issues.

The External Auditors were invited to brief the AC on audit related matters during the financial year and provide a high-level review of the financial position of the Group. Time was also allocated for the External Auditors to have private discussions with the AC in the absence of the Management.

During the financial year ended 30 September 2019, the internal auditors have attended four (4) out of five (5) meetings held to table the respective internal audit reports and presented their recommendations as the actions and steps taken by management in response to any audit findings.

Annually, the term of office and performance of the AC and each of its members are being assessed by the Nomination and Remuneration Committee prior to recommending to the Board for notation. During the financial year ended 30 September 2019, the Board is satisfied that the AC has discharged its function, duties and responsibilities in accordance to the Terms of Reference of the AC, supporting the Board in ensuring the Group upholds appropriate Corporate Governance standards, practices and guidance.

The Company Secretary acts as the Secretary of the AC. The AC members are provided with the agenda and relevant committee papers before each meeting. Minutes of the AC Meetings will be distributed to the Board for notation and the Chairman of the AC shall report key issues discussed in the AC Meetings to the Board.



## TERMS OF REFERENCE

The terms of reference of the AC was reviewed and updated on 24 May 2018 to reflect the requirements of the applicable practices and guidance of the Malaysian Code on Corporate Governance (MCCG). The Terms of Reference of the AC is made available on the Company's corporate website at [www.sunsuria.com](http://www.sunsuria.com).

## SUMMARY OF WORK OF THE AC DURING THE FINANCIAL YEAR 2019

### 1. Overseeing Financial Reporting

- (a) Reviewed the following unaudited quarterly reports and the consolidated results and its related press statement, amongst others, any change in accounting policies, significant matters highlighted, the going concern assumption, and compliance with accounting standards and regulatory requirements prior to their recommendation to the Board of Directors for approval:
  - (i) Quarterly financial results for the fourth quarter of the financial year ended 30 September 2018 at the AC meeting held on 27 November 2018; and
  - (ii) First, second and third quarters of the quarterly results for the financial year ended 30 September 2019 at the AC meetings held on 28 February 2019, 30 May 2019 and 28 August 2019, respectively.
- (b) Reviewed the consolidated audited financial statements of the Company and the Group for the financial year ended 30 September 2018 at the AC meeting held on 22 January 2019 and ensuring that the statements comply with the Financial Reporting Standards ("FRS"), for recommendation to the Board for approval.
- (c) Reviewed the significant matters highlighted by the auditors in the financial statements and significant judgements made by the Management.
- (d) Reviewed the adequacy of the processes and controls in place for effective and efficient financial reporting and disclosures under the FRS and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR").

### 2. External Audit

- (a) Reviewed with the External Auditors, Messrs Deloitte PLT ("Deloitte"), the Audit Review Memorandum on the audit of the financial statements for the financial year ended 30 September 2018 setting out their comments and conclusions on the significant auditing and accounting issues highlighted.
- (b) Reviewed with the External Auditors, the audit report, issues, reservations and management responses arising from their audit, as well as the audit and non-audit fees.
- (c) Reviewed with the External Auditors, Deloitte, the audit plan for the financial year ended 30 September 2019 outlining, amongst others, their scope of work, areas of audit emphasis, and development in laws and regulations affecting financial reporting and the responsibilities of directors and managements, and auditors.
- (d) Had discussions with Deloitte during the financial year, without the presence of management, to apprise on matters in regard to the audit and financial statements.
- (e) Reviewed the provision of non-audit services rendered by the external auditors to the Group, in circumstances where the auditors were best qualified and suitable to provide the required services given their comprehensive knowledge of the Group's business operations, systems and processes. In considering the nature and scope of the non-audit services, the AC was satisfied that the services were not likely impair the external auditors' independence and objectivity.

## Audit Committee Report

- (f) Reviewed, assessed and monitored the performance, suitability and independence of the external auditors. The external auditors had provided an annual confirmation of their independence in accordance with the terms of all professional and regulatory requirements.

Following the outcome of the assessment and having satisfied with the external auditors' performance, suitability and independence, the AC at its meeting held on 27 November 2019 recommended to the Board for approval of the re-appointment of Deloitte as auditors of the Company. A resolution for their re-appointment will be tabled for shareholders' approval at the forthcoming annual general meeting.

- (g) Reviewed and revised the External Auditors' Policy, on the approved mandate for non-audit services provided by the External Auditors, up to a total fee not exceeding more than 50% of the total amount of audit fees paid to the External Auditors.

### 3. Internal Audit

- (a) Reviewed with the Internal Auditors the internal audit reports (including follow-up review reports) on the audit findings and recommendations, management's responses and/or actions taken thereto, and ensured that material findings were satisfactorily addressed by management.
- (b) Reviewed and adopted the risk-based internal audit plan for the financial year ended 30 September 2019 to ensure sufficient scope and coverage of activities of the Company and the Group.
- (c) Reviewed the internal audit reports, audit recommendations and Management's responses to these recommendations and actions taken to improve the system of internal control and procedures. Enquiries were made to both internal auditors and Management over details of issues raised, root causes and the proposed corrective actions. The AC also provided additional advisories on issues raised through the discussions with internal auditors and Management.
- (d) Monitored and deliberated the implementation of audit recommendations arising from internal audit activities as well as the follow-up audits conducted by internal auditors to ensure that all key risks and controls have been addressed. The AC also considered the timeliness of completion of the proposed actions and whether such actions effectively resolve the issues raised.
- (e) Reviewed the status of audit assignment reported by the internal auditors to ensure that the progress was in line with the approved Annual Audit Plan.
- (f) Reviewed the whistle blowing reports received via the whistle blowing channels managed by Human Resources Department. All reports received through the whistle blowing channels were tabled to the AC on a half yearly basis with pertinent reports highlighted for deliberation.
- (g) Reviewed the Statement on Risk Management and Internal Control to ensure that it is consistent with their understanding of the state of internal control of the Group and recommended the same to the Board for inclusion in the Annual Report.

### 4. Related Party Transactions

- (a) Reviewed the significant related party transactions entered into/to be entered into by the Company and the Group to ensure that the transactions were in the best interest of Sunsuria Group; were fair, reasonable and on normal commercial terms; and not detrimental to the interest of the minority shareholders of Sunsuria Berhad.
- (b) Reviewed on a quarterly basis, the Recurrent Related Party Transactions ("RRPT") entered into by the Company and/or its subsidiaries with related parties to ensure that the Group's internal policies and procedures governing RRPT are adhered to, the terms of the shareholders' mandate are not contravened, and disclose requirements of the MMLR are observed.
- (c) Reviewed the Circular to Shareholders in relation to the renewal of shareholders' mandate for RRPT and new shareholder mandate for additional RRPT, prior to its recommendation to the Board of Directors for approval.

## INTERNAL AUDIT FUNCTION

The role of the Internal Audit (“IA”) is to assist the AC in evaluating the adequacy and effectiveness of the governance, risk management and internal control systems and recommending improvements to the systems.

The Group has outsourced its internal audit function to external consultants, which reports directly to the AC. The Internal Audit is able to undertake independent and systematic reviews of the systems of internal controls and procedures of operating units within the group so as to provide reasonable assurance that such systems continue to operate satisfactorily, effectively and in compliance to the Group’s established policies and procedures.

The work of the internal audit function during the year under review include:

- (a) Developed the annual internal audit plan and proposed the plan to the Committee.
- (b) Conducted follow-up reviews to assess if appropriate action has been taken to address issues highlighted in previous audit reports.
- (c) Presented significant audit findings and areas for improvements raised by the IA to the Committee for consideration on the recommended corrective measures together with the management’s responses.
- (d) Conducted RRPT reviews to assess accuracy and completeness of reporting and ensure compliance with the MMLR.
- (e) Conducted discussions with management in identifying significant concerns and risk areas perceived by management for inclusion in the internal audit plan.
- (f) Reviewed the adequacy of internal controls in the various auditable areas such as the two (2) key risk areas comprising Project Management - Regulatory Risk and Human Resource - Succession risk of the Group.
- (g) Incorporated suggestions made by the AC and management on concerns over operations or controls and significant issues pertinent to the Company and the Group into the pre-audit planning.

The cost incurred for the Internal Audit function of the Group in respect of the financial year ended 30 September 2019 was approximately RM105,000 (2018: RM107,500).

This Audit Committee Report is made in accordance with the resolution of the Board of Directors dated 27 November 2019.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Sunsuria Berhad is committed to continuously improving the Group's risk management and internal control system and is pleased to present the following Statement on Risk Management & Internal Control for the financial year ended 30 September 2019. This statement is made pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (the "Listing Requirement") and in accordance with the Principles as stipulated in the Malaysian Code on Corporate Governance 2017 ("the Code") and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"). This Statement outlines the nature and scope of risk management and internal control of the Group and covers all of the Group's operations except for associate companies.

## 1. THE BOARD'S RESPONSIBILITY

The Board of Directors (the "Board") recognises the importance of sound controls and risk management practices to good corporate governance. The Board acknowledges its overall responsibility in establishing a sound risk management framework and internal control system to safeguard shareholders' investment and the Group's assets.

The Board continually reviews the adequacy and integrity of the Group's risk management and internal control system, which has been embedded in all aspects of the Group's activities, and its alignment with business objectives. The Board is equally aware that the risk management framework and internal control system are designed to manage the Group's risks within an acceptable risk appetite, rather than eliminate the risk of failure to achieve the policies, goals and objectives of the Group. In this regard, the risk management framework and internal control system can only provide reasonable assurance, and not absolute assurance, against material misstatement of financial information and records or against financial losses or fraud.

The board appointed a Risk Management Committee ("RMC") to oversee the risk management processes within the Company and the Group and established a sound risk management framework, policies and internal risk control system.

## 2. RISK MANAGEMENT COMMITTEE

The RMC was established to uphold risk oversight within the Group. The RMC is chaired by an Independent Non-Executive Director, who is neither the Chairman of the Board nor the Audit Committee.

The roles and responsibilities of the RMC include the following:

- a. Develop and recommend the Group risk policies and objectives aligned with its strategic business objectives;
- b. Communicate Board's risk policies, objectives, responsibilities, and reporting lines to all employees across the Group;
- c. Identify and communicate to the Board on the critical risks (present and potential) the Group faces, their changes and the management action plans to manage the risks;
- d. Perform risk oversight and review risk profiles (the Company and the Group) and regularly review and update the business units risk management processes;
- e. Provide guidance to the business units on the Group's and business unit's risk appetite and capacity, and other criteria which, when exceeded, trigger an obligation to report upward to the Board;
- f. To keep under review the effectiveness of the Group's internal control and risk management systems and review the statements to be included in the Annual Report concerning internal controls and risk management; and
- g. All other risk management matters delegated by the Board.



### 3. RISK MANAGEMENT FRAMEWORK

The Group has adopted a Risk Management Framework (“Framework”) that outlines policy and on-going process for identifying, evaluating, managing, monitoring and communicating the risks faced by the Group throughout the period under review. It places importance of balancing between risk and reward in making strategic business decisions, a tool in managing both existing and potential risks with the objective of protecting key stakeholders’ interest, and compliance with statutory and legal requirements. The Framework sets the risk context and categories such as industry/market, financial, operations, compliance and people in relation to the Group’s business activities.

#### ***Risk identification and evaluation process***

The risks are identified through a series of discussions with the key personnel and management of the Group, which are then incorporated into a Key Risk Profile that includes details on the nature of the risk as well as the severity and probability of an occurrence.

The risk identification process includes consideration of both internal and external environmental factors. External environmental factors include political, economic, social technological, legal and environment changes. Internal factors include changes in key personnel, introduction of new or revision of existing policies and procedures.

Next, the risks identified are evaluated by examining the potential impact on the Group if a risk were to crystallise, as well as the likelihood of occurrence. The impact is rated on a scale of A to E, A to indicate the lowest impact and E to indicate the highest impact. The likelihood of a risk crystallising is rated on a scale of 1 to 5, 1 to indicate lowest probability and 5 indicate the highest probability. The risk level shall be rated insignificant, minor, moderate, major or catastrophic and be determined according to the Risk Analysis Matrix.

Amongst others, the three (3) key risk areas identified in financial year ended 30 September 2019 according to their potential impact to the Group are:

- **Regulatory risk**

The Group’s operations are subject to guidelines, laws and regulations of local authorities, government bodies and ministries, securities commission and listing requirement.

The changes in laws and regulations may directly and indirectly affect the Group. The Group keep abreast with latest rulings, regulations and guidelines changes and assess the impact of such changes to the operation of the Group to ensure compliance.

- **Operational risk**

The Group’s operations were exposed to project management and construction related risks.

The Group recognised the importance of delivering quality products and services. The Group adhered to stringent standard operating policies and procedures and carefully select and assess every contractor, supplier, consultant, service provider and vendor that the Group engaged.

- **Market risk**

The Group’s revenue and profitability were exposed to the risk of uncertainty arising from global and local economic condition and the challenging property market.

Recognising this, the Group embraces changes and strives for continuous innovation to create its differentiation and remain relevant in the marketplace. Besides delivering quality products, the Group also embarks on initiatives to create vibrancy and improve footfall to its development in order to enhance its customers’ value.

## Statement on Risk Management and Internal Control

Risk information and treatment plans are captured and updated into a risk register which is maintained by the Business Unit Risk Committee Officer. The information is consolidated to provide an enterprise overview of material risks faced by the Group and the associated risk mitigation plans, which are tracked and reviewed.

### **Risk adoption and monitoring process**

All risks identified are documented into a Key Risk Profile, which is updated by the respective Heads of Departments and tabled to the RMC on 27 February 2019 and 26 August 2019. The Key Risk Profile will be reviewed and tabled to the RMC every half yearly. The Key Risk Profile serves as a tool for heads of departments or business units to manage key risks applicable to their areas of business activities on a continual basis.

Through these mechanisms, key risks identified in the Key Risk Profile are assessed in a timely manner and control procedures or mitigating factors are re-evaluated accordingly in order to ensure that the key risks are mitigated to an acceptable level.

The Internal Auditors, on a regular basis, reviews the effectiveness and adequacy of control procedures adopted by the Group in mitigating the key risks identified in the Key Risk Profile. Together with the Management Team, the Internal Auditors shall ascertain if controls are sufficient and reliable in mitigating the identified risks.

After due analysis and discussions with the Management Team, the Internal Auditors will revise the risk ratings where applicable, taking into account the overall evaluation of internal controls. Any weaknesses noted during the review are reported to the Audit Committee. Through these mechanisms, the Audit Committee can be assured that the key risks of the Group are regularly reviewed and appropriately managed to an acceptable level.

## **4. INTERNAL CONTROLS**

The Group's internal audit function, which has been outsourced to an independent professional services firm since 24 July 2015, assists the Board and Audit Committee in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

During the financial year ended 30 September 2019, internal audit reviews were carried out in accordance with risk-based internal audit plan approved by the Audit Committee. Risk-based Internal Audit methodology was adopted, which entails focusing on the inherent risk involved in the activities or system and providing assurance that the risk is being managed by the management within the defined risk appetite level.

Based on the internal audit reviews, the findings of the internal audit, including the recommended corrective actions, potential risks, implications and Management responses, were presented directly to the Audit Committee on a quarterly basis.

The results of the internal audit reviews, recommendations for improvements, and corrective measures implemented or planned were deliberated during the Audit Committee meetings. Minutes of the Audit Committee meetings that recorded the deliberations were then presented to the Board.

Based on the internal audit reviews conducted during the year, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this annual report.

## Statement on Risk Management and Internal Control

Established by the Board, key elements in the Group's review of the adequacy and effectiveness of the risk management framework and system of internal controls include:

- Developing an appropriate organisation structure for planning, executing, controlling and monitoring business operations with clear lines of responsibility and delegations of authority.
- Ensuring uniformity and consistency of practices and controls within the Group, whereby key processes in the Group's management and operations have been formalised and documented in the form of Standard Operating Policies and Procedures ("SOPP"). These SOPPs are subject to review and improvements, particularly through periodic internal audit reviews of selected areas of operations.
- Preparing annual budgets for business units and the Group and presenting them to the Board for approval. Any variances of actual performance against the budget are monitored and reported regularly. The results are consolidated and presented to the Board on a regular basis.
- Defining clear authorisation levels for all aspects of the business, which are formalised in the Group's Limits of Authority ("LoA").
- Putting in place the necessary occupational safety and health ("OSH") guidelines, which include setting up a safety committee to enhance OSH procedures and address OSH issues that may arise from time to time.
- Convening Audit Committee Meetings at least four (4) times a year to review the effectiveness of the Group's system of internal controls. The Audit Committee meets with the Internal Auditors and External Auditors to review their reports.
- Conducting regular internal audit visits to provide independent assurances on the effectiveness of the Group's system of internal controls processes and recommend to the Management on the areas for improvement.
- Performing periodic reviews of Recurrent Related Party Transactions by the Audit Committee and Board to ensure compliance with the Listing Requirements.

### Key Internal Controls

Key elements of the Group internal controls for the financial year ended 30 September 2019 are as follows:

Control Elements	Control Environment
People Management	<p>Human Resource Management</p> <ul style="list-style-type: none"> <li>• Employee Handbook</li> <li>• Formal performance appraisal result in performance linked recognition and rewards</li> <li>• Employee engagement survey</li> </ul> <p>Integrity Management</p> <ul style="list-style-type: none"> <li>• An Anti-Bribery and Corruption Policy and Procedures ("ABAC") has been adopted by the Company, duly approved by the Board of Directors. ABAC adopted are in line with Malaysian Anti-Corruption Commission Act 2009. Sunsuria Group has adopted a zero-tolerance policy against all forms of bribery and corruption.</li> <li>• No gift &amp; entertainment policy whereby, subject only to certain narrow exceptions, Sunsuria employees, directors or agents (executive and non-executive) and family members are prohibited from, directly or indirectly, receiving or providing gifts &amp; entertainment.</li> <li>• Whistleblowing policy has been established to provide an avenue for all employees and associates of Sunsuria Group to disclose any concerns about misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse in accordance with the procedures as provided under this Policy and to provide protection for its employees and associates who report such allegations.</li> </ul>

## Statement on Risk Management and Internal Control

Control Elements	Control Environment
Process Management	<p>Quality Management System</p> <ul style="list-style-type: none"> <li>Clearly defined internal standard operating procedures and policies are easily accessible by all employees via the Company's intranet.</li> </ul> <p>Financial Management</p> <ul style="list-style-type: none"> <li>Annual budgets prepared are subject to management review before escalated to the Board for approval.</li> <li>LoA have been established for the Group and its subsidiaries to follow in their day-to-day operations. The relevance of the LoA is reviewed periodically and as and when necessary.</li> </ul> <p>The most recent revision of LoA is carried out in August 2019.</p> <p>Business/Project Management</p> <ul style="list-style-type: none"> <li>Weekly management meetings are held to review and update on performance of every business divisions.</li> </ul> <p>Environment, Safety and Health Management</p> <ul style="list-style-type: none"> <li>An Occupational Health, Safety and Environment Committee is formed at every construction site.</li> </ul>
Technology Management	<p>Information Security</p> <ul style="list-style-type: none"> <li>Data security and data protection is very important to ensure access to applications and data is secured from cyber security threats. The Group has data backup plan and recovery procedures.</li> </ul>

### 5. MATERIAL JOINT VENTURES AND ASSOCIATES

The disclosures in this statement do not include the risk management and internal control practices of the Company's material Joint Ventures and Associates. The Company's interests in these entities are safeguarded through the appointment of members of the Group's Senior Management team to the Board of Directors and, in certain cases, the Management Committees of these entities.

### 6. ASSURANCE FROM MANAGEMENT

In accordance with the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed issuers, the Board has received assurances from the Executive Chairman and the Chief Financial Officer, that, to the best of their knowledge, the risk management and internal control of the Group are operating effectively and adequately in all material respects, based on the risk management and internal control frameworks adopted by the Group.



## **7. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS**

Pursuant to Paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement on Risk Management & Internal Control for inclusion in the 2019 Annual Report. Their review was performed in accordance with Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required to be set out by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

## **8. CONCLUSION**

The Board is of the view that the system of internal control and risk management is in place for the period under review and, up to the date of approval of this statement for inclusion in the annual report, is sound and sufficient to safeguard the Group's assets, as well as the shareholders' investments, the interests of customers, regulators, employees and other stakeholders. There were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group.

This statement was approved by the Board on 22 January 2020.

# ADDITIONAL COMPLIANCE INFORMATION

## Directors' Responsibility Statement

The Directors are required by the Companies Act, 2016 ("Act") to cause Management to prepare the financial statements for each financial year in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") and the requirements of the Act to give a true and fair view of the financial position of the Group and the Company at the end of the financial year and of the financial performance and cash flows of the Group and the Company for the financial year. Where there are new accounting standards or policies that become effective during the year, the impact of these new requirements would be stated in the notes to the financial statements, accordingly.

In the preparation of the financial statements, the Directors ensure that Management have:

- applied appropriate and consistent accounting policies;
- made judgements and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- prepared financial statements on a 'going concern' basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue operations for the foreseeable future.

## Audit Fees and Non-Audit Fees

During the financial year, the amount of audit-related and non-audit fees paid to the External Auditors and/or affiliates by the Company and the Group respectively for the financial year ended 30 September 2019 are set out below:-

	Group		Company	
	2019 (RM'000)	2018 (RM'000)	2019 (RM'000)	2018 (RM'000)
Statutory audit fees	342	293	67	65
Total (a)	342	293	67	65
Non-audit fees:-				
- Other Services	44	77	14	6
Total (b)	44	77	14	6
% of non-audit fees (b/a)	12.9%	26.3%	20.9%	9.2%

The Directors have responsibility to ensure that the Company keeps accounting records, which disclose with reasonable accuracy the financial position of the Company and the Group, which enable them to ensure that financial statements comply with the provisions of the Act. The Directors have overall responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

## Material Contract Involving Directors' and Major Shareholders' Interest

There were no material contracts entered into by the Company and its subsidiaries involving Directors and Major Shareholders' Interest which were still subsisting as at the end of the financial year under review or which were entered into since the end of previous financial period except as disclosed in the financial statements.

## Utilisation of Proceeds

There were no corporate proposals carried out during the financial year under review.

## Employees' Share Option Scheme ("ESOS")

At the Extraordinary General Meeting held on 29 March 2019, the shareholders had approved the establishment of ESOS of up to 10% of the total number of issued shares of the Company (excluding Treasury Shares, if any) for eligible Directors and employees of the Company and its subsidiaries (excluding dormant subsidiaries). The ESOS has a duration of five (5) years from its effective date i.e. 4 September 2019.

During the financial year, the Company has not grant ESOS options to the eligible persons under the scheme.

## Recurrent Related Party Transactions

At the last Annual General Meeting held on 29 March 2019, the Company had obtained a general mandate from its Shareholders for the Group to enter into recurrent related party transactions of a revenue or trading nature ("RRPT mandate").

The aggregate value of the recurrent related party transactions of revenue nature incurred by the Group pursuant to the RRPT mandate for the financial year ended 30 September 2019 did not exceed the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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# DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 September 2019.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

## RESULTS

	The Group RM'000	The Company RM'000
Profit after taxation	140,578	99,771
Attributable to:		
Owners of the Company	135,465	99,771
Non-controlling interests	5,113	-
	140,578	99,771

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

## DIVIDENDS

No dividend was recommended by the directors for the financial year.

## RESERVES AND PROVISIONS

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

## ISSUES OF SHARES AND DEBENTURES

The Company increased its issued and paid-up capital during the financial year by the issuance of:

- 65,083,000 new ordinary shares at an issue price of RM0.655 each pursuant to the issuance of shares to Ter Capital Sdn Bhd;
- 26,000,000 new ordinary shares at an issue price of RM0.70 each through the private placement; and
- 6,000,000 new ordinary shares at an issue price of RM0.70 each through the private placement.

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

There were no issue of debentures by the Company.

## TREASURY SHARES

The shareholders of the Company had on 29 March 2019 approved the Company to purchase up to 10% of its prevailing issued and paid-up share capital. At the end of the reporting period, no shares was repurchased and held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

## OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

## EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Scheme ("ESS") was approved by shareholders on 29 March 2019.

The shareholders approved the proposal by the Company to establish an Employees' Share Option Scheme ("ESOS") of up to ten percent (10%) of the total number of issued ordinary shares of the Company (excluding Treasury Shares, if any) for eligible directors and employees of the Company and its subsidiaries (excluding subsidiaries which are dormant).

The ESOS is implemented and administered by an Employees' Share Option Scheme Committee ("ESOS Committee") in accordance with the By-Laws. The ESOS was established on 4 September 2019 for a period of five (5) years and may be extended or renewed (as the case may be) for another five (5) years in accordance with ESS By-Laws.

During the financial year, the Company has not granted ESOS options to the eligible persons under the scheme.

The salient features of the ESOS are disclosed in Note 45 to the financial statements.

## WARRANTS

At the end of the reporting period, the Company had 158,361,472 warrants in issue. The details of the warrants are disclosed in Note 27.2 to the financial statements.

## OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that no known bad debts to be written off and that adequate allowance had been made for doubtful debts; and
- (b) 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 had been written down to an amount which the current assets might be expected so to realise.



### OTHER STATUTORY INFORMATION (CONTINUED)

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

- (a) which would require the writing off of bad debts or render 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
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) 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; or
- (d) 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.

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

- (a) 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
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company in the financial year in which this report is made except as disclosed in Note 52 to the financial statements.

### DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:

Tan Sri Datuk Ter Leong Yap  
Datin Loa Bee Ha  
Dato' Quek Ngee Meng  
Tan Pei Geok  
Koong Wai Seng (Resigned on 30 August 2019)

The names of directors of subsidiaries, are set out in the respective subsidiaries' statutory accounts and the said information is deemed incorporated herein by such reference and made a part hereof.

**DIRECTORS' INTERESTS**

According to the register of directors' shareholdings kept by the Company under Section 59 of the Companies Act, 2016, the interests of directors holding office at the end of the financial year in shares and warrants of the Company during the financial year are as follows:

	← Number of Ordinary Shares →			
	At 1.10.2018	Bought	Sold	At 30.09.2019
<i>Direct Interests</i>				
Tan Sri Datuk Ter Leong Yap	168,639,872	-	-	168,639,872
Tan Pei Geok	1,830,000	-	-	1,830,000
Dato' Quek Ngee Meng	50,000	-	-	50,000
<i>Indirect Interests</i>				
Tan Sri Datuk Ter Leong Yap #	304,583,208	65,083,000	(1,000,000)	368,666,208
Datin Loa Bee Ha ^	14,828,800	-	-	14,828,800

	← Number of Warrants →			
	At 1.10.2018	Bought	Sold	At 30.09.2019
<i>Direct Interests</i>				
Tan Sri Datuk Ter Leong Yap	37,300,106	-	-	37,300,106
Tan Pei Geok	210,000	-	-	210,000
<i>Indirect Interests</i>				
Tan Sri Datuk Ter Leong Yap #	51,271,810	-	-	51,271,810
Datin Loa Bee Ha ^	5,547,900	-	-	5,547,900

Note:

#- Deemed interested by virtue of his substantial shareholdings in Ter Equity Sdn. Bhd., Ter Capital Sdn. Bhd. and THK Capital Sdn. Bhd..

^- Deemed interested by virtue of the shareholdings held by her spouse, Dato' Tan Tian Meng pursuant to Section 59(11)(c) of the Companies Act, 2016.

By virtue of his shareholdings in the Company, Tan Sri Datuk Ter Leong Yap is deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act, 2016.

Saved as disclosed, the other directors holding office at the end of the financial year had no interest in shares and options over unissued shares of the Company or its related corporations during the financial year.

### **DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 46 to the financial statements.

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

### **DIRECTORS' REMUNERATION**

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 44 to the financial statements.

### **INDEMNITY AND INSURANCE COST**

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Group and of the Company were RM10,000,000 and RM18,000 respectively. No indemnity was given to or insurance effected for auditors of the Company.

### **AUDITORS' REMUNERATION**

The auditors' remuneration are disclosed in Note 39 to the financial statements.

### **AUDITORS**

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

Signed on behalf of the Board, as approved by the Board in accordance with a resolution of the Directors,

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**TAN SRI DATUK TER LEONG YAP**

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**TAN PEI GEOK**

Petaling Jaya, Selangor Darul Ehsan  
22 January 2020

# STATEMENT BY DIRECTORS

The directors of **SUNSURIA BERHAD**, state that, in their opinion, the accompanying financial statements 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 30 September 2019 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors,

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**TAN SRI DATUK TER LEONG YAP**

Petaling Jaya, Selangor Darul Ehsan  
22 January 2020

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**TAN PEI GEOK**

## DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **LEE SWEE KHENG**, the officer primarily responsible for the financial management of **SUNSURIA BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, 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.

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**LEE SWEE KHENG**  
**MIA No. 12754**

Subscribed and solemnly declared by  
the abovenamed **LEE SWEE KHENG** at  
Petaling Jaya in the state of Selangor  
Darul Ehsan this 22<sup>nd</sup> day of January,  
2020.

Before me,

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**COMMISSIONER FOR OATHS**

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SUNSURIA BERHAD (Incorporated in Malaysia)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of SUNSURIA BERHAD, which comprise the statements of financial position of the Group and of the Company as at 30 September 2019, 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 85 to 203.

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 30 September 2019, 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 for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We 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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue Recognition for Property Development Activities	
Key Audit Matter	How our audit addressed the Key Audit Matter
The Group recognises property development revenue either over time or at a point in time. In recognising revenue over time, the progress of performance obligation is measured using input method. The stage of completion is determined by the proportion of property development costs incurred for work performed to date over the estimated total property development costs.	Our procedures included, amongst others: <ul style="list-style-type: none"><li>• Obtained an understanding of the process and relevant controls put in place by the Group in respect of:<ul style="list-style-type: none"><li>(i) revenue recognition (in accordance with MFRS 15) for property development activities and performed procedures to evaluate the design and implementation and operating effectiveness of such controls; and</li><li>(ii) budgeting of property development projects and computation of percentage of completion.</li></ul></li></ul>



Independent Auditors' Report  
To the Members of Sunsuria Berhad (Incorporated in Malaysia)

<b>Revenue Recognition for Property Development Activities (Continued)</b>	
<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p>Accounting for property development activities is inherently complex and there is judgement involved in the following areas:</p> <ul style="list-style-type: none"> <li>• determination of stage of completion; and</li> <li>• estimated total property development costs and costs to be incurred to complete a project</li> </ul> <p>We determined this to be a key audit matter given the complexity and judgmental nature of these activities.</p>	<ul style="list-style-type: none"> <li>• Reviewed the terms and conditions of major sales transactions to ensure that revenue recognised conforms to the Group's policy and the requirements of MFRS 15.</li> <li>• Reviewed Sale &amp; Purchase agreements (SPA) entered into between the purchasers and the Group and checked for subsequent cancellation of SPA.</li> <li>• Challenged the stage of completion taking into account the development costs recognised during the financial year and the budgeted cost by testing a sample of costs incurred to date to the relevant supporting documentation such as contractor's claim certificates, surveyor certificates, architect certificates and etc.</li> <li>• Assessed the reasonableness of management-prepared budgets for property development projects against letters of award issued to contractors, challenged management assumptions used in the preparation of the respective budgets and performed retrospective review to establish the reliability of management-prepared budgets. We have verified gross development value therein against signed sale and purchase agreements and estimated selling price of unsold development to the latest transacted selling price.</li> <li>• Interviewed management's project team on the achievability of the forecasted costs to the completion of individually significant projects.</li> <li>• Performed site-visits for individually significant on-going projects to arrive at an overall assessment as to whether information provided by management is reasonable.</li> <li>• Reviewed subsequent progress claims received after year-end to ensure that costs have been properly taken up as of year-end.</li> <li>• Obtained confirmation of material payable balances and reviewing details of progress claims for construction costs incurred and payables reconciliation.</li> </ul>

## Independent Auditors' Report

To the Members of Sunsuria Berhad (Incorporated in Malaysia)

We have not identified any key audit matter pertaining to the separate financial statements of the Company for the financial year ended 30 September 2019.

### **Information Other than the Financial Statements and Auditors' Report Thereon**

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

### **Responsibilities of the Directors for the Financial Statements**

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with 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.

Independent Auditors' Report  
To the Members of Sunsuria Berhad (Incorporated in Malaysia)

**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 a 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 skepticism 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.

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.

# Independent Auditors' Report

To the Members of Sunsuria Berhad (Incorporated in Malaysia)

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

## Other Matters

- (a) As stated in Note 3 to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards on 1 October 2018 with a transition date of 1 October 2017. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Company as at 30 September 2018 and 1 October 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year ended 30 September 2018 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 year ended 30 September 2019, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 October 2017 do not contain misstatements that materially affect the financial position as at 30 September 2019 and the financial performance and cash flows for the year then ended.
- (b) This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

**DELOITTE PLT (LLP0010145-LCA)**  
**Chartered Accountants (AF 0080)**

**CHAN CHONG WEY**  
**Partner - 02884/07/2021 J**  
**Chartered Accountant**

22 January 2020

# STATEMENTS OF FINANCIAL POSITION

AT 30 SEPTEMBER 2019

	Note	30.9.2019 RM'000	The Group 30.9.2018 RM'000 (Restated)	1.10.2017 RM'000 (Restated)
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Investment in associates	6	616	1,083	686
Other investment	7	184	184	184
Property, plant and equipment	8	33,796	29,578	23,414
Investment properties	9	140,280	153,098	122,810
Goodwill	10	11,453	11,453	12,381
Inventories - land held for property development	11	549,721	482,521	496,704
Deferred tax assets	12	10,349	31,348	55,787
Right-of-use assets	13	1,462	289	990
		747,861	709,554	712,956
<b>CURRENT ASSETS</b>				
Inventories - completed units and others	11	61,721	61,493	-
Inventories - property development costs	11	259,191	370,308	501,940
Biological asset	14	73	20	-
Contract assets	15	228,035	130,157	57,478
Contract costs	16	4,642	12,335	16,011
Trade receivables	17	46,336	63,543	53,790
Other receivables, deposits and prepayments	18	23,905	16,855	18,912
Amount owing by related parties	20	1,904	1,125	3,074
Amount owing by associate	21	1,867	1,912	-
Current tax assets		9,751	3,909	5,134
Short-term investment	22	7,063	2,960	31,977
Fixed deposits with licensed banks	23	31,353	44,023	46,740
Cash and bank balances	24	87,093	103,236	88,769
		762,934	811,876	823,825
Assets classified as held for sale	25	407	-	-
		763,341	811,876	823,825
<b>TOTAL ASSETS</b>		1,511,202	1,521,430	1,536,781

The accompanying Notes form an integral part of the Financial Statements.



# Statements of Financial Position

At 30 September 2019 (Continued)

	Note	30.9.2019 RM'000	The Group 30.9.2018 RM'000 (Restated)	1.10.2017 RM'000 (Restated)
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Ordinary share capital	26	640,288	399,421	399,421
Reserves	27	359,282	403,811	246,745
Equity attributable to owners of the Company		999,570	803,232	646,166
Non-controlling interests	5	16,304	54,711	(1,991)
<b>TOTAL EQUITY</b>		1,015,874	857,943	644,175
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities	12	91,967	90,304	100,586
Long-term borrowings	28	171,359	234,650	166,722
Lease liabilities	31	1,502	-	298
		264,828	324,954	267,606
<b>CURRENT LIABILITIES</b>				
Trade payables	32	78,456	82,455	54,967
Other payables, deposits received and accruals	33	112,983	91,802	63,031
Contract liabilities	15	15,048	149,309	412,538
Amount owing to related parties	20	1,249	1,518	77,588
Amount owing to associate	21	1,706	-	-
Dividend payable		22	22	22
Short-term borrowings	34	12,039	5,324	14,626
Lease liabilities	31	1,840	298	692
Current tax liabilities		7,157	7,805	1,536
		230,500	338,533	625,000
<b>TOTAL LIABILITIES</b>		495,328	663,487	892,606
<b>TOTAL EQUITY AND LIABILITIES</b>		1,511,202	1,521,430	1,536,781

The accompanying Notes form an integral part of the Financial Statements.

# Statements of Financial Position

At 30 September 2019 (Continued)

	Note	30.9.2019 RM'000	The Company 30.9.2018 RM'000 (Restated)	1.10.2017 RM'000 (Restated)
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Investment in subsidiaries	5	232,680	351,218	356,487
Investment in associates	6	594	594	594
Other investment	7	159	159	159
Property, plant and equipment	8	5,746	6,567	3,725
Investment properties	9	5,778	6,962	7,107
Right-of-use assets	13	143	289	990
		245,100	365,789	369,062
<b>CURRENT ASSETS</b>				
Other receivables, deposits and prepayments	18	2,461	1,385	1,306
Amount owing by subsidiaries	19	478,215	327,799	293,015
Amount owing by related parties	20	-	-	2,664
Current tax assets		225	1,072	810
Short-term investment	22	7,063	2,960	31,977
Fixed deposits with licensed banks	23	25,797	25,370	31,908
Cash and bank balances	24	17,552	2,141	1,324
		531,313	360,727	363,004
<b>TOTAL ASSETS</b>		<b>776,413</b>	<b>726,516</b>	<b>732,066</b>

The accompanying Notes form an integral part of the Financial Statements.

# Statements of Financial Position

At 30 September 2019 (Continued)

	Note	30.9.2019 RM'000	The Company 30.9.2018 RM'000 (Restated)	1.10.2017 RM'000 (Restated)
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Ordinary share capital	26	640,288	399,421	399,421
Reserves	27	125,235	201,302	223,671
<b>TOTAL EQUITY</b>		<b>765,523</b>	<b>600,723</b>	<b>623,092</b>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings	28	379	572	130
Lease liabilities	31	82	-	298
		461	572	428
<b>CURRENT LIABILITIES</b>				
Other payables, deposits received and accruals	33	6,131	3,504	3,313
Amount owing to subsidiaries	19	4,041	120,969	104,414
Amount owing to related parties	20	-	126	1
Short-term borrowings	34	193	324	126
Lease liabilities	31	64	298	692
		10,429	125,221	108,546
<b>TOTAL LIABILITIES</b>		<b>10,890</b>	<b>125,793</b>	<b>108,974</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>776,413</b>	<b>726,516</b>	<b>732,066</b>

The accompanying Notes form an integral part of the Financial Statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

	Note	The Group		The Company	
		2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
REVENUE	35	534,257	712,264	127,188	1,107
COST OF SALES	36	(273,951)	(339,629)	-	-
GROSS PROFIT		260,306	372,635	127,188	1,107
INVESTMENT INCOME	37	4,146	4,891	2,648	2,410
OTHER INCOME		6,423	1,144	15,591	-
ADMINISTRATIVE AND OTHER EXPENSES		(60,603)	(98,714)	(44,931)	(25,594)
FINANCE COSTS	38	(6,506)	(5,389)	(196)	(292)
SHARE OF RESULTS IN ASSOCIATES, NET OF TAX		(467)	(93)	-	-
PROFIT/(LOSS) BEFORE TAXATION	39	203,299	274,474	100,300	(22,369)
INCOME TAX EXPENSE	40	(62,721)	(62,603)	(529)	-
PROFIT/(LOSS) AFTER TAXATION		140,578	211,871	99,771	(22,369)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR		140,578	211,871	99,771	(22,369)
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:					
Owners of the Company		135,465	155,237	99,771	(22,369)
Non-controlling interests		5,113	56,634	-	-
		140,578	211,871	99,771	(22,369)
EARNING PER SHARE (SEN)	41				
- Basic		16.08	19.43	-	-
- Diluted		16.08	19.43	-	-

The accompanying Notes form an integral part of the Financial Statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

The Group	Note	Non-distributable				Distributable		Total Equity RM'000		
		Ordinary Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Capital Reserve RM'000	Capital Redemption Reserve RM'000	Retained Profits RM'000		Attributable to Owners of the Company RM'000	Non- Controlling Interests RM'000
Balance 1 October 2017		399,421	175,838	48,299	815	168	144,463	769,004	27,072	796,076
Effect on adoption of MFRS							(122,838)	(122,838)	(29,063)	(151,901)
Balance 1 October 2017 (Restated)		399,421	175,838	48,299	815	168	21,625	646,166	(1,991)	644,175
Total comprehensive income for the financial year		-	-	-	-	-	155,237	155,237	56,634	211,871
Issuance of shares by a subsidiary to non-controlling interests		-	-	-	-	-	-	-	98	98
Dividend by a subsidiary to non-controlling interest		-	-	-	-	-	-	-	(30)	(30)
Effect on deemed disposal of a subsidiary	42	-	-	-	-	-	1,829	1,829	-	1,829
Balance 30 September 2018 (Restated)		399,421	175,838	48,299	815	168	178,691	803,232	54,711	857,943

The accompanying Notes form an integral part of the Financial Statements.



**Statements of Changes In Equity**  
For the Financial Year Ended 30 September 2019 (Continued)

	Note	Non-distributable				Distributable			Total Equity RM'000	
		Ordinary Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Capital Reserve RM'000	Capital Redemption Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000		Non-controlling Interests RM'000
Balance 1 October 2018 (Restated)		399,421	175,838	48,299	815	168	178,691	803,232	54,711	857,943
Total comprehensive income for the financial year		-	-	-	-	-	135,465	135,465	5,113	140,578
Issuance of shares by a subsidiary to non-controlling interests		-	-	-	-	-	-	-	4	4
Issuance of shares by issue of new shares		42,629	-	-	-	-	-	42,629	-	42,629
Issuance of shares by private placement exercise		22,400	-	-	-	-	-	22,400	-	22,400
Dividend paid by subsidiaries to non-controlling interest		-	-	-	-	-	-	-	(47,680)	(47,680)
Adjustment from changes in non-controlling interest		-	-	-	-	-	(4,156)	(4,156)	4,156	-
Transfer arising from "no par value" regime	26	175,838	(175,838)	-	-	(168)	168	-	-	-
Balance 30 September 2019		640,288	-	48,299	815	-	310,168	999,570	16,304	1,015,874

## Statements of Changes In Equity

For the Financial Year Ended 30 September 2019 (Continued)

The Company	Note	Share Capital RM'000	Share Premium RM'000	Non-distributable			Distributable (Accumulated Losses)/ Retained Profits		Total Equity RM'000
				Share Capital RM'000	Warrant Reserve RM'000	Capital Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	
Balance 1 October 2017		399,421	175,838	48,299	1,800	(2,266)		623,092	
Total comprehensive loss for the financial year		-	-	-	-	(22,369)		(22,369)	
Balance 30 September 2018/1 October 2018 (Restated)		399,421	175,838	48,299	1,800	(24,635)		600,723	
Total comprehensive income for the financial year		-	-	-	-	99,771		99,771	
Issuance of shares by issue of new shares		42,629	-	-	-	-		42,629	
Issuance of shares by private placement exercise		22,400	-	-	-	-		22,400	
Transfer arising from "no par value" regime	26	175,838	(175,838)	-	-	-		-	
Balance 30 September 2019		640,288	-	48,299	1,800	75,136		765,523	

The accompanying Notes form an integral part of the Financial Statements.

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

	The Group		The Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>				
Profit/(Loss) before taxation	203,299	274,474	100,300	(22,369)
Adjustments for:				
Depreciation of:				
- property, plant and equipment	4,781	4,217	1,145	989
- investment properties	499	222	122	145
- right-of-use assets	973	701	325	701
Dividend income	-	-	(107,270)	-
Fair value changes on biological assets	(47)	(26)	-	-
Impairment loss on:				
- goodwill	-	928	-	-
- investment in subsidiaries	-	-	122	5,571
- amount owing by subsidiaries	-	-	11,692	-
- investment properties	-	29,508	-	-
- trade receivables	8	12	-	-
- other receivables	91	137	-	-
Interest expenses	6,506	5,389	196	292
Interest income	(4,146)	(4,891)	(2,648)	(2,410)
Inventory written down to net realisable value:				
- land held for property development	1,395	-	-	-
(Gain)/Loss on disposal of:				
- property, plant and equipment	-	75	-	75
- investment properties	(5,438)	-	(5,438)	-
Property, plant and equipment written off	-	260	-	-
Reversal of impairment loss on subsidiaries	-	-	(10,142)	-
Share of results in associates	467	93	-	-
Operating profit/(loss) before working capital changes carried forward	208,388	311,099	(11,596)	(17,006)

The accompanying Notes form an integral part of the Financial Statements.

## Statements of Cash Flows

For the Financial Year Ended 30 September 2019 (Continued)

	The Group		The Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Operating profit/(loss) before working capital changes brought forward	208,388	311,099	(11,596)	(17,006)
Changes in working capital:				
Decrease/(Increase) in inventories - completed units and others	5,689	(1,769)	-	-
Decrease in inventories - property development costs	66,675	51,094	-	-
(Increase)/Decrease in biological assets	(6)	6	-	-
Increase in contract assets	(97,878)	(72,679)	-	-
Decrease in contract cost	7,693	3,676	-	-
Decrease/(Increase) in trade and other receivables	10,058	(8,626)	(1,076)	(79)
(Increase)/Decrease in amount owing by related parties	(779)	-	-	2,664
Increase in amount owing by subsidiaries	-	-	(50,607)	(221)
Increase in trade and other payables	17,182	56,344	2,627	191
Decrease in contract liabilities	(131,124)	(263,229)	-	-
Decrease in amount owing to related parties	(269)	(71,026)	-	-
Increase in amount owing to associates	1,706	-	-	-
<b>CASH FROM/(FOR) OPERATIONS</b>	<b>87,335</b>	<b>4,890</b>	<b>(60,652)</b>	<b>(14,451)</b>
Income tax paid	(47,512)	(41,753)	(514)	(262)
Income tax refunded	1,206	801	1,075	-
Interest paid	(13,670)	(14,492)	(196)	(292)
Real property gains tax paid	(243)	-	(243)	-
<b>NET CASH FROM/(FOR) OPERATING ACTIVITIES</b>	<b>27,116</b>	<b>(50,554)</b>	<b>(60,530)</b>	<b>(15,005)</b>

The accompanying Notes form an integral part of the Financial Statements.

Statements of Cash Flows  
For the Financial Year Ended 30 September 2019 (Continued)

	Note	The Group		The Company	
		2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
<b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>					
Advances to associate		-	(62)	-	-
Advances to subsidiaries		-	-	(120,934)	(34,553)
Deemed disposal of subsidiary, net of cash and cash equivalents disposed	42	-	(52)	-	-
Dividend received		-	-	59,840	-
Expenditure incurred on land held for property development		(4,348)	(11,611)	-	-
(Increase)/Decrease in fixed deposits pledged with licensed banks		(577)	13,437	(1,035)	13,539
Interest income received		4,146	4,891	2,648	2,410
Investment in subsidiaries		-	-	(787)	(302)
Purchase of:					
- property, plant and equipment	i	(7,415)	(6,590)	(324)	(3,065)
- investment properties		(9,292)	(7,871)	-	-
Proceeds from disposal of:					
- property, plant and equipment		-	109	-	104
- investment properties		6,500	-	6,500	-
Redemption of preference shares		-	-	64,210	-
Repayment from associates		45	-	-	-
<b>NET CASH (FOR)/FROM INVESTING ACTIVITIES</b>		<b>(10,941)</b>	<b>(7,749)</b>	<b>10,118</b>	<b>(21,867)</b>

The accompanying Notes form an integral part of the Financial Statements.



## Statements of Cash Flows

For the Financial Year Ended 30 September 2019 (Continued)

	Note	The Group		The Company	
		2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
<b>CASH FLOWS FROM/(FOR)/FINANCING ACTIVITIES</b>					
Advance from subsidiaries		-	-	5,070	16,544
Advance from related parties		-	-	-	125
Dividends to non-controlling interest		(47,680)	(30)	-	-
Drawdown of term loan		30,332	130,995	-	-
Payments for the principal portion of lease liabilities		(2,239)	(692)	(331)	(692)
Proceeds from issuance of:					
- ordinary shares		65,029	510	65,029	-
- ordinary shares to non-controlling interest in subsidiaries		4	98	-	-
Repayment of hire purchase obligations		(324)	(304)	(324)	(304)
Repayment of term loans		(86,584)	(73,009)	-	-
Repayment to related parties		-	(3,095)	(126)	-
<b>NET CASH (FOR)/FROM FINANCING ACTIVITIES</b>		(41,462)	54,473	69,318	15,673
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(25,287)	(3,830)	18,906	(21,199)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		128,420	132,250	12,102	33,301
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	43	103,133	128,420	31,008	12,102

### Note i

During the current financial year, the Group and the Company acquired property, plant and equipment through the following arrangements:

	Note	The Group		The Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Total costs of property, plant and equipment acquired (Note 8)		7,415	7,534	324	4,009
Less: Hire purchase		-	(944)	-	(944)
Cash payments		7,415	6,590	324	3,065

The accompanying Notes form an integral part of the Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2019

## 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are located at Suite 8, Main Tower, Sunsuria Avenue, Persiaran Mahogani, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 22 January 2020.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 5.

## 3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except as otherwise indicated.

### Transitioning to Malaysian Financial Reporting Standards ("MFRSs")

The transition to MFRSs is accounted for in accordance with MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*, with 1 October 2017 as the date of transition.

Subject to certain transition elections as disclosed in Note 51 the Group and the Company have consistently applied the same accounting policies in their opening MFRS statements of financial position as at 1 October 2017, being the transition date, and throughout all years presented, as if these policies had always been in effect.

The financial impacts of the transition to MFRS Framework are disclosed in Note 51.

### 3.1 New and Revised Standards, Amendments and IC Interpretations in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new MFRSs, amendments to MFRSs and IC Interpretations which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

Amendments to MFRS 9	Prepayment Features with Negative Compensation <sup>1</sup>
Amendments to MFRS 128	Long-term Interests in Associates and Joint-Ventures <sup>1</sup>
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement <sup>1</sup>
Amendments to MFRS 3	Definition of a Business <sup>2</sup>
Amendments to MFRS 101 and MFRS 108	Definition of Material <sup>2</sup>
MFRS 17	Insurance Contracts <sup>3</sup>

**3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)**

## 3.1 New and Revised Standards, Amendments and IC Interpretations in issue but not yet effective (continued)

At the date of authorisation for issue of these financial statements, the new MFRSs, amendments to MFRSs and IC Interpretations which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below (continued):

IC Interpretation 23	Uncertainty over Income Tax Treatments <sup>1</sup>
Amendments to MFRSs	Annual Improvements to MFRSs 2015 - 2017 <sup>1</sup>
MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards <sup>2</sup>
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2019, with early application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2020, with early application permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2021, with early application permitted.

<sup>4</sup> Effective date deferred to a date to be determined and announced, with earlier application permitted.

The abovementioned new MFRSs, amendments to MFRSs and IC Interpretations will be adopted in the annual financial statements of the Group and of the Company when they become effective and the Directors anticipate that the adoption of these new MFRSs, amendments to MFRS and IC Interpretations will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

## 3.2 New accounting pronouncement that has yet to be effective but has been early adopted:

MFRS 16 *Leases*

The Group and the Company have on 1 October 2018, elected to early adopt MFRS 16 *Leases* which will take effect on or after 1 January 2019.

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

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. ROU asset is depreciated throughout the lease period in accordance with the depreciation requirements of MFRS 116 *Property, Plant and Equipment* whereas lease liability is accreted to reflect interest and is reduced to reflect lease payments made. Lease that were classified as finance leases under MFRS 117, the carrying amount of the ROU asset and lease liability at the date of initial application shall be the carrying amount of the lease asset and lease liability immediately before the date of initial application.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently. The detailed impact of changes in accounting policies is set out in Note 51.

The Group and the Company applied full restrospective transition approach by restating the comparative amounts for the financial year prior to first adoption.

IFRIC Agenda Decision on MFRS 123 *Borrowing Costs*

MFRS 1 provides the option to apply the amendments to MFRS 123, prospectively from the date of transition, 1 October 2017 or from a specified date prior to the date of transition. This provides relief from full retrospective application of the amendments to MFRS 123, which would require restatement of borrowing costs component capitalised prior to the date of transition.

The Group and the Company have elected to apply the amendments to MFRS 123 prospectively from the date of transition.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's and of the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

#### (a) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

#### (b) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances could be utilised.

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 12.

#### (c) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 10.

#### (d) Property Development - Revenue Recognition

Revenue is recognised as and when the control of the asset is transferred to customers and it is probable that the Group and the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. 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.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress towards complete satisfaction of that performance obligation based on the certified work-to-date corroborated by the level of completion of the development based on actual costs incurred to date over the estimated total property development costs. The total estimated costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. In making these judgements, management relies on past experience and the work of specialists.

#### (e) Net Realisable Value of Inventories

Inventories are stated at the lower of cost and net realisable value. The Group determines net realisable value based on historical trends and management estimates of future selling pricing. Possible changes in these estimates could result in revisions to the valuation of inventories.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests are presented within equity in the consolidated statements of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 4.2 BASIS OF CONSOLIDATION (CONTINUED)

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

##### 4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

##### 4.4 FUNCTIONAL AND FOREIGN CURRENCIES

###### (a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

###### (b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.



#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 4.5 FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

##### (a) Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the Group and the Company become a party to the contractual provisions of the instruments.

At initial recognition, the Group and the Company measure a financial asset (unless it is a trade receivable without significant financing component) or a financial liability at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition or issuance. Transaction costs of financial assets at FVTPL are recognised immediately in profit or loss.

Trade receivables without a significant financing component are initially measured at transaction price in accordance with MFRS 15.

Regular way of purchase or sale of a financial asset is recognised on the trade date, the date on which the Group and the Company commit to purchase or sell an asset.

##### (b) Classification and Subsequent Measurement

###### Financial Assets

The Group and the Company classify its financial assets in the following measurement categories:

- (i) those to be measured at fair value (either through other comprehensive income ("FVTOCI") or FVTPL; and
- (ii) those to be measured at amortised cost.

The classification depends on the Group's and the Company's business model for managing the financial assets and their contractual cash flows characteristics.

For assets measured at fair value, gain and losses will be recorded in either profit or loss or other comprehensive income ("OCI").

The Group and the Company reclassify debt instruments when and only when its business model for managing those assets changes.

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

## 4.5 FINANCIAL INSTRUMENTS (CONTINUED)

**(b) Classification and Subsequent Measurement (continued)****Financial Assets (continued)**

## (i) Financial assets at amortised cost

Financial assets that are held for collection of contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding are classified as financial assets at amortised cost. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method, less accumulated impairment.

Interest income from these financial assets is calculated using the effective interest rate method and is recognised in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. For credit-impaired financial assets, the effective interest rate shall be applied to the amortised cost of the financial asset in subsequent reporting periods.

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

This category comprises investment in equity instruments which are not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in fair value of the investments in OCI. The election is made on an investment by-investment basis. On derecognition, gains and losses accumulated in OCI are not reclassified to profit or loss.

Dividend income from these investments is recognised in profit or loss when the right to receive payment of the dividend is established.

The Group and the Company subsequently measured all investments in equity instruments at fair value.

## (iii) Financial assets at fair value through profit or loss ("FVTPL")

Financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. Fair value changes are recognised in profit or loss in the period in which it arises.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 4.5 FINANCIAL INSTRUMENTS (CONTINUED)

###### (b) Classification and Subsequent Measurement (continued)

###### Financial Liabilities

Financial liabilities of the Group and the Company are classified as 'financial liabilities measured at amortised cost'.

The Group's and the Company's financial liabilities measured at amortised cost, including trade payables, other payables and accrued expenses, amount owing to subsidiaries, hire-purchase and lease payables, borrowings and dividend payable, are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

###### (c) Impairment of financial assets and contract assets

An impairment loss is recognised in profit or loss based on expected credit losses ("ECL") at the end of each reporting period. ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group and the Company in accordance with the contract and the cash flows that the Group and the Company expect to receive). ECLs are discounted at the effective interest rate of the financial asset.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. 12-month ECL represents the portion of lifetime ECL that is expected to result from defaults event on a financial instrument that are possible within 12 months after the end of reporting period.

Reversal of impairment loss to profit or loss, if any, is restricted to not exceeding what the amortised cost would have been had the impairment not been recognised previously.

The Group and the Company apply the simplified approach to measure the impairment of trade receivables, contract assets and lease receivables at lifetime ECL. The ECL are estimated based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where appropriate.

To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables. The Group and the Company have therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 4.5 FINANCIAL INSTRUMENTS (CONTINUED)

###### (c) Impairment of financial assets and contract assets (continued)

For other financial assets such as other receivables and amount owing from intercompany, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Company measure the impairment losses for that financial instrument at an amount equal to 12-month ECL.

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

At the end of each reporting period, the Group and the Company assess whether the financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred, such as debtor who have defaulted on payment, or are in significant financial difficulties, or it is becoming probable that the borrower will enter bankruptcy.

These assets are written off when there is no reasonable expectation of recovery, with case-by-case assessment performed based on indicators such as insolvency or demise. Subsequent recoveries of amounts previously written off are recognised in profit or loss as bad debts recovered.

Deposits and bank balances of the Group and the Company are placed with reputable financial institution with high credit ratings and no history of default. Hence, the Group and the Company do not expect any losses from default or non-performance by the counterparties.

###### (d) Derecognition

###### (i) Derecognition of financial assets

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the consideration received and receivable is recognised in profit or loss, except for the derecognition of an investment in equity instruments measured at FVTOCI, the cumulative gain or loss is transferred within equity, not recognised in profit or loss.

###### (ii) Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability recognised and the consideration paid or payable is recognised in profit or loss.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 4.5 FINANCIAL INSTRUMENTS (CONTINUED)

###### (e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a 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 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 or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

###### (f) Equity Instruments

Equity instruments classified as equity are measured at cost and are not remeasured subsequently.

###### (i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

###### (ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 4.6 WARRANTS

Amount allocated in relation to the issuance of warrants are credited to the warrant reserve which is non-distributable. The warrant reserve is transferred to the share premium account upon exercise of the warrants and the warrant reserve in relation to the unexercised at the expiry of the warrants period will be transferred to retained earnings.

##### 4.7 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

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

##### 4.8 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 30 September 2019. The Group's share of the post-acquisition profits and other comprehensive income of the associate is included in the consolidated statements of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statements of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate into profit or loss when the equity method is discontinued.



**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****4.9 PROPERTY, PLANT AND EQUIPMENT**

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and construction work-in-progress are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land and construction work-in-progress are not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are as follows:

Buildings	10%
Plant and machinery	20%
Furniture, fittings and equipment	10% - 20%
Motor vehicles	20%
Renovation	20%
Signboard	20%
Virtual show unit	20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 4.10 INVESTMENT PROPERTIES

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost. 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.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. Leasehold land is depreciated on a straight-line basis over the lease terms of 55 to 90 years. Buildings and car park are depreciated on a straight-line over their estimated useful lives of 50 years.

Freehold land and investment properties under construction are not depreciated.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

##### 4.11 BIOLOGICAL ASSETS

Biological assets comprise of grass and shrubs. This represents grass and shrubs development expenditure consisting of cost incurred on preparation, planting and upkeep of grass and shrubs to maturity which are initially recognised at cost.

The Group measures biological assets at fair value less costs to sell from initial recognition up to the point of harvest, other than when fair value cannot be measured reliably on initial recognition. Gains and losses arising on the initial recognition of biological assets at fair value less costs to sell and changes in fair value less costs to sell are charge to profit or loss in the period in which they arise.

Replanting expenditure is charged to profit or loss in the financial year in which the expenditure is incurred.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 4.12 INVENTORIES

(a) Land Held for Property Development

Land held for property development consists of land on which no significant development has been undertaken or where development activities are not expected to be completed within the normal operating cycle, and costs attributable to the development activities which are held for future development. Such land is classified as non-current asset and is stated at lower of cost and net realisable value.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Pre-acquisition costs are charged to profit or loss as incurred unless such costs are directly identifiable to the consequent property development activity.

(b) Property Development Costs

Property development costs are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less cost to completion and selling expense. The property development cost is subsequently recognised as an expense in profit or loss when the control of the inventory is transferred to the customer.

Property development cost of unsold unit is transferred to completed development unit once the development is completed.

(c) Completed development units and vacant land for sale

Completed property units and vacant land for sale are valued at the lower of cost (determined on the specific identification basis) and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less cost to completion and selling expense.

(d) Construction material

The cost of construction materials represents cost of purchase plus incidental costs.

##### 4.13 CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of cumulative revenue earned over the billings to-date.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 4.14 CONTRACT COSTS

The Group recognises the incremental costs of obtaining a contract with a customer, which are expected to be recovered, as an asset. The incremental costs of obtaining a contract are costs incurred to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in profit and loss when the carrying amount of the contract cost asset exceeds the expected revenue less expected costs that will be incurred.

##### 4.15 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of the carrying amount and fair value less costs to sell.

##### 4.16 IMPAIRMENT OF NON-FINANCIAL ASSETS EXCLUDING GOODWILL

The carrying values of assets, other than those to which MFRS 136 - *Impairment of Assets* does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### 4.17 LEASE

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment as follows:

Buildings	20 to 50 years, or over the lease term, if shorter
Plant and machinery	5 to 40 years, or over the lease term, if shorter

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 4.17 LEASE (CONTINUED)

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's and the Company's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company change its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low value assets are those assets valued at less than RM2,000 each when purchased new.

(a) The Group and the Company as lessee

The Group and the Company assess whether a contract is or contains a lease, at inception of the contract. The Group and the Company recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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

The incremental borrowing rate is determined by referring to rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

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

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

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 4.17 LEASE (CONTINUED)

(a) The Group and the Company as lessee (continued)

The lease liability is presented as a separate line in the statements of financial position.

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

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

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

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group and the Company incur an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group and the Company expect to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statements of financial position.

The Group and the Company apply MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of non-financial assets excluding goodwill' policy.



#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 4.17 LEASE (CONTINUED)

(b) The Group and the Company as lessor

The Group and the Company enter into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group and the Company are lessors are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group and the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's and the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's and the Company's net investment outstanding in respect of the leases.

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

##### 4.18 INCOME TAXES

(a) **Current Tax**

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) **Deferred Tax**

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 4.18 INCOME TAXES (CONTINUED)

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

##### 4.19 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts 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 bank overdrafts.

##### 4.20 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

##### 4.21 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

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

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

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

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 4.22 EMPLOYEE BENEFITS

###### (a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss and included in the construction costs, where appropriate, in the period in which the associated services are rendered by employees of the Group.

###### (b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss and included in the construction costs, where appropriate, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

##### 4.23 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

##### 4.24 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

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

##### 4.25 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, which comprise warrants.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 4.26 REVENUE AND OTHER INCOME

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

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

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Revenue is measured at the fair value of the consideration received or receivable, net of returns, applicable taxes, cash and trade discounts.

##### (a) Other Goods And Services

Revenue from other goods and services representing multiple promises included in the contracts with purchasers on sale of properties, which is therefore accounted as separate performance obligations. Transaction price is being allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

Revenue for rendering of services is recognised on a straight line basis over the tenure of the service period of which the customer consumes the benefit.

Revenue for sale of goods is recognised at a point in time when the goods are delivered or control transferred to the customer.

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4.26 REVENUE AND OTHER INCOME (CONTINUED)**

**(b) Property Development**

Contracts with buyers may include multiple promises to buyers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the standalone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement.

Revenue from property development is recognised as and when the control of the asset is transferred to the buyer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the buyer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point of time.

The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the project). The input method depicts the Group's progress of performance in the assets created which has no alternative use to the Group. Otherwise, revenue is recognised at a point in time when the buyer obtains control of the asset.

Revenue from sales of vacant land and completed development units is recognised upon delivery of vacant land and completed development units where the control of the vacant land and completed development units has been transferred to the buyer and it is probable the Group will collect the consideration to which it will be entitled to exchange for the asset sold.

**(c) Construction Contracts**

Construction contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the standalone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from construction contracts is measured at the fixed transaction price agreed net of expected liquidated ascertained damages (LAD) payment, based on the expected value method. Apart from that, it also take consideration of variations in the contract work and claims that can be measured reliably. A variation or claim is only included in contract revenue when it is probable that the customer will approve the variation or negotiations have been reached an advanced stage that it is probable that the customer will accept the claim. Variation claim gives rise to a variable consideration which are estimated at either the expected value or most likely amount and included in revenue to the extent that it is highly probable that the revenue will not be reversed.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 4.26 REVENUE AND OTHER INCOME (CONTINUED)

###### (c) Construction Contracts (continued)

Revenue from construction contracts is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Control of the asset is transferred over time as the Group's performance create or enhance an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The Group recognises revenue over time using the input method, which is based on the level the proportion that the construction costs incurred to date bear to the estimated total costs for the construction contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as recoverables, prepayments or other assets, depending on their nature.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. Irrespective of whether the outcome of a construction contract can be estimated reliably when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the attributable profit/loss recognised on each contract is compared against the progress billings up to the end of the financial year. Where costs incurred and recognised profit (less recognised losses) exceed progress billings, the balance is shown as contract assets. Conversely, where progress billings exceed costs incurred and attributable profit, the balance is shown as contract liabilities.

###### (d) Interest Income

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

###### (e) Dividend Income

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

###### (f) Maintenance Income

Maintenance income is recognised over time when the service is rendered in accordance to contract term.

###### (g) Rental Income

Rental income is recognised on a straight-line basis over the lease term.

###### (h) Food and Beverage Income

Revenue from food and beverage is recognised at a point in time when the related services has been rendered to customers.

##### 4.27 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.



# Notes to the Financial Statements

30 September 2019

## 5. INVESTMENT IN SUBSIDIARIES

	The Company	
	2019 RM'000	2018 RM'000
Unquoted ordinary shares, at cost:		
At 1 October 2018/2017	52,734	52,432
Addition during the financial year	45,157	302
At 30 September	97,891	52,734
Accumulated impairment losses:		
At 1 October 2018/2017	(19,464)	(19,464)
Addition during the financial year #	(122)	-
At 30 September	(19,586)	(19,464)
	78,305	33,270
Unquoted preference shares, at cost:		
At 1 October 2018/2017	328,090	328,090
Redemption of preference shares	(173,715)	-
At 30 September	154,375	328,090
Accumulated impairment losses:		
At 1 October 2018/2017	(10,142)	(4,571)
Addition during the financial year #	-	(5,571)
Reversal during the financial year	10,142	-
At 30 September	-	(10,142)
	154,375	317,948
<b>Total</b>	<b>232,680</b>	<b>351,218</b>

### Notes:

- # - A total impairment loss of RM122,000 (2018 - RM5,571,000) representing the write-down of the investments to their recoverable amounts, was recognised in "Administrative and Other Expenses" line item of the Company's statement of profit or loss and other comprehensive income. The recoverable amounts were determined based on their fair value less costs to sell approach using the net asset position attributable to ordinary shareholders at the end of the financial year.

These investments in subsidiaries belonged to the Group's "Property Development" and "Investment Holding and Others" reportable segment.

**5. INVESTMENT IN SUBSIDIARIES (CONTINUED)**

Details of the subsidiaries, which the principal place of business and country of incorporation are all in Malaysia, are as follows:

Name of Subsidiaries	Percentage of ownership interest and voting power		Principal Activities
	2019 %	2018 %	
Maica Wood Industries Sdn. Bhd. ("MWISB")	99.78	99.78	Investment holding.
Sunsuria North Sdn. Bhd. ("SNSB")	100	100	Investment holding and property investment.
Sunsuria Residence Sdn. Bhd.	100	100	Property development.
Sunsuria Arena Sdn. Bhd. ("Arena")	100	100	Property development.
Sunsuria Symphony Sdn. Bhd. ("SSSB")	100	100	Investment holding.
Sunsuria Facility Management Sdn. Bhd.	100	100	Service management and investment holding.
Sunsuria Nusantara Sdn. Bhd. ("SNTSB")	99.02	99.02	Property development.
Sunsuria Gateway Sdn. Bhd. ("SGSB")	99.99	99.99	Investment holding.
Sunsuria Forum Sdn. Bhd. ("SFSB") *	95.625	51	Property development.
Sunsuria Builders Sdn. Bhd. ("SBSB")	100	100	Investment holding.
Sunsuria Education Sdn. Bhd. ("SEDSB")	100	100	Education.
Library Mall Development Sdn. Bhd. ("LMDSB")	100	100	Investment holding.
<b><i>Subsidiary of SSSB</i></b>			
Sunsuria City Sdn. Bhd. ("SCSB")	99.99	99.99	Property development.
<b><i>Subsidiary of SGSB</i></b>			
Sunsuria Genlin Development Sdn. Bhd. ("SGDSB")	69.99	69.99	Property development.
<b><i>Subsidiary of SNSB</i></b>			
Consolidated Factoring (M) Sdn. Bhd.	95.94	95.94	Dormant.
<b><i>Subsidiary of SCSB</i></b>			
Sunsuria Everrich Sdn. Bhd. ("SESB")	59.98	59.98	Investment holding and property development.

## 5. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of Subsidiaries	Percentage of ownership interest and voting power		Principal Activities
	2019 %	2018 %	
<b><i>Subsidiaries of Arena</i></b>			
Sunsuria Landscape & Nursery Sdn. Bhd.	69.99	69.99	Landscape and nursery.
Sunsuria City Amenities Sdn. Bhd. ("SCASB") **	85	100	Investment holding.
Sunsuria Esports Sdn. Bhd. ("SEPSB") ***	80	-	Electronic sports.
Rentas Majestik Sdn. Bhd. ("RMSB")	100	-	Investment holding.
<b><i>Subsidiary of LMDSB</i></b>			
Dreamsphere Sdn. Bhd. ("DSB")	100	100	Investment holding.
<b><i>Subsidiary of SFSB</i></b>			
Greenworth Sdn. Bhd. ("GSB")	95.625	51	Parking and services.
<b><i>Subsidiary of SBSB</i></b>			
Sunsuria Asas Sdn. Bhd. ("SASB")	51	51	Construction.
<b><i>Subsidiaries of SCASB</i></b>			
Cloudcubes Sdn. Bhd. ("CSB") ****	68	-	Food and beverage.
Aspen Esplanade Sdn. Bhd. ("AESB")	85	-	Investment holding.
Kemudi Semarak Sdn. Bhd. ("KSSB")	85	-	Food and beverage.
Aspire Century Sdn. Bhd. ("ACSB")	85	-	Investment holding.
Vibrant Blossom Sdn. Bhd. ("VBSB")*****	68	-	Food and beverage.

Note:

- \* - On 4 April 2019, the Company had subscribed 2,550,000 new ordinary shares in SFSB, ("SFSB Share(s)"), through the rights issue of 5,000,000 new SFSB Shares on the basis of twenty (20) new SFSB Shares for every one (1) existing SFSB Share ("SFSB Rights Share(s)") at an issue price of RM17.40 per SFSB Rights Share. SFSB became 95.625% owned subsidiary of the Company upon the completion of the subscription of right issue by SFSB.

**5. INVESTMENT IN SUBSIDIARIES (CONTINUED)**

Note (continued):

- \*\* - On 29 March 2019, the subscription of shares in SCASB pursuant to Shares Subscription and Shareholders' Agreement with Deluxe Indulgence Sdn. Bhd. ("DISB"), Yap Soon Han ("YSH") and SCASB dated 22 February 2019 had been completed following the allotment and issuance of 9,998 ordinary shares in SCASB to Arena for 8,498 ordinary shares, DISB for 1,000 ordinary shares and YSH for 500 ordinary shares at an issue price of RM1.00 per ordinary share. In consequence thereof, SCASB is now a 85%-owned indirect subsidiary of the Company.
- \*\*\* - On 9 July 2019, Arena, a wholly-owned subsidiary of the Company, acquired 100% interest of SEPSB, a new wholly-owned subsidiary, incorporated on 30 May 2019, comprising of one (1) ordinary share of RM1.00. Subsequently on 15 August 2019, SEPSB had allotted and issued 799 ordinary shares in SEPSB to Arena and 200 ordinary shares to One UC Sdn. Bhd. at an issue price of RM1.00 per ordinary share. In consequence thereof, SEPSB is now a 80%-owned indirect subsidiary of the Company.
- \*\*\*\* - On 17 May 2019, the subscription of shares in CSB pursuant to Shares Subscription and Shareholders' Agreement ("Agreement") with Tan Hong Thai ("THT") and CSB, which in turn is a wholly-owned subsidiary of SCASB dated 19 April 2019 had been completed following the allotment and issuance of 7,999 ordinary shares to SCASB and 2,000 ordinary shares to THT both at an issue price of RM1.00 per ordinary share. Subsequent to the said subscription of shares, CSB is now a 68%-owned indirect subsidiary of the Company.
- \*\*\*\*\* - On 29 August 2019, the subscription of shares in VBSB pursuant to Shares Subscription and Shareholders' Agreement ("Agreement") with Chew Poh Huat ("CPH") and VBSB, which in turn is a wholly-owned subsidiary of SCASB dated 11 June 2019 had been completed following the allotment and issuance of 799 ordinary shares to SCASB and 200 ordinary shares to CPH for both at an issue price of RM1.00 per ordinary share. Subsequent to the said subscription of shares, VBSB is now a 68%-owned indirect subsidiary of the Company.

(a) The non-controlling interests at the end of the reporting period comprise the following:

	Percentage of Issued Share Capital Held by				The Group	
	2019	2018	2017	30.9.2019	30.9.2018	1.10.2017
	%	%	%	RM'000	RM'000 (Restated)	RM'000 (Restated)
SFSB	4.375	49	49	(559)	36,524	(5,869)
SESB	40	40	40	6,297	10,877	2,561
SASB	49	49	49	10,124	6,875	1,110
Other individually immaterial subsidiaries				442	435	207
				16,304	54,711	(1,991)

**5. INVESTMENT IN SUBSIDIARIES (CONTINUED)**

(b) The summarised financial information (before intra-group elimination) for the subsidiaries that have non-controlling interests that are material to the Group are as follows:

**2019**

	<b>SFSB RM'000</b>	<b>SESB RM'000</b>	<b>SASB RM'000</b>
<u>At 30 September</u>			
Non-current assets	58,329	114,430	980
Current assets	186,411	1,480	62,372
Non-current liabilities	(51,693)	-	(159)
Current liabilities	(154,064)	(103,916)	(42,532)
<b>Net assets</b>	<b>38,983</b>	<b>11,994</b>	<b>20,661</b>
<u>Financial Year Ended 30 September</u>			
Revenue	21,019	-	170,014
(Loss)/Profit after taxation for the financial year	(7,282)	362	16,630
Total comprehensive (loss)/income	(7,282)	362	16,630
<b>Total comprehensive (loss)/income attributable to non-controlling interests</b>	<b>(319)</b>	<b>145</b>	<b>8,149</b>
Net cash flows (for)/from operating activities	(6,928)	(448)	26,521
Net cash flows (for)/from investing activities	(9,895)	44	(168)
Net cash flows from/(for) financing activities	5,261	418	(10,691)

**5. INVESTMENT IN SUBSIDIARIES (CONTINUED)**

- (b) The summarised financial information (before intra-group elimination) for the subsidiaries that have non-controlling interests that are material to the Group are as follows (continued):

**2018**

	SFSB RM'000 (Restated)	SESB RM'000 (Restated)	SASB RM'000
<u>At 30 September</u>			
Non-current assets	47,354	114,261	943
Current assets	166,280	1,466	46,279
Non-current liabilities	(81,980)	-	(60)
Current liabilities	(42,759)	(104,095)	(33,132)
Net assets	88,895	11,632	14,030
<u>Financial Year Ended 30 September</u>			
Revenue	255,315	-	138,030
Profit after taxation for the financial year	101,331	5,507	11,766
Total comprehensive income	101,331	5,507	11,766
Total comprehensive income attributable to non-controlling interests	49,652	2,203	5,765
Net cash flows for operating activities	(56,974)	(514)	(3,139)
Net cash flows (for)/from investing activities	(6,521)	8	(961)
Net cash flows from/(for) financing activities	63,933	1,877	(14)



# Notes to the Financial Statements

30 September 2019

## 5. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) The summarised financial information (before intra-group elimination) for the subsidiaries that have non-controlling interests that are material to the Group are as follows (continued):

2017

	SFSB RM'000 (Restated)	SESB RM'000 (Restated)	SASB RM'000
<u>At 1 October</u>			
Non-current assets	40,429	114,173	49
Current assets	254,297	135	17,765
Current liabilities	(307,363)	(108,183)	(15,549)
Net (liabilities)/assets	(12,637)	6,125	2,265
<u>Financial Year Ended 1 October</u>			
Revenue	-	-	15,859
(Loss)/Profit after taxation for the financial year	(3,551)	3,410	1,468
Total comprehensive (loss)/income	(3,551)	3,410	1,468
Total comprehensive (loss)/income attributable to non-controlling interests	(1,740)	1,364	719
Net cash flows from/(for) operating activities	22,558	(51)	(4,250)
Net cash flows (for)/from investing activities	(3,530)	1	(51)
Net cash flows (for)/from financing activities	(5,015)	10	8,612

## 6. INVESTMENT IN ASSOCIATES

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unquoted shares in Malaysia, at cost:				
At 1 October 2018/2017	1,162	672	672	672
Transfer from investment in subsidiaries (Note 42)	-	490	-	-
At 30 September	1,162	1,162	672	672
Share of post-acquisition profits				
At 1 October 2018/2017	497	590	-	-
For the financial year	(467)	(93)	-	-
At 30 September	30	497	-	-
Accumulated impairment losses	(576)	(576)	(78)	(78)
	616	1,083	594	594

**6. INVESTMENT IN ASSOCIATES (CONTINUED)**

The details of the associates are as follows:

Name of Associates	Principal Place of Business	Effective Equity Interest		Principal Activities
		2019 %	2018 %	
Mahakota Sdn. Bhd. * <sup>1</sup>	Malaysia	25.4	25.4	Woodworks manufacturer and dealer in timber and wood.
Citic Sunsuria Sdn. Bhd. ("Citic")*	Malaysia	49	49	Construction.

\* The Group recognised its share of results in the associates based on the unaudited financial statements of the associate as the share of results is not material to the Group.

<sup>1</sup> The financial statements of this associated company are audited by auditors other than the auditors of the Company.

Summarised financial information of Citic is as follows:

	2019 RM'000	2018 RM'000
<u>At 30 September</u>		
Non-current assets	217	268
Current assets	1,548	798
Current liabilities	(5,585)	(2,089)
Net liabilities	(3,820)	(1,023)
<u>Financial Year Ended 30 September</u>		
Revenue	-	-
Loss after taxation for the financial year	(2,796)	(194)
Total comprehensive loss	(2,796)	(194)
Total comprehensive loss attributable to owners of associate *	(395)	(95)

\* Share of losses of the associated company has been recognised to the extent of the Group's investment.

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## 7. OTHER INVESTMENT

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Investment in golf club memberships	184	184	159	159

Investment in golf club memberships of the Group and of the Company are designated as financial assets at fair value through profit and loss but are stated at cost as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the investment.

## 8. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.10.2018 RM'000	Additions RM'000	Transferred from Investment Properties (Note 9) RM'000	Deemed Disposal of Subsidiary (Note 42) RM'000	Disposals/ Written-Offs RM'000	Depreciation Charges RM'000	At 30.9.2019 RM'000
<b>2019</b>							
<i>Carrying Amount</i>							
Freehold land	1,331	-	-	-	-	-	1,331
Buildings	15,522	2,775	1,584	-	-	(2,005)	17,876
Plant and machinery	143	92	-	-	-	(44)	191
Furniture, fittings and equipment	7,929	1,431	-	-	-	(1,569)	7,791
Motor vehicles	2,108	5	-	-	-	(591)	1,522
Renovation	1,294	2,325	-	-	-	(202)	3,417
Signboard	1,110	787	-	-	-	(335)	1,562
Virtual show unit	141	-	-	-	-	(35)	106
	29,578	7,415	1,584	-	-	(4,781)	33,796

## 8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group	At 1.10.2017 RM'000	Additions RM'000	Transferred from Investment Properties (Note 9) RM'000	Deemed Disposal of Subsidiary (Note 42) RM'000	Disposals/ Written-Offs RM'000	Depreciation Charges RM'000	At 30.9.2018 RM'000
<b>2018</b>							
<i>Carrying Amount</i>							
Freehold land	1,061	-	270	-	-	-	1,331
Buildings	13,890	228	3,294	-	-	(1,890)	15,522
Plant and machinery	25	136	-	-	-	(18)	143
Furniture, fittings and equipment	5,862	3,519	-	(10)	(128)	(1,314)	7,929
Motor vehicles	928	2,205	-	(263)	(179)	(583)	2,108
Renovation	421	1,111	-	-	(122)	(116)	1,294
Signboard	1,227	163	-	-	(15)	(265)	1,110
Virtual show unit	-	172	-	-	-	(31)	141
	23,414	7,534	3,564	(273)	(444)	(4,217)	29,578

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
<b>2019</b>			
Freehold land	1,331	-	1,331
Buildings	21,890	(4,014)	17,876
Plant and machinery	254	(63)	191
Furniture, fittings and equipment	12,373	(4,582)	7,791
Motor vehicles	3,111	(1,589)	1,522
Renovation	3,807	(390)	3,417
Signboard	2,264	(702)	1,562
Virtual show unit	172	(66)	106
	45,202	(11,406)	33,796

# Notes to the Financial Statements

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## 8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
<b>2018</b>			
Freehold land	1,331	-	1,331
Buildings	17,531	(2,009)	15,522
Plant and machinery	162	(19)	143
Furniture, fittings and equipment	10,942	(3,013)	7,929
Motor vehicles	3,106	(998)	2,108
Renovation	1,482	(188)	1,294
Signboard	1,477	(367)	1,110
Virtual show unit	172	(31)	141
	36,203	(6,625)	29,578

The Company	At 1.10.2018 RM'000	Additions RM'000	Disposal RM'000	Transferred from Subsidiary RM'000	Depreciation Charges RM'000	At 30.9.2019 RM'000
<b>2019</b>						
<i>Carrying Amount</i>						
Furniture, fittings and equipment	3,569	286	-	-	(505)	3,350
Motor vehicles	1,673	-	-	-	(486)	1,187
Renovation	1,325	38	-	-	(154)	1,209
	6,567	324	-	-	(1,145)	5,746

The Company	At 1.10.2017 RM'000	Additions RM'000	Disposal RM'000	Transferred from Subsidiary RM'000	Depreciation Charges RM'000	At 30.9.2018 RM'000
<b>2018</b>						
<i>Carrying Amount</i>						
Furniture, fittings and equipment	2,811	1,200	-	1	(443)	3,569
Motor vehicles	632	1,666	(179)	-	(446)	1,673
Renovation	282	1,143	-	-	(100)	1,325
	3,725	4,009	(179)	1	(989)	6,567

**8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

<b>The Company</b>	<b>At Cost RM'000</b>	<b>Accumulated Depreciation RM'000</b>	<b>Carrying Amount RM'000</b>
<b>2019</b>			
Furniture, fittings and equipment	5,719	(2,369)	3,350
Motor vehicles	2,579	(1,392)	1,187
Renovation	1,553	(344)	1,209
	9,851	(4,105)	5,746
<b>2018</b>			
Furniture, fittings and equipment	5,433	(1,864)	3,569
Motor vehicles	2,579	(906)	1,673
Renovation	1,515	(190)	1,325
	9,527	(2,960)	6,567

- (a) Included in the property, plant and equipment of the Group and of the Company at the end of the reporting period were motor vehicles with a total carrying amount of RM596,000 (2018 - RM898,000), which were acquired under hire purchase terms. The leased assets have been pledged as security for the related hire purchase borrowings of the Group and of the Company as disclosed in Note 29.
- (b) Included in property, plant and equipment of the Group were freehold land with a total carrying amount of RM1,331,000 (2018 - RM1,331,000), which were pledged to a financial institution as security granted to the Group as disclosed in Note 30.



# Notes to the Financial Statements

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## 9. INVESTMENT PROPERTIES

The Group	Freehold Land RM'000	Long-term Leasehold Land RM'000	Buildings RM'000	Freehold Properties RM'000	Carpark RM'000	Total RM'000
At cost:						
At 1 October 2017	90,459	2,775	10,153	20,931	-	124,318
Additions during the financial year	-	-	171	9,205	-	9,376
Adjustment on land costs (Note 11(a) and (b)) #	359	-	-	12,455	-	12,814
Transfer to property, plant and equipment (Note 8)	(270)	-	(3,294)	-	-	(3,564)
Transfer from property development costs (Note 11(b))	-	-	-	17,636	23,756	41,392
Reclassification	-	-	(57)	57	-	-
At 30 September 2018/1 October 2018	90,548	2,775	6,973	60,284	23,756	184,336
At 1 October 2018	90,548	2,775	6,973	60,284	23,756	184,336
Additions during the financial year	-	-	-	11,499	-	11,499
Adjustment on land costs (Note 11(a) and (b)) #	(21,381)	-	(1)	617	-	(20,765)
Transfer to property, plant and equipment (Note 8)	-	-	(1,915)	-	-	(1,915)
Transfer to assets classified as held for sale (Note 25)	(350)	-	(250)	-	-	(600)
Disposal during the financial year	(527)	-	(1,309)	-	-	(1,836)
At 30 September 2019	68,290	2,775	3,498	72,400	23,756	170,719

# - Arose from the adjustments in land area due to the change in the business plan which resulted in the reclassification of land size in the respective phases.

## 9. INVESTMENT PROPERTIES (CONTINUED)

The Group	Freehold Land RM'000	Long-term Leasehold Land RM'000	Buildings RM'000	Freehold Properties RM'000	Carpark RM'000	Total RM'000
Accumulated depreciation:						
At 1 October 2017	-	390	1,118	-	-	1,508
Depreciation during the financial year	-	44	140	38	-	222
At 30 September 2018/1 October 2018	-	434	1,258	38	-	1,730
Depreciation during the financial year	-	44	115	112	228	499
Transfer to property, plant and equipment (Note 8)	-	-	(331)	-	-	(331)
Transfer to assets classified as held for sale (Note 25)	-	-	(193)	-	-	(193)
Disposal during the financial year	-	-	(774)	-	-	(774)
At 30 September 2019	-	478	75	150	228	931
Accumulated impairment losses:						
At 1 October 2017	-	-	-	-	-	-
Impairment during the financial year *	-	-	-	17,152	12,356	29,508
At 30 September 2018/1 October 2018	-	-	-	17,152	12,356	29,508
Impairment during the financial year	-	-	-	-	-	-
At 30 September 2019	-	-	-	17,152	12,356	29,508
Carrying amount:						
2018	90,548	2,341	5,715	43,094	11,400	153,098
2019	68,290	2,297	3,423	55,098	11,172	140,280

\* - In prior year, a total impairment loss of RM29,508,000 representing the write-down of the investment properties to their recoverable amount, was recognised in "Administrative and Other Expenses" line item of the statements of profit or loss and other comprehensive income. The recoverable amounts were determined based on their fair value less costs to sell approach.

# Notes to the Financial Statements

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## 9. INVESTMENT PROPERTIES (CONTINUED)

The Company	Freehold Land RM'000	Long-term Leasehold Land RM'000	Buildings RM'000	Total RM'000
At cost:				
At 1 October 2017/30 September 2018/1 October 2018	527	2,773	5,059	8,359
Disposal during the financial year	(527)	-	(1,309)	(1,836)
At 30 September 2019	-	2,773	3,750	6,523
Accumulated depreciation:				
At 1 October 2017	-	389	863	1,252
Depreciation during the financial year	-	44	101	145
At 30 September 2018/1 October 2018	-	433	964	1,397
Depreciation during the financial year	-	43	79	122
Disposal during the financial year	-	-	(774)	(774)
At 30 September 2019	-	476	269	745
Carrying amount:				
2018	527	2,340	4,095	6,962
2019	-	2,297	3,481	5,778

(a) The carrying amount of certain properties have been pledged to licensed banks as security for banking facilities granted to the Group and to the Company as disclosed in Note 30. Details are as follows:

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Freehold land	68,290	90,548	-	527
Freehold properties	48,279	43,094	-	-
Buildings	-	2,159	-	538
	116,569	135,801	-	1,065

**9. INVESTMENT PROPERTIES (CONTINUED)**

- (b) Included in investment properties of the Group is interest expenses capitalised during the financial year amounting to RM2,207,000 (2018 - RM1,505,000).
- (c) Rental income generated from the rental of investment properties of the Group and the Company during the financial year amounted to RM710,000 (2018 - RM637,000) and RM524,000 (2018 - RM537,000) respectively.
- (d) Direct operating expenses from investment properties which generated rental income to the Group and the Company during the financial year amounted to RM601,000 (2018 - RM142,000) and RM220,000 (2018 - RM137,000) respectively.
- (e) The fair value of investment properties are analysed as follows:

	<b>2019</b>	<b>2018</b>
	<b>Level 3</b>	<b>Level 3</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>The Group</b>		
Freehold land	83,849	97,793
Long-term leasehold land	6,350	5,865
Buildings	5,710	8,245
Freehold properties	15,000	14,000
Car park	11,400	11,400
	<b>122,309</b>	<b>137,303</b>
<b>The Company</b>		
Freehold land	-	5,600
Long-term leasehold land	6,350	5,865
Buildings	4,050	6,285
	<b>10,400</b>	<b>17,750</b>

Fair value of the freehold properties under construction are unable to be determined reliably as there are uncertainties in estimating their fair value at this juncture. The carrying amount of freehold properties under construction amounted to RM48,279,000 (2018: RM37,532,000).

The fair values of the investment properties are classified as a Level 3 fair value for the purposes of fair value hierarchy disclosure.

**9. INVESTMENT PROPERTIES (CONTINUED)**

The following table shows the significant unobservable input used in the valuation model:

<u>Valuation Technique</u>	<u>Significant Unobservable inputs</u>	<u>Relationship of Unobservable Inputs to Fair Value</u>
<b>30.09.2019</b>		
Comparison Method	Adjustment factors to prices of comparable properties	The higher the sale price of comparable land and buildings, the higher the fair value.
Investment Method	Estimated rental rate per square foot per month	The higher the estimated rental rate per square foot per month, the higher the fair value.
	Estimated outgoings per square foot per month	The lower the estimated outgoings per square foot per month, the higher the fair value.
	Void Rate	The lower the void rate, the higher the fair value.
	Term Yield Rate	The higher the term yield rate, the higher the fair value.
	Capitalisation/Discount rate	The lower the capitalisation/ discount rate, the higher the fair value.
<b>30.09.2018</b>		
Comparison Method	Adjustment factors to prices of comparable properties	The higher the sale price of comparable land and buildings, the higher the fair value.
Residual Method	Discount rate	The lower the discount rate, the higher the fair value.
	Estimated gross development value ("GDV")	The higher the GDV, the higher the fair value.
	Estimated gross development costs ("GDC")	The lower the GDC, the higher the fair value.

**10. GOODWILL**

	<b>The Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
At cost:		
At 1 October 2018/2017	18,230	18,230
Accumulated impairment losses:		
At 1 October 2018/2017	(6,777)	(5,849)
Impairment during the financial year	-	(928)
At 30 September	(6,777)	(6,777)
Carrying amount	11,453	11,453

(a) The carrying amounts of goodwill allocated to each cash-generating unit are as follows:

	<b>The Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Property development - SFBSB	11,453	11,453

(b) In the previous financial year, total impairment losses amounting to RM928,000 were recognised in "Administrative and Other Expenses" line item of the statements of profit or loss and other comprehensive income. The impairment losses were attributable to the following reportable segment:

	<b>The Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Property development - SNTSB	-	928

Impairment loss of RM928,000 was recognised on SNTSB as the management assessed the recoverable amount to be lower than the carrying amount.



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## 10. GOODWILL (CONTINUED)

(c) The key assumptions used in the determination of the recoverable amounts are as follows:

	Average Gross Margin		Growth Rate		Discount Rate	
	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
SFSB	34	47	Refer (ii)		20.07	21.18

(i) Budgeted gross margin : The basis used to determine the value assigned to the budgeted gross margins is the average gross margin achievable.

(ii) Growth rate : Based on the expected projection of sales generated from Forum I and II projects.

(iii) Discount rate (pre-tax) : The discount rate used is computed based on the unlevered weighted average cost of capital of the Company.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

(d) Sensitivity analysis

### SFSB

The directors believe that there is no reasonable possible change in the above key assumptions applied that is likely to materially cause the respective cash-generating unit carrying amount to be exceeded its recoverable amount.

## 11. INVENTORIES

	Note	30.9.2019 RM'000	The Group 30.9.2018 RM'000 (Restated)	1.10.2017 RM'000 (Restated)
<u>Non-current</u>				
Land held for property development	(a)	549,721	482,521	496,704
<u>Current</u>				
Property development costs	(b)	259,191	370,308	501,940
Others:				
Completed units		59,296	59,724	-
Raw material		2,425	1,769	-
		61,721	61,493	-
		320,912	431,801	501,940
		870,633	914,322	998,644

Included in inventories are completed units with a carrying amount of RM1,865,000 (2018 - RM58,411,000; 2017 - RM nil) pledged to licensed banks for banking facilities granted to the Group as disclosed in Note 30.

The completed units with a carrying amount of RM49,343,000 which were pledged to licensed banks for banking facilities granted to the Group as disclosed in Note 30 has been discharged during the financial year.

## 11. INVENTORIES (CONTINUED)

## a) Land held for property development

	The Group	
	2019 RM'000	2018 RM'000 (Restated)
At cost:		
At 1 October 2018/2017	482,521	496,704
Additions during the financial year	8,777	16,897
Adjustments on land cost (Note 9 and 11(b)) #	27,453	4,730
Transfer from/(to) property development costs (Note 11(b))	32,365	(35,810)
Written down to net realisable value	(1,395)	-
At 30 September	549,721	482,521

	30.9.2019 RM'000	The Group 30.9.2018 RM'000 (Restated)	1.10.2017 RM'000 (Restated)
Represented by:			
Freehold land	504,864	448,152	476,823
Property development costs	44,857	34,369	19,881
	549,721	482,521	496,704

Note:

# Arose from the adjustments on land area due to the change in the business plan which resulted in the reclassification of land size in the respective phases.

(a) Included in land held for property development costs of the Group is interest expense capitalised during the financial year amounting to RM4,429,000 (2018 - RM5,286,000).

(b) The land held for property development of the Group with total carrying amount RM520,721,000 (2018 - RM482,521,000; 2017 - RM496,704,000) have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 30.

# Notes to the Financial Statements

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## 11. INVENTORIES (CONTINUED)

### b) Property development costs

	The Group	
	2019	2018
	RM'000	RM'000 (Restated)
At October 2018/2017		
- land	233,006	344,335
- development costs	261,443	320,484
	494,449	664,819
Cost incurred during the financial year:		
- land	-	30,316
- development costs	187,151	238,428
	187,151	268,744
Transfer (to)/from land held for property development (Note 11(a)):		
- land	(28,828)	34,235
- development costs	(3,537)	1,575
	(32,365)	35,810
Transfer to investment properties (Note 9):		
- land	-	(41,371)
- development costs	-	(21)
	-	(41,392)
Adjustment on land costs (Note 9 & 11(a)): #		
- land	(11,198)	(19,057)
- development costs	4,510	1,513
	(6,688)	(17,544)
Reversal of completed projects:		
- land	(69,404)	(115,452)
- development costs	(218,479)	(300,536)
	(287,883)	(415,988)
At 30 September		
- land	123,576	233,006
- development costs	231,088	261,443
	354,664	494,449

**11. INVENTORIES (CONTINUED)****b) Property development costs (continued)**

	The Group	
	2019 RM'000	2018 RM'000 (Restated)
Costs recognised in profit or loss:		
Cumulative costs recognised at 1 October 2018/2017	(124,141)	(162,879)
Transfer to inventories	(5,917)	(59,724)
Reversal of completed properties	287,883	415,988
Cost recognised during the financial year	(253,298)	(317,526)
Cumulative costs recognised at 30 September	(95,473)	(124,141)
Property development costs at 30 September	259,191	370,308

# - Arose from the adjustments on land area due to the change in the business plan which resulted in the reclassification of land size in the respective phases.

(a) The land under development of the Group with a carrying amount of RM259,191,000 (2018 - RM339,836,000; 2017 - RM253,492,000) has been pledged to licensed banks for banking facilities granted to the Group as disclosed in Note 30.

(b) Included in property development costs of the Group is interest expense capitalised during the financial year amounting to RM528,000 (2018 - RM2,312,000).

**12. DEFERRED TAX ASSETS/(LIABILITIES)**

	30.9.2019	The Group	
	RM'000	30.9.2018 RM'000 (Restated)	1.10.2017 RM'000 (Restated)
Deferred tax assets	10,349	31,348	55,787
Deferred tax liabilities	(91,967)	(90,304)	(100,586)
	(81,618)	(58,956)	(44,799)

**12. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)**

The components of deferred tax assets and deferred tax liabilities prior to offsetting are as follows:

	At 1.10.2018 RM'000 (Restated)	The Group Recognised in Profit or Loss (Note 40) RM'000	At 30.9.2019 RM'000
<i>Deferred Tax Assets</i>			
Provision for costs	8,695	(1,370)	7,325
Temporary difference on property development costs	28,338	(18,039)	10,299
Unabsorbed capital allowance	-	31	31
Unabsorbed tax losses	-	2,100	2,100
Others	-	12	12
	37,033	(17,266)	19,767
<i>Deferred Tax Liabilities</i>			
Temporary difference on property development costs	(95,760)	(5,508)	(101,268)
Accelerated of capital allowance over depreciation of:			
- property, plant and equipment	(223)	223	-
- investment properties	(6)	6	-
Others	-	(117)	(117)
	(95,989)	(5,396)	(101,385)
	(58,956)	(22,662)	(81,618)

**12. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)**

	<b>At 1.10.2017 RM'000 (Restated)</b>	<b>The Group Recognised in Profit or Loss (Note 40) RM'000</b>	<b>At 30.9.2018 RM'000 (Restated)</b>
<i>Deferred Tax Assets</i>			
Provision for costs	3,568	5,127	8,695
Temporary difference on property development costs	54,884	(26,546)	28,338
	58,452	(21,419)	37,033
<i>Deferred Tax Liabilities</i>			
Temporary difference on property development costs	(103,051)	7,291	(95,760)
Accelerated of capital allowance over depreciation of:			
- property, plant and equipment	(198)	(25)	(223)
- investment properties	(2)	(4)	(6)
	(103,251)	7,262	(95,989)
	(44,799)	(14,157)	(58,956)

The deferred tax assets have been recognised on the basis of a subsidiary's previous history of recording profits and to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

No deferred tax assets are recognised in the statements of financial position on the following items:

	<b>The Group</b>		<b>The Company</b>	
	<b>2019 RM'000</b>	<b>2018 RM'000</b>	<b>2019 RM'000</b>	<b>2018 RM'000</b>
Deductible temporary differences of:				
- impairment loss on trade receivables	1,036	695	-	-
- impairment loss on other receivables	5	243	-	-
- provision for costs	-	36	-	-
Unabsorbed capital allowances	6,548	6,461	488	401
Unutilised tax losses	29,766	28,148	2,993	2,993
Accelerated capital allowance over depreciation	(1,039)	(1,254)	(1,209)	(1,267)
	36,316	34,329	2,272	2,127

The comparative figures of the Group have been revised to reflect the previous year's final tax submission.

No deferred tax assets are recognised in respect of the above items as they are not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised. The unused tax losses could be carried forward for a maximum of 7 consecutive years of assessment. However, the availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act 1967 and guidelines issued by the tax authority.

# Notes to the Financial Statements

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## 13. RIGHT-OF-USE ASSETS

	The Group RM'000	The Company RM'000
<b>2019</b>		
Carrying amount		
At 1 October 2018 (Restated)		
Equipment	3	3
Buildings	286	286
	289	289
Additions		
Equipment	81	81
Buildings	2,065	98
	2,146	179
Depreciation charges (Note 39)		
Equipment	(15)	(15)
Buildings	(958)	(310)
	(973)	(325)
At 30 September 2019		
Equipment	69	69
Buildings	1,393	74
	1,462	143

The following table shows the breakdown of the lease expense between amounts charged to operating profit and amounts charged to finance costs:

	The Group RM'000	The Company RM'000
<b>2019</b>		
Depreciation of right-of-use assets	973	325
Short term lease expense	1,236	1,110
Low-value assets lease expense	10	1
Charge to operating profit	2,219	1,436
Interest expense related to lease liabilities (Note 38)	78	12
Charge to profit before taxation for leases	2,297	1,448



**13. RIGHT-OF-USE ASSETS (CONTINUED)**

	The Group RM'000	The Company RM'000
<b>2018</b>		
Carrying amount		
At 1 October 2017 (Restated)		
Equipment	18	18
Buildings	972	972
	990	990
Additions		
Equipment	-	-
Buildings	-	-
	-	-
Depreciation charges (Note 39)		
Equipment	(15)	(15)
Buildings	(686)	(686)
	(701)	(701)
At 30 September 2018 (Restated)		
Equipment	3	3
Buildings	286	286
	289	289

The following table shows the breakdown of the lease expense between amounts charged to operating profit and amounts charged to finance costs:

	The Group RM'000	The Company RM'000
<b>2018</b>		
Depreciation of right-of-use assets	701	701
Short term lease expense	1,140	1,140
Low-value assets lease expense	2	2
Charge to operating profit	1,843	1,843
Interest expense related to lease liabilities (Note 38)	45	45
Charge to profit before taxation for leases	1,888	1,888

# Notes to the Financial Statements

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## 14. BIOLOGICAL ASSET

	The Group	
	2019 RM'000	2018 RM'000
<b>Grass</b>		
At 1 October 2018/2017	20	-
Addition	65	-
Disposals	(59)	(6)
Fair value changes	29	26
At 30 September	55	20
<b>Shrubs</b>		
At 1 October 2018/2017	-	-
Addition	42	-
Disposals	(42)	-
Fair value changes	18	-
At 30 September	18	-
<b>Total</b>		
At 1 October 2018/2017	20	-
Addition	107	-
Disposals	(101)	(6)
Fair value changes	47	26
At 30 September	73	20

**15. CONTRACT ASSETS/(LIABILITIES)**

The Group issues progress billing to purchaser when the billing milestones are attained. The Group recognises revenue when performance obligation is satisfied. The Group's contract assets and contract liabilities relating to the sales of properties as of each reporting period can be summarised as follows:

	<b>30.9.2019</b> <b>RM'000</b>	<b>The Group</b> <b>30.9.2018</b> <b>RM'000</b> <b>(Restated)</b>	<b>1.10.2017</b> <b>RM'000</b> <b>(Restated)</b>
Contract assets	228,035	130,157	57,478
Contract liabilities	(15,048)	(149,309)	(412,538)
	212,987	(19,152)	(355,060)

	<b>The Group</b> <b>2019</b> <b>RM'000</b>	<b>2018</b> <b>RM'000</b> <b>(Restated)</b>
At 1 October 2018/2017	(19,152)	(355,060)
Revenue recognised during the year (Note 35)	532,439	711,347
Progress billings during the year	(309,471)	(379,410)
Consideration payable to customer	9,171	3,971
At 30 September	212,987	(19,152)

The transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) as at 30 September 2019 is RM319,951,000 where the Group expects to recognise it as revenue over the next 3 years.

The Company does not have any unsatisfied performance obligation as at 30 September 2019.

The Group and the Company have applied the practical expedient in MFRS 15 whereby the transaction price allocated to unsatisfied or partially unsatisfied performance obligations as at 30 September 2018 and 1 October 2017 are not disclosed.

There is no impairment loss recognised on contract assets in the reporting period.

# Notes to the Financial Statements

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## 16. CONTRACT COSTS

	30.9.2019 RM'000	The Group 30.9.2018 RM'000 (Restated)	1.10.2017 RM'000 (Restated)
Costs to obtain contracts	4,642	12,335	16,011

Costs to obtain contracts relate to incremental sales person and agent commission for obtaining property sales contracts which are expected to be recovered. These costs are subsequently expensed off as cost of sales by reference to the performance completed to date, consistent with the revenue recognition pattern.

During the financial year, the total costs to obtain contracts recognised by the Group as cost of sales in profit or loss amounting to RM16,820,000 (2018 - RM22,258,000).

The Group applied the practical expedient in para 94 of MFRS 15 and recognised the incremental costs of obtaining contracts as an expense when incurred, if the amortisation period of the assets is one year or less.

There was no impairment loss in relation to the costs capitalised.

## 17. TRADE RECEIVABLES

	30.9.2019 RM'000	The Group 30.9.2018 RM'000 (Restated)	1.10.2017 RM'000 (Restated)
Stakeholders' sum	7,927	7,937	-
Trade receivables	39,131	56,320	54,492
Allowance for impairment losses	(722)	(714)	(702)
	38,409	55,606	53,790
	46,336	63,543	53,790

(a) Stakeholders' sum represents retention sum held by solicitors upon handling over of vacant possession to individual purchasers of development properties. These amounts will be paid 24 months after the delivery of vacant possession together with interest earned.

(b) The Group's normal trade credit terms for current trade receivables range from 14 to 30 (2018 - 14 to 30; 2017 - 14 to 30) days. Other credit terms are assessed and approved on a case-by-case basis.

**17. TRADE RECEIVABLES (CONTINUED)**

- (c) Trade receivables that are past due but not impaired are mainly related to the progress billings to be settled by the purchasers or the purchasers' end financiers. However, these debts are expected to be realised in full without material losses in the ordinary course of business as majority of the customers are with financing facilities obtained from reputable end-financiers. Amount due from tenants are secured with deposits paid by tenants prior to occupancy of premises and rentals paid in advance.
- (d) The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or groups of debtors.
- (e) The Group recognises impairment losses based on expected credit losses ("ECL") model using the simplified approach, which measures the impairment losses at an amount equal to lifetime ECL.

Movement in the allowance for impairment loss:

	<b>The Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Restated)</b>
Allowance for impairment losses:		
At 1 October 2018/2017	(714)	(702)
Addition during the financial year (Note 39)	(8)	(12)
At 30 September	(722)	(714)

The ageing analysis of trade receivables past due but not impaired is as follows:

	<b>30.9.2019</b>	<b>The Group</b>	
	<b>RM'000</b>	<b>30.9.2018</b>	<b>1.10.2017</b>
		<b>RM'000</b>	<b>RM'000</b>
		<b>(Restated)</b>	<b>(Restated)</b>
Not past due	13,328	34,125	20,221
Past due:			
- less than 30 days ^	861	-	12,139
- 31 to 60 days	7,740	13,898	3,254
- 61 to 150 days	9,349	5,763	13,202
- more than 151 days	7,131	1,820	4,974
Total	38,409	55,606	53,790

Note:

^ - Represents debts fall within the month of September.

# Notes to the Financial Statements

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## 18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30.9.2019 RM'000	30.9.2018 RM'000 (Restated)	1.10.2017 RM'000 (Restated)
<b>The Group</b>			
Other receivables:			
Non-interest bearing	1,541	2,495	1,006
Allowance for impairment losses	(319)	(228)	(91)
	1,222	2,267	915
Other assets	3,947	4,065	3,587
Goods and services tax recoverable	1,663	1,579	1,126
Advances to payables	4,912	1,871	3,750
Deposits	7,625	6,552	7,844
Prepayments	4,536	521	1,690
	23,905	16,855	18,912

	2019 RM'000	2018 RM'000
<b>The Company</b>		
Other receivables:		
- non-interest bearing	69	572
Goods and services tax recoverable	12	170
Deposits	498	530
Prepayments	1,882	113
	2,461	1,385

Movement in the allowance for impairment loss:

	<b>The Group</b>	
	2019 RM'000	2018 RM'000 (Restated)
Allowance for impairment losses:		
At 1 October 2018/2017	(228)	(91)
Addition during the financial year (Note 39)	(91)	(137)
At 30 September	(319)	(228)

**18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)**

Other assets of the Group are the costs for consideration payable to customers to be accounted for as a reduction of revenue, when the Group recognises revenue for the transfer of the related goods or services to the customers.

**19. AMOUNTS OWING BY/(TO) SUBSIDIARIES**

	The Company					
	Interest Bearing RM'000	2019 Non- Interest Bearing RM'000	Total RM'000	Interest Bearing RM'000	2018 Non- Interest Bearing RM'000	Total RM'000
Amount owing by:						
- Trade balances	-	18,885	18,885	-	813	813
- Non-trade balances						
Principal	19,133	450,116	469,249	27,401	298,656	326,057
Interest	1,773	-	1,773	929	-	929
Impairment	-	(11,692)	(11,692)	-	-	-
	20,906	438,424	459,330	28,330	298,656	326,986
	20,906	457,309	478,215	28,330	299,469	327,799
Amount owing to:						
- Trade balances	-	(32)	(32)	-	-	-
- Non-trade balances	-	(4,009)	(4,009)	-	(120,969)	(120,969)
	-	(4,041)	(4,041)	-	(120,969)	(120,969)

Movement in the allowance for impairment loss:

	The Company 2019 RM'000
Allowance for impairment losses:	
At 1 October 2018	-
Addition during the financial year (Note 39)	11,692
At 30 September	11,692



**19. AMOUNTS OWING BY/(TO) SUBSIDIARIES (CONTINUED)**

(a) The trade and non-trade balances are unsecured, interest-free and repayable on demand, except certain non-trade balances are interest bearing. The amounts owing are to be settled in cash.

(b) The non-trade interest bearing amounts at the end of the reporting period bore the following interest rates:

	2019 %	2018 %
Interest rate per annum	4.82 to 5.04	4.61 to 5.50

**20. AMOUNT OWING BY/(TO) RELATED PARTIES**

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Amount owing by:				
- Trade balances	1,904	1,125	-	-
Amount owing to:				
- Trade balances	(1,249)	(1,392)	-	-
- Non-trade balances	-	(126)	-	(126)
	(1,249)	(1,518)	-	(126)

(a) The trade balances are unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

(b) Included in amount owing to related parties (trade balances) is retention sum amounting to RM436,000 (2018 - RM436,000) which was unsecured and interest-free. The retention sum has been due upon expiry of the defect liability period in September 2017. The retention sum was settled in October 2019.

(c) Related parties refer to companies substantially owned by a director or a close family member of a director of the Company.

**21. AMOUNT OWING BY/(TO) ASSOCIATE**

The non-trade balances are unsecured and repayable on demand. The amounts owing are to be settled in cash.

The non-trade balances for amount owing by associate bore the following interest rate:

	2019 %	2018 %
Interest rate per annum	4.9	4.8

**22. SHORT-TERM INVESTMENT**

	The Group and The Company	
	2019 RM'000	2018 RM'000
Financial assets at fair value through profit or loss:		
- Money market fund	7,063	2,960

Investment in money market fund represent investment in highly liquid money market instruments, which are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value.

**23. FIXED DEPOSITS WITH LICENSED BANKS**

- (a) The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 2.90% to 3.45% (2018 - 2.65% to 4.08%) per annum and 2.90% to 3.45% (2018 - 2.95% to 4.08%) per annum respectively. The fixed deposits have maturity periods ranging from 1 day to 12 months (2018 - 1 day to 12 months) and 1 to 12 months (2018 - 1 to 12 months) for the Group and for the Company respectively.
- (b) The amount of fixed deposits pledged with licensed banks as security for banking facilities granted to the Group as disclosed on Note 30 is as follows:

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fixed deposits pledged for:				
- revolving credit	10,233	11,006	10,233	11,006
- bank guarantee	9,171	7,363	9,171	7,363
- term loan	2,972	3,430	-	-
	22,376	21,799	19,404	18,369

# Notes to the Financial Statements

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## 24. CASH AND BANK BALANCES

Included in the cash and bank balances of the Group is an amount of RM43,340,000 (2018 - RM82,798,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966. The amount is held at call with banks and is available only to the subsidiaries involved in the property development activities.

## 25. ASSETS CLASSIFIED AS HELD FOR SALE

	The Group	
	2019 RM'000	2018 RM'000
Freehold land (Note 9)	350	-
Building (Note 9)	57	-
	407	-

On 2 July 2019, SNSB, a wholly-owned subsidiary of the Company entered into a Sale and Purchase Agreement ("SPA") with a third party, George Theodore Eugene Richard Arnold for the disposal of freehold land and building ("Property") for a total disposal consideration RM2,300,000. Completion period is before the expiration of 3 months from the date of SPA. As at 30 September 2019, the Property is classified as assets held for sale in the statement of financial position of the Group.

This assets classified as held for sale are pledged to financial institution as securities for bank facilities.

## 26. ORDINARY SHARE CAPITAL

	The Group and The Company			
	2019 Number of Shares '000	2018 '000	2019 RM'000	2018 RM'000
<b>Ordinary Shares:</b>				
At 1 October	798,834	798,834	399,421	399,421
Issuance of shares pursuant to:				
- issuance of shares	65,083	-	42,629	-
- private placement	32,000	-	22,400	-
- transfer from reserve (Note 27)	-	-	175,838	-
At 30 September	895,917	798,834	640,288	399,421

During the financial year, the Company increased its issued and paid-up share capital from 798,834,302 ordinary shares to 895,917,302 ordinary shares by the issuance of:

- 65,083,000 new ordinary shares in the Company to Ter Capital Sdn. Bhd. at an issue price of RM0.655 per Issuance Share for a total cash consideration of RM42,629,365;
- 26,000,000 new ordinary shares pursuant to the first tranche of private placement at an issuance price of RM0.70 per placement shares: and
- 6,000,000 new ordinary shares pursuant to the second tranche of private placement at an issuance price of RM0.70 per placement shares.

**26. ORDINARY SHARE CAPITAL (CONTINUED)**

The new ordinary shares issued 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, and are entitled to one vote per share at meetings of the Company.

**27. RESERVES**

	Note	30.9.2019 RM'000	30.9.2018 RM'000 (Restated)	1.10.2017 RM'000 (Restated)
<b>The Group</b>				
Share premium	27.1	-	175,838	175,838
Warrant reserve	27.2	48,299	48,299	48,299
Capital reserve	27.3	815	815	815
Capital redemption reserve		-	168	168
Retained profits		310,168	178,691	21,625
		359,282	403,811	246,745
<b>The Company</b>				
Share premium	27.1	-	175,838	175,838
Warrant reserve	27.2	48,299	48,299	48,299
Capital reserve	27.3	1,800	1,800	1,800
Retained profits/(Accumulated losses)		75,136	(24,635)	(2,266)
		125,235	201,302	223,671

**27.1 SHARE PREMIUM**

Pursuant to the Companies Act, 2016 ('Act') which came into effect on 31 January 2017, the concept of authorised capital has been abolished and all shares issued before or upon the commencement of the Act shall have no par or nominal value. Consequently, the amount standing to the credit of the Company's share premium account becomes part of the Company's share capital. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result thereof.

**27. RESERVES (CONTINUED)**

## 27.2 WARRANT RESERVE

	<b>The Group and The Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning and end of the year	48,299	48,299

- (a) The warrant reserve arose from the allocation of the proceeds received from the renounceable rights issue of 475,084,416 new ordinary shares of RM0.50 each together with 158,361,472 free detachable warrants issued on 23 July 2015.

The reserve is determined by reference to the fair value of the warrants of RM0.305 each amounting to RM48,300,249 immediately upon the listing and quotation of the rights issue on the Main Market of Bursa Malaysia Securities Berhad on 27 July 2015.

- (b) The warrant reserve relates to the portion of proceeds from the rights shares issue ascribed to the attached warrants. As and when the warrants are exercised, the related balance in the warrant reserve will be transferred to the share capital account. Each warrant carries the right to subscribe for 1 new ordinary share in the capital of the Company at an exercise price of RM1.50. The warrants will expire on 22 July 2020. At the expiry of the warrants, the balance in the warrant reserve will be transferred to retained profits.
- (c) The warrants are constituted by the Deed Poll dated 11 June 2015. The salient features of the warrants are as follows:
- (i) Each warrant entitled the registered holder to subscribe for 1 new ordinary share of the Company at any time during the 5 years period commencing on and including 23 July 2015 to 22 July 2020 ("Exercise Period") at RM1.50 per new ordinary share of the Company;
  - (ii) Any warrants not exercised during Exercise Period will thereafter lapse and cease to be valid; and
  - (iii) The new ordinary shares allotted and issued pursuant to the exercise of the warrants shall rank *pari passu* in all aspects with the existing ordinary shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after the issue and allotment thereof.

## 27.3 CAPITAL RESERVE

Capital reserves arose from the profit on disposal of investment in a subsidiary.

**28. LONG-TERM BORROWINGS**

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Hire purchase payables (Note 29)	379	572	379	572
Term loans (Note 30)	170,980	234,078	-	-
	171,359	234,650	379	572

**29. HIRE PURCHASE PAYABLES**

	The Group and The Company	
	2019 RM'000	2018 RM'000
Minimum hire purchase payments:		
- not later than 1 year	216	358
- later than 1 year and not later than 5 years	398	615
	614	973
Less: Future finance charges	(42)	(77)
Present value of hire purchase payables	572	896
<u>Analysed by:</u>		
Current liabilities (Note 34)	193	324
Non-current liabilities (Note 28)	379	572
	572	896

- (a) The hire purchase payables of the Group and of the Company are secured by the Group's and the Company's motor vehicles under hire purchase borrowing as disclosed in Note 8.
- (b) The hire purchase payables of the Group and of the Company bore effective interest rates ranging from 4.15% to 4.81% (2018 - 4.15% to 4.81%) per annum at the end of reporting period. The interest rates are fixed at the inception of the hire purchase agreement.

**30. TERM LOANS**

	The Group	
	2019 RM'000	2018 RM'000
Current liabilities (Note 34)	11,846	5,000
Non-current liabilities (Note 28)	170,980	234,078
	182,826	239,078

(a) The interest rate profile of the term loans is summarised below:

	Effective Interest rate		The Group	
	2019 %	2018 %	2019 RM'000	2018 RM'000
Floating rate term loans				
I	-	5.35	-	5,000
II	5.30	5.47	126,269	159,078
III	5.19 - 5.24	5.48	56,557	75,000
			182,826	239,078

(b) Term Loan I

(i) The term loan is repayable over a period of 5 years and the repayment term of the term loan is by redemption of individual units or through a reduction schedule, whichever is earlier. Below are the reduction schedule:

Reduction date	Amount RM'000
Financial year 2016	2,500
Financial year 2017	9,000
Financial year 2018	14,500
Financial year 2019	5,000
	31,000

(ii) Term loan I is secured by:

- a facility agreement;
- a legal charge over 28 (2018 - 28) plots of bungalow land located at Jalan Setia Perdana U13/28C, Bandar Setia Alam, Seksyen U13, Shah Alam, Selangor under Mukim Bukit Raja, Daerah Petaling, Selangor of a subsidiary ("Property A") as disclosed in Note 11;
- a pledge of fixed deposits amounting to RM Nil (2018 - RM550,000) as disclosed in Note 23;
- a corporate guarantee of the Company for RM32,519,000 (2018 - RM32,519,000) together with interest; and



**30. TERM LOANS (CONTINUED)**(b) Term Loan I (continued)

(ii) Term loan I is secured by (continued):

- a specific debenture with a fixed charge over Property A.

(iii) The significant covenants of the term loan are as follows:

- the subsidiary shall maintain a minimum security cover as outlined in letter of offer; and
- the subsidiary shall maintain a Debt Service Reserve Account for the purpose of maintaining a debt service amount. The minimum balance to be maintained shall be RM500,000 for the entire tenure of the term loan.

The term loan has been fully repaid and discharged during the year.

(c) Term Loan II

(i) Term loan II including the following:

Term Loan

The Term Loan is repayable over 10 years by 47 monthly principal repayments of RM4,017,000 each with 1 final month principal repayment of RM4,001,000 commencing on the 73rd month from the date of the first drawdown, or by application of redemption sum pursuant to the redemption units to be developed on the Property.

Bridging Loan 1

The Bridging Loan 1 is repayable over 8 years by 47 monthly principal repayments of RM458,333 each with 1 final month principal repayment of RM458,349 commencing on the 49th month from the date of the first drawdown, or by application of redemption sum pursuant to the redemption units to be developed on the Property.

Bridging Loan 2

The Bridging Loan 2 is repayable over 8 years by 47 monthly principal repayments of RM583,333 each with 1 final month principal repayment of RM583,349 commencing on the 49th month from the date of the first drawdown, or by application of redemption sum pursuant to the redemption units to be developed on the Property.

(ii) Term loan II is secured by:

- a facility agreement;
- a legal charge over 14 parcels of freehold development land held under title GRN 337202, 337203, 337204, 332588, 335776, 335777, 335779, 333879, 333882, 335774, 335775, 335778, 333884 and 333880 situated in Mukim Dengkil, District of Sepang, State of Selangor ("Property B") as disclosed in Note 8, 9 and 11 respectively;
- a general debenture creating a fixed and floating charge over the subsidiary's undertaking, assets, rights and properties, both present and future whatsoever and wheresoever situated (including but not limited to the Property and all development projects to be undertaken by the subsidiary on the Property B);
- placement of fixed deposits for the funds in the Debt Service Reserve Account ("DSRA") as disclosed in Note 23, which the DSRA shall cover minimum 3 months' interest payment; and
- a corporate guarantee of the Company.

### 30. TERM LOANS (CONTINUED)

(d) Term Loan III

(i) The term loan III including the following:

Term Loan 1

The Term Loan 1 is repayable with an amount of RM35,000,000 prior to the presentation of discharge of charge over the parcel of land where Forum 1 project is located or within 15 months commencing from the date of first drawdown. The amount has been fully repaid during the financial year.

The remaining amount of RM40,000,000 is either repayable over 29 monthly principal repayments of RM1,300,000 each with 1 final month principal repayment of RM2,300,000 commencing on the 19th month from the date of first drawdown and/or by redemption of each unit sold under Forum 2 Project of each unit.

Term Loan 2

The Term Loan 2 is repayable by redemption of units sold under Forum 2 project or 29 monthly repayment of RM2,300,000 each and a final repayment of RM3,300,000 commencing on the 19th month from the date of its first drawdown, whichever is earlier.

(ii) Term loan III is secured by:

- a facility agreement;
- a legal charge over freehold land partly located at Lot No. 86616 GRN 334463, Mukim Bukit Raja, District of Petaling, Negeri Selangor ("Project Land") as disclosed in Note 9 and 11 respectively;
- a corporate guarantee of the Company;
- a general debenture creating a fixed and floating charge over the subsidiary's undertaking, assets, rights and properties, both present and future whatsoever and wheresoever situated (including but not limited to the Property and all development projects to be undertaken by the subsidiary on the Project Land);
- assignment and legal charge over the Designated Accounts;
- assignment of rights and benefits arising from the construction contracts and contractor's performance bond in favour of Borrower in respect of the Project; and
- assignment of the Borrower's interest, rights, titles and benefits from all insurance policies taken in respect of the Forum 2 Project whereby the Lender is to be endorsed as the loss payee.

**31. LEASE LIABILITIES**

	30.9.2019 RM'000	30.9.2018 RM'000 (Restated)	1.10.2017 RM'000 (Restated)
<b>The Group</b>			
Non-current	1,502	-	298
Current	1,840	298	692
	3,342	298	990
Maturity analysis:			
- not later than 1 year	1,977	303	736
- later than 1 year and not later than 5 years	1,576	-	303
- later than 5 years	6	-	-
Less: unexpired finance charges	(217)	(5)	(49)
	3,342	298	990
<b>The Company</b>			
Non-current	82	-	298
Current	64	298	692
	146	298	990
Maturity analysis:			
- not later than 1 year	72	303	736
- later than 1 year and not later than 5 years	88	-	303
Less: unexpired finance charges	(14)	(5)	(49)
	146	298	990

As explained in Note 3, the Group and the Company have changed its accounting policies for leases. The new policy and the impact of the change are as described in Note 3.2 and Note 51 respectively.

**32. TRADE PAYABLES**

	The Group	
	2019 RM'000	2018 RM'000
Trade payables	13,883	16,261
Retention sum payables	11,250	12,647
Accrued costs	53,323	53,547
	78,456	82,455

(a) The normal trade credit terms granted to the Group range from 30 to 75 days (2018 - 30 to 75 days).

(b) The retention sums are unsecured, interest-free and are expected to be paid upon expiry of the defect liability period, ranging from the financial years ending 2020 to 2022 (2018 - 2019 to 2020).

**33. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS**

	30.9.2019 RM'000	30.9.2018 RM'000 (Restated)	1.10.2017 RM'000 (Restated)
<b>The Group</b>			
Other payables	16,239	16,409	6,335
Deposits received	3,674	3,289	1,342
Accruals	60,011	50,248	36,683
Advances received	33,059	21,772	18,160
Goods and services tax payables	-	84	511
	112,983	91,802	63,031

	2019 RM'000	2018 RM'000
<b>The Company</b>		
Other payables	176	100
Deposits received	106	74
Accruals	5,849	3,330
	6,131	3,504

**34. SHORT-TERM BORROWINGS**

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Hire purchase payables (Note 29)	193	324	193	324
Term loans (Note 30)	11,846	5,000	-	-
	12,039	5,324	193	324

**35. REVENUE**

	The Group		The Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Revenue from contract with customers:				
Property development	520,045	711,347	-	-
Sale of completed properties	12,394	-	-	-
Construction	245	285	-	-
Management fee	249	8	19,240	431
Food & beverage	582	-	-	-
	533,515	711,640	19,240	431
Revenue from other sources:				
Dividend income	-	-	107,270	-
Rental income	742	624	678	676
	742	624	107,948	676
	534,257	712,264	127,188	1,107
Timing of revenue recognition for revenue from contract with customers:				
- At a point in time	165,656	411,065	-	-
- Over time	367,859	300,575	19,240	431
	533,515	711,640	19,240	431

# Notes to the Financial Statements

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## 36. COST OF SALES

	The Group	
	2019 RM'000	2018 RM'000 (Restated)
Property development costs	250,947	316,960
Cost of completed properties sold	5,827	-
Cost to obtain contracts (Note 16)	16,820	22,258
Construction costs	121	411
Other direct costs	236	-
	273,951	339,629

## 37. INVESTMENT INCOME

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest income from:				
Deposits with licensed financial institutions	2,734	2,168	1,640	1,481
Fair value gain on short term investment	61	-	61	-
Housing development accounts	758	1,149	-	-
Overdue balances of house purchasers	24	1,386	-	-
Amount owing by subsidiaries	-	-	947	929
Amount owing by associate	107	7	-	-
Accretion of interest on trade payable	-	181	-	-
Stakeholder sum	462	-	-	-
	4,146	4,891	2,648	2,410

**38. FINANCE COSTS**

	The Group		The Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Interest expense on:				
Bank guarantee	583	714	-	-
Commitment fee	(116)	153	149	50
Revolving credit interest	-	153	-	153
Hire purchase	35	43	35	44
Term loans	12,361	12,160	-	-
Amount owing to a related party	83	184	-	-
Accretion of trade payables	-	1,040	-	-
Reversal of fair value adjustment	646	-	-	-
Lease liabilities (Note 13)	78	45	12	45
	13,670	14,492	196	292
Less: Finance charges capitalised in				
Inventories - property development costs (Note 11(b))	(528)	(2,312)	-	-
Inventories - land held for property development (Note 11(a))	(4,429)	(5,286)	-	-
Investment properties (Note 9)	(2,207)	(1,505)	-	-
	(7,164)	(9,103)	-	-
	6,506	5,389	196	292



# Notes to the Financial Statements

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## 39. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is arrived at after charging/(crediting):

	The Group		The Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Auditors' remuneration:				
- auditors of the Company:				
- audit fee:				
- for the financial year	341	293	67	65
- underprovision in the previous financial year	1	-	-	-
- non-audit fee	44	77	14	6
- other auditors:				
- audit fee:				
- for the financial year	-	6	-	6
- underprovision in the previous financial year	-	10	-	-
Depreciation of:				
- property, plant and equipment (Note 8)	4,781	4,217	1,145	989
- investment properties (Note 9)	499	222	122	145
- right-of-use assets (Note 13)	973	701	325	701
Directors' remuneration (Note 44(a))	5,665	5,707	5,369	5,502
Impairment loss on:				
- goodwill (Note 10)	-	928	-	-
- investment in subsidiaries (Note 5)	-	-	122	5,571
- amount owing by subsidiaries (Note 19)	-	-	11,692	-
- investment properties (Note 9)	-	29,508	-	-
- trade receivables (Note 17)	8	12	-	-
- other receivables (Note 18)	91	137	-	-
Written down to net realisable value:				
- land held for property development (Note 11(a))	1,395	-	-	-
Preliminary expenses	8	4	-	-
Property, plant and equipment written off	-	260	-	-
(Gain)/Loss on disposal of:				
- property, plant and equipment	-	75	-	75
- investment properties	(5,438)	-	(5,438)	-
Staff costs (including other key management personnel as disclosed in Note 44(b)):				
- salaries, overtime, bonus, allowances and other benefits	17,263	17,715	16,879	5,012
- defined contribution plan	1,930	2,365	1,874	621
Fair value gain on biological assets (Note 14)	(47)	(26)	-	-
Bad debt recovered	(2)	-	-	-
Reversal of impairment in subsidiaries (Note 5)	-	-	(10,142)	-

**40. INCOME TAX EXPENSE**

	The Group		The Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Current tax:				
- for the financial year	(38,758)	(53,092)	(286)	-
- (under)/overprovision in the previous financial year	(1,058)	4,646	-	-
	(39,816)	(48,446)	(286)	-
Deferred tax (Note 12):				
- relating to originating and recognition of temporary differences	(17,025)	(13,006)	-	-
- underprovision in the previous financial year	(5,637)	(1,151)	-	-
	(22,662)	(14,157)	-	-
Real property gains tax	(243)	-	(243)	-
Total income tax expense	(62,721)	(62,603)	(529)	-

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:

	The Group		The Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Profit/(Loss) before tax	203,299	274,474	100,300	(22,369)
Tax at the statutory tax rate of 24% (2018: 24%)	(48,792)	(65,873)	(24,072)	5,369
Tax effects of:				
Non-taxable income	210	2,870	25,744	25
Non-deductible expenses	(6,862)	(6,678)	(1,923)	(5,394)
Share of results in associates	(112)	(22)	-	-
Deferred tax assets not recognised during the financial year	(479)	(194)	(35)	-
Real property gains tax	(243)	-	(243)	-
(Under)/Overprovision in the previous financial year				
- current tax	(1,058)	4,646	-	-
- deferred tax	(5,637)	(1,151)	-	-
Effect on different tax rate used	-	3,799	-	-
Others	252	-	-	-
Income tax expense for the financial year	(62,721)	(62,603)	(529)	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018 - 24%) of the estimated assessable profit for the financial year.

# Notes to the Financial Statements

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## 41. EARNINGS PER SHARE

(a) Basic earnings per share

	The Group	
	2019	2018 (Restated)
Profit after taxation attributable to owners of the Company (RM'000):	135,465	155,237
Weighted average number of ordinary shares in issue at 30 September ('000)	842,317	798,834
Basic earnings per share (Sen):	16.08	19.43

(b) Diluted earnings per share

The exercise of warrants are anti-dilutive as the exercise price of the warrants are higher than the average market price of the Company's ordinary shares in the current and previous financial year. Accordingly, the exercise of warrants have been ignored in the calculation of dilutive earnings per share.

## 42. DEEMED DISPOSAL OF SUBSIDIARY

There was no disposal of subsidiary in the current financial year.

### 2018

On 6 April 2018, SBSB entered into a Supplemental Agreement with Citic ("Supplemental Agreement") to amend and vary certain terms of the Shareholders' Agreement dated 28 June 2017 and agreed that SBSB shall have 40% Board representatives in Citic.

In consequent thereof, SBSB ceased to have control over Citic and Citic became an associate of the Group.

The financial effects of the deemed disposal at the date of disposal are summarised below:

	The Group 2018 RM'000
Plant and equipment	273
Other receivables, deposits and prepayment	781
Cash and bank balances	52
Other payables and accruals	(85)
Amount owing to immediate holding company	(1,747)
Amount owing to ultimate holding company	(103)
Non-controlling interest	(510)

**42. DEEMED DISPOSAL OF SUBSIDIARY (CONTINUED)**

The financial effects of the deemed disposal at the date of disposal are summarised below (continued):

	<b>The Group 2018 RM'000</b>
Net liabilities	(1,339)
Capitalised as investment in an associated company (Note 6)	(490)
Effect on deemed disposal of subsidiary	(1,829)
Cash and cash equivalents of subsidiary disposed of	52
Net cash outflow from the deemed disposal of subsidiary	52

**43. CASH AND CASH EQUIVALENTS**

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Short-term investment	7,063	2,960	7,063	2,960
Fixed deposits with licensed banks	31,353	44,023	25,797	25,370
Cash and bank balances	87,093	103,236	17,552	2,141
Less: Fixed deposits pledged to licensed banks (Note 23)	125,509	150,219	50,412	30,471
	(22,376)	(21,799)	(19,404)	(18,369)
	103,133	128,420	31,008	12,102

**44. KEY MANAGEMENT PERSONNEL COMPENSATION**

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>(a) Directors</b>				
<u>Directors of the Company</u>				
Short-term employee benefits:				
- fees	192	200	192	200
- salaries, bonuses and other benefits	4,624	4,741	4,624	4,741
Defined contribution benefits	553	561	553	561
	5,369	5,502	5,369	5,502
<u>Directors of the Subsidiaries</u>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	270	193	-	-
Defined contribution benefits	26	12	-	-
	296	205	-	-
Total directors' remuneration (Note 39)	5,665	5,707	5,369	5,502
Estimated monetary value of benefit-in-kind:				
- directors of the Company	83	128	83	128
<b>(b) Other Key Management Personnel</b>				
Short-term employee benefits	1,133	1,809	1,133	1,101
Defined contribution benefits	139	216	139	131
Total compensation for other key management personnel	1,272	2,025	1,272	1,232
Estimated monetary value of benefit-in-kind				
	34	36	34	36

#### 45. EMPLOYEES' SHARE OPTION SCHEME

The ESOS of the Company is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 29 March 2019 and is implemented and administered by an ESOS Committee in accordance with the By-Laws. The ESOS was established on 4 September 2019 for a period of five (5) years and may be extended or renewed (as the case may be) for another five (5) years in accordance with ESS By-Laws

The maximum number of the Company's shares under the ESS should not exceed in aggregate 10% of the issued and paid-up share capital (excluding treasury shares) of the Company at any point of time during the duration of the scheme period. Other principal features of the ESOS are as follows:

(a) Eligibility to participate in the ESOS

In respect of the directors and employee of the Company, the employee must fulfill the following criteria:

- (i) is at least eighteen (18) years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (ii) a director has been appointed as a director of the Company or any company in the Group for a minimum period of one (1) year;
- (iii) a permanent employee who has been confirmed and served for at least continuous period of one (1) year or a contract employee who has served for at least a period of one (1) year on a cumulative basis under the current and/or previous contract;  
and
- (iv) has fulfilled any other criteria and/or falls within such category as may be determined by the ESOS Committee from time to time.

(b) Option Price

Subject to any adjustments in accordance with the By-Laws and pursuant to the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR"), the Option Price shall be determined by the Board upon recommendation of the ESOS Committee which will be based on the 5-day Volume Weighted Average Price ("VWAP") of the Sunsuria Shares, as quoted on Bursa Securities, immediately preceding the date of Offer, with a discount of not more than 10%, or such other percentage of discount as may be permitted by Bursa Securities and/or any other relevant authorities from time to time during the duration of the ESOS.

(c) Termination of the ESOS

Subject to compliance with the MMLR of Bursa Securities and any other relevant authorities, the ESOS may be terminated by the Company at any time before its expiry without obtaining the approvals from the Grantees or its shareholders provided that the Company makes an announcement immediately to Bursa Securities.

**46. RELATED PARTY DISCLOSURES****(a) Identities of Related Parties**

Parties are considered to be related to the Group if the Group or the Company have the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group and the Company have related party relationships with its directors, key management personnel and entities within the same group of companies.

**(b) Significant Related Party Transactions and Balances**

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Subsidiaries</b>				
Advances from	-	-	5,070	31,200
Advances to	-	-	121,334	41,179
Assignment of debts from	-	-	54	2,256
Acquisition of share	-	-	-	200
Collection received on behalf of	-	-	215	2,659
Dividend received/receivable	-	-	107,270	-
Interest received/receivable	-	-	947	929
Management fee received/receivables	-	-	19,240	431
Redemption of preference share	-	-	109,505	-
Payment on behalf of	-	-	34,875	40,623
Payment on behalf by	-	-	-	193
<b>Associates</b>				
Rental of premises	148	116	148	116
Payment on behalf of	-	1,932	-	-
<b>Companies substantially owned by certain directors and their close family members</b>				
Car park rental paid/payable	153	100	153	100
Payment on behalf by	1	2,115	1	21
Payment on behalf of	54	52	54	52
Progress billings billed for the sale of property under construction	-	7,710	-	-
Rental of premises paid/payable	1,257	1,178	1,257	1,178
Rental of motor vehicles paid/payable	10	62	10	62

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.



**47. OPERATING SEGMENTS**

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Chairman as its chief operating decision maker in order to allocate resources to segments and to assess their performance on quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 3 main business segments as follows:

- Property development
    - undertakes the development of commercial and residential properties.
  - Construction
    - undertakes the construction activities.
  - Investment holding and others
    - investment activities, provision of management services and others.
- (a) The Executive Chairman assesses the performance of the reportable segments based on their profit before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.
- (b) Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than investments in associates and tax-related assets.
- (c) Each reportable segment liabilities is measured based on all liabilities of the segment other than tax-related liabilities.
- (d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

2019	Property development RM'000	Construction RM'000	Investment holding and others RM'000	Total RM'000
<b>Revenue</b>				
External revenue	532,439	245	1,573	534,257
Inter-segment revenue	-	179,149	127,196	306,345
	532,439	179,394	128,769	840,602
Consolidation adjustments				(306,345)
Consolidated revenue				534,257

## 47. OPERATING SEGMENTS (CONTINUED)

2019	Property development RM'000	Construction RM'000	Investment holding and others RM'000	Total RM'000
<b>Results</b>				
Segment profit	218,901	(604)	(8,025)	210,272
Finance costs				(6,506)
Share of results in associates				(467)
				<u>203,299</u>
Consolidated profit before taxation				
Segment profit/(loss) includes the following:				
Interest income	2,226	207	1,713	4,146
Interest expenses	(6,203)	(83)	(220)	(6,506)
Gain on disposal of:				
- investment properties	-	-	5,438	5,438
Depreciation of:				
- property, plant and equipment	(3,359)	(181)	(1,241)	(4,781)
- investment properties	(112)	-	(387)	(499)
- right-of-use assets	(549)	-	(424)	(973)
Inventories - land held for property development written down	(1,395)	-	-	(1,395)
Impairment loss on:				
- trade receivables	-	-	(8)	(8)
- other receivables	-	-	(91)	(91)

## 47. OPERATING SEGMENTS (CONTINUED)

2019	Property development RM'000	Construction RM'000	Investment holding and others RM'000	Total RM'000
<b>Assets</b>				
Segment assets	1,368,572	23,584	98,330	1,490,486
Unallocated assets:				
- investment in associates				616
- deferred tax assets				10,349
- current tax assets				9,751
Consolidated total assets				<u>1,511,202</u>
Additions to non-current assets other than financial instruments and deferred tax assets are:				
- property, plant and equipment (Note 8)	3,987	188	3,240	7,415
- investment properties (Note 9)	11,499	-	-	11,499
<b>Liabilities</b>				
Segment liabilities	350,091	36,982	9,131	396,204
Unallocated liabilities:				
- deferred tax liabilities				91,967
- current tax liabilities				7,157
Consolidated total liabilities				<u>495,328</u>

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## 47. OPERATING SEGMENTS (CONTINUED)

2018 (Restated)	Property development RM'000	Construction RM'000	Investment holding and others RM'000	Total RM'000
<b>Revenue</b>				
External revenue	711,347	285	632	712,264
Inter-segment revenue	11,470	143,312	531	155,313
	722,817	143,597	1,163	867,577
Consolidation adjustments				(155,313)
Consolidated revenue				712,264
<b>Results</b>				
Segment profit/(loss)	300,311	(2,108)	(18,247)	279,956
Finance costs				(5,389)
Share of results in associates				(93)
Consolidated profit before taxation				274,474
Segment profit/(loss) includes the following:				
Interest income	3,316	92	1,483	4,891
Interest expenses	(4,914)	(184)	(291)	(5,389)
Loss on disposal of:				
- property, plant and equipment	-	-	(75)	(75)
Property, plant and equipment written off	(260)	-	-	(260)
Depreciation of:				
- property, plant and equipment	(3,085)	(145)	(987)	(4,217)
- investment properties	(38)	-	(184)	(222)
- right-of-use assets	-	-	(701)	(701)
Impairment loss on:				
- goodwill	(928)	-	-	(928)
- investment properties	(29,508)	-	-	(29,508)
- trade receivables	-	-	(12)	(12)
- other receivables	(137)	-	-	(137)

**47. OPERATING SEGMENTS (CONTINUED)**

2018 (Restated)	Property development RM'000	Construction RM'000	Investment holding and others RM'000	Total RM'000
<b>Assets</b>				
Segment assets	1,405,397	8,193	71,500	1,485,090
Unallocated assets:				
- investment in associates				1,083
- deferred tax assets				31,348
- current tax assets				3,909
Consolidated total assets				<u>1,521,430</u>
Additions to non-current assets other than financial instruments and deferred tax assets are:				
- property, plant and equipment (Note 8)	2,055	1,502	3,977	7,534
- investment properties (Note 9)	9,376	-	-	9,376
<b>Liabilities</b>				
Segment liabilities	530,191	30,256	4,931	565,378
Unallocated liabilities:				
- deferred tax liabilities				90,304
- current tax liabilities				7,805
Consolidated total liabilities				<u>663,487</u>

**Geographical Segments**

Information about geographical location of segment assets has not been reported separately as the Group operates principally within Malaysia. Segment revenue based on geographical location of customers is analysed as follows:

	The Group	
	2019 RM'000	2018 RM'000 (Restated)
Malaysia	534,257	712,264

**Major Customers**

There is no single customer that contributed 10% or more to the Group's revenue.

**48. CAPITAL COMMITMENT**

	The Group	
	2019 RM'000	2018 RM'000
<b>Contracted but not provided for</b>		
Construction of investment properties	119,568	156,214

**49. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

The table below details changes in the Group and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flows from/(for) financing activities.

	Hire Purchase RM'000	Term Loan RM'000	Lease Liabilities RM'000	Amount owing to subsidiaries RM'000	Amount owing to related parties RM'000
<b>The Group</b>					
At 1 October 2017	256	181,092	990	-	77,588
Proceeds	-	130,995	-	-	-
Repayment	(304)	(73,009)	(692)	-	(3,095)
Non-cash transactions	944	-	-	-	(72,975)
At 30 September 2018/ 1 October 2018	896	239,078	298	-	1,518
Proceeds	-	30,332	-	-	-
Repayment	(324)	(86,584)	(2,239)	-	-
Non-cash transactions	-	-	5,283	-	(269)
At 30 September 2019	572	182,826	3,342	-	1,249
<b>The Company</b>					
At 1 October 2017	256	-	990	104,414	1
Proceeds	-	-	-	16,544	125
Repayment	(304)	-	(692)	-	-
Non-cash transactions	944	-	-	11	-
At 30 September 2018/ 1 October 2018	896	-	298	120,969	126
Proceeds	-	-	-	5,070	-
Repayment	(324)	-	(331)	-	(126)
Non-cash transactions	-	-	179	(121,998)	-
At 30 September 2019	572	-	146	4,041	-

## 50. FINANCIAL INSTRUMENTS

The Group's and the Company's activities are exposed to a variety of market risk (including interest rate risk and equity price risk), credit risk and liquidity risk. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

### 50.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's and the Company's policies in respect of the major areas of treasury activity are as follows:

#### (a) Market Risk

##### (i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's and the Company's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's and the Company's fixed deposits with licensed banks and fixed rate borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's and the Company's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 23, Note 29 and Note 30.

##### *Interest Rate Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:

	<b>The Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<hr/>		
<b>Effects on Profit/(Loss) after taxation</b>		
Increase of 100 basis points	(1,389)	(1,817)
Decrease of 100 basis points	1,389	1,817
<hr/>		

A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents managements' assessment of the reasonably possible change in interest rates.

##### (ii) Equity Price Risk

The Group and the Company do not have any quoted investments and hence, is not exposed to equity price risk.

## 50. FINANCIAL INSTRUMENTS (CONTINUED)

### 50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

#### (b) Credit Risk

The Group's and the Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including short-term investment and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Group and the Company use ageing analysis to monitor the credit quality of a financial asset. The Group and the Company assess whether the credit risk on a financial asset has increased significantly on an individual or collective basis.

For individual basis evaluation, any receivables having significant balances past due more than 30 days, which are deemed to have higher credit risk, are monitored individually and determined to be impaired at the end of the reporting period relate to debtors that are insignificant financial difficulties and have defaulted on payments. For collective basis evaluation, financial assets are grouped on the basis of similar risk characteristics.

The Group and the Company measure the loss allowance for receivables at an amount equal to lifetime expected credit loss ("ECL"). The expected credit losses on receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current financial reporting.

The Company provides corporate guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

#### (i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amount owing by a customer which constituted approximately 4% (2018 - 4%) of its trade receivables (including related parties) at the end of the reporting period.

#### (ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.



**50. FINANCIAL INSTRUMENTS (CONTINUED)****50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)****(c) Liquidity Risk**

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

*Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

<b>The Group</b>	<b>Weighted Average Effective Interest Rate %</b>	<b>Carrying Amount RM'000</b>	<b>Contractual Undiscounted Cash Flows RM'000</b>	<b>Within 1 Year RM'000</b>	<b>1 - 5 Years RM'000</b>	<b>Over 5 Years RM'000</b>
<b>2019</b>						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	78,456	78,456	78,456	-	-
Other payables, deposits received and accruals	-	112,983	112,983	112,983	-	-
Dividend payable	-	22	22	22	-	-
Amount owing to related parties	-	1,249	1,249	1,249	-	-
Amount owing to associate	-	1,706	1,706	1,706	-	-
Hire purchase payables	4.15 to 4.81	572	614	216	398	-
Term loans	5.19 to 5.30	182,826	222,609	21,526	125,764	75,319
Lease liabilities	5.21 to 6.60	3,342	3,559	1,977	1,576	6
		381,156	421,198	218,135	127,738	75,325

**50. FINANCIAL INSTRUMENTS (CONTINUED)**

## 50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

**(c) Liquidity Risk (continued)**

<b>The Group</b>	<b>Weighted Average Effective Interest Rate %</b>	<b>Carrying Amount RM'000</b>	<b>Contractual Undiscounted Cash Flows RM'000</b>	<b>Within 1 Year RM'000</b>	<b>1 - 5 Years RM'000</b>	<b>Over 5 Years RM'000</b>
<b>2018 (Restated)</b>						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	82,455	82,455	82,455	-	-
Other payables, deposits received and accruals	-	91,802	91,802	91,802	-	-
Dividend payable	-	22	22	22	-	-
Amount owing to related parties	-	1,518	1,518	1,518	-	-
Hire purchase payables	4.15 to 4.81	896	973	358	615	-
Term loans	5.35 to 5.48	239,078	290,690	17,125	193,291	80,274
Lease liabilities	5.21 to 6.60	298	303	303	-	-
		416,069	467,763	193,583	193,906	80,274

<b>The Company</b>	<b>Weighted Average Effective Interest Rate %</b>	<b>Carrying Amount RM'000</b>	<b>Contractual Undiscounted Cash Flows RM'000</b>	<b>Within 1 Year RM'000</b>	<b>1 - 5 Years RM'000</b>	<b>Over 5 Years RM'000</b>
<b>2019</b>						
<u>Non-derivative Financial Liabilities</u>						
Other payables, deposits received and accruals	-	6,131	6,131	6,131	-	-
Amount owing to subsidiaries	-	4,041	4,041	4,041	-	-
Hire purchase payables	4.15 to 4.81	572	614	216	398	-
Lease liabilities	5.21 to 6.60	146	160	72	88	-
		10,890	10,946	10,460	486	-

**50. FINANCIAL INSTRUMENTS (CONTINUED)**

## 50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

**(c) Liquidity Risk (continued)**

<b>The Company</b>	<b>Weighted Average Effective Interest Rate %</b>	<b>Carrying Amount RM'000</b>	<b>Contractual Undiscounted Cash Flows RM'000</b>	<b>Within 1 Year RM'000</b>	<b>1 - 5 Years RM'000</b>	<b>Over 5 Years RM'000</b>
<b>2018</b>						
<u>Non-derivative Financial Liabilities</u>						
Other payables, deposits received and accruals	-	3,504	3,504	3,504	-	-
Amount owing to subsidiaries	-	120,969	120,969	120,969	-	-
Amount owing to a related party	-	126	126	126	-	-
Hire purchase payables	4.15 to 4.81	896	973	358	615	-
Lease liabilities	5.21 to 6.60	298	303	303	-	-
		125,793	125,875	125,260	615	-

## 50.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

**50. FINANCIAL INSTRUMENTS (CONTINUED)**

## 50.2 CAPITAL RISK MANAGEMENT (CONTINUED)

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:

	<b>The Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Restated)</b>
Hire purchase payables	572	896
Term loans	182,826	239,078
	183,398	239,974
Less: Short-term investment	(7,063)	(2,960)
Less: Fixed deposits with licensed banks	(31,353)	(44,023)
Less: Cash and bank balances	(87,093)	(103,236)
Net debt	57,889	89,755
Total equity	1,015,874	857,943
Debt-to-equity ratio	0.06	0.10

There was no change in the Group's approach to capital management during the financial year.

The Group is also required to comply with certain loan covenants as disclosed in Note 30, failing which, the banks may call an event of default. The Group has complied with this requirement.

## 50. FINANCIAL INSTRUMENTS (CONTINUED)

## 50.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	30.9.2019 RM'000	30.9.2018 RM'000 (Restated)	1.10.2017 RM'000 (Restated)
<b>The Group</b>			
<b>Financial Assets</b>			
<u>Fair Value Through Profit or Loss</u>			
Other investment	184	184	184
Short-term investment	7,063	2,960	31,977
<u>Amortised Costs</u>			
Trade receivables	46,336	63,543	53,790
Other receivables and deposits	8,847	8,819	8,759
Amount owing by related parties	1,904	1,125	3,074
Amount owing by associate	1,867	1,912	-
Fixed deposits with licensed banks	31,353	44,023	46,740
Cash and bank balances	87,093	103,236	88,769
<b>The Company</b>			
<u>Fair Value Through Profit or Loss</u>			
Other investment	159	159	159
Short-term investment	7,063	2,960	31,977
<u>Amortised Costs</u>			
Other receivables and deposits	567	1,102	934
Amount owing by subsidiaries	478,215	327,799	293,015
Amount owing by related parties	-	-	2,664
Fixed deposits with licensed banks	25,797	25,370	31,908
Cash and bank balances	17,552	2,141	1,324

**50. FINANCIAL INSTRUMENTS (CONTINUED)**

## 50.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

	30.9.2019 RM'000	30.9.2018 RM'000 (Restated)	1.10.2017 RM'000 (Restated)
<b>The Group</b>			
<b>Financial Liabilities</b>			
<u>Amortised Costs</u>			
Trade payables	78,456	82,455	54,967
Other payables, deposits received and accruals	112,983	91,802	63,031
Amount owing to related parties	1,249	1,518	77,588
Amount owing to associate	1,706	-	-
Dividend payable	22	22	22
Hire purchase payables	572	896	256
Term loans	182,826	239,078	181,092
Lease liabilities	3,342	298	990
<b>The Company</b>			
<u>Amortised Costs</u>			
Other payables, deposits received and accruals	6,131	3,504	3,313
Amount owing to subsidiaries	4,041	120,969	104,414
Amount owing to related parties	-	126	1
Hire purchase payables	572	896	256
Lease liabilities	146	298	990

## 50.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The fair values of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

The fair values of hire purchase payables that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period.

**50. FINANCIAL INSTRUMENTS (CONTINUED)****50.4 FAIR VALUE INFORMATION (CONTINUED)**

The following table sets out the fair value profile of financial instruments that are carried at fair value at the end of the reporting period:

The Group	Fair Value Of Financial Instruments Carried At Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>2019</b>					
<u>Financial Assets</u>					
Other investment	-	-	#	#	184
Short-term investment	7,063	-	-	7,063	7,063
<b>2018</b>					
<u>Financial Assets</u>					
Other investment	-	-	#	#	184
Short-term investment	2,960	-	-	2,960	2,960

# - The fair value is not presented due to the lack of marketability of the shares and the fair value cannot be reliably measured.

The Company	Fair Value Of Financial Instruments Carried At Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>2019</b>					
<u>Financial Assets</u>					
Other investment	-	-	#	#	159
Short-term investment	7,063	-	-	7,063	7,063
<b>2018</b>					
<u>Financial Assets</u>					
Other investment	-	-	#	#	159
Short-term investment	2,960	-	-	2,960	2,960

# - The fair value is not presented due to the lack of marketability of the shares and the fair value cannot be reliably measured.

**Fair Value of Financial Instruments Carried at Fair Value**

- (i) The fair value of short-term investment is determined at their quoted closing prices at the end of the reporting period.
- (ii) There were no transfer between Level 1 and 2 during the financial year.

## 51. TRANSITION TO MFRS FRAMEWORK

As disclosed in Note 3, these are the first financial statements of the Group and of the Company prepared in accordance with MFRS Framework. The accounting policies set out in Note 4 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 30 September 2019, the comparative information presented in these financial statements for the financial year ended 30 September 2018 and the opening statement of financial position at 1 October 2017.

The Group, in its consolidated financial statements, measured the assets and liabilities of subsidiaries and associates at the same carrying amounts as in the financial statements of these subsidiaries and associates that have adopted the MFRS framework or International Financial Reporting Standards earlier than the Group, after adjusting for consolidated adjustments.

The effect of the Group's and the Company's transition to MFRSs are as follows:

### (a) MFRS 9 *Financial Instruments*

MFRS 9 establishes three primary measurement categories for financial assets: amortised cost, FVTPL and FVTOCI. The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. For liabilities, the standard retains most of the FRS 139 *Financial Instruments* requirements.

MFRS 9 introduces the expected credit losses ("ECL") model for impairment which replaces the incurred loss impairment model which only requires recognition of credit losses incurred as at reporting date under FRS 139.

The Group and the Company have assessed the impact of the adoption of MFRS 9 as disclosed below:-

#### (i) Classification and measurement of financial assets and financial liabilities

The Group's and the Company's financial instruments previously classified as available-for-sale financial assets are now being classified as FVTPL.

The other financial assets held by the Group and the Company are debt instruments previously classified as loans and receivables accounted for at amortised cost are now being classified as financial assets at amortised cost under MFRS 9.

There is no impact on the Group's and the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group and the Company do not have any such liabilities.

#### (ii) Impairment

The new impairment model requires the recognition of impairment loss based on ECL rather than only incurred credit losses as is the case under FRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

It applies to financial assets classified as amortised cost, debt instruments measured as FVTOCI, contract assets under MFRS 15 *Revenue from Contracts with Customers*, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessment performed, the Group and the Company concluded that the adoption does not have any significant impact on the financial performance or position of the Group and the Company.

The restatement of impairment losses on transition to MFRS 9 as a result of applying the expected credit risk model was immaterial.



**51. TRANSITION TO MFRS FRAMEWORK (CONTINUED)**(a) MFRS 9 *Financial Instruments* (continued)

## (iii) Hedge accounting

The new accounting requirements on hedge accounting do not have any impact on the Group and the Company because the Group and the Company do not adopt hedge accounting.

(b) MFRS 15 *Revenue From Contracts with Customers*

MFRS 15 *Revenue from contracts with customers* replaces FRS 118 *Revenue*, FRS 111 *Construction Contracts* and related interpretations.

The Group has assessed the effects of applying the new revenue standard on the Group's financial statements and based on the analysis of the recognition of various revenue sources, no significant differences with existing accounting principles were identified except for the following:

## (i) Determining the transaction price

Transaction price shall be estimated based on the amount of the consideration to which an entity expects to be entitled in exchange for transferring the promised goods and services, to the extent that it is highly probable that a significant reversal will not occur.

## (ii) Accounting for separate performance obligations arising from the sale of properties

The application of MFRS 15 resulted in the identification of various separate performance obligations which previously had been bundled as a sale of property. The performance obligations are separated if they are capable of being distinct and are distinct within the context of the contracts, such as, the provision of furniture and fittings. Revenue will then be allocated to the respective performance obligations and recognised when controls in relation to the performance obligations have been transferred.

## (iii) Timing of recognition for the sales of properties

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Control of the asset may transfer over time or at a point in time. For properties sold in accordance with the Housing Development (Control and Licensing) Act 1966 ("HDA"), control of the asset is transferred over time as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Therefore, revenue from sale of properties under HDA is recognised when it is probable that the Group will collect the consideration of the sale of the property to which it is entitled, after which, the revenue will be recognised over time. Sales of properties that are not governed under HDA will be assessed on a contract by contract basis to establish the Group's enforceable right to payment for performance completed to date.

## (iv) Accounting for incremental costs of obtaining a contract

Expenses attributable to securing contracts with customers for property development activities and construction contracts had been capitalised and expensed by reference to the progress towards complete satisfaction of that performance obligation.

## 51. TRANSITION TO MFRS FRAMEWORK (CONTINUED)

### (b) MFRS 15 *Revenue From Contracts with Customers* (continued)

#### (v) Classification of land held for property development and property development costs

Upon withdrawal of FRS 201 *Property Development Activities*, land held for property development and property development costs are reclassified as inventories as these assets are in the process of production for sale. These inventories are carried at the lower of cost and net realisable value in accordance with MFRS 102 *Inventories*.

#### (vi) Presentation of contract assets and contract liabilities in the statements of financial position

MFRS 15 requires separate presentation of contract assets and contract liabilities in the statements of financial position. This results in change in presentation whereby they were previously included in trade and other receivables and payables financial statements line items. Contract assets identified are mainly the right to consideration for goods or services transferred to the customers. In the case of property development and construction contracts, contract assets are the excess of cumulative revenue earned over cumulative billings to-date and contract liabilities are the obligations to transfer goods or services to the customers for which the Group has received the consideration or have billed the customers.

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contracts with customers. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service 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 has applied this standard retrospectively.

### (c) MFRS 16 *Leases*

The Group and the Company have applied MFRS 16 using the full retrospective approach, with restatement of the comparative information.

The Group and the Company have elected to apply the exemption in MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* below:

- No adjustments are made on transition for lease for which the underlying assets are of low value.
- A single discount rate is applied to portfolio of leases with reasonably similar characteristics.
- Does not apply the standard to leases which lease terms end within 12 months from 1 October 2017.
- Uses hindsight in determining lease terms for contract that contain options to extension or termination.

#### (i) The Group and the Company as lessee

The application of MFRS 16 to leases previously classified as operating leases under FRS 117 resulted in the recognition of right-of-use assets and lease liabilities. It resulted in a decrease in rental expenses and an increase in depreciation of right-to-use assets and interest on lease liability in profit or loss.

Provision for onerous lease contracts required under FRS 117 has been derecognised.

**51. TRANSITION TO MFRS FRAMEWORK (CONTINUED)**(c) MFRS 16 *Leases* (continued)

## (ii) The Group and the Company as a lessor

There is no impact on lessor accounting upon application of MFRS 16.

The application of MFRS 16 has an impact on the statements of cash flows of the Group. Under MFRS 16, lessees must present the following:

- short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities;
- cash paid for the interest portion of lease liability as either operating activities or financing activities, as permitted by MFRS 107; and
- cash payments for the principal portion for lease liability, as part of financing activities.

The adoption of MFRS 16 did not have an impact on net cash flows.

(d) IFRIC Agenda Decision on MFRS 123 *Borrowing Costs*

The IFRS Interpretations Committee ("IFRIC") received a submission about the capitalisation of borrowing costs in relation to the construction of a residential multi-unit real estate development. Based on the fact pattern described in the submission, the request asked whether the entity has a qualifying asset as defined in MFRS 123 *Borrowing Costs* and, therefore, capitalises any directly attributable costs.

The IFRIC concluded in March 2019 that, in the fact pattern described in the request:

- (i) Any receivable and contract asset that the entity recognises is not a qualifying asset.
- (ii) Any inventory (work-in-progress) for unsold units under construction that the entity recognises is also not a qualifying asset because the unsold units are ready for its intended use or sale.

On 20 March 2019, the Malaysian Accounting Standards Board announced that an entity shall apply the change in accounting policy as a result of the IFRIC Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020. The Group has early adopted the IFRIC Agenda Decision on MFRS 123 *Borrowing Costs*.

The Group has elected to apply the exemption in MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* which allows the Group not to restate the borrowing cost components that was capitalised under previous framework and that was included in the carrying amount of assets at the date of transition, 1 October 2017. The Group shall account for borrowing costs incurred on or after 1 October 2017 in accordance with IFRIC Agenda Decision on MFRS 123 *Borrowing Costs*.

# Notes to the Financial Statements

30 September 2019

## 51. TRANSITION TO MFRS FRAMEWORK (CONTINUED)

The financial effects of the first-time adoption of the MFRS Framework and changes in certain comparative amounts to conform with the current year financial statements presentation for the Group and the Company are as follows:

Statement of financial position

At 1 October 2017

The Group	Audited as at 1.10.2017 RM'000	Effect of transition to MFRS RM'000	Effect on adoption of MFRS 9 RM'000	Effect on adoption of MFRS 15 RM'000	Effect on adoption of MFRS 16 RM'000	Effect on adoption of IFRIC Agenda Decision on MFRS 123 RM'000	Restated as at 1.10.2017 RM'000
<b>ASSETS</b>							
<b>NON-CURRENT ASSETS</b>							
Investment in associates	686	-	-	-	-	-	686
Other investment	184	-	-	-	-	-	184
Property, plant and equipment	23,414	-	-	-	-	-	23,414
Investment properties	122,810	-	-	-	-	-	122,810
Goodwill	12,381	-	-	-	-	-	12,381
Inventories - land held for property development	-	496,704	-	-	-	-	496,704
Land held for property development	496,704	(496,704)	-	-	-	-	-
Deferred tax assets	6,107	-	-	49,783	-	(103)	55,787
Right-of-use assets	-	-	-	-	990	-	990
	662,286	-	-	49,783	990	(103)	712,956
<b>CURRENT ASSETS</b>							
Inventories - property development costs	-	335,877	-	165,485	-	578	501,940
Property development costs	335,877	(335,877)	-	-	-	-	-
Accrued billings	58,664	(58,664)	-	-	-	-	-
Contract assets	-	58,664	-	(1,186)	-	-	57,478
Contract costs	-	-	-	16,011	-	-	16,011
Trade receivables	53,797	-	(7)	-	-	-	53,790
Other receivables, deposits and prepayments	15,415	-	(90)	3,587	-	-	18,912
Amount owing by related parties	3,074	-	-	-	-	-	3,074
Current tax assets	5,134	-	-	-	-	-	5,134
Short-term investment	31,977	-	-	-	-	-	31,977
Fixed deposits with licensed banks	46,740	-	-	-	-	-	46,740
Cash and bank balances	88,769	-	-	-	-	-	88,769
	639,447	-	(97)	183,897	-	578	823,825
<b>TOTAL ASSETS</b>	<b>1,301,733</b>	<b>-</b>	<b>(97)</b>	<b>233,680</b>	<b>990</b>	<b>475</b>	<b>1,536,781</b>

## 51. TRANSITION TO MFRS FRAMEWORK (CONTINUED)

Statement of financial position (continued)

At 1 October 2017

The Group	Audited as at 1.10.2017 RM'000	Effect of transition to MFRS RM'000	Effect on adoption of MFRS 9 RM'000	Effect on adoption of MFRS 15 RM'000	Effect on adoption of MFRS 16 RM'000	Effect on adoption of IFRIC Agenda Decision on MFRS 123 RM'000	Restated as at 1.10.2017 RM'000
<b>EQUITY AND LIABILITIES</b>							
<b>EQUITY</b>							
Ordinary share capital	399,421	-	-	-	-	-	399,421
Reserves	369,583	-	(97)	(123,181)	-	440	246,745
Equity attributable to owners of the Company	769,004	-	(97)	(123,181)	-	440	646,166
Non-controlling interests	27,072	-	-	(29,063)	-	-	(1,991)
<b>TOTAL EQUITY</b>	<b>796,076</b>	<b>-</b>	<b>(97)</b>	<b>(152,244)</b>	<b>-</b>	<b>440</b>	<b>644,175</b>
<b>NON-CURRENT LIABILITIES</b>							
Deferred tax liabilities	98,873	-	-	1,678	-	35	100,586
Long-term borrowings	166,722	-	-	-	-	-	166,722
Lease liabilities	-	-	-	-	298	-	298
	265,595	-	-	1,678	298	35	267,606
<b>CURRENT LIABILITIES</b>							
Trade payables	54,967	-	-	-	-	-	54,967
Other payables, deposits received and accruals	62,670	-	-	361	-	-	63,031
Progress billings	28,653	(28,653)	-	-	-	-	-
Contract liabilities	-	28,653	-	383,885	-	-	412,538
Amount owing to related parties	77,588	-	-	-	-	-	77,588
Dividend payable	22	-	-	-	-	-	22
Short-term borrowings	14,626	-	-	-	-	-	14,626
Lease liabilities	-	-	-	-	692	-	692
Current tax liabilities	1,536	-	-	-	-	-	1,536
	240,062	-	-	384,246	692	-	625,000
<b>TOTAL LIABILITIES</b>	<b>505,657</b>	<b>-</b>	<b>-</b>	<b>385,924</b>	<b>990</b>	<b>35</b>	<b>892,606</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,301,733</b>	<b>-</b>	<b>(97)</b>	<b>233,680</b>	<b>990</b>	<b>475</b>	<b>1,536,781</b>

# Notes to the Financial Statements

30 September 2019

## 51. TRANSITION TO MFRS FRAMEWORK (CONTINUED)

Statement of financial position (continued)

At 30 September 2018

The Group	Audited as at 30.09.2018 RM'000	Effect of transition to MFRS RM'000	Effect on adoption of MFRS 9 RM'000	Effect on adoption of MFRS 15 RM'000	Effect on adoption of MFRS 16 RM'000	Effect on adoption of IFRIC Agenda Decision on MFRS 123 RM'000	Restated as at 30.09.2018 RM'000
<b>ASSETS</b>							
<b>NON-CURRENT ASSETS</b>							
Investment in associates	1,083	-	-	-	-	-	1,083
Other investment	184	-	-	-	-	-	184
Property, plant and equipment	29,578	-	-	-	-	-	29,578
Investment properties	153,098	-	-	-	-	-	153,098
Goodwill	11,453	-	-	-	-	-	11,453
Inventories - land held for property development	-	482,627	-	-	-	(106)	482,521
Land held for property development	482,627	(482,627)	-	-	-	-	-
Deferred tax assets	8,370	-	-	22,648	-	330	31,348
Right-of-use assets	-	-	-	-	289	-	289
	686,393	-	-	22,648	289	224	709,554
<b>CURRENT ASSETS</b>							
Inventories	59,397	(59,397)	-	-	-	-	-
Inventories - completed units and others	-	59,397	-	2,845	-	(749)	61,493
Property development costs	319,359	(319,359)	-	-	-	-	-
Inventories - property development costs	-	319,359	-	51,717	-	(768)	370,308
Biological asset	192	(172)	-	-	-	-	20
Accrued billings	143,986	(143,986)	-	-	-	-	-
Contract Assets	-	143,986	-	(13,825)	-	(4)	130,157
Contract Costs	-	-	-	12,335	-	-	12,335
Trade receivables	63,556	-	(13)	-	-	-	63,543
Other receivables, deposits and prepayment	12,929	-	(138)	4,064	-	-	16,855
Amount owing by related parties	1,125	-	-	-	-	-	1,125
Amount owing by associate	1,912	-	-	-	-	-	1,912
Current tax assets	3,909	-	-	-	-	-	3,909
Short-term investment	2,960	-	-	-	-	-	2,960
Fixed deposits with licensed banks	44,023	-	-	-	-	-	44,023
Cash and bank balances	103,236	-	-	-	-	-	103,236
	756,584	(172)	(151)	57,136	-	(1,521)	811,876
<b>TOTAL ASSETS</b>	<b>1,442,977</b>	<b>(172)</b>	<b>(151)</b>	<b>79,784</b>	<b>289</b>	<b>(1,297)</b>	<b>1,521,430</b>

## 51. TRANSITION TO MFRS FRAMEWORK (CONTINUED)

Statement of financial position (continued)

At 30 September 2018

The Group	Audited as at 30.09.2018 RM'000	Effect of transition to MFRS RM'000	Effect on adoption of MFRS 9 RM'000	Effect on adoption of MFRS 15 RM'000	Effect on adoption of MFRS 16 RM'000	Effect on adoption of IFRIC Agenda Decision on MFRS 123 RM'000	Restated as at 30.09.2018 RM'000
<b>EQUITY AND LIABILITIES</b>							
<b>EQUITY</b>							
Ordinary share capital	399,421	-	-	-	-	-	399,421
Reserves	473,009	(172)	(165)	(67,704)	(9)	(1,148)	403,811
Equity attributable to owners of the Company	872,430	(172)	(165)	(67,704)	(9)	(1,148)	803,232
Non-controlling interests	54,839	-	-	(38)	-	(90)	54,711
<b>TOTAL EQUITY</b>	<b>927,269</b>	<b>(172)</b>	<b>(165)</b>	<b>(67,742)</b>	<b>(9)</b>	<b>(1,238)</b>	<b>857,943</b>
<b>NON-CURRENT LIABILITIES</b>							
Deferred tax liabilities	89,107	-	-	1,256	-	(59)	90,304
Long-term borrowings	234,650	-	-	-	-	-	234,650
	323,757	-	-	1,256	-	(59)	324,954
<b>CURRENT LIABILITIES</b>							
Trade payables	82,455	-	-	-	-	-	82,455
Other payables, deposits received and accruals	92,003	-	14	(215)	-	-	91,802
Progress billings	2,824	(2,824)	-	-	-	-	-
Contract liabilities	-	2,824	-	146,485	-	-	149,309
Amount owing to related parties	1,518	-	-	-	-	-	1,518
Dividend payable	22	-	-	-	-	-	22
Short-term borrowings	5,324	-	-	-	-	-	5,324
Lease liabilities	-	-	-	-	298	-	298
Current tax liabilities	7,805	-	-	-	-	-	7,805
	191,951	-	14	146,270	298	-	338,533
<b>TOTAL LIABILITIES</b>	<b>515,708</b>	<b>-</b>	<b>14</b>	<b>147,526</b>	<b>298</b>	<b>(59)</b>	<b>663,487</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,442,977</b>	<b>(172)</b>	<b>(151)</b>	<b>79,784</b>	<b>289</b>	<b>(1,297)</b>	<b>1,521,430</b>

**51. TRANSITION TO MFRS FRAMEWORK (CONTINUED)**

Statement of financial position (continued)

**At 1 October 2017**

<b>The Company</b>	<b>Audited as at 1.10.2017 RM'000</b>	<b>Effect on adoption of MFRS 16 RM'000</b>	<b>Restated as at 1.10.2017 RM'000</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Investment in subsidiaries	356,487	-	356,487
Investment in associates	594	-	594
Other investment	159	-	159
Property, plant and equipment	3,725	-	3,725
Investment properties	7,107	-	7,107
Right-of-use assets	-	990	990
	368,072	990	369,062
<b>CURRENT ASSETS</b>			
Other receivables, deposits and prepayments	1,306	-	1,306
Amount owing by subsidiaries	293,015	-	293,015
Amount owing by related parties	2,664	-	2,664
Current tax assets	810	-	810
Short-term investment	31,977	-	31,977
Fixed deposits with licensed banks	31,908	-	31,908
Cash and bank balances	1,324	-	1,324
	363,004	-	363,004
<b>TOTAL ASSETS</b>	<b>731,076</b>	<b>990</b>	<b>732,066</b>



**51. TRANSITION TO MFRS FRAMEWORK (CONTINUED)**

Statement of financial position (continued)

**At 1 October 2017**

<b>The Company</b>	<b>Audited as at 1.10.2017 RM'000</b>	<b>Effect on adoption of MFRS 16 RM'000</b>	<b>Restated as at 1.10.2017 RM'000</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Ordinary share capital	399,421	-	399,421
Reserves	223,671	-	223,671
<b>TOTAL EQUITY</b>	<b>623,092</b>	<b>-</b>	<b>623,092</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	130	-	130
Lease liabilities	-	298	298
	130	298	428
<b>CURRENT LIABILITIES</b>			
Other payables, deposits received and accruals	3,313	-	3,313
Amount owing to subsidiaries	104,414	-	104,414
Amount owing to related parties	1	-	1
Short-term borrowings	126	-	126
Lease liabilities	-	692	692
	107,854	692	108,546
<b>TOTAL LIABILITIES</b>	<b>107,984</b>	<b>990</b>	<b>108,974</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>731,076</b>	<b>990</b>	<b>732,066</b>

**51. TRANSITION TO MFRS FRAMEWORK (CONTINUED)**

Statement of financial position (continued)

**At 30 September 2018**

<b>The Company</b>	<b>Audited as at 30.09.2018 RM'000</b>	<b>Effect on adoption of MFRS 16 RM'000</b>	<b>Restated as at 30.09.2018 RM'000</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Investment in subsidiaries	351,218	-	351,218
Investment in associates	594	-	594
Other investment	159	-	159
Property, plant and equipment	6,567	-	6,567
Investment properties	6,962	-	6,962
Right-of-use assets	-	289	289
	365,500	289	365,789
<b>CURRENT ASSETS</b>			
Other receivables, deposits and prepayments	1,385	-	1,385
Amount owing by subsidiaries	327,799	-	327,799
Current tax assets	1,072	-	1,072
Short-term investment	2,960	-	2,960
Fixed deposits with licensed banks	25,370	-	25,370
Cash and bank balances	2,141	-	2,141
	360,727	-	360,727
<b>TOTAL ASSETS</b>	<b>726,227</b>	<b>289</b>	<b>726,516</b>

**51. TRANSITION TO MFRS FRAMEWORK (CONTINUED)**

Statement of financial position (continued)

**At 30 September 2018**

<b>The Company</b>	<b>Audited as at 30.09.2018 RM'000</b>	<b>Effect on adoption of MFRS 16 RM'000</b>	<b>Restated as at 30.09.2018 RM'000</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Ordinary share capital	399,421	-	399,421
Reserves	201,311	(9)	201,302
<b>TOTAL EQUITY</b>	<b>600,732</b>	<b>(9)</b>	<b>600,723</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	572	-	572
<b>CURRENT LIABILITIES</b>			
Other payables, deposits received and accruals	3,504	-	3,504
Amount owing to subsidiaries	120,969	-	120,969
Amount owing to related parties	126	-	126
Short-term borrowings	324	-	324
Lease liabilities	-	298	298
	124,923	298	125,221
<b>TOTAL LIABILITIES</b>	<b>125,495</b>	<b>298</b>	<b>125,793</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>726,227</b>	<b>289</b>	<b>726,516</b>

# Notes to the Financial Statements

30 September 2019

## 51. TRANSITION TO MFRS FRAMEWORK (CONTINUED)

Statement of profit or loss and other comprehensive income

The Group	Audited as at 30.09.2018 RM'000	Effect of transition to MFRS RM'000	Effect on adoption of MFRS 9 RM'000	Effect on adoption of MFRS 15 RM'000	Effect on adoption of MFRS 16 RM'000	Effect on adoption of IFRIC Agenda Decision on MFRS 123 RM'000	Restated as at 30.09.2018 RM'000
REVENUE	491,479	-	-	220,788	-	(3)	712,264
COST OF SALES	(206,630)	(198)	-	(133,180)	-	379	(339,629)
GROSS PROFIT	284,849	(198)	-	87,608	-	376	372,635
INVESTMENT INCOME	4,891	-	-	-	-	-	4,891
OTHER INCOME	1,118	26	-	-	-	-	1,144
ADMINISTRATIVE AND OTHER EXPENSES	(122,289)	-	(68)	23,608	35	-	(98,714)
FINANCE COSTS	(2,763)	-	-	-	(44)	(2,582)	(5,389)
SHARE OF RESULTS IN ASSOCIATES, NET OF TAX	(93)	-	-	-	-	-	(93)
PROFIT BEFORE TAXATION	165,713	(172)	(68)	111,216	(9)	(2,206)	274,474
INCOME TAX EXPENSE	(36,417)	-	-	(26,714)	-	528	(62,603)
PROFIT AFTER TAXATION	129,296	(172)	(68)	84,502	(9)	(1,678)	211,871
OTHER COMPREHENSIVE INCOME	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	129,296	(172)	(68)	84,502	(9)	(1,678)	211,871
PROFIT AFTER TAXATION ATTRIBUTABLE TO:							
Owners of the Company	101,597	(172)	(68)	55,477	(9)	(1,588)	155,237
Non-controlling interests	27,699	-	-	29,025	-	(90)	56,634
	129,296	(172)	(68)	84,502	(9)	(1,678)	211,871
EARNING PER SHARE (SEN)							
- Basic	12.72	-	-	-	-	-	19.43
- Diluted	12.72	-	-	-	-	-	19.43

**51. TRANSITION TO MFRS FRAMEWORK (CONTINUED)**

Statement of profit or loss and other comprehensive income (continued)

**At 30 September 2018**

<b>The Company</b>	<b>Audited as at 30.09.2018 RM'000</b>	<b>Effect on adoption of MFRS 16 RM'000</b>	<b>Restated as at 30.09.2018 RM'000</b>
REVENUE	1,107	-	1,107
COST OF SALES	-	-	-
GROSS PROFIT	1,107	-	1,107
INVESTMENT INCOME	2,410	-	2,410
ADMINISTRATIVE AND OTHER EXPENSES	(25,630)	36	(25,594)
FINANCE COSTS	(247)	(45)	(292)
LOSS BEFORE TAXATION	(22,360)	(9)	(22,369)
INCOME TAX EXPENSE	-	-	-
LOSS AFTER TAXATION	(22,360)	(9)	(22,369)
OTHER COMPREHENSIVE INCOME	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR	(22,360)	(9)	(22,369)

**51. TRANSITION TO MFRS FRAMEWORK (CONTINUED)**

## Statement of cash flows

<b>The Group</b>	<b>Audited as at 30.09.2018 RM'000</b>	<b>Effect on adoption of MFRS Framework RM'000</b>	<b>Restated as at 30.09.2018 RM'000</b>
Cash flows for operating activities	(51,583)	1,029	(50,554)
Cash flows for investing activities	(7,412)	(337)	(7,749)
Cash flows from financing activities	55,165	(692)	54,473
Cash and cash equivalents at beginning of year	132,250	-	132,250
Cash and cash equivalents at end of year	128,420	-	128,420

<b>The Company</b>	<b>Audited as at 30.09.2018 RM'000</b>	<b>Effect on adoption of MFRS Framework RM'000</b>	<b>Restated as at 30.09.2018 RM'000</b>
Cash flows for operating activities	(15,697)	692	(15,005)
Cash flows for investing activities	(21,867)	-	(21,867)
Cash flows from financing activities	16,365	(692)	15,673
Cash and cash equivalents at beginning of year	33,301	-	33,301
Cash and cash equivalents at end of year	12,102	-	12,102

**51. TRANSITION TO MFRS FRAMEWORK (CONTINUED)**

The financial impacts of the adoption of MFRS Framework to the statement of changes in equity of the Group are as follows:

	The Group		The Company	
	30.09.2018 RM'000	01.10.2017 RM'000	30.09.2018 RM'000	01.10.2017 RM'000
Retained earnings as previously stated	247,889	144,463	(24,626)	(2,266)
Effect on adoption of MFRS Framework	(69,198)	(122,838)	(9)	-
As restated	178,691	21,625	(24,635)	(2,266)

**52. SUBSEQUENT NON-ADJUSTING EVENT**

On 27 November 2019, SCSB and SESB have amicably agreed to enter into a Deed of Revocation ("DoR") to revoke the Joint Development Agreement ("JDA") signed on 9 May 2016. The JDA entered into between SCSB and SESB was to regulate the relationship and respective roles of SCSB and SESB as joint developers in relation to the development of a piece of land measuring 8.48 acres located at Salak Tinggi, Putrajaya South ("Land").

Simultaneous to the signing of the DoR, SCSB and SESB has entered into a Conditional Sale and Purchase Agreement ("SPA") whereby SCSB shall sell and SESB shall purchase the Land at a total purchase consideration of RM36,938,880.

# LIST OF GROUP PROPERTIES

as at 30 September 2019

No.	Date of Acquisition	Property Address / Location	Description	Existing Use	Tenure/ Approximate Age of Building	Land Area (sq meters)	NBV @ 30 Sept 2019 (RM'000)
1	31.03.1985	Lot 1772 Section 3, Mak Mandin Industrial Estate, Seberang Perai, Pulau Pinang	Land & Industrial Building	Factory	Leasehold land with lease period expiring 19.5.2071/ 50 years	5,052	3,076
2	31.03.1983	Lot 1780 Section 3, Mak Mandin Industrial Estate, Seberang Perai, Pulau Pinang	Land & Industrial Building	Factory	Leasehold land with lease period expiring 15.8.2073/ 43 years	13,575	2,702
3	07.08.2015	No. 11-G, Garden Wing, Sunsuria Avenue, Persiaran Mahogani, Kota Damansara	Commercial Lot	Office	Leasehold with lease period expiring 21.02.2107/ 9 years	74	825
4	07.08.2015	No. 3-6, Sunsuria Avenue, Persiaran Mahogani,	Commercial Lot	Office	Leasehold with lease period expiring 21.02.2107/ 9 years	108	701
5	11.06.2015	GRN 337202, Lot 124035, GRN 337203, Lot 124036, GRN 337204, Lot 124037 Mukim Dengkil, Daerah Sepang, Selangor	Land for investment properties, land & commercial building and land held for property development	Investment properties under construction, shop, development land and sales gallery/ office	Freehold / 3 years	413,024	244,514
6	11.06.2015	GRN 332588, Lot 115624 Mukim Dengkil, Daerah Sepang, Selangor	Land held for property development	Development land	Freehold	194,533	106,772
7	11.06.2015	GRN 335776, Lot 121629, GRN 335777, Lot 121630, GRN 335779, Lot 121638 Mukim Dengkil, Daerah Sepang, Selangor	Land held for property development	Development land	Freehold	71,354	121,366



## List of Group Properties

as at 30 September 2019

No.	Date of Acquisition	Property Address / Location	Description	Existing Use	Tenure/ Approximate Age of Building	Land Area (sq meters)	NBV @ 30 Sept 2019 (RM'000)
8	11.06.2015	GRN 333879, Lot 115616 Mukim Dengkil, Daerah Sepang, Selangor	Land held for property development	Development land	Freehold	137,027	71,633
9	11.06.2015	GRN 335296, Lot 119114, HSD 44451, PT59441 Mukim Dengkil, Daerah Sepang, Selangor	Land held for property development	Development land	Freehold	12,909	23,951
10	09.05.2016	GRN 333882, Lot 115623 Mukim Dengkil, Daerah Sepang, Selangor	Land held for property development	Development land	Freehold	34,236	43,916
11	26.07.2017	GRN 524, Lot 1070, GRN 2273, Lot 30259, Mukim of Setapak, District of Kuala Lumpur	Land held for property development	Development land	Freehold	9,111	30,000
12	25.03.2016	GRN 334463 Lot 86616, Jalan Setia Dagang AL U13/AL, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor	Land for investment properties	Investment properties under construction	Freehold	7,184	41,893
13	25.06.2018	GRN 334463 Lot 86616, Jalan Setia Dagang AL U13/AL, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor	Land and building for investment properties	Supermarket/ kiosk	Freehold	1,199	7,687
14	27.09.2018	GRN 334463 Lot 86616, Jalan Setia Dagang AL U13/AL, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor	Land and building for investment properties	Car park space	Freehold	9,909	11,172

# ANALYSIS OF SHAREHOLDINGS

as at 31 December 2019

## SHARE CAPITAL

Issued Share Capital : 895,917,302 ordinary shares  
 Voting Rights : One vote for each ordinary share held

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	216	6.79	7,517	0.00
100 - 1,000	410	12.89	263,974	0.03
1,001 - 10,000	1,681	52.86	7,160,803	0.80
10,001 - 100,000	693	21.79	22,271,848	2.49
100,001 - 44,795,864(*)	176	5.54	305,433,380	34.09
44,795,865 and Above (**)	4	0.13	560,779,780	62.59
<b>TOTAL:</b>	<b>3,180</b>	<b>100</b>	<b>895,917,302</b>	<b>100</b>

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

## THIRTY (30) LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares Held	%
1. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TER EQUITY SDN BHD (PB)	182,557,376	20.38
2. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TER CAPITAL SDN BHD (PB)	167,000,532	18.64
3. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TER LEONG YAP (PB)	165,921,872	18.52
4. AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR RUBY TECHNIQUE SDN BHD	45,300,000	5.06
5. HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KIM HEUNG	27,000,000	3.01
6. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR NG LEE LING (PBCL-0G0594)	25,000,000	2.79
7. LAI MING CHUN @ LAI POH LIN	20,000,000	2.23
8. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAN TIAN MENG (PBCL-0G0174)	14,828,800	1.66
9. TER CAPITAL SDN. BHD.	14,466,300	1.61
10. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAN KIM HEUNG (PBCL-0G0513)	10,000,000	1.12
11. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH KIN LIP (8058900)	9,210,000	1.03
12. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TAN WEI HOONG (PB)	9,000,000	1.00
13. LIM KUANG SIA	8,657,600	0.97

## Analysis of Shareholdings

as at 31 December 2019

Name of Shareholders	No. of Shares Held	%
14. TAN WEI WEN	8,000,000	0.89
15. MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE TOON HIAN	7,486,400	0.84
16. LEE TOON HIAN	7,255,800	0.81
17. CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH KIN LIP (MY0502)	7,070,000	0.79
18. AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHENG HENG JEM (M09)	7,000,000	0.78
19. WONG YUEN TECK	7,000,000	0.78
20. CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE BOON KEE	6,091,400	0.68
21. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LAI MING CHUN @ LAI POH LIN (PB)	6,008,000	0.67
22. TAN WEI HOONG	6,000,000	0.67
23. THK CAPITAL SDN. BHD.	4,642,000	0.52
24. CHONG CHIN HUANG	4,430,000	0.49
25. 999 RESOURCES SDN BHD	4,420,000	0.49
26. BINTANG SARI SDN BHD	4,340,000	0.48
27. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHENG JOO TEIK (PB)	4,233,200	0.47
28. ATTRACTIVE FEATURES SDN. BHD.	4,000,000	0.45
29. LION-PARKSON FOUNDATION	3,200,000	0.36
30. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TAN WEI WEN (PB)	3,000,000	0.33
<b>TOTAL:</b>	<b>793,119,280</b>	<b>88.52</b>

## Analysis of Shareholdings

as at 31 December 2019

### SUBSTANTIAL SHAREHOLDERS (AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

Name of Substantial Shareholders	Direct	No. of Shares Held		%
		%	Indirect	
1. Ter Equity Sdn Bhd	182,557,376	20.38	-	-
2. Tan Sri Datuk Ter Leong Yap	168,639,872	18.82	368,666,208 <sup>(1)</sup>	41.15
3. Ter Capital Sdn Bhd	181,466,832	20.25	-	-
4. Ruby Technique Sdn Bhd	45,300,000	5.06	-	-
5. CBG Holdings Sdn Bhd	-	-	45,300,000 <sup>(2)</sup>	5.06
6. Farsathy Holdings Sdn Bhd	-	-	45,300,000 <sup>(2)</sup>	5.06
7. Chia Seong Pow	1,200,000	0.13	45,300,000 <sup>(3)</sup>	5.06
8. Chia Song Kun	-	-	49,300,000 <sup>(4)</sup>	5.50
9. Chia Seong Fatt	-	-	46,050,000 <sup>(5)</sup>	5.14

Notes:

- (1) Deemed interested by virtue of his interest in Ter Equity Sdn Bhd, Ter Capital Sdn Bhd and THK Capital Sdn Bhd pursuant to Section 8 of the Companies Act 2016.
- (2) Deemed interested by virtue of its shareholdings in Ruby Technique Sdn Bhd pursuant to Section 8 of the Companies Act 2016.
- (3) Deemed interested by virtue of his shareholdings in Farsathy Holdings Sdn Bhd pursuant to Section 8 of the Companies Act 2016.
- (4) Deemed interested by virtue of his shareholdings in CBG Holdings Sdn Bhd and Attractive Features Sdn Bhd, being a related company of Ruby Technique Sdn Bhd, pursuant to Section 8 of the Companies Act 2016.
- (5) Deemed interested by virtue of his shareholdings in Farsathy Holdings Sdn Bhd pursuant to Section 8 of the Companies Act 2016 and his spouse's direct interest in the Company.

### DIRECTOR'S INTEREST IN SHARES (AS PER THE DIRECTORS' SHAREHOLDINGS)

Name of Directors	Direct	No. of Shares Held		%
		%	Indirect	
1. Tan Sri Datuk Ter Leong Yap	168,639,872	18.82	368,666,208*	41.15
2. Tan Pei Geok	1,830,000	0.20	-	-
3. Dato' Quek Ngee Meng	50,000	0.01	-	-
4. Datin Loa Bee Ha	-	-	14,828,800 <sup>^</sup>	1.66

Remarks:

- \* Deemed interested by virtue of his interest in Ter Equity Sdn Bhd, Ter Capital Sdn Bhd and THK Capital Sdn Bhd pursuant to Section 8 of the Companies Act 2016.
- <sup>^</sup> Deemed interested by virtue of the shareholdings held by her spouse, Dato' Tan Tian Meng pursuant to Section 59(11)(C) of the Companies Act 2016.

# ANALYSIS OF WARRANT HOLDINGS

as at 31 December 2019

## DISTRIBUTION OF WARRANT 2015/2020 HOLDERS

Size of Warrant 2015/2020 Holdings	No. of Warrant 2015/2020 Holders		No. of 2015/2020 Holders	
		%		%
1 - 99	62	6.29	2,973	0.00
100 - 1,000	113	11.46	73,687	0.05
1,001 - 10,000	464	47.06	2,019,089	1.28
10,001 - 100,000	266	26.98	10,009,715	6.32
100,001 - 7,917,922(*)	79	8.01	63,313,548	39.98
7,917,923 and Above (**)	2	0.20	82,939,450	52.37
<b>TOTAL :</b>	<b>986</b>	<b>100</b>	<b>158,358,462</b>	<b>100</b>

Remark : \* Less than 5% of issued warrants

\*\* 5% and above of issued warrants

## THIRTY (30) LARGEST 2015/2020 WARRANT HOLDERS

Name of Warrant 2015/2020 Holders	No. of Warrants 2015/2020 Held	%
1. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TER EQUITY SDN BHD (PB)	45,639,344	28.82
2. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TER LEONG YAP (PB)	37,300,106	23.55
3. RUBY TECHNIQUE SDN BHD	7,866,000	4.97
4. CIMSEC NOMINEES (TEMPATAN) SDH BHD CIMB BANK FOR NG LEE LING (PBCL-0G0594)	6,333,333	4.00
5. HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KIM HEUNG	6,333,333	4.00
6. CIMSEC NOMINEES (TEMPATAN) SDH BHD CIMB BANK FOR TAN TIAN MENG (PBCL-0G0174)	5,547,900	3.50
7. LAI MING CHUN @ LAI POH LIN	5,000,000	3.16
8. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TER CAPITAL SDN BHD (PB)	3,999,466	2.53
9. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LAI MING CHUN @ LAI POH LIN (PB)	2,785,084	1.76
10. TER CAPITAL SDN. BHD.	1,633,000	1.03
11. AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH KIN LIP	1,500,000	0.95
12. KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR TAN TAI WEI	1,384,500	0.87
13. LEE YEW CHEN	1,290,100	0.81
14. CHUA SEE CHONG	1,076,300	0.68
15. ATTRACTIVE FEATURES SDN. BHD.	1,000,000	0.63
16. MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP JIUN SIANG	998,400	0.63

## Analysis of Warrant Holdings

as at 31 December 2019

Name of Warrant 2015/2020 Holders	No. of Warrants 2015/2020 Held	%
17. SYED MOHD FIRDAUS B SYED ZAINAL ABIDIN	700,000	0.44
18. COMPLETE BAYVIEW SDN. BHD.	580,000	0.37
19. LIM SOO LEE	531,000	0.34
20. ROZITA BINTI MOHAMAD	526,700	0.33
21. LIM CHEE MENG	520,000	0.33
22. MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TNTT REALTY SDN BHD	451,000	0.28
23. TER HONG CHOOR	450,000	0.28
24. TAN SENG CHONG @ TAN AH TEE	449,900	0.28
25. TAN TIAN YEOW	445,733	0.28
26. CHONG CHIN HUANG	400,000	0.25
27. UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SUHARTI BINTI MD SAPIDI	400,000	0.25
28. UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR IMRAN HO BIN ABDULLAH	400,000	0.25
29. UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOFIAH BINTI SIDEK	400,000	0.25
30. RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG YOONG NYOCK (CEB)	396,700	0.25
<b>TOTAL:</b>	<b>136,337,899</b>	<b>86.07</b>

### DIRECTOR'S INTEREST IN 2015/2020 WARRANTS

Name of Directors	No. of 2015/2020 Warrants Held			
	Direct	%	Indirect	%
1. Tan Sri Datuk Ter Leong Yap	37,300,106	23.55	51,271,810*	32.38
2. Tan Pei Geok	210,000	0.13	-	-
3. Dato' Quek Ngee Meng	-	-	-	-
4. Datin Loa Bee Ha	-	-	5,547,900^	3.50

Remarks:

\* Deemed interested by virtue of his interest in Ter Equity Sdn Bhd and Ter Capital Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

^ Deemed interested by virtue of the warrants held by her spouse and Dato' Tan Tian Meng pursuant to Section 59(11)(C) of the Companies Act 2016.

# NOTICE OF 51<sup>ST</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Fifty-First Annual General Meeting (“51<sup>st</sup> AGM”) of Sunsuria Berhad (“Sunsuria” or “the Company”) will be held at Sunsuria City Celebration Centre, Persiaran Sunsuria, Bandar Sunsuria, 43900 Sepang, Selangor Darul Ehsan, on Thursday, 19 March 2020 at 10.00 a.m. to transact the following businesses:

## AGENDA

### AS ORDINARY BUSINESS

- |    |   |   |
|----|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 September 2019 together with the Reports of the Directors and Auditors thereon.                             | <i>(Please refer to explanatory note 1)</i> |
| 2. | To approve the payment of Directors' fees of RM192,000 for the period from 19 March 2020 to the next Annual General Meeting (“AGM”) of the Company to be held in 2021.                  | Resolution 1                                |
| 3. | To re-elect Dato' Quek Ngee Meng, a Director who retires by rotation pursuant to Clause 114 of the Company's Constitution, and who being eligible, has offered himself for re-election. | Resolution 2                                |
| 4. | To re-appoint Messrs Deloitte PLT as Auditors of the Company to hold office until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.              | Resolution 3                                |

### AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

#### Ordinary Resolutions

- |    |   |              |
|----|---|--------------|
| 5. | <b>AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 75 OF THE COMPANIES ACT 2016</b> | Resolution 4 |
|----|---|--------------|

“THAT subject always to the Companies Act 2016, the provisions of the Constitution of the Company and the approvals from the relevant authorities, where such approval is necessary, the Directors be and are hereby empowered pursuant to Section 75 of the Companies Act 2016, to allot and issue shares in the Company from time to time to such persons and upon such terms and conditions for such purposes as the Directors may in their absolute discretion, deem fit including in pursuance of offers, agreements or options to be made or granted by Directors while this approval is in force and that the Directors be and are hereby further authorised to make or grant offers, agreements or options in respect of shares in the Company including those which would or might require shares in the Company to be issued after the expiration of the approval hereof, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the total issued share capital of the Company for the time being, AND THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad FURTHER THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company.”

**6. PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

Resolution 5

"THAT subject to Companies Act 2016 (the "Act") and Bursa Malaysia Securities Berhad Main Market Listing Requirements, other applicable laws, guidelines, rules and regulations, and the approval of the relevant government and/or regulatory authorities (where applicable), approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related parties ("Recurrent Related Party Transactions") as set out in Section 2.3.3 and 2.3.4 of Part A of the Circular to Shareholders dated 31 January 2020 ("the Circular"), subject further to the following:

- (i) the Recurrent Related Party Transactions are entered into in the ordinary course of business which are necessary for the day-to-day operations and are on terms which are not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on arm's length basis and on normal commercial terms which are not to the detriment of the non-interested shareholders of the Company;
- (ii) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall commence immediately upon passing of this ordinary resolution and continue to be in full force until:
  - (a) the conclusion of the next AGM of the Company following the AGM at which this shareholders' mandate is approved, at which time it will lapse, unless by a resolution passed at the next AGM, such authority is renewed; or
  - (b) the expiration of the period within which the next AGM after the date is required to be held pursuant to Sections 340(1) and (2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
  - (c) this shareholders' mandate is revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier;

AND THAT the Directors of the Company and/or any one of them be and are/is hereby authorised to complete and do all such acts, deeds and things as they consider necessary or expedient in the best interest of the Company, including executing all such documents as may be required or necessary and with full powers to assent to any modifications, variations and/or amendments as the Directors of the Company in their discretion deem fit and expedient to give effect to the Recurrent Related Party Transactions contemplated and/or authorised by this Ordinary Resolution."



**7. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR AUTHORITY TO THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PER CENT (10%) OF THE TOTAL ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")**

Resolution 6

"THAT subject to the Companies Act 2016 (the "Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Exchange") and the requirements of any other relevant authority, the approval be and is hereby given to the Company to purchase such number of ordinary shares in the Company ("Sunsuria Shares") as may be determined by the Directors of the Company from time to time through the Exchange and to take all such steps as are necessary (including the opening and maintaining of a central depositories account under the Securities Industry (Central Depositories) Act, 1991 and to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be impose by the relevant authorities from time to time and to do all such acts and things as the Directors may deem fit, necessary and expedient in the interest of the Company, subject further to the following:

- (i) the maximum number of ordinary shares purchased which may be purchased and held by the Company shall be equivalent to ten per cent (10%) of the total issued capital of the Company;
- (ii) the maximum funds allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings of the Company; and
- (iii) the authority shall commence immediately upon passing of this ordinary resolution and will continue to be in force until:
  - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the authority will lapse, unless by ordinary resolution passed at that meeting of members, the authority is renewed, either unconditionally or subject to conditions; or
  - (b) the expiration of the period within which the next AGM after that date it is required by law to be held; or
  - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a meeting of members;

whichever is the earlier;

AND THAT upon completion of the purchase(s) of the Sunsuria Shares or any part thereof by the Company, authority be and is hereby given to the Directors of the Company in their absolute discretion to deal with any Sunsuria Shares so purchased in the following manner:

- (i) cancel all or part of the Sunsuria Shares so purchased; and/or
- (ii) retain all or part of the Sunsuria Shares as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act); or
- (iii) retain part thereof as treasury shares and subsequently cancelling the balance; or
- (iv) in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Exchange and any other relevant authority for the time being in force."

## Notice of 51<sup>st</sup> Annual General Meeting

8. To consider any other business of which due notice shall have been given in accordance with the Act.

### BY ORDER OF THE BOARD

#### LEE SWEE KHENG (MIA 12754)

Company Secretary

Petaling Jaya

31 January 2020

### NOTES:

1. Members whose names appear on the Record of Depositors as at 12 March 2020 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote at the Fifty-First Annual General Meeting.
2. A member may appoint not more than two (2) proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company.
3. Where a member of the Company is an authorised nominee as defined under The Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for the omnibus account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where an exempt authorised nominee appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. Where a member or the authorised nominee appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy in the instrument appointing the proxies, failing which the appointment shall be invalid.
6. The instrument appointing a proxy in the case of an individual, shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
7. The instrument appointing a proxy shall be deposited at the Share Registrar of the Company, Tricor Investors & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or adjournment thereof.

**EXPLANATORY NOTES:**

**1. Audited Financial Statements for the financial year ended 30 September 2019**

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Act for discussion only under Agenda 1 and do not require members' approval. Hence, this item is not put forward for voting.

**2. Resolution 1 - Payment of Directors' Fees**

Pursuant to Clause 121 of the Company's Constitution, any fees payable to the directors of the Company shall be approved at a general meeting.

Based on the annual review of the Directors' remuneration conducted by the NRC, the Board had, at its meeting held on 27 November 2019, agreed that the proposed fees payable to the Non-Executive Directors ("NEDs") shall remain unchanged as follows:

	RM per year	
	Board	Audit Committee
Chairman	-	24,000
Member	48,000	12,000

Shareholders' approval is hereby sought under Resolution 1 on the payment of NEDs' fees for the period from 19 March 2019 until the next Annual General Meeting (AGM) of the Company to be held in year 2021. If passed, it will give approval to the Company to continue paying the NEDs' fees on a monthly basis instead of in arrears after every AGM for their services to the Board and Board Committees.

Any NEDs who are shareholders of the Company will abstain from voting on Resolution 1 concerning the remuneration to the NEDs at the Fifty-First Annual General Meeting ("51<sup>st</sup> AGM").

The remuneration of each Director is set out in the Corporate Governance Overview Statement.

**3. Resolution 2 - Re-election of Director**

Clause 114 of the Company's Constitution expressly states that at every AGM, at least one-third (1/3) of the Directors for the time being shall retire from office and that all Directors shall retire from office once at least in each three (3) years. A retiring Director shall be eligible for re-election.

Dato' Quek Ngee Meng, being eligible, has offered himself for re-election at the 51<sup>st</sup> AGM pursuant to Clause 114 of the Constitution.

The Board is satisfied that in consideration of the wealth of expertise and experience which Dato' Quek possesses, he will continue to bring sound judgement and valuable contribution to the board deliberations through active participation in discussions and decision making by the Board.

The Nomination and Remuneration Committee ("NRC") and the Board were also satisfied that the retiring Independent Non-Executive Director, Dato' Quek has maintained his independence in the financial period under review.

The Board recommends the re-election of Dato' Quek Ngee Meng at the 51<sup>st</sup> AGM.

#### **4. Resolution 3 - Re-appointment of Auditors**

The Audit Committee (“AC”) at its meeting held on 27 November 2019, had undertaken an annual assessment of the suitability and effectiveness of the external audit process, and the performance, suitability and independence of the external auditors, Messrs Deloitte PLT (Deloitte) as prescribed under the Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The AC was satisfied with the suitability of Deloitte based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Company and its subsidiaries. The AC was also satisfied in its review that the provisions of non-audit services by Deloitte during the period under review did not impair Deloitte’s objectivity and independence.

The Board had, at its meeting held on 27 November 2019, approved the AC’s recommendation for the shareholders’ approval to be sought at the 51<sup>st</sup> AGM on the re-appointment of Deloitte as external auditors of the Company to hold office until the conclusion of the next AGM. Deloitte has indicated their willingness to continue their services until the conclusion of the next AGM.

#### **5. Resolution 4 - Authority to Allot and Issue Shares pursuant to Section 75 of the Companies Act 2016**

The Ordinary Resolution proposed under Agenda 5 is a renewal of the general mandate (“General Mandate”) and empowering the Directors of the Company pursuant to Section 75 of the Companies Act 2016 to issue and allot new shares in the Company from time to time at such price provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued share capital of the Company for the time being. The General Mandate, unless earlier revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, 32,000,000 Ordinary Shares in the Company were issued pursuant to the general mandate granted to the Directors at the last AGM held on 29 March 2019 and which will lapse at the conclusion of the 51<sup>st</sup> AGM.

The General Mandate will provide flexibility and expediency to the Company for any possible fund-raising activities including but not limited to further placing of shares, to facilitate business expansion or strategic merger and acquisition opportunities involving equity deals or part equity or to fund future investment project(s) or for working capital requirements.

#### **6. Resolution 5 - Proposed Shareholders’ Mandate**

The Ordinary Resolution proposed under Agenda 6, if passed, will provide the Company and/or its subsidiaries a mandate to enter into RRPT of a revenue or trading nature with the Related Parties and provide financial assistance in compliance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The mandate, unless revoked or varied by the Company at a meeting of members, will expire at the next AGM of the Company.

Please refer to the Circular to Shareholders dated 31 January 2020 for further information.

#### **7. Resolution 6 - Proposed Renewal of Share Buy-Back Authority**

The Ordinary Resolution proposed under Agenda 7, if passed, will provide the mandate for the Company to purchase up to 10% of the total number of issued ordinary shares of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

**STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. There were no Directors standing for election at the Fifty-First Annual General Meeting.
2. Please refer to Explanatory Note 5 for information relating to general mandate for issue of securities.

***PERSONAL DATA PRIVACY***

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees and undertakes that the member shall indemnify the Company and/or to keep the Company fully indemnified and save the Company harmless against all and/or any actions, demands, claims, losses, costs, proceedings and damages (including all legal fees and costs) which the Company may suffer or incur in any manner howsoever arising from or as a result of the member's breach of the aforementioned warranty.

# ADMINISTRATIVE NOTES

for 51<sup>st</sup> Annual General Meeting

DATE:	TIME:	VENUE:
Thursday, 19 March 2020	10.00 a.m.	Sunsuria City Celebration Centre, Persiaran Sunsuria, Bandar Sunsuria, 43900 Sepang, Selangor Darul Ehsan, Malaysia

## Registration

1. Registration will start at 9.00 a.m. at Sunsuria City Celebration Centre, Persiaran Sunsuria, Bandar Sunsuria, 43900 Sepang, Selangor Darul Ehsan and will end at a time as directed by the Chairman of the meeting.
2. Please read the signages for direction to the registration area to register yourself for the meeting and join the queue accordingly.
3. Please produce your ORIGINAL Identification Card (IC) or passport (for foreigners) during registration for verification purposes. ONLY Original IC / passport is valid for registration. Please make sure you collect your IC / passport thereafter.
4. No person will be allowed to register on behalf of another person even with the original IC / passport of that other person.
5. Upon verification and registration,
  - a. You are required to write your name and sign on the Attendance List and an identification wristband will be provided at the Registration counter;
  - b. If you are attending the Annual General Meeting (“AGM”) as a shareholder as well as a proxy, you will be registered only once and will only be given one identification wristband; and
  - c. No person will be allowed to enter the meeting area without wearing the wristband. There will be no replacement in the event you lose or misplace the wristband. The wristband has a printed passcode in it, which will be required for the electronic voting purpose.
6. After registration, please vacate the registration area immediately and proceed to the meeting area.
7. Help Desk support is available for any other enquiries/ assistance/revocation of proxy’s appointment.

## Parking

Parking is free at the parking space available at the Celebration Centre.

## General Meeting Record of Depositors

For the purpose of determining a member who shall be entitled to attend the 51<sup>st</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 12 March 2020. Only members whose name appear in the Record of Depositors as at 12 March 2020 shall be entitled to attend, speak and vote at the AGM or appoint proxy(ies) on his/her behalf.

## Proxy

1. A member is entitled to appoint not more than two (2) proxies to exercise all or any of his rights to attend and vote instead of him at the AGM. If you are unable to attend the meeting and wish to appoint a proxy to vote on your behalf, please submit your Form of Proxy in accordance with the notes and instructions printed therein.
2. If you wish to attend the meeting yourself, please do not submit the Form of Proxy. You will not be allowed to attend the meeting together with a proxy appointed by you.
3. If you have submitted your Form of Proxy prior to the meeting and subsequently decided to attend the meeting yourself, please proceed to the Help Desk to revoke the appointment of your proxy.
4. You may deposit your Proxy Form by electronic means through Tricor System, TIIHOnline, <https://tiih.online> no later than 17 March 2020 at 10.00 a.m. Alternatively, you may deposit your Proxy Form at the office of our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia no later than 17 March 2020 at 10.00 a.m.

## Corporate Member

Any corporate member who wishes to appoint a representative instead of a proxy to attend the AGM should submit the original certificate of appointment under the seal of the corporation to the office of the Share Registrar at any time before the time appointed for holding the AGM or to the registration staff on the day of the AGM.

## Voting Procedure

The voting at the 51<sup>st</sup> AGM will be conducted on a poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as Poll Administrator to conduct the poll by way of electronic voting (e-voting) and Quantegic Services Sdn Bhd as the appointed scrutineer to verify the poll results.

### Results of the Voting

The resolutions proposed at the AGM and the results of the voting will be announced at the AGM and subsequently via an announcement made by the Company through Bursa Malaysia Securities Berhad at [www.bursamalaysia.com](http://www.bursamalaysia.com)

### Annual Report 2019

1. The Sunsuria Annual Report 2019 is available at <https://www.sunsuria.com/corporate/investor-relations/reports>
2. You may request for copies of the printed reports at <https://tiah.online> by selecting "Request for Annual Report" under the "Investor Services".
3. Printed copies are also available for collection on a first come first serve basis, from the Help Desk on the date of the 51<sup>st</sup> AGM.
4. Please consider the environment before you decide to print or request for the Annual Report.

### Mobile Devices

Please ensure that all mobile devices i.e. phones/other sound emitting devices are put on silent mode during the AGM to ensure smooth and uninterrupted meeting.

### AGM Enquiry

If you have general queries prior to the AGM, please contact the Share Registrar during office hours i.e. from 8.30 a.m. to 5.30 p.m. (Mondays to Fridays):

### Tricor Investor & Issuing House Services Sdn Bhd

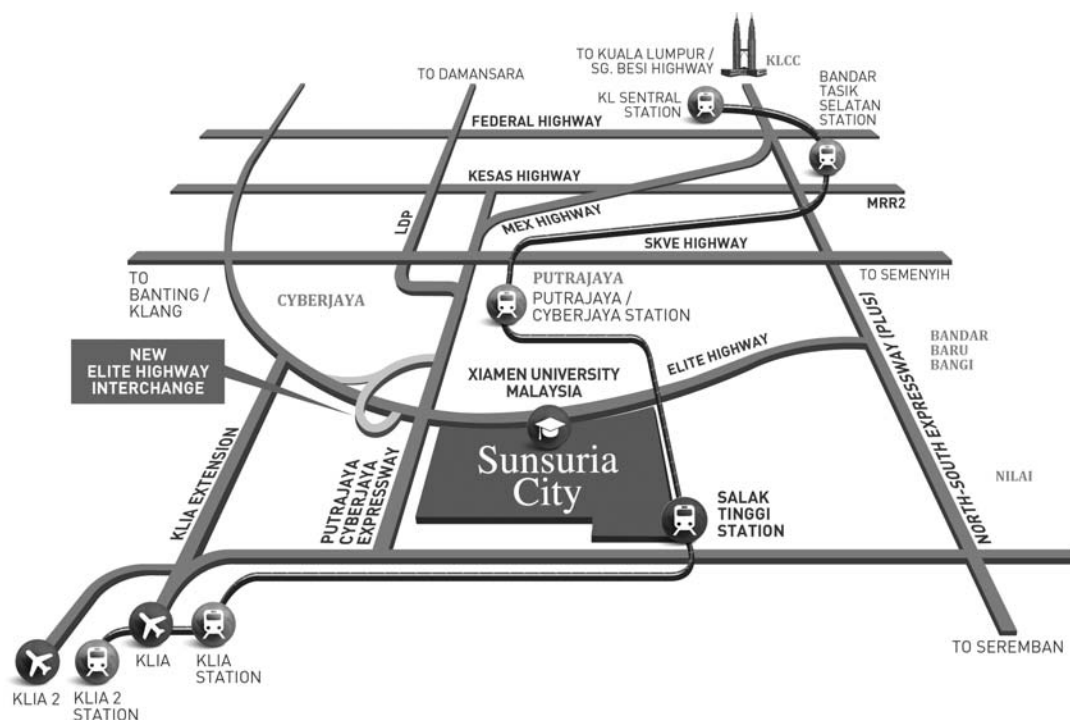
Unit 32-01, Level 32, Tower A  
Vertical Business Suite,  
Avenue 3, Bangsar South  
No. 8 Jalan Kerinchi  
59200 Kuala Lumpur  
Malaysia

**Fax:** +603-2783 9222

Telephone	Email
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<b>General:</b>	+603-2783 9299	<a href="mailto:is.enquiry@my.tricorglobal.com">is.enquiry@my.tricorglobal.com</a>
<b>Lim Lay Kiow:</b>	+603-2783 9299	<a href="mailto:lay.kiow.lim@my.tricorglobal.com">lay.kiow.lim@my.tricorglobal.com</a>
<b>Siti Zalina:</b>	+603-2783 9247	<a href="mailto:siti.zalina@my.tricorglobal.com">siti.zalina@my.tricorglobal.com</a>

### Getting to Sunsuria City



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\*I/We, \_\_\_\_\_  
(Full name in block capitals)

NRIC No. /Registration No. \_\_\_\_\_ of \_\_\_\_\_  
(Address)

\_\_\_\_\_ being a Member of

**SUNSURIA BERHAD**, hereby appoint \_\_\_\_\_  
(Full name in block capitals)

(NRIC No.) \_\_\_\_\_ of \_\_\_\_\_  
(Address)

\_\_\_\_\_ or failing him/her, \_\_\_\_\_  
(Full name in block capitals)

(NRIC No.) \_\_\_\_\_ of \_\_\_\_\_  
(Address)

\_\_\_\_\_ or failing him/her, \*the Chairman of the meeting as \*my/our proxy to vote for \*me/us on \*my/our behalf at the Fifty-First Annual General Meeting of the Company, to be held at the Sunsuria City Celebration Centre, Persiaran Sunsuria, Bandar Sunsuria, 43900 Sepang, Selangor Darul Ehsan, on Thursday, 19 March 2020, at 10.00 a.m. and, at any adjournment thereof.

(Please indicate with a "X" or "√" in the boxes provided on how you wish your vote to be casted. If you do not do so, the proxy will vote or abstain from voting at his/her discretion)

RESOLUTION		FOR	AGAINST
Ordinary Resolution 1	Approval of Directors' Fees of RM192,000 for the period from 19 March 2020 to the next Annual General Meeting of the Company to be held in 2021		
Ordinary Resolution 2	Re-election of Dato' Quek Ngee Meng as Director pursuant to Article 114 of the Company's Constitution		
Ordinary Resolution 3	Re-Appointment of Messrs Deloitte PLT as Auditors		
Ordinary Resolution 4	Proposed Authority to allot and issue shares pursuant to Section 75 of the Companies Act 2016		
Ordinary Resolution 5	Proposed Shareholders' Mandates as specified in the Circular to Shareholders dated 31 January 2020		
Ordinary Resolution 6	Proposed Renewal of Share Buy-Back Authority		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2020

The proportions of shareholdings to be represented by \*my/\*our proxies are as follows:-

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

No. of shares		
CDS Account No.:		
Telephone No.		
Proportion of holdings to be represented by each proxy	<b>Proxy 1</b>	<b>Proxy 2</b>
	%	%

**NOTES:**

- Members whose names appear on the Record of Depositors as at 12 March 2020 ("General Meeting Record of Depositors") shall be eligible to attend, speak and vote at the Fifty-First Annual General Meeting.
- A member may appoint not more than two (2) proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company.
- Where a member of the Company is an authorised nominee as defined under The Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for the omnibus account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where an exempt authorised nominee appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a member or the authorised nominee appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy in the instrument appointing the proxies, failing which the appointment shall be invalid.
- The instrument appointing a proxy in the case of an individual, shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy shall be deposited at the Share Registrar of the Company, Tricor Investors & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or adjournment thereof.

\* Strike out whichever is not valid

**PERSONAL DATA PRIVACY**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 31 January 2020.

Fold this flap for sealing

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**STAMP**

The Share Registrar  
**Tricor Investor & Issuing House Services Sdn Bhd**  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3, Bangsar South  
No. 8 Jalan Kerinchi  
59200 Kuala Lumpur  
Malaysia

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**SUNSURIA BERHAD**

Registration No.: 196801000641 (8235-K)

Suite 8, Main Tower, Sunsuria Avenue, Persiaran Mahogani  
Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

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[www.sunsuria.com](http://www.sunsuria.com)