

ANNUAL REPORT 2018

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DIRECTORS

Ferdaus Bin MahmoodMale, Malaysian, Company Director
(Independent Non-Executive Chairman)**Choong Gaik Seng**Male, Malaysian, Company Director
(Executive Director)**Goh Kok Boon**Male, Malaysian, Company Director
(Executive Director)**Tong Siut Moi**Female, Malaysian, Chartered Secretary
(Independent Non-Executive Director)**Dato' Lai Keng Onn**Male, Malaysian, Company Director
(Managing Director)**Datin Alicia Chan Pey Kheng**Female, Malaysian, Company Director
(Executive Director)**Dato' Chan Chee Hong**Male, Malaysian, Company Director
(Independent Non-Executive Director)**Lu Chee Leong**Male, Malaysian, Chartered Accountant
(Independent Non-Executive Director)

AUDIT COMMITTEE

Lu Chee Leong (Chairman)

Independent Non-Executive Director

Ferdaus Bin Mahmood (Member)

Independent Non-Executive Chairman

Tong Siut Moi (Member)

Independent Non-Executive Director

REMUNERATION COMMITTEE

Tong Siut Moi (Chairman)

Independent Non-Executive Director

Ferdaus Bin Mahmood (Member)

Independent Non-Executive Chairman

Lu Chee Leong (Member)

Independent Non-Executive Director

NOMINATING COMMITTEE

Tong Siut Moi (Chairman)

Independent Non-Executive Director

Ferdaus Bin Mahmood (Member)

Independent Non-Executive Chairman

Lu Chee Leong (Member)

Independent Non-Executive Director

RISK MANAGEMENT
COMMITTEE**Lu Chee Leong** (Chairman)

Independent Non-Executive Director

Dato' Lai Keng Onn (Member)

Managing Director

Tong Siut Moi (Member)

Independent Non-Executive Director

Ferdaus Bin Mahmood (Member)

Independent Non-Executive Chairman

COMPANY SECRETARIES

Joanne Toh Joo Ann (LS 0008574)**Sia Ee Chin** (MAICSA 7062413)

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia**Tel No.** : +603 2783 9191**Fax No.** : +603 2783 9111

HEAD / MANAGEMENT OFFICE

No. 18, Jalan Radin Bagus 9
Bandar Baru Seri Petaling
57000 Kuala Lumpur
Malaysia**Tel No.** : +603 9055 3812**Fax No.** : +603 9055 3912**E-mail** : asastera@asastera.com**Website** : www.asastera.com

SPONSOR

Mercury Securities Sdn Bhd
L-7-2, No 2 Jalan Solaris
Solaris Mont' Kiara
50480 Kuala Lumpur
Malaysia**Tel No.** : +603 6203 7559**Fax No.** : +603 6203 7560

AUDITORS

Kreston John & Gan (AF: 0113)
160-2-1, Kompleks Maluri, Business Centre
Jalan Jejaka,
55100 Kuala Lumpur
Malaysia**Tel No.** : +603 9287 1889**Fax No.** : +603 9283 0889

PRINCIPAL BANKERS

AmBank (M) Berhad
Level 16, Menara Dion
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia**Tel No.** : +603 2026 3939**Fax No.** : +603 2381 1780Al Rajhi Banking & Investment Corporation
(Malaysia) Berhad
Level 10B, Chulan Tower
No. 3, Jalan Conlay
50450 Kuala Lumpur
Malaysia**Tel No.** : +603 2301 7000**Fax No.** : +603 2332 6065United Overseas Bank (Malaysia) Berhad
Level 14, Menara UOB,
Jalan Raja Laut,
50350 Kuala Lumpur
Malaysia**Tel No.** : +603 2772 6550**Fax No.** : +603 2691 0692

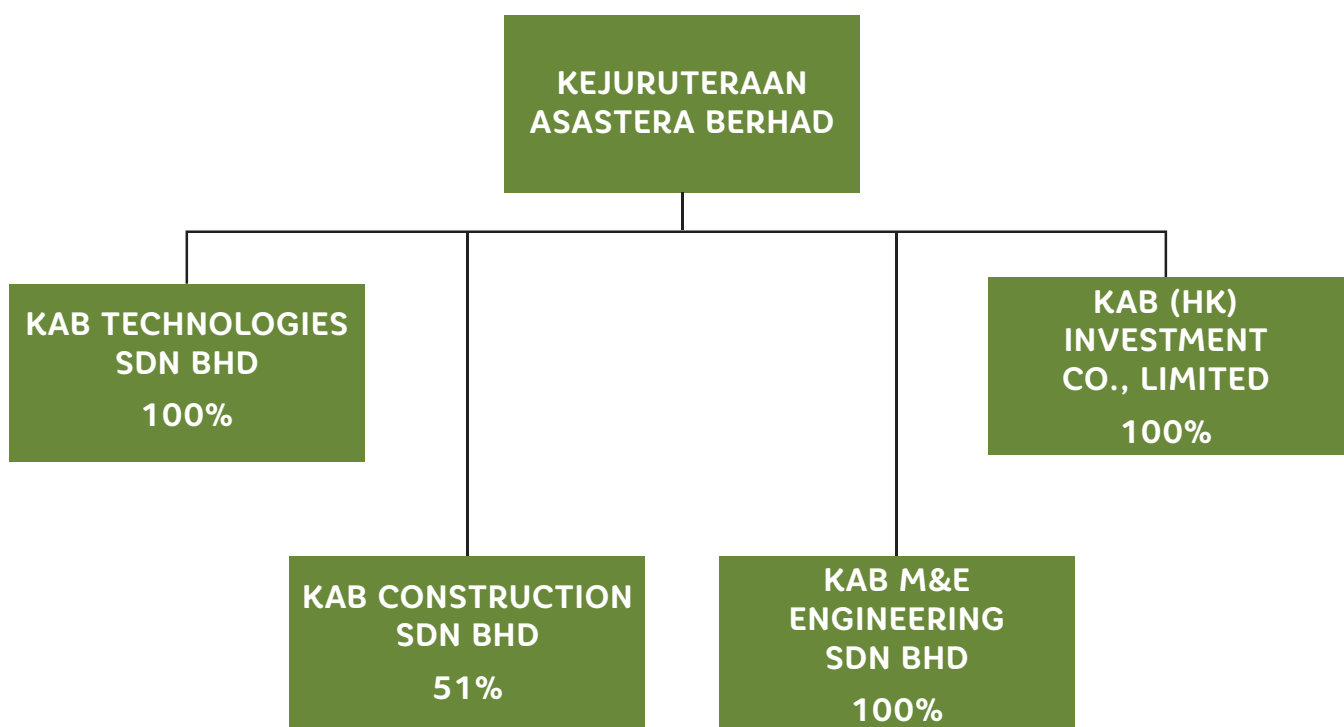
SHARE REGISTRAR

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
Wilayah Persekutuan
Malaysia**Tel No.** : +603 2783 9299**Fax No.** : +603 2783 9222

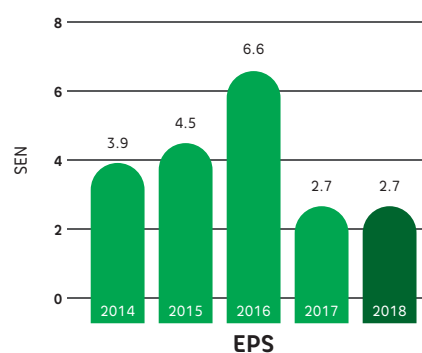
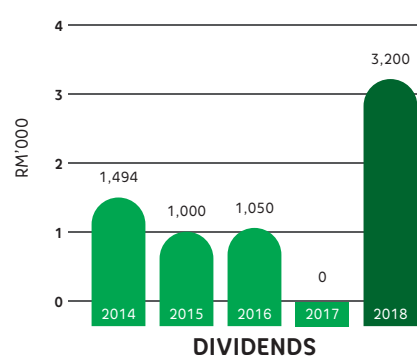
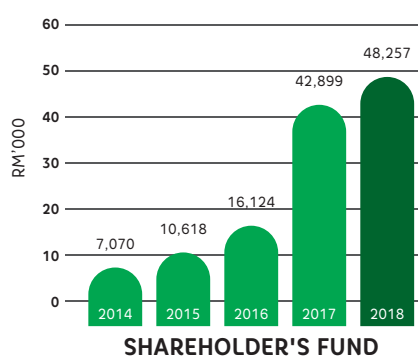
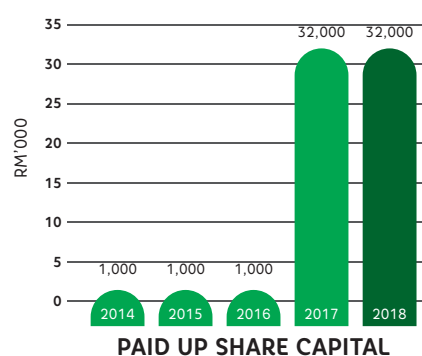
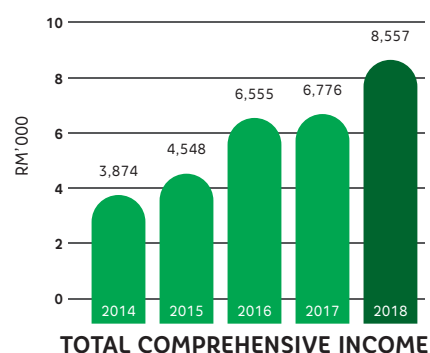
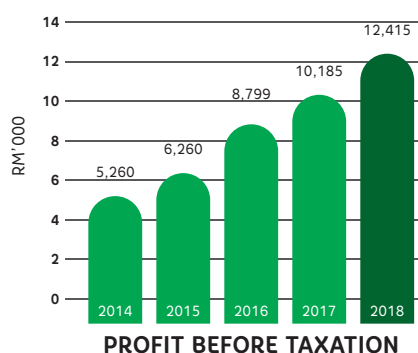
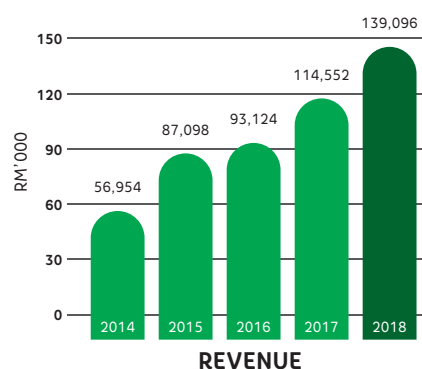
STOCK EXCHANGE

ACE Market of Bursa Securities
Stock Name : KAB
Stock Code : 0193

GROUP STRUCTURE AS AT 22 MARCH 2019



Financial Year Ended Dec 31	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000
REVENUE	139,096	114,552	93,124	87,098	56,954
PROFIT BEFORE TAXATION	12,415	10,185	8,799	6,260	5,260
TOTAL COMPREHENSIVE INCOME	8,557	6,776	6,555	4,548	3,874
PAID UP SHARE CAPITAL	32,000	32,000	1,000	1,000	1,000
SHAREHOLDERS' FUND	48,257	42,899	16,124	10,618	7,070
DIVIDENDS	3,200	0	1,050	1,000	1,494
EARNING PER-SHARE(SEN)	2.680	2.712	6.555	4.548	3.874



FERDAUS BIN MAHMOOD

● Independent Non-Executive Chairman

Ferdaus Bin Mahmood, Malaysian, male, aged 65, is our Independent Non-Executive Chairman. He was appointed to the Board on 30 May 2017. He is also a member of the Nominating, Remuneration, Audit and Risk Management Committee.

Mr. Ferdaus obtained his Sijil Pelajaran Malaysia in 1972 and began his career in 1974 as a trainee accountant at Tractors Malaysia Berhad. Mr. Ferdaus joined United Estate Projects Sdn Bhd (now known as Sime Darby Property Berhad) in 1976. His last position with United Estate Projects Sdn Bhd was credit controller. In 1982, he joined Pandan Maju Sdn Bhd as a marketing and sales manager and subsequently, in 1986, Ferdaus Bin Mahmood joined Trimula Sdn Bhd as project manager.

In 1990, he joined Landgen Property Management Sdn Bhd (a subsidiary of Land & General Berhad), as the general manager and director. In 1996, Ferdaus Bin Mahmood was seconded to Lembah Beringin Sdn Bhd (a subsidiary of Land & General Berhad) as general manager and director. He was then seconded to Lang Australia Pty Ltd, a subsidiary of Land & General Berhad, based in Melbourne, Australia, as its chief operating officer and director. He then returned to Malaysia in 2005 and was re-designated as the director of property division of Land & General Berhad. In 2008, Ferdaus Bin Mahmood was promoted to the position of executive director of Land & General Berhad subsequently retired in 2016.

He is currently a Non-Independent Non-Executive Director of Land & General Berhad, a company listed on the Main market of Bursa Malaysia Securities Berhad.

DATO' LAI KENG ONN

● Managing Director

Dato' Lai, Malaysian, male, aged 51, is our founder and Managing Director. Dato Lai was appointed to the Board of Kejuruteraan Asastera Berhad on 24 February 1997. He is the member of Risk Management Committee.

Dato' Lai obtained a Bachelor of Science in Construction Management from Greenwich University, Australia in 2002. He started his career as a project manager at Wira Teknik Sdn Bhd from 1990 to 1997. On 24 February 1997, he founded Kejuruteraan Asastera Sdn. Bhd.

Dato' Lai is a substantial shareholder of Kejuruteraan Asastera Berhad.

CHOONG GAIK SENG

● Executive Director

Choong Gaik Seng, Malaysian, male, aged 59, is our Executive Director. He was appointed to the Board of Kejuruteraan Asastera Berhad on 01 March 2013.

Mr. Choong completed his secondary school education at Penang Free School, Malaysia, in 1976. He is a certified charginer and wireman by profession, which is registered with the Energy Commission Malaysia. In 2002, he obtained a charginer A0 qualification from Institut Latihan Perindustrian, Malaysia, and subsequently in 2003, he obtained a wireman PW4 qualification from Institut Kemahiran Belia Negara, Malaysia. In 2008, he obtained a charginer A4 qualification from Pusat Latihan Teknologi Tinggi, Malaysia.

Mr. Choong began his career as a purchaser for Limamas Sawmill Sdn Bhd in 1981. He joined Eden Catering Sdn. Bhd. in 1985 prior moving to Eden Food Industry in 1989. In 1991, Mr. Choong joined Tan Choong Industrial Equipment Sdn Bhd as the sales representative. He then joined Ikhtiar Bersatu Letrik Sdn Bhd in 1992 as a site supervisor before joining Prinsip Serasi Sdn Bhd in 2004.

Mr. Choong joined our Company in 2007 as project coordinator and he subsequently became an Executive Director in 2013.

DATIN ALICIA CHAN PEY KHENG

● Executive Director

Datin Alicia, Malaysian, female, aged 47, is our Executive Director. She was appointed to the Board of Kejuruteraan Asastera Berhad on 01 March 2018.

Datin Alicia obtained her Sijil Pelajaran Malaysia in 1990. She began her career with Ritz Print Sdn Bhd in 1991 and her last position held in Ritz Print Sdn Bhd was the head of production department in 1995 prior joining Kejuruteraan Asastera Berhad in August 1997.

Datin Alicia has more than 27 years of experience in overseeing the daily operations of the finance, administration and purchasing department.

GOH KOK BOON

● Executive Director

Goh Kok Boon, Malaysian, male, aged 45, is our Executive Director. He was appointed to the Board of Kejuruteraan Asastera Berhad on 01 September 2018.

Mr. Goh graduated with a Bachelor of Applied Science (Honours) in Electrical Engineering from the University of Windsor, Canada, in 1999. He began his career as project engineer with Selatan Johor Electrical Engineering Sdn Bhd in 2000 and subsequently joined Henikwon Corporation Sdn Bhd as a sales manager in 2001. In 2002, he joined Letrikon Engineering Sdn Bhd, which is also an electrical engineering contractor, as general manager and he was subsequently promoted to the position of executive director from 2004. Then, he joined Hoe Huat Electric Sdn Bhd in 2009 as executive director. In 2012, he set up Kitchen On Wheels Sdn Bhd which later became dormant in 2013.

Mr. Goh joined Connect County Holdings Berhad as an executive director from August 2014 to August 2016 prior rejoining Kejuruteraan Asastera Berhad in October 2016 as project director.

LU CHEE LEONG

● Independent Non-Executive Director

Lu Chee Leong, Malaysian, male, aged 55, is our Independent Non-Executive Director. He was appointed to the Board on 30 May 2017. He is the Chairman of the Audit Committee and Risk Management Committee. He is also a member of Nominating and Remuneration Committee.

Mr. Lu obtained his Association of Chartered Certified Accountants ("ACCA") qualification in 1989. He has been a fellow member of the ACCA since 1995. He is also a Chartered Accountant of the Malaysian Institute of Accountants since 1996.

In 1990, Mr. Lu joined Kassim Chan & Co., Kota Kinabalu (now known as Deloitte Malaysia) as an audit assistant. He left as an audit senior and subsequently joined Luyang Recreation Club Sdn Bhd as an accountant in 1995 and in 1997, he joined DiGi Telecommunications Sdn Bhd as an accountant. His last position in DiGi Telecommunications Sdn Bhd was the head of section (GTM), Sabah region, under the sales division of the company. Then he left DiGi Telecommunications Sdn Bhd at the end of 2014 and started his own corporate services firm named Johan Corporate Services in early 2015, where he provided book keeping and related services to customers.

Mr. Lu has been the Independent Non-Executive Director of Mikro MSC Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Berhad, since 2008.

TONG SIUT MOI

● Independent Non-Executive Director

Tong Siut Moi, Malaysian, female, aged 50, is our Independent Non-Executive Director. She was appointed to the Board of Kejuruteraan Asastera Berhad on 30 May 2017. She is the Chairman of the Nominating Committee and Remuneration Committee, and also a member of the Audit Committee and Risk Management Committee.

She obtained her professional secretarial degree from the Institute of Chartered Secretaries and Administrators (United Kingdom) and was admitted as an Associate Member of the Malaysian Association of Institute of Chartered Secretaries and Administrators (MAICSA) in 1996. She has subsequently become a qualified Chartered Secretary since 1998. Ms Tong has also completed the Advanced Women Directors' Programme in December 2015 and is now a member of the Institute of Corporate Directors Malaysia.

Ms Tong has more than 26 years of working experience in the corporate secretarial advisory field and senior management level, gathered from both commercial and advisory environments. She is currently a Director and Associate Trainer of CKM Advisory Sdn Bhd, a company focusing on providing specialised training to the Board of Directors and senior management of public listed companies, investment bankers and company secretaries, in relation to Bursa Malaysia Securities Berhad's Main and ACE Markets Listing Requirements.

Ms Tong has been an Independent Non-Executive Director of Niche Capital Emas Holdings Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad, since 2016.

DATO' CHAN CHEE HONG

● Independent Non-Executive Director

Dato' Chan, Malaysian, male, aged 58, is our Independent Non-Executive Director. He was appointed to the Board of Kejuruteraan Asastera Berhad on 01 April 2019.

Dato' Chan obtained his Malaysian Certificate of Education (M.C.E) in 1979. He began his career as a supervisor for Dynaklen Services Sdn. Bhd. in 1980 which was involved in the cleaning services business. Subsequently he progressed to operate his own professional cleaning services business which was eventually sold in 2011. He joined a construction company, Falih Sdn. Bhd., in 1985 as executive director and was subsequently promoted as Managing Director in 2010 until present. He is currently the Managing Director of Niaga Sari Sdn. Bhd., a construction company, since 2001. He is also an executive director for MKS Development Sdn. Bhd., a property developer, from 2012 until present.

a. Family Relationship

Save for Datin Alicia Chan Pey Kheng who is the spouse of Dato' Lai Keng Onn, none of the other Directors have any family relationship with any Director and/or major shareholder of Kejuruteraan Asastera Berhad.

b. Conflict of Interest

None of the directors have any conflict of interest with the the Company.

c. Conviction of Offences

Other than traffic offences, none of the Directors have been convicted for any offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

d. Directorship in other Public Companies

Except for Mr. Lu Chee Leong, Ms. Tong Siut Moi and Encik Ferdaus Bin Mahmood, none of the other Directors hold any directorships in other public listed companies.

e. Directors' attendance for Board Meetings for the financial year ended 31 December 2018

The Directors' attendance for the Board Meetings for the financial year ended 31 December 2018 is presented on page 20 of the Annual Report.

f. Directors' Shareholdings

Except for Dato' Lai Keng Onn, Datin Alicia Chan Pey Kheng, Mr. Choong Gaik Seng, Mr. Goh Kok Boon and Mr. Lu Chee Leong, none of the other Directors hold any shares, direct or indirect in the company. Dato' Lai Keng Onn, Datin Alicia Chan Pey Kheng, Mr. Choong Gaik Seng, Mr. Goh Kok Boon and Mr. Lu Chee Leong shareholdings in the Company are disclosed in page 120 of the Annual Report.

Corporate Overview

Kejuruteraan Asastera Berhad (“KAB” or “the Company”) is a Malaysia-based electrical and mechanical engineering company that is listed on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”).

Since it was established in 1997, KAB has been focused on an integral yet niche area within the electrical engineering services segment, specifically in the installation, testing and commissioning of electrical systems, which includes electrical distribution systems, communications and information technology networks and ELV (extra low voltage) systems.

KAB further differentiated itself through notable accreditations and certifications. The Company holds a Class A certification, the highest class of electrical contractor certification, from the Energy Commission Malaysia. This allows the Company to tender for electrical projects exceeding RM1 million. The Company also holds a Grade ‘G7’ licence, the highest grade of licence, from the Construction Industry Development Board (CIDB) which allows KAB to tender for electrical projects with unlimited amount of value.

Leveraging on its strong track record garnered across two decades, KAB has also expanded its income stream to the provision of mechanical engineering services such as the installation, testing and commissioning of air-conditioning and mechanical ventilation systems. While this segment is still relatively small, KAB is confident that it has the potential to grow further given the synergies derived from the Company’s electrical engineering services business as well as the growing demand from the building and property industry.

Today, KAB is a reputable company that can provide comprehensive or ‘one-stop’ solutions in electrical and mechanical engineering services. KAB aims to become a recognised and reputable leader in the electrical and mechanical engineering segment. KAB also intends to position itself as an exciting high-growth counter on Bursa Malaysia with a unique exposure to Malaysia’s vibrant construction and property industries.

In order to achieve its aim, the Company is currently focused on carrying out its expansion plans that will cover three core areas, namely investing in strategies that will grow its market share, expanding its geographical presence as well as diversifying its earnings stream by increasing its service offerings.

KAB operates from its current headquarters in Bandar Baru Sri Petaling, Kuala Lumpur. As at 31 December 2018, the Group has a staff strength of 143 individuals.

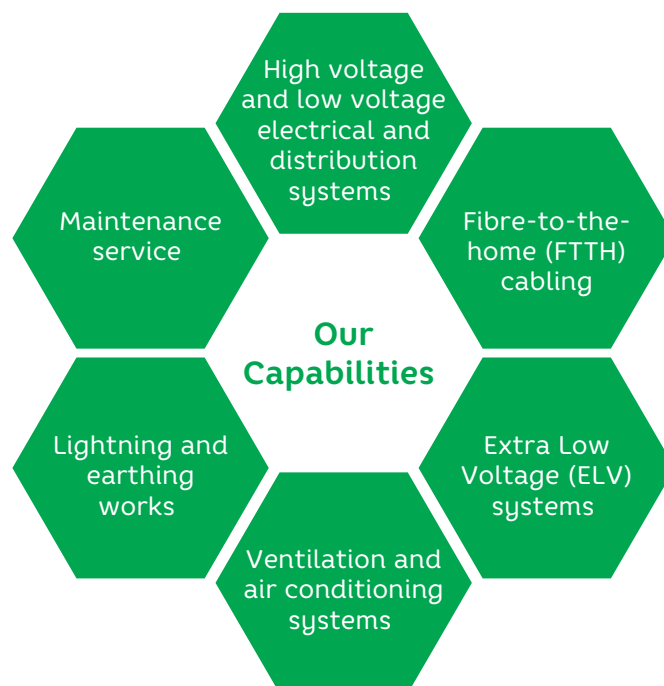
Analysis of Financial Results

For FYE 2018, the Group achieved its highest record for revenue of RM139.10 million and profit after tax of RM8.56 million. The Group's revenue was attributed to 43.6% derived from residential projects and 54.6% derived from commercial projects.

For FYE 2018 the Group recorded a gross profit of RM25.38 million at a gross profit margin of 18.2% as compared to RM21.96 million with a gross profit margin of 19.2% of the preceding FYE 31 December 2017. The decrease in gross profit margin was mainly due to the increase of raw material cost.

The Group's earnings per share for FYE 31 December 2018 is 2.68 sen (FYE 2017 - 2.71 sen) while total assets as at 31 December 2018 is RM101.45 million (FYE 2017 - RM90.23 million)

There are no known trends and events that are likely to have a material effect on the Group's operations, financial condition and liquidity.



Review of Operations

KAB's electrical engineering services segment still remain as a core business for the Group. Our customers are primarily main contractors, project owners and property developers operating in Malaysia.

KAB is usually appointed as a sub-contractor for electrical engineering services either by the main contractor or project owner of a particular building or construction project. Approximately 78% of our contracts secured over the past three years have been made as a nominated sub-contractor, whereby a professional working relationship has already been established with the project owner based on our delivery track record, and as such, the main contractor is obliged to appoint us to the project.

As at 31 December 2018, KAB has a total of 32 on-going projects for electrical engineering services. Some of our notable projects include the setting-up of electrical, FTTH (fibre-to-home) and telephone systems for residential developments such as M Centura Services Residence, Kuala Lumpur; Paisley Serviced Residences, Selangor; as well as mixed development like KL Metropolis, Kuala Lumpur; Southlink Bangsar South, Kuala Lumpur. The Company is also undertaking electrical engineering services projects for the affordable homes segment in Kuala Lumpur, namely Sofiya Residensi.

The year under review also saw KAB successfully securing new contracts worth RM180 million in total. These contracts included the installation, testing and commissioning of electrical systems for commercial properties like Bukit Jalil Mall, Kuala Lumpur; and Port Klang Free Zone Warehouse, Klang; and to provide electrical services for Pavilion Damansara Heights, Selangor; and Sinaran Wangsa Maju, Kuala Lumpur.

As at 31 December 2018, KAB's order book stood at RM282 million.

Managing Risks

KAB is cognisant that its core business activities can be affected by adverse changes in public policies. Any unexpected and unfavourable introduction of laws and regulations that impacts electrical and mechanical engineering service providers as well as the construction industry at large will likely affect the Group's financial performance from a revenue as well as cost perspective.

In order to manage this risk, KAB's Board of Directors and Senior Management Team are ever-vigilant in monitoring relevant public policy discussions and developments. We are also actively engaging key stakeholders, from relevant policy makers to industry non-governmental organization (NGO) to stay abreast of public policy trends.

In addition, KAB is also mindful that its business is correlated to the health of Malaysia's construction sector, which is in turn reliant on our national economy. A slowdown in the construction and property industry in Malaysia will have a repercussion on KAB's financial performance. In order to mitigate this risk, we intend to expand our service offerings, especially in the mechanical engineering segment, as well as enhance our geographic reach beyond the Klang Valley area. We are also looking to penetrate further into the affordable housing sector where demand is expected to remain robust in the foreseeable future.

The electrical and mechanical engineering services industry is highly competitive and fragmented, with numerous industry players of different sizes and specialisation. KAB aims to stay ahead of the competition by updating and enhancing our accreditations and certifications while at the same time, continue to build our track record and reputation for quality and on-time delivery in the market. Being a public listed company on the ACE Market of Bursa Securities also lends a competitive advantage as it accords us an additional level of visibility, esteem and credibility when tendering for jobs.

Forward Looking Statements

The expected slowdown in the growth of the construction sector shall not bring much impact to the KAB due to current book order of RM282 million will ensure the sustainability of its strong performance in the immediate and medium term given that the Group's core business activity is to provide electrical and mechanical engineering services to the building and construction sector.

Moving forward, we aim to focus our efforts to grow our market share in Malaysia by increasing tendering activities, specifically in the affordable housing sector. At the same time, we are also looking to expand our geographic footprint further.

KAB also intends to strengthen our presence in the area of maintenance services to further generate income beyond project completion. Amongst the various maintenance services that the Company aims to offer include upgrading, expansion, refurbishment, retrofitting and renovation projects.

In the area of technology innovation, KAB has already started planning to collaborate with a software specialist to develop our own proprietary Internet-of-Things based software that can monitor ventilation and air-conditioning systems in order to enhance operational efficiencies and reduce cost. We believe that by developing new technologies, KAB can leap-frog our competitors to reach greater heights and gain a competitive advantage.

The Company announced a first interim single tier dividend of 0.5 sen per share on 25 February 2019. This was done based on the Company's 2018 financial performance.

All in all, in view of the positive operating landscape and the progressive strides we have made in enhancing our operations and expanding our earnings stream, the Board of KAB is confident that the Group will be able to deliver an encouraging performance for the financial year ending 31 December 2019.

EMBRACING SUSTAINABILITY IN KAB

The Group is a firm believer in sustainability and is continuously reviewing, enhancing and adopting sustainable best practices throughout our value chain. We are convinced that the Group can grow in a dynamic manner while creating tangible value for our shareholders and stakeholders at large.

During the year under review, the Group continues to update as well as put in place new initiatives that are in accordance to the tenets of sustainability within our organisation. The Group has always been mindful of the way our organisation and business operations impact the lives of our own employees, external parties, our environment and the society as a whole.

When it comes to sustainability, the Group is focused on the three sustainability pillars of economic, environmental and social (EES). The Company's Board of Directors is responsible for reviewing and approving the Group's sustainability strategy and initiatives. As for the implementation and execution, the Board of Directors empowers the Managing Director to cascade responsibilities to the relevant Heads of Department within our organisation.

IDENTIFYING MATERIAL SUSTAINABILITY MATTERS

The Group's continued growth and success is based on a variety of internal and external factors. Each material factor or material sustainability matter is highly integral to the Group's continued performance and comes with its own set of risks, variables and opportunities.

In order to put in place effective sustainability strategies that can ultimately drive our organisation further forward, the Group has to first identify and understand these material sustainability matters. The Group then relies on feedback, insights and information from across our stakeholder community.

The information gathering and assessment process involved various areas covering EES that are relevant and important to each stakeholder segment. Key sustainability matters were then identified and validated by the Board of Directors and Senior Management Team.

The Group has identified four Sustainability Matters, namely Employees, Compliance, Environment and Community. These four areas will continue to be reviewed periodically to ascertain material relevancy vis-a-vis the organisation.

EMPLOYEES

As a specialist in the electrical and mechanical engineering sector, the Group relies on the experience and expertise of its team of highly trained electricians and engineers to deliver our contractual obligations in a quality and timely manner. The job scope that is required to undertake the electrical and mechanical engineering services that we offer can be very technical, more so with the diverse components, tools, equipment and devices utilised in our line of work.

In view of this, The Group consistently keeps our technical specialists trained and updated on the techniques and technologies that can help them perform their duties effectively. At the same time, the Group has also put in place a competitive remuneration and talent development programme across all levels within our organisation in order to attract, retain and develop talent in a more structured manner. We believe that by investing in our talent, we are able to expand our business in terms of greater market share and enhanced geographical reach.



List of employee training programmes conducted in FY2018:

Date	Training Programme	Organiser	Scope/Area	Type of Training	Location
04.01.2018	Bossnet EA & BIK Seminar 2017	Boss Solutions Sdn Bhd	Human Resource	Seminar	Selangor
15, 16 & 17.01.2018	Autodesk Revit MEP 2018 Essential Training	3DTech Parametric Sdn Bhd	Technical	Training	Kuala Lumpur
25 & 26.01.2018	Autodesk Revit MEP 2018 Advance Training	3DTech Parametric Sdn Bhd	Technical	Training	Kuala Lumpur
27 & 28.02.2018	Preparation & Presentation of Consolidated Financial Statements	Malaysian Institute of Accountants	Finance & Accounting	Training	Kuala Lumpur
05 & 06.03.2018	Bursa Malaysia Sustainability Reporting-Practitioner Program	Bridgit Sdn Bhd	Finance & Accounting	Training	Kuala Lumpur
15.03.2018	Corporate Governance Briefing Sessions: MSSG Reporting & CG Guide	Bursa Malaysia	Corporate Governance	Briefing	Kuala Lumpur
02 - 04.04.2018	Autodesk Revit MEP 2018 Essential Training	3DTech Parametric Sdn Bhd	Technical	Training	Kuala Lumpur
04.04.2018	Financial Communications: Effective Media Management	Malaysian Investor Relations Association Berhad (MIRA)	Investor Relations	Training	Kuala Lumpur
07.04.2018	In-house Training on Listing Requirements for Directors and Key Management	CKM Advisory Sdn Bhd	Corporate Governance	Training	Kuala Lumpur
09 & 10.04.2018	Autodesk Revit MEP 2018 Advance Training	3DTech Parametric Sdn Bhd	Technical	Training	Kuala Lumpur
09 & 10.04.2018	Mandatory Accreditation Programme (MAP)	The Iclif Leadership and Governance Centre	Directors Accreditation Programme	Training	Kuala Lumpur
08.06.2018	GST after 1 June 2018: Transitional Issues and What You Need To Do	Malaysian Institute of Accountants	Finance & Accounting	Training	Kuala Lumpur
28.06.2018	MIRA Dialogue Session: Communicating What Analysts Want	Malaysian Investor Relations Association Berhad (MIRA)	Investor Relations	Dialogue	Kuala Lumpur
09 & 10.07.2018	Seminar Safety & Health In Construction Industry	CIDB	Safety	Seminar	Kuala Lumpur
14.07.2018	In-house Training: Pre & Post Contract Administration & Project Risk Management	WCW Management Consulting	Contractual & Project Risk Management	Training	Kuala Lumpur
01.08.2018	Bengkel Ke Arah Pemantapan Perlindungan Keselamatan Sosial 2018	PERKESO	Human Resource	Workshop	Kuala Lumpur
17.08.2018	Boss Net Payroll Software Training	Boss Solutions Sdn Bhd	Human Resource	Training	Puchong
27.08.2018	Sales Tax Act 2018 & Service Tax Act 2018	Malaysian Institute of Accountants	Finance & Accounting	Training	Bangsar
28 - 29.08.2018	Sustainability Reporting Workshop for Practitioners 2018 (ACE MARKET)	Bursa Malaysia	Corporate Governance	Workshop	Kuala Lumpur
19.09.2018	Insider Trading With Case Studies	Tricor	Corporate Governance	Workshop	Kuala Lumpur
22.10.2018	Taklimat Penggunaan Sistem ePerolehan Kepada Pembekal di Putrajaya	Kementerian Kewangan	Administration	Seminar	Putrajaya
26.10.2018	TSIS Annual Construction Industry Seminar	Tan Swee Im, Siva & Partners advocates & Solicitors	Industry Outlook	Seminar	Kuala Lumpur
14.11.2018	14th Tricor Tax Seminar	Tricor	Finance & Accounting	Seminar	Kuala Lumpur

Occupational safety and health

The services that the Group provides come with a notable level of risks. Our engineers and electricians are constantly exposed to high voltage electricity at the job site. In addition, as our team work in areas which are under construction, they are also exposed to the risks associated to building sites.

At KAB, the health, safety and welfare of our employees is top priority. We have stringent guidelines in place and enforced in accordance to standards set by the Department of Occupational Safety and Health Malaysia (DOSH). Our team also has to comply with safety procedures implemented at the building site by the project owners.

Occupational health and safety also applies across our talent pool, from our administrative staff to our engineering team. As such, the Group consistently provides internal and external training to our employees in order to inculcate a safety culture within our organisation.

COMPLIANCE

The electrical and mechanical engineering solutions that KAB provides are integral to the functionality, operations and safety of a building or infrastructure project. In order to ensure our ability to deliver to specifications, KAB has and will continue to comply with all relevant guidelines and regulations, in particular, those that are set out by the Energy Commission of Malaysia (Suruhanjaya Tenaga).

KAB also holds a Class A certification from the Energy Commission, the highest class of electrical contractor certification that allows the Company to tender for electrical projects exceeding RM1 million. The Company also holds a Grade 'G7' licence, the highest grade of licence, from the Construction Industry Development Board (CIDB). These certifications, which are reviewed periodically, provides our customers with the assurance of our competency and provide the Company with a competitive advantage in our industry.

KAB is also committed towards complying with the processes and procedures set out under our existing Quality Management System certification, ISO 9001:2015, so that we can continue to deliver quality services to our clientele.

COMMUNITY ENRICHMENT

As a sustainability-conscious organisation, the Group continues to contribute positively towards enriching the lives of people within our society.

During the year under review, the Group has contributed in cash and kind to various organisations and causes ranging from;

- 1) Monthly supply of sundries to Ti-Ratana Welfare Society Desa Petaling, Selangor.
- 2) Donation to Persatuan Kebajikan Hope Worldwide, Kuala Lumpur.
- 3) Donation to Persatuan Kebajikan Kanak-Kanak Rhema, Seremban.
- 4) Donation to Pertubuhan Kebajikan Anak-Anak Yatim dan OKU Mesra, Petaling Jaya, Selangor.
- 5) Donation to Pertubuhan Jagaan Kanak-Kanak Cacat Setia, Ipoh, Perak.
- 6) Donation to Pertubuhan Kebajikan Orang Tua Cacat Dan Kurang Upaya, Taman Connaught, Kuala Lumpur.



CHARITY TI-RATANA (JAN 2018)



HOPE WORLDWIDE'S BOLATHON (JUN 2018)



PERSATUAN KEBAJIKAN KANAK-KANAK RHEMA, SEREMBAN
(DEC 2018)

ENVIRONMENT

As a total solutions provider in the electrical and mechanical engineering sector, the Group is in a unique position to promote and encourage technologies and processes that can help safeguard our environment. By leveraging on our team's expertise and experience, we strive to provide our clients with clever ways that can help the building being constructed save electricity usage in the future.

When it comes to ventilation and air-conditioning systems, we are constantly focused on maximising efficiencies through smart planning and the utilisation of new technologies. This will lead to better cost savings while mitigating the impact of the building on the environment.

The Group also produces office waste in the course of its daily operations. Currently, we are streamlining our operational processes with the aim of cutting down paper usage.

The Group's many green initiatives include:

Reduce Reuse Recycle (3R)

- 1) Pre-set photocopier to print on both sides by default to cut consumption of paper by half
- 2) Pre-set printing in grayscale/draft mode to reduce the usage of colour ink
- 3) Pre-set computer (desktop/laptop) settings to energy saving mode when not in use
- 4) Recycle old documents / paper and reuse
- 5) Distribute memos via emails, instead of paper
- 6) Sharing general information such as handbooks, SOP, forms using the network server instead of hardcopies
- 7) Reuse boxes when necessary
- 8) Reuse envelopes
- 9) Switch off all electrical appliances when not in use, during the lunch break and after office hours
- 10) Use of energy saving LED lightings throughout the organisation

The Board of Directors (“The Board”) of the Group remains committed and continues to uphold to the highest standard of corporate governance in managing the affairs of the Group, guided by the Principles and Best Practices as set out in the Malaysian Code on Corporate Governance (“MCCG” or “the Code”). Pursuant to Rule 15.25 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board is pleased to present this Corporate Governance Overview Statement which outlines how the Company applied the Principles and best practices of the Code for the financial year ended 31 December 2018 (“FY 2018”).

The detailed application by the Group for each practice as set out in the MCCG during the FY 2018 is disclosed in the Corporate Governance Report (“CG Report”), announced together with this Annual Report 2018 published on Bursa Securities’ website (www.bursamalaysia.com).

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Board Charter

The Board is guided by a Board Charter. KAB was listed in November 2017 and the Board has adopted its Board Charter in FY 2018. The Board Charter is available on KAB’s website.

The Company’s Board Charter clearly identifies the respective roles and responsibilities of the Board, Board committees and individual directors including Independent Non-Executive Chairman and Managing Director. It also clearly identifies the issues and decisions reserved for the Board. The Board Charter will be periodically reviewed as and when necessary to ensure it remains relevant and consistent with the recommended best practices, and applicable rules and regulations.

Board Functions

The Board is responsible for strategic planning, oversight and overall management of the Group. The Board has also delegated specific matters to various Board Committees which operate within their respective approved Terms of Reference. The Board’s role is to lead and control the affairs on behalf of shareholders.

The Board takes into account the interests of all stakeholders when making decisions so as to ensure that the twin objectives of enhancing prosperity and creating long term shareholders’ value are met. In addition, the Board monitors the performance of the Group’s various areas of operations. To enhance the Board’s effectiveness and performance, the Board has established the following Board Committees to perform certain of its functions and provide it with recommendations and advice:

- Nominating Committee
- Remuneration Committee
- Audit Committee
- Risk Management Committee

There is a clear division of responsibilities between the Executive Directors and Non-Executive Directors of the Board. The Executive Directors are responsible for the implementation of the Board’s decision and policies, overseeing of day to day management and coordination of business and strategic decisions. The Independent Non-Executive Directors play a significant role in bringing objectivity and scrutiny to the Board’s deliberations and decision making. Any material and important proposals that will significantly affect the policies, strategies, directions and assets of the Group will be subject to approval by the Board.

The Board discharged its responsibilities in the best interests of the Group, as follows:

i. Reviewing and adopting a strategic plan for the Group

The Board provides direction and has in place a strategy planning process, whereby the management presents its recommended strategy and business plans to the Board for review and approval before implementation. In the FY 2018, the Group continued to focus on improving market growth and strengthen KAB’s financial position. The Group views the venture into mechanical engineering projects as promising and wishes to increase its involvement in mechanical engineering projects. The Group will continue to seek and secure new business opportunities and to expand its existing business in electrical and mechanical engineering services.

ii. Overseeing the conduct of the Group's business

The Managing Director and the Executive Directors are responsible to oversee the daily management of the Group's business and operations. The Managing Director and the Executive Directors are assisted by the various divisional heads in monitoring daily activities and further supported by the Management and other Committees established within the Group's management framework. The Management's performance is monitored and assessed by the Board through management reports which are tabled to the Board on a periodic basis. These reports include a brief summary of business operations and comprehensive financial performance. The Board is also kept informed of key strategic initiatives and operational issues within the Group.

iii. Identifying principal business risks and ensuring the implementation of appropriate systems to manage risks.

The Audit Committee, the Risk Management Committee ("RMC"), together with Internal Audit function, would oversee the Enterprise Risk Management ("ERM") of the Group. The RMC would review and identifies areas of potential high risk faced by the Group and advises the Management and makes recommendations to the Audit Committee and the Board to establish adequate compliance and controls over the organization. The RMC would also review risk management policies and makes recommendations to Audit Committee and the Board for approval.

iv. Succession planning

The Board, with the assistance of the Nominating Committee ("NC"), ensures that an appropriate framework and plan for succession within the Group are in place. The Board has also entrusted the Managing Director with the responsibility to review candidates, compensation packages and oversees development for key management positions.

v. Overseeing the development and implementation of a shareholder communication policy for the Company

The Company believes in, and emphasises, the importance of communication among shareholders, stakeholders and the Company. Adequate communication generates and builds public confidence towards the company. The Board endeavours to ensure that pertinent information such as annual reports, quarterly reports, and announcements are released on a timely basis via:

- Bursa Malaysia Securities Berhad's website
- KAB's website
- General Meetings

vi. Reviewing the adequacy and integrity of management information and internal controls system of the Group.

The Board is ultimately responsible for the adequacy and integrity of the Group's internal control system. The Board ensures that there is a sound framework of reporting on internal controls and regulatory compliance. The internal audit function has been outsourced to an independent service provider and the Audit Committee regularly reviews and scrutinises the audit reports. Details relating to the internal control system and review of effectiveness are available in the Statement on Risk Management and Internal Control as set out in this Annual Report. The Board meets at least every quarter and more frequently as and when business or operational needs arise. There are established procedures on the agenda, content and presentation of reports for each meeting so that all pertinent information is included. All Board members are supplied with information on a timely manner. Board papers are circulated in advance prior to Board meetings and the reports provide, amongst others, financial and corporate information, significant financial and corporate issues, the Group's performance and any management proposals which required the approval of the Board.

In order to ensure the effective overall functioning of the Board, the Chairman with the assistance of the Managing Director and Company Secretaries leads the Board in establishing and monitoring good corporate governance practices in the Company. The Chairman also chaired the Board Meetings and encourages active participation and healthy discussion to ensure that dissenting views can be freely expressed and discussed. Besides that, the Chairman ensures that decisions are taken on a sound and well-informed basis, including ensuring that all strategic and critical issues are considered by the Board, and that Directors receive the relevant information on a timely basis. The position of the Chairman and Managing Director are held by different individuals with clear and distinct roles which are documented in the Board Charter.

Code of Conduct and Ethics

The Board strongly believes in applying good working ethics and code of conduct in all business dealings. The Directors of the Company are guided by the Code of Conduct and Ethics. The Code of Ethics sets out the compliance with Legal and Regulatory Requirements and the Company's Policies, Observance of Board Charter, Duty to Act in the Best Interest of the Group, Competence, Integrity, Objectivity, Confidentiality and Fairness. The Code of Conduct and Ethics for Directors is published on the Company's website. The Whistleblower Policy was adopted in FY 2018, which provides an avenue for raising concerns related to possible improprieties in matters of financial reporting compliance and other malpractices at the earliest opportunity, in an appropriate manner and without fear of retaliation. The Whistleblower Policy lays down the communication channel available and the aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that the person filing the report, to the extent possible, be protected from reprisal, victimisation, harassment or subsequent discrimination. Any person who wishes to report a suspected impropriety may submit his/her report to the Chairman of Audit Committee.

The Board is mindful of the importance of business sustainability, and is committed to conduct its business in a socially responsible manner. The Board promotes good corporate governance through sustainability practices by implementing sustainable corporate strategies and practices. The Company has embraced good corporate responsibility practices in the areas of workplace, community, environment and stakeholders' engagement.

Tenure of Independent Directors

Practice 4.2 of the MCCG states that the tenure of an independent director should not exceed a cumulative term of 9 years. However, an independent director may continue to serve the Board subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as independent after a cumulative term of 9 years, justifications from the Board and shareholders' approval at a general meeting are required. An independent director who continues to serve the Board after 12th year of appointment will require shareholders' approval at a general meeting through a 2-tier voting process as prescribed under the MCCG.

Currently, none of the Independent Directors of KAB has served more than 9 years.

Time Commitment

The Group has high expectations of the availability and commitment of its Board members. The Board meets at least quarterly to consider, inter alia all matters relating to the overall control, business performance and strategy, annual business plans and budgets, operational and financial performance reports, quarterly reports, capital expenditure of the Group. Additional meetings will be called as and when necessary.

Supply and Access to Information

All relevant reports and board papers are distributed to all Directors in advance of the Board Meeting to allow the Directors to have sufficient time to peruse for effective discussion and decision making during the meetings. The Board may obtain all information pertaining to KAB from the Management. All pertinent issues discussed at the meetings in arriving at decisions and conclusions are properly recorded in the discharge of the Board's duties and responsibilities. The Management is also invited to attend Board meetings to give an update of their respective functions and to discuss on issues that may be raised by the Directors.

Board Meeting

In order to ensure attendance of Board meetings, the meeting dates for the calendar year are set and the Board usually confirms their attendance for each meeting. The attendance record of the Directors for the FY 2018 was satisfactory.

During the FY 2018, the Board held a total of 5 meetings and details of the attendance record of the Board for the financial year ended 31 December 2018 are set out below:

Name	Designation	Attendance	%
Dato Lai Keng Onn	Managing Director	5/5	100
Choong Gaik Seng	Executive Director	5/5	100
Datin Alicia Chan Pey Kheng ⁽ⁱ⁾	Executive Director	4/4	100
Goh Kok Boon ⁽ⁱⁱ⁾	Executive Director	1/1	100
Lu Chee Leong	Independent Non Executive	5/5	100
Tong Siut Moi	Independent Non Executive	5/5	100
Ferdaus Bin Mahmood	Independent Non Executive	5/5	100

Notes:

(i) Datin Alicia Chan Pey Kheng was appointed to the Board on 1 March 2018

(ii) Goh Kok Boon was appointed to the Board on 1 September 2018

In the intervals between Board Meetings, for any matters requiring Board's decision, the Board's approvals are obtained through Directors' Written Resolutions ("DWR"). The resolutions passed by way of DWR would also be tabled for notation at the subsequent Board Meeting.

Directors' Continuous Professional Development

The Company recognises the need to enhance the skills of the Board members. All existing Directors of the Company have successfully completed the Mandatory Accreditation Programme as required by Bursa Securities on all directors of listed companies.

The Directors will continue to undergo other relevant training programmes to keep themselves abreast with the relevant changes in laws, regulations and business development.

During the FY 2018, the Directors have attended relevant development and training programme according to their individual needs to enhance their ability in discharging their duties and responsibilities more effectively which are as follows:

Training Programme	Organiser	Course Title
Ferdaus Bin Mahmood	1 March 2018	Workshop
	6 August 2018	Briefing
Dato' Lai Keng Onn	15 March 2018	Briefing
	07 April 2018	Training
	28 June 2018	Dialogue
	14 July 2018	Training
	19 September 2018	Briefing
Choong Gaik Seng	07 April 2018	Training
	14 July 2018	Training
Datin Alicia Chan Pey Kheng	07 April 2018	Training
	09 & 10 April 2018	Training
	28 June 2018	Dialogue
	14 July 2018	Training
	19 September 2018	Briefing
	26 October 2018	Seminar
	14 November 2018	Seminar
Goh Kok Boon	07 April 2018	Training
	14 July 2018	Training
Lu Chee Leong	12 March 2018	Training
	12-13 July 2018	Conference
Tong Siut Moi	15 March 2018	Briefing
	07 April 2018	Training
	10-11 July 2018	Conference
	5 September 2018	Workshop
	11 October 2018	Training
	15 October 2018	Briefing
	4 December 2018	Seminar

II. BOARD COMPOSITION

The Group takes serious effort to ensure the Board comprises members with suitable academic and professional qualifications, skills, expertise and wide exposure. The Board currently comprises 8 members of whom 4 members are Independent Non-Executive Directors. All the Independent Non-Executive Directors fulfil the criteria of independence, as defined in the ACE Market Listing Requirements of Bursa Securities.

A brief profile of each Director is presented in the Profile of Directors section of this Annual Report. The composition of the members of the Board reflects a good mix of experience, backgrounds, skills and qualifications which are vital to the sustainability and growth.

Board Diversity

In FY 2018, the Board comprised two (2) female Directors out of seven Directors, representing 29% of the total Board members in accordance with the best practices of MCCG.

Key Roles of Chairman and Managing Director

There are clear roles and responsibilities between the Chairman, Managing Director, Executive Directors and Non-Executive Directors of the Board.

The Chairman ensures that decisions are taken on a sound and well-informed basis, including ensuring that all strategic and critical issues are considered by the Board, and that Directors receive the relevant information on a timely basis.

The Managing Director and Executive Directors formulate strategic vision and business directions for the Group.

All Independent Directors do not participate in the daily operations and management of the Group and there are no relationships or circumstances which are likely to affect, or could appear to affect, the Independent Directors' judgment. They are pivotal in bringing impartially and scrutiny to the Board's deliberation and decision making process.

Company Secretaries

In order to ensure effective functioning of the Boards, the Company Secretaries play an advisory role to the Boards in relation to KAB's Constitutions, policies and procedures, and compliance with the relevant legislations, and regularly update the Board on new statutory and regulatory requirements relating to the discharge of their duties and responsibilities.

All Directors have access to the advice and services of the Company Secretaries in furtherance of their duties. The Company Secretaries is responsible in advising the Board on regulatory requirements and corporate governance matters to ensure that the Board discharge their duties and responsibilities effectively.

The Company Secretaries also ensure that the Boards and the Board Committees function effectively based on the Board Charter and the respective Terms of Reference ("TORs").

The Company Secretaries attend all Board meetings and ensure that the deliberations and decisions made by the Boards are accurately minuted, and the records of the proceedings of the Board meetings are properly kept.

During the FY 2018, the Company secretaries have attended relevant development and trainings programmes to enhance their ability in discharging their duties and responsibilities.

Nominating Committee

The Group places high importance to ensure the Board comprises members with suitable academic and professional qualifications, skills, expertise and wide exposure. The Nominating Committee always monitors that there is an appropriate balance of expertise and ability. In addition, the Committee also regularly assesses the effectiveness of the Board as a whole and the contribution of each individual director including Independent Non-Executive Directors.

The Nominating Committee currently comprises entirely of Independent Non-Executive Directors as follows:

Chairman

Tong Siut Moi (Independent Non-Executive Director)

Members

Ferdaus Bin Mahmood (Independent Non-Executive Chairman)

Lu Chee Leong (Independent Non-Executive Director)

The Nominating Committee is empowered to bring to the Board, recommendations as to the appointment of any new Executive, Non-Executive director or Key Senior Management, provided that the Chairman of the Nominating Committee, in developing such recommendations, consults all directors and reflects that consultation in any recommendation of the Nominating Committee brought forward to the Board. In making its recommendation, the Nominating Committee will consider the required mix of skills, knowledge, expertise, experience and other qualities, including core competencies which Directors of the Company should bring to the Board.

To ensure that the Board has an appropriate balance of expertise and ability, the Nominating Committee would regularly review the profile of the required skills and attributes. This profile is used to assess the suitability as executive or non-executive directors of candidates put forward by the directors and outside consultants. In addition, the Committee also regularly assesses the effectiveness of the Board as a whole and the contribution of each individual director including Independent Non-Executive Director. All assessments and evaluations carried out by the Nominating Committee in discharging its functions have been well documented.

Recruitment Process and Annual Assessment of Directors and Independent Directors

The Board has put in place the necessary selection criteria for the appointment of Directors. Through Board Effectiveness Evaluation, the Directors are assessed annually and the findings are consolidated in a performance report which is analysed and tabled to the Nomination Committee for review and endorsement by the Board.

All nominees and candidates to the Board are first considered by the Nominating Committee taking into consideration the mix of skills, competencies, experience, integrity, time commitment and other qualities required to effectively discharge his or her role as a director. The Nominating Committee will then endorse the nominees and candidates for approval by the Board.

On key senior management appointment, candidates are first considered by the Nominating Committee where focus is in their skills set, competencies, experience, integrity and other qualities, prior to recommendation for approval by the Board.

During the FY 2018, an annual evaluation of the Board, its committees, independent directors and each individual director was conducted on 19th March 2018.

Re-appointment of Directors of the Company are in accordance with the Company's Constitution and good corporate governance practice. The performance of each Director of the Company was appraised by other Directors based on the characteristic of integrity, governance, participation, decision, independence and strategic perspective. Thereafter, the evaluation survey questionnaires are compiled into a summary report. The report is presented to the Nominating Committee before tabling to the Board.

For the FY 2018, all the Directors met the expectations of the criteria set out in discharging their duties and responsibilities.

The performance and effectiveness of the Director and the Board were assessed individually and collectively, which include Directors' Self and Peer Evaluation, using evaluation survey questionnaires to evaluate the overall Board's performance against criteria that the Board determines are important to its success. The Board's performance and effectiveness evaluation in the FY 2018 reported that the Board continues to operate effectively.

Workforce Diversity

Our male and female employees' ratio shows a distribution of 68:32 as at 31 December 2018. Our total staff stood at 143 as at 31 December 2018.

III. Remuneration

Remuneration of Directors

The Board delegates to the Remuneration Committee the responsibility to consider and approve the remuneration arrangements of the Directors and Senior Management positions in the Group to ensure that the policy is fair and able to attract and maintain talent. The Remuneration Committee ensures that the level of remuneration for Non-Executive Directors and Independent Directors are linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board.

The Remuneration Committee is guided by appropriate policies and procedures when reviewing and recommending remuneration of board and senior management.

The Remuneration Committee comprised exclusively of Independent Non-Executive Directors as follows:

Chairman

Tong Siut Moi (Independent Non-Executive Director)

Members

Lu Chee Leong (Independent Non-Executive Director)

Ferdaus Bin Mahmood (Independent Non Executive Chairman)

The remuneration of non-executive directors proposed is recommended by the Remuneration Committee before tabling to the Board for further recommendation to the Shareholders' for approval.

The amounts of remuneration paid to Directors are disclosed in the Notes to the Audited Financial Statements. The details of the nature and amount of each major element of the directors' remuneration for the FY 2018 are as follows:

Name		Salaries	Bonus	Fees	Benefit In kind	Others	Total
DATO' LAI KENG ONN	Managing Director	894,544	267,856	0	25,000	180,000	1,367,400
CHOONG GAIK SENG	Executive Director	215,503	89,284	0	21,250	21,600	347,637
DATIN ALICIA CHAN PEY KHENG	Executive Director	378,600	75,000	0	0	0	453,600
GOH KOK BOON	Executive Director	98,560	45,536	0	7,083	20,000	171,179
FERDAUS BIN MAHMOOD	Independent Non-Executive Chairman	0	0	60,000	0	0	60,000
LU CHEE LEONG	Independent Non-Executive Director	0	0	60,000	0	0	60,000
TONG SIUT MOI	Independent Non-Executive Director	0	0	60,000	0	0	60,000

Remarks:

1) Employer's SOCSO are not included in the above figures.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

Financial Reporting

The Board has always endeavour to provide true, fair and comprehensive financial reporting of the Group's performance in the audited financial statements and quarterly financial reports together with material disclosures in the notes to accounts. The Audit Committee assists the Board in discharging its fiduciary duties by ensuring that the audited financial statements and quarterly financial reports are prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") and ACE Market Listing Requirements of Bursa Securities.

In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Board aims to present a balance and fair assessment of the Group's financial position and prospects. The Audit Committee reviews the Group's quarterly financial results and annual audited financial statements to ensure accuracy, adequacy and completeness prior to presentation to the Board for its approval.

Compliance with Applicable Financial Reporting Standards

The Board is committed to provide a balanced, clear and meaningful assessment of the financial performance of the Group via all relevant disclosures and announcements made.

The Audit Committee assists the Board to oversee and scrutinise the process and quality of financial reporting, which includes monitoring and reviewing the integrity of the financial statements and appropriateness of the Group's accounting policies to ensure accuracy, adequacy and completeness of the report, as well as compliance with the relevant accounting standards.

Assessment of Suitability and Independence of External Auditors

The Audit Committee performed an annual assessment on the performance, suitability and independence of the external auditors as well as reviewing the non-audit services provided by the external auditors, if any, based on the 4 key areas:

- Quality of service;
- Sufficiency of resources;
- Communication and interaction; and
- Independence and objectivity

KAB has established transparent and appropriate relationship with the External Auditors through the Audit Committee. The Audit Committee had obtained an assurance from the external auditors confirming that they were, and had been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Audit Committee is satisfied with the competence and independence of the external auditors.

The Audit Committee currently comprises entirely of Independent Non-Executive Directors. The Audit Committee is chaired by Independent Non-Executive Director, Mr Lu Chee Leong. It is an existing practice for the Audit Committee to require a former key audit partner to observe a cooling-off period of at least two (2) year before being appointed as a member of the Audit Committee and such practice was formalised and incorporated in the Terms of Reference of the Audit Committee.

The Audit Committee's terms of reference include the review of and deliberation on the Group's financial statements, the audit findings of the external auditors arising from their audit of the Group's financial statements and the audit findings and issues raised by internal audit together with the Management's responses thereon.

External Auditors, Internal Auditors, Executive Directors and members of senior management attend the meetings at the invitation of the Audit Committee.

For details on the functions, composition, membership and summary of works of the Audit Committee in the FY 2018, please refer to the Audit Committee Report in this Annual Report.

II. Risk Management and Internal Control

The Board is committed to maintain a good risk management framework and sound system of internal control within the Group. The Group has an embedded risk management framework process for the identification, evaluation, reporting, treatment, monitoring and review of the major strategic, business and operation risks within the Group.

The Audit Committee assists the Board in discharging these responsibilities by overseeing the risk management framework and advises the Board on areas of high risk encountered by the Group as well as the adequacy of compliance and controls. The Audit Committee also reviews the action plan implemented and makes relevant recommendations to the Board to manage residual risks.

The internal audit function of the Group is outsourced to an independent professional services firm to provide the Audit Committee and the Board with the assurance they require pertaining to the adequacy and effectiveness of internal control.

The details of the internal control system are set out in the Statement of Risk Management and Internal Control in this Annual Report.

Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

I. Communication with Stakeholders

TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policy

The Board has set up pertinent corporate disclosure policies and exercises close monitoring of all price sensitive information required to be released to Bursa Malaysia and makes material announcements to Bursa Malaysia in a timely manner.

Dissemination of Information

The Company exercises close monitoring of all price sensitive information required to be released to Bursa Securities and makes material announcements to Bursa Securities in a timely manner. In accordance with best practices, the Board would strive to disclose price sensitive information to the public as soon as practicable through Bursa Securities, the media and the Company's website. Price sensitive information refers to any information that, on becoming generally available, would tend to have a material effect on the market price of the Company's listed shares.

Members of the Board and Senior Management with privy to price sensitive information are prohibited from dealing in the shares of the Company until such information is publicly available. This is in addition to the provisions relating to the "closed period" for dealing in the Company's shares.

In addition, the Company's website incorporates an Investor Relations section where the annual report and interim financial results would be captured. Directors' Report and Audited Financial Statements, Annual Reports, Interim Financial results together with the Company's announcements and other information about the Company are available on our website (<http://www.asastera.com>).

Communication and Engagement with Shareholders

The Company communicates with its shareholders through the timely release of financial results on a quarterly basis, annual report, press releases and announcements to Bursa Securities. Financial results and press releases are also placed on the corporate website to keep shareholders and investors informed of the Company's performance.

Shareholders, investors and members of the public who wish to contact the Company on any enquiry, comment or proposal can channel them through e-mail at asastera@asastera.com

Shareholders and investors can obtain the Company's latest announcements such as quarterly financial results at Bursa Securities' website (www.bursamalaysia.com) and the Company's website (www.asastera.com)

II. Conduct of General Meeting

Shareholders Participation at General Meeting

In addition to communicating and engaging shareholders through annual reports, annual general meetings, continuing and timely disclosures of information, the Company welcomes dialogues with shareholders and investors to discuss issues and obtain feedback.

The Notice of Annual General Meeting is issued to the shareholders together with the Annual Report 28 days before the Annual General Meeting. This would accord sufficient time for the shareholders to make the necessary arrangements to attend and participate in person or by proxy. In conjunction with this, Annual Reports are dispatched together with all relevant information supporting each proposed resolution to enable the shareholders to evaluate and vote accordingly. All Directors of the Company will be present at the Company's General Meetings to answer any questions that the shareholders may ask. The Chairman of the meeting provides time for the shareholders to ask questions for each agenda in the notice of the annual general meeting. The external auditors will also be present at the annual general meeting to answer any questions that the shareholders may ask. The shareholders will also be able to meet with the Directors and Management after the meeting while they mingle with the shareholders, proxies and corporate representatives.

Poll Voting

In line with the ACE Market Listing Requirements of Bursa Securities, all resolutions put to general meetings will be voted by poll. An independent scrutineer will be appointed to validate the votes cast at general meetings.

STATEMENT OF COMPLIANCE WITH THE RECOMMENDATIONS OF THE CODE

The Board is committed to adopt the Practices of the MCCG throughout the Group applying the highest level of integrity and ethical standards in all its business dealings.

The Board is of the opinion that for the financial year ended 31 December 2018, the Group has substantially complied to the Principles and Best Practices as set out in the Code.

This Statement is approved by the Board of Directors at the Board Meeting held on 20 March 2019.

The Board presents the Audit Committee Report to provide insights on the discharge of the Audit Committee's functions during the financial year ended 31 December 2018.

COMPOSITION

The current composition of the Audit Committee is as follows:

Chairman

Lu Chee Leong Independent Non-Executive Director

Members

Ferdaus Bin Mahmood Independent Non-Executive Chairman

Tong Siut Moi Independent Non-Executive Director

All of the members of the Audit Committee are Independent Non-Executive Directors and satisfied the test of independence and met the requirements of the Malaysian Code of Corporate Governance.

The performance of the Audit Committee and each of its members were reviewed by the Nominating Committee ("NC") on 25 February 2019 and the NC was satisfied that the Audit Committee and each of its member is able to discharge its functions, duties and responsibilities in accordance with the Terms of Reference of the Audit Committee, thereby supporting the Board in ensuring appropriate corporate governance standards within the Group.

TERMS OF REFERENCE

The terms of reference for the Audit Committee is available for reference on the Company's website at <http://www.asastera.com>

Meetings

The Audit Committee met five (5) times during the financial year 2018. The attendance of the Audit Committee members during the financial year is as follows:-

Audit Committee Members	Attendance at the Audit Committee Meeting
Lu Chee Leong (Chairman)	5/5
Ferdaus Bin Mahmood	5/5
Tong Siut Moi	5/5

The External Auditors were present at three (3) of the total meetings held in the financial year 2018. The External Auditors were encouraged to raise with the Audit Committee any matters they considered important to bring to the Audit Committee's attention. For the financial year 2018, three private sessions were held between the Audit Committee and the External Auditors without the presence of the Executive Board members and management staff.

The Chairman of the Audit Committee also sought information on the communication flow between the external auditors and the Management which was necessary to allow unrestricted access to information for the external auditors to effectively perform their duties.

Notices of the Audit Committee Meeting had been sent to the Audit Committee Members at least one (1) week in advance. The relevant meeting papers would be compiled for dissemination to the Audit Committee by email and/or hand.

All deliberations during the Audit Committee Meeting were duly minuted and tabled for confirmation at the next Meeting and subsequently presented to the Board for notation.

The Chairman of the Audit Committee presented the Audit Committee's recommendations together with the respective rationale to the Board for approval of the unaudited quarterly financial results. As and when necessary, the Chairman of the Audit Committee would convey to the Board matters of significant concern raised by the internal or external auditors.

SUMMARY OF WORKS

The summary of works undertaken by the Audit Committee during the financial year comprised the following:-

1. Overview of Financial Performance and Reporting

- Reviewed the quarterly unaudited financial results and audited financial statements of the Group including the announcements pertaining thereto, before recommending to the Board for approval and release of the Group's unaudited financial results and audited financial statements to Bursa Securities; and
- Reviewed the Group's compliance with the accounting standards and relevant regulatory requirements.

2. Oversight of External Auditors

- Reviewed Audit Planning Memorandum prepared by the External Auditors for the financial year ended 31 December 2018, entailing mainly the overview of audit approach, scope of work, auditing developments, significant risks and areas of audit focus of the Group and Company;
- Met with the external auditors thrice without the presence of the Executive Directors and Management; and
- Received and discussed with the External Auditors on the Illustrative Auditors' Report as presented by the External Auditors.
- Reviewed the proposed audit fees, authority to management to approve unaudited fees and external auditors' performance.
- Assessed and evaluated the suitability and independence of External Auditors

3. Oversight of Internal Auditors

- Reviewed and approved the annual audit plan as proposed by the internal auditors to ensure the adequacy of the scope and coverage of work;
- Reviewed the audit reports presented by the internal auditors on their findings and identifying key areas of concerns as well as highlighting recommendations for improvements and carried out follow-up audits;

4. Oversight of Risk Management and Internal Control matters / other matters

- Reviewed the adequacy and effectiveness of the risk management framework, risk register and the appropriateness of management's responses to key risk areas and proposed recommendations for improvements to be implemented.
- Reviewed the proposed Terms of Reference of the Audit Committee and recommend to the Board for approval
- Reviewed and discussed the collection of the trade receivables.
- Reviewed the Company's performance against the budget for the year 2018.
- Reviewed the solvency of the Company for recommendation of distribution of interim dividend.
- Reviewed Corporate Governance Overview Statement and Audit Committee Report.

INTERNAL AUDIT FUNCTION

1. Appointment

The Group has appointed an outsourced internal audit services provider to carry out the internal audit function, namely Talent League Sdn. Bhd., providing the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function. The purpose of the internal audit function is to provide the Board, through the Audit Committee, assurance of the effectiveness of the system of internal control in the Group.

The internal audit function is independent and performs audit assignments with impartiality, proficiency and due professional care.

2. Summary of Internal Audit Works for the Financial Year 2018

Reviewed the adequacy and integrity of the system of internal controls of the processes within KAB for the review period of 1 January 2018 to 31 December 2018 for Purchasing, Project Management, Claim, Financial Reporting, Fixed Assets Management, Draughting and Technical.

The Internal Auditor is guided by the Professional Practices Framework by the Institute of Internal Auditors. Observations and findings from the audit reviews, including the recommended corrective actions were discussed with the Management. The internal audit report together with the Management's response and proposed corrective action plans were then presented to the Audit Committee for their review during the quarterly meetings. Follow up review was also conducted to ensure corrective actions have been implemented.

3. Total costs incurred for the Financial Year 2018

The fees incurred for the outsourcing of the internal audit for the financial year was RM35,200.

1. Introduction

The Board is pleased to present its Statement on Risk Management and Internal Control which outlines the nature and scope of the risk management and internal control of the Group for the financial year ended 31 December 2018. This Statement on Risk Management and Internal Control is issued in line with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad on the status of the Group's compliance with the principles and best practices relating to risk management and internal control as stipulated in the Malaysian Code of Corporate Governance ("the Code"). The Board is committed to maintaining a sound system of internal control of the Group and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the current financial year.

2. Board Responsibilities

The Board of Directors recognizes the importance of sound internal controls and risk management in safeguarding the assets of the Group. However, such systems are designed to manage rather than eliminate the business risk totally. It should be noted that any system could provide only reasonable and not absolute assurance against material misstatement or fraud.

The Group has in place an on-going process to identify, evaluate, monitor and manage any significant risks through the internal controls set out in order to attain a reasonable assurance that business objectives have been met. These controls are regularly reviewed by the Board and subject to continuous improvement.

3. Risk Management Framework

The Board has established and developed an Enterprise Risk Management ("ERM") framework to achieve the following objectives:

- communicate and disseminate across the organisation the vision, role and direction of the Group;
- identify, assess, evaluate and manage the various principal risks which affect the Group's business;
- create a risk-awareness culture and risk ownership for more effective management of risks;
- formulate a systematic process of review, tracking and reporting on keys risks identified and corresponding mitigation procedures.

A risk analysis of the Group is conducted on a regular basis including constantly reviewing the process in identifying, evaluating and putting up necessary action to assess and monitor the impacts of the risk on the operation and business. The process requires management to comprehensively identify and assess all types of risks in terms of likelihood and magnitude of impact as well as to address the adequacy and application of mechanisms in place to manage, mitigate, avoid or eliminate these risks. Significant risks identified are subsequently brought to the attention of the Board at the scheduled board meetings. This serves as the on-going process of identifying, assessing and managing risks faced by the Group and has been in place for the year under review and up to the date of approval of this statement for inclusion in the Annual Report.

The Group's risk management continues to be driven by the Executive Directors and assisted by management. The Executive Directors and Management are responsible for identifying, evaluating and monitoring of risks and taking appropriate and timely actions to manage risk. These processes are embedded and carried out as part of the Group's operating and business management processes. External and relevant professionals would be drawn on to assist and provide advices to the management team when necessary. In order to ensure the objectivity of the review of the risk management and systems of internal controls in the Group, the Audit Committee is instituted by the Board to undertake this role.

In conducting its review, the process is regularly reviewed by the Board via the Audit Committee ("AC") at the quarterly Board meeting with the assistance of the outsourced independent consulting firm (Talent League Sdn Bhd) to further review and improve the existing internal control processes within the Group. The Group will continue to focus on the key risks and corresponding controls to ensure that they are able to respond effectively to the business changes and competitive environment.

The Management further supplements the Audit Committee review on control and risk assessment when presenting the quarterly financial performance and results to the Audit Committee and the Board including pertinent explanations on the performance of the Group. With management consultation, the Audit Committee reviews and analyses the interim financial results in corroboration with management representations on operations as well as deliberates the Annual Report and audited financial statements before recommending these documents to the Board for approval.

4. Internal Control Framework

The other key elements of the Group's internal control systems are described below:

- Quarterly monitoring of operational results against the budget by the management and to be tabled for the Board's review and discussion on a quarterly basis;
- Regular and comprehensive information provided to the Board, covering financial performance and key business indicators;
- Regular updates of internal policies and procedures, to reflect changing risks or resolve operational efficiencies; and
- Regular management meeting with all key personnel of respective department to address weaknesses and improve efficiency.

The Board is of the view that there is no significant breakdown or weaknesses in the system of internal control of the Group that may have material impact against the operations of the Group for the financial year ended 31 December 2018.

5. Management with Responsibilities and Assurance

In accordance to the Bursa Securities' Guidelines, Management is responsible to the Board for identifying risks relevant to the business of the Group's objectives and strategies; implementing and maintaining sound systems of risk management and internal controls; and monitoring and reporting to the Board of significant control deficiencies and changes in risks that could significantly affect the Group's achievement of its objective and performance.

In producing this Statement, the Board has received assurance from the Managing Director and that, to the best of their knowledge that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects

6. Board Assurance And Limitation

The Board confirms that the process for identifying, evaluating and managing significant risks in the Group is on-going. For the financial year under review, there was no material losses resulting from significant control weaknesses. The Board is satisfied that the existing level of systems of internal control and risk management are effective and efficient to enable the Group to achieve its business objectives.

While, the Board wishes to reiterate that risk management and systems of internal control would be continuously improved in line with the evolving business development, it should be noted that the risk management and internal controls systems could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems of internal controls and risk management within the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

This Statement is issued in accordance with a resolution of the Directors dated 20 March 2019.

7. Conclusion

The Board recognizes the necessity to monitor closely the adequacy and effectiveness of the Group's system of internal controls and risk management, taking into consideration the fast-changing business environment. Although the Board is of the view that the present risk management and internal control is adequately in place to safeguard the Group's assets and sufficient to detect any fraud or irregularities, the Board is on a constant watch for any improvement that may strengthen its current system from time to time.

8. Review of the Statement by the External Auditors

The external auditors have reviewed this Statement of Risk Management and Internal Control. Their review has been conducted to assess whether the Statement of Risk Management and Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in reviewing the adequacy and integrity of the system of internal controls for the Group.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process that the Board has adopted in the review of the adequacy and integrity of internal control of the Group.

1. UTILISATION OF INITIAL PUBLIC OFFERING PROCEEDS

The Initial Public Offering Issue was completed with the listing of 80,000,000 ordinary shares on the ACE Market of Bursa Securities on 17 November 2017. The total proceeds received from the Initial Public Offering shares was RM20,000,000. The status of utilisation of the proceeds as at 31 December 2018 are as follows:-

Details of utilisation	Proposed Utilisation RM'000	Revised Proposed Utilisation RM'000	Actual Utilisation ⁽¹⁾ RM'000	Balance Unutilised RM'000	Estimated timeframe for utilisation upon Listing
Working capital	12,100	⁽¹⁾⁽²⁾ 12,571	(11,497)	1,074	Within 24 months
Capital expenditure	2,200	2,200	(1,690)	510	Within 18 months
Setting up a proposed new branch office in Johor Bahru ⁽¹⁾ and an additional office in Kuala Lumpur	600	⁽¹⁾ 289	(289)	-	Within 12 months
Repayment of bank borrowings	1,600	1,600	(1,600)	-	Within 12 months
Listing expenses	3,500	⁽²⁾ 3,340	(3,340)	-	Immediate
Total	20,000	20,000	(18,416)	1,584	

Notes:

⁽¹⁾ We have set up the additional office in Kuala Lumpur as set out in the prospectus dated 30 October 2017. Further to our Listing, the management has decided that the Company is currently able to service and meet the requirement of our Johor Bahru clients from our headquarters located in Kuala Lumpur. As part of our prudent cost management, the management has decided not to invest in the opening of a new branch office in Johor Bahru at this juncture. However, the Company will reassess the commercial and financial viability to set up the branch office again should there be any future need and demand. As such, the proceeds allocated for the setting up of the Johor Bahru branch office has been re-allocated for working capital purposes.

⁽²⁾ The Company has fully settled the expenses incurred in relation to the Listing exercise. As such, the balance proceeds have been re-allocated for working capital purposes.

2. AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees incurred for services rendered to the Company and the Group by the external auditors for the financial year ended 31 December 2018 are as follows:-

	Company (RM)	Group (RM)
Audit Fees	88,000	95,739
Non- audit fees	20,500	20,500
Total	108,500	116,239

3. MATERIAL CONTRACTS

There are no material contracts that the Group entered into during the financial year which involved the interest of the Director and major shareholders.

4. CONTRACTS RELATING TO LOANS

There were no contracts relating to loans made by the Group during the financial year under review.

5. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

The information on RRPT for the financial year ended 31 December 2018 is set out in the audited financial statements, if any.

The Directors are required by the Companies Act, 2016 to ensure that financial statements for each financial year give a true and fair view of the financial position of the Group at the end of the financial year and the financial performance of the Group for the financial year.

In preparing the financial statements, the Directors are responsible for the adoption of suitable accounting policies that comply with the provisions of the Companies Act, 2016, the Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible to ensure that the appropriate accounting policies are consistently applied in the financial statements, and that reasonable and prudent judgements were made.

The Directors hereby confirm that suitable accounting policies have been consistently applied in the preparation of the financial statements. The Directors also confirm that there has been adequate accounting records maintained to safeguard the assets of the Group.



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for the financial year ended 31 December 2018

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 31 December 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of provision of electrical and mechanical engineering services. The principal activities of the subsidiary companies are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group (RM)	Company (RM)
Profit for the financial year attributable to :-		
Owners of the Company	8,562,715	8,695,383
Non-controlling interest	(5,970)	-
Total	8,556,745	8,695,383

DIVIDENDS

The dividends declared or paid by the Company since the end of previous financial year were as follows:-

	Group (RM)
In respect of the financial year ended 31 December 2018:-	
- 1st interim single-tier dividend of RM0.005 per share, paid on 6 April 2018	1,600,000
- 2nd interim single-tier dividend of RM0.005 per share, paid on 11 October 2018	1,600,000
	3,200,000
In respect of the financial year ending 31 December 2019:-	
- 1st interim single-tier dividend of RM0.005 per share, payable on 4 April 2019	1,600,000

The directors do not recommend any final dividend for the financial year ended 31 December 2018.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and were of the opinion that it was not necessary to write off any debts nor make any allowance for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would alter their opinion that it was not necessary to write off any debts nor make any allowance for doubtful debts.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain whether any current assets, other than debts, were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company and to the extent so ascertained were written down to an amount that they might be expected to realise.

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the current financial year.

SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

DIRECTORS OF THE COMPANY

The directors of the Company in office at any time during the financial year and since the end of the financial year are:-

Dato' Lai Keng Onn
Choong Gaik Seng
Ferdaus Bin Mahmood
Lu Chee Leong
Tong Siut Moi
Datin Chan Pey Kheng
Goh Kok Boon

(Appointed on 01 Sept 2018)

Directors' interests

According to the register of directors' shareholding under Section 59 of the Companies Act, 2016, the interests of directors in office at the end of the financial year in the ordinary shares of the Company and its related corporations during the financial year are as follows : -

Share capital of the Company	No. of Ordinary Shares			
	As at 1/1/2018	Bought	Sold	As at 31/12/2018
(a) Shareholdings in which directors have direct interest in the Company : -				
Dato' Lai Keng Onn	196,000,000	-	(52,000,000)	144,000,000
Choong Gaik Seng	12,000,000	-	-	12,000,000
Ferdaus Bin Mahmood	100,000	2,500,000	(100,000)	2,500,000
Lu Chee Leong	100,000	-	-	100,000
Goh Kok Boon	-	300,000	-	300,000
<u>Share capital of related companies</u>				
(a) Shareholdings in which directors have direct interest in the related company, Gat Success (M) Sdn Bhd : -				
Dato' Lai Keng Onn	-	40,000,000	-	40,000,000
(b) Shareholdings in which directors have direct interest in the related company, Lotus Win Sdn Bhd : -				
Dato' Lai Keng Onn	-	12,000,000	-	12,000,000

By virtue of Section 8 of the Companies Act, 2016, Dato' Lai Keng Onn are deemed to be interested in the shares of the subsidiary companies during the financial year to the extent the Company has interest.

None of the other directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations.

DIRECTORS' REMUNERATION

The amounts of the remuneration of the directors or past directors of the Company comprising remunerations received or receivable from the Company or any of its subsidiary companies during the financial year are disclosed in Note 29 to the financial statements.

None of the directors or past directors of the Company have received any other benefits otherwise than in cash from the Company or any of its subsidiary companies during the financial year.

No payment has been paid to or payable to any third party in respect of the services provided to the Company or any of its subsidiary companies by the directors or past directors of the Company during the financial year.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

The total amount of indemnity given to or insurance premium paid for the director, officer or auditor of the Group and of the Company is as follow:-

	(RM)
Directors	11,000

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been the officer or auditor of the Group and of the Company.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company) 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 as disclosed in Note 29 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company or its subsidiary companies is a party, which had the object of enabling the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period are disclosed in Note 43 to the financial statements.

AUDITORS

- (a) Detail of the auditors' remuneration for the Group and the Company is disclosed in Note 27 to the financial statements.
- (b) The auditors, Kreston John & Gan, Chartered Accountants, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors

Dato' Lai Keng Onn

Choong Gaik Seng

Kuala Lumpur,
Date: 28 March 2019

to members of Kejuruteraan Asastera Berhad
(Incorporated in Malaysia, Company No. 420505-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Kejuruteraan Asastera Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 48 to 115.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis 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 the 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.

Revenue recognition

Refer to Note 3(l) – Significant Accounting Policies and Note 24 – Revenue.

The Key Audit Matters

The Group and the Company recognise revenue from contract customers using the stage of completion method. The stage of completion is measured using the input method, which is based on the proportion that the actual contract costs incurred for the work performed to-date to the estimated total contract costs, which includes estimates and judgements by directors on costs to be incurred on the contracts.

The Group and the Company recognised revenue from contract customers of RM126,599,675 for the financial year ended 31 December 2018.

We focused on this area because there is key judgement involved in determining the following:-

- Stage of completion;
- Extent of contract costs incurred to date; and
- Estimated total contract costs.

How our audit addresses this matter

Our procedures included, amongst others:-

- Evaluated whether the accounting policy adopted by the management is consistent with the requirements of MFRS 15, Revenue from Contracts with Customers;
- Read key contracts to obtain understanding of the specific terms and conditions;
- Identified and assessed key judgements inherent in the recognition of revenue and costs arising from contracts;
- Tested the operating effectiveness of the key controls in determination of the extent of costs incurred to-date;
- Corroborated the stage of completion with the level of completion based on actual costs incurred to-date over the estimated total costs;
- Agreed, on a sample basis, costs incurred to supporting documentation; i.e. invoices from vendors;
- Agreed total budgeted revenue, on a sample basis, of material projects to supporting documentation i.e. sales contracts; and
- Assessed the related disclosures in Note 3(l) and 25 to the financial statements.

Trade receivables

Refer to Note 7 – Trade Receivables.

The Key Audit Matters

As at 31st December 2018, the Group and the Company has outstanding trade receivables of RM40,807,429. As the trade receivables represents 40% of the total assets of the Group and of the Company and is material, we consider this as a key audit matter.

How our audit addresses this matter

Our procedures included, amongst others:-

- Obtained an understanding of the Group and of the Company's control over the trade receivables collection processes and made inquiries regarding the action plans to recover the overdue amounts;
- Reviewed the ageing analysis of trade receivables and test the reliability thereof;
- Reviewed subsequent collections from trade receivables; and
- Evaluated the reasonableness on the assessment of impairment loss to be provided on the trade receivables performed by the management.

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 Directors' Report, Management Discussion and Analysis, Corporate Governance Overview Statement, Audit Committee Report and Statement of Risk Management and Internal Control 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

Other Matters

1. The comparative figures were audited by another firm of auditors who expressed unmodified opinion on those statements on 19 March 2018.
2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Kreston John & Gan
(AF 0113)
Chartered Accountants

Yong Chung Sin
Approval No: 02892/04/2020 J
Chartered Accountant

Kuala Lumpur,
Date: 28 March 2019

As at 31 December 2018

	Note	2018 RM
ASSETS		
Non-current Assets		
Property, plant and equipment	4	7,228,966
Investment properties	5	2,855,765
Trade receivables	7	7,403,660
Total Non-current Assets		17,488,391
Current Assets		
Trade receivables	7	33,403,769
Contract assets	8	27,349,530
Other receivables, deposits and prepayments	9	3,500,775
Deposits with licensed banks	11	9,194,209
Cash and bank balances		10,510,914
Total Current Assets		83,959,197
Total Assets		101,447,588
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	12	32,000,000
Foreign currency translation reserves		62
Retained profits	13	16,262,166
Non-controlling interest	14	48,262,228 (5,480)
Total Equity		48,256,748
Non-current Liabilities		
Borrowings	15	5,282,829
Deferred tax liabilities	21	77,795
Trade payables	22	2,465,690
Total Non-current Liabilities		7,826,314
Current Liabilities		
Trade payables	22	30,830,648
Contract liabilities	8	7,057,984
Other payables and accruals	23	2,468,590
Borrowings	15	4,528,017
Current tax liabilities		479,287
Total Current Liabilities		45,364,526
Total Liabilities		53,190,840
Total Equity and Liabilities		101,447,588

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

KEJURUTERAAN ASASTERA BERHAD
ANNUAL REPORT 2018

for the financial year ended 31 December 2018

	Note	2018 RM
Revenue	24	139,095,967
Cost of sales		(113,718,002)
Gross profit		25,377,965
Other income	25	776,355
Administrative expenses		(12,258,993)
Profit from operations		13,895,327
Finance costs	26	(1,480,670)
Profit before taxation	27	12,414,657
Income tax expense	30	(3,857,912)
Profit for the financial year		8,556,745
Other comprehensive income : -		
- foreign currency translation differences for foreign operation		62
Total comprehensive income for the financial year		8,556,807
Profit for the financial year attributable to:-		
Owners of the Company		8,562,715
Non-controlling interest		(5,970)
		8,556,745
Total comprehensive income for the financial year attributable to :-		
Owners of the Company		8,562,777
Non-controlling interest		(5,970)
		8,556,807
Basic earnings per share (sen)	31	2.68
Diluted earnings per share (sen)	31	-

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

for the financial year ended 31 December 2018

	Non-Distributable		Distributable		Non-controlling interest RM	Total equity RM
	Share capital RM	Foreign currency translation reserves RM	Retained profits RM	Total RM		
Balance at 1 January 2018	1 32,000,000	10,899,451	10,899,451	42,899,451	-	1 42,899,451
Transactions with owners:-						
Dividends paid (Note 32)	-	(3,200,000)	(3,200,000)	(3,200,000)	-	(3,200,000)
Issue of shares to non-controlling interest	-	-	-	-	490	490
Total transactions with owners	-	(3,200,000)	(3,200,000)	(3,200,000)	490	(3,199,510)
Profit for the financial year	-	8,562,715	8,562,715	8,562,715	(5,970)	8,556,745
Other comprehensive income : - Foreign currency translation differences for foreign operation	-	-	-	62	-	62
Total comprehensive income for the financial year	-	8,562,715	8,562,715	8,562,777	(5,970)	8,556,807
Balance at 31 December 2018	32,000,000	16,262,166	16,262,166	48,262,228	(5,480)	48,256,748

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

KEJURUTERAAN ASASTERA BERHAD
ANNUAL REPORT 2018

for the financial year ended 31 December 2018

	Note	2018 RM
Cash flows from operating activities		
Profit before taxation		12,414,657
Adjustments for:-		
Depreciation of property, plant and equipment		1,135,548
Depreciation of investment properties		55,517
Fair value discount on payables		(225,000)
Fair value discount on receivables		725,000
Gain on disposal of property, plant and equipment		(35,000)
Interest expenses		755,670
Interest income		(410,705)
Operating profit before working capital changes		14,415,687
Increase in trade receivables		(4,762,212)
Increase in other receivables, deposits and prepayments		(1,857,513)
Increase in contract assets / liabilities		(14,977,266)
Decrease in trade payables		12,041,367
Decrease in other payables and accruals		1,539,121
Cash generated from operations		6,399,184
Interest paid		(755,670)
Interest received		410,705
Tax paid		(4,609,368)
Net cash from operating activities		1,444,851
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment		35,000
Purchase of property, plant and equipment	33	(905,194)
Net cash used in investing activities		(870,194)
Balance carried forward		574,657

for the financial year ended 31 December 2018

	Note	2018 RM
Balance brought forward		574,657
Cash flows from financing activities		
Issue of shares to non-controlling interest		490
Dividends paid		(3,200,000)
Drawdown of trade finance	35	627,357
Fixed deposits		
- pledged as securities		(5,051,231)
- uplift of deposits pledged as securities		12,100,812
Repayment of bank's factoring	35	(2,513,237)
Repayment of finance lease liabilities	35	(375,691)
Repayment of term loans	35	(1,855,324)
Net cash used in financing activities		(266,824)
Net increase in cash and cash equivalents		307,833
Cash and cash equivalents at the beginning of the financial year		9,073,182
Effect of foreign exchange rate changes		62
Cash and cash equivalents at the end of the financial year	36	9,381,077

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

STATEMENT OF FINANCIAL POSITION

KEJURUTERAAN ASASTERA BERHAD
ANNUAL REPORT 2018

for the financial year ended 31 December 2018

	Note	2018 RM	2017 RM
ASSETS			
Non-current Assets			
Property, plant and equipment	4	7,225,254	9,368,568
Investment properties	5	2,855,765	-
Investment in subsidiary companies	6	1,052	-
Trade receivables	7	7,403,660	8,090,279
Total Non-current Assets		17,485,731	17,458,847
Current Assets			
Trade receivables	7	33,403,769	29,461,972
Contract assets	8	27,349,530	13,515,262
Other receivables, deposits and prepayments	9	3,500,775	1,643,262
Amount due from subsidiary companies	10	156,335	-
Deposits with licensed banks	11	9,194,209	16,243,790
Cash and bank balances		10,468,343	11,902,017
Total Current Assets		84,072,961	72,766,303
Total Assets		101,558,692	90,225,150
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	12	32,000,000	32,000,000
Retained profits	13	16,394,834	10,899,451
Total Equity		48,394,834	42,899,451
Non-current Liabilities			
Borrowings	15	5,282,829	5,896,544
Deferred tax liabilities	21	77,795	77,795
Trade payables	22	2,465,690	3,538,220
Total Non-current Liabilities		7,826,314	9,512,559
Current Liabilities			
Trade payables	22	30,830,648	17,941,751
Contract liabilities	8	7,057,984	8,200,982
Other payables and accruals	23	2,441,608	929,469
Borrowings	15	4,528,017	9,510,195
Current tax liabilities		479,287	1,230,743
Total Current Liabilities		45,337,544	37,813,140
Total Liabilities		53,163,858	47,325,699
Total Equity and Liabilities		101,558,692	90,225,150

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 December 2018

	Note	2018 RM	2017 RM
Revenue	24	139,095,967	114,551,857
Cost of sales		(113,718,002)	(92,588,939)
Gross profit		25,377,965	21,962,918
Other income	25	776,355	469,841
Administrative expenses		(12,120,355)	(11,014,388)
Profit from operations		14,033,965	11,418,371
Finance costs	26	(1,480,670)	(1,233,673)
Profit before taxation	27	12,553,295	10,184,698
Income tax expense	30	(3,857,912)	(3,408,925)
Profit for the financial year, representing total comprehensive income for the financial year		8,695,383	6,775,773

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY

KEJURUTERAAN ASASTERA BERHAD
ANNUAL REPORT 2018

for the financial year ended 31 December 2018

	Non-Distributable Share capital RM	Distributable Retained profits RM	Total RM
Balance at 1 January 2017	1,000,000	15,123,678	16,123,678
Transactions with owners:-			
Issuance of shares pursuant to bonus issue (Note 12)	11,000,000	(11,000,000)	-
Issuance of shares (Note 12)	20,000,000	-	20,000,000
Total transactions with owners	31,000,000	(11,000,000)	20,000,000
Total comprehensive income for the financial year	-	6,775,773	6,775,773
Balance at 31 December 2017	32,000,000	10,899,451	42,899,451
Transactions with owners : - Dividends paid (Note 32)	-	(3,200,000)	(3,200,000)
Total comprehensive income for the financial year	-	8,695,383	8,695,383
Balance at 31 December 2018	32,000,000	16,394,834	48,394,834

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

for the financial year ended 31 December 2018

	Note	2018 RM	2017 RM
Cash flows from operating activities			
Profit before taxation		12,553,295	10,184,698
Adjustments for:-			
Depreciation of property, plant and equipment		1,135,210	633,817
Depreciation of investment properties		55,517	-
Fair value discount on payables		(225,000)	-
Fair value discount on receivables		725,000	-
(Gain) /Loss on disposal of property, plant and equipment		(35,000)	14,001
Interest expenses		755,670	1,233,673
Interest income		(410,705)	(292,715)
Listing expenses		-	3,422,486
Operating profit before working capital changes		14,553,987	15,195,960
Increase in trade receivables		(4,567,848)	(2,767,908)
Increase in other receivables, deposits and prepayments		(2,051,877)	(372,861)
Increase in amount due from subsidiary companies		(156,335)	-
Increase in contract assets / liabilities		(14,977,266)	(1,637,689)
Decrease /(Increase) in trade payables		12,041,367	(4,615,561)
Decrease in other payables and accruals		1,512,139	158,705
Cash generated from operations		6,354,167	5,960,646
Interest paid		(755,670)	(1,233,673)
Interest received		410,705	292,715
Tax paid		(4,609,368)	(3,016,583)
Net cash from operating activities		1,399,834	2,003,105
Cash flows from investing activities			
Acquisition of subsidiary		(1,052)	-
Proceeds from disposal of property, plant and equipment		35,000	-
Purchase of property, plant and equipment	33	(901,144)	(3,265,572)
Net cash used in investing activities		(867,196)	(3,265,572)
Balance carried forward		532,638	(1,262,467)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

STATEMENT OF CASH FLOWS

KEJURUTERAAN ASASTERA BERHAD
ANNUAL REPORT 2018

for the financial year ended 31 December 2018

	Note	2018 RM	2017 RM
Balance brought forward		532,638	(1,262,467)
Cash flows from financing activities			
Dividends paid		(3,200,000)	-
Drawdown of term loans		-	5,567,168
Drawdown of trade finance	35	627,357	-
Fixed deposits			
- pledged as securities		(5,051,231)	(12,130,706)
- uplift of deposits pledged as securities		12,100,812	-
Payment of listing expenses		-	(3,422,486)
Proceeds from issuance of shares			20,000,000
Repayment of bank's factoring	35	(2,513,237)	(1,041,232)
Repayment of finance lease liabilities	35	(375,691)	(313,884)
Repayment of term loans	35	(1,855,324)	(3,617,916)
Net cash from /(used in) financing activities		(267,314)	5,040,944
Net increase in cash and cash equivalents		265,324	3,778,477
Cash and cash equivalents at the beginning of the financial year		9,073,182	5,294,705
Cash and cash equivalents at the end of the financial year	36	9,338,506	9,073,182

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

31 December 2018

1. GENERAL INFORMATION

Kejuruteraan Asastera Berhad is a public limited liability company, incorporated and domiciled in Malaysia and listed on the ACE Market of Bursa Malaysia Securities Berhad.

The addresses of the principal place of business and registered office of the Company are as follows : -

Principal place of business	:	No. 18, Jalan Radin Bagus 9 Bandar Baru Seri Petaling 57000 Kuala Lumpur
Registered office	:	Unit 30-01, Level 30, Tower A Vertical Business Suite Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2018 comprise the Company and its subsidiary companies (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 December 2018 do not included other entities.

The Company is principally engaged in the business of provision of electrical and mechanical engineering services. The principal activities of the subsidiary companies are set out in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 28 March 2019

2. BASIS OF PREPARATION

a) Statement of compliance

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

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 9, Financial Instruments – Prepayment Features with Negative Compensation
- Amendments to MFRS 11, Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- MFRS 16, Leases
- Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 119, Employee Benefits – Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 128, Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures
- IC Interpretation 23, Uncertainty over Income Tax Treatments

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

- Amendments to MFRS 2, Share-Based Payment
- Amendment to MFRS 3, Business Combinations
- Amendments to MFRS 6, Exploration for and Evaluation of Mineral Resources
- Amendment to MFRS 14, Regulatory Deferral Accounts
- Amendments to MFRS 101, Presentation of Financial Statements
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to MFRS 134, Interim Financial Reporting
- Amendment to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets
- Amendment to MFRS 138, Intangible Assets
- Amendment to IC Interpretation 12, Service Concession Arrangements
- Amendment to IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments
- Amendment to IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine
- Amendment to IC Interpretation 22, Foreign Currency Transactions and Advance Consideration
- Amendments to IC Interpretation 132, Intangible Assets – Web Site Costs

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The Group and the Company plan to apply the above mentioned accounting standards, amendments and interpretations:-

- from the annual period beginning on 1 January 2019 for those accounting standards, amendments or interpretations that are applicable to the Group and the Company and effective for annual periods beginning on or after 1 January 2019;
- from the annual period beginning on 1 January 2020 for those accounting standards, amendments or interpretations that are applicable to the Group and the Company and effective for annual periods beginning on or after 1 January 2020; and
- from the annual period beginning on 1 January 2021 for those accounting standards, amendments or interpretations that are applicable to the Group and the Company and effective for annual periods beginning on or after 1 January 2021.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company except as mentioned below:-

MFRS 16, Leases

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

MFRS 17, Insurance Contracts

MFRS 17 replaces the existing standard on Insurance Contracts, MFRS 4. Earlier application is permitted provided the entities have applied MFRS 9, Financial Instruments and MFRS 15, Revenue from Contracts with Customers on or before the date of initial application of MFRS 17.

Amendments to MFRS 3, Business Combinations and MFRS 11, Joint Arrangements

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

Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:-

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and
- gains and losses resulting from transactions involving the sale or contribution of assets to an associate of a joint venture that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by Malaysian Accounting Standards Board. Earlier application is permitted. These amendments are not expected to have any impact on the Group and the Company.

Amendments to MFRS 112, Income Taxes

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

Amendments to MFRS 123, Borrowing Costs

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

The Group and the Company are assessing the financial impact that may arise from the adoption of MFRS 16, MFRS 17, amendments to MFRS 3 and MFRS 11, amendments to MFRS 10 and MFRS 128, amendments to MFRS 112 and amendments to MFRS 123.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 3 to the financial statements.

c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency.

d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than the following items:-

(i) Classification between investment property and property, plant and equipment

The Group and the Company has developed certain criteria based on MFRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group and the Company would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(ii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated in a straight-line basis over their estimated useful life. Management estimated that useful life of these assets to be within 5 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) Loss allowances of financial assets

The Group and the Company recognise impairment losses for trade receivables under the expected credit loss model. Individually significant trade receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Group's and the Company's financial positions and results.

(iv) Classification of financial assets

The Group and the Company use their business model objectives as a basis to classify financial assets for subsequent measurements. The objectives of the Group and of the Company in managing investments in equity and debt instruments include those held for trading, managing for fair value changes and managing to collect contractual cash flows that are solely payments of principal and interest on principal. Management uses its judgement to determine the classification of each investment at the date of purchase on the basis of the Group's and of the Company's business model objectives. Investment in the same debt or equity instruments need not necessarily be classified in the same category for subsequent measurement.

(v) Revenue recognition from construction contracts

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 contract based on actual costs incurred to date over the estimated total construction 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.

(vi) Income tax expense

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on their 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 and deferred tax provisions in the period in which such determination is made.

(vii) Provision for liabilities and charges

Provisions can be distinguished from other liabilities because there is uncertainty about the timing or amount of settlement. The more common provisions recorded by the Group and the Company arise from obligations in relation to refunds, guarantees, onerous contracts and outstanding litigation.

The recognition and measurement of provisions require the Group and the Company to make significant estimates with regard to the probability (if the event is more likely than not to occur) that an outflow of resources will be required to settle the obligation and make assumptions whether a reliable estimate can be made of the amount of the obligation.

Moreover, the Group's and the Company's accounting policy require recognition of the best estimate of the amount that would be required to settle an obligation and the estimate may be based on information that produces a range of amounts. Since the measurement is based on present value, it involves making estimates around the appropriate discount rate in order to reflect the risks specific to the liability.

(viii) Contingencies

Contingent liabilities of the Group and of the Company are not recognised but disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent liabilities represent possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. They are not recognised because it is not probable that an outflow of resources will be required to settle the obligation and the amount of the obligation cannot be measured with sufficient reliability.

Inevitably, the determination that the possibility that an outflow of resources embodying economic benefits is remote and that the occurrence or non-occurrence of one or more uncertain future events is not wholly within the control of the Group and of the Company requires significant judgement.

3. SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of consolidation

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

(i) Subsidiaries

Subsidiaries are entities, including special purpose entity, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for by applying the purchase method from the acquisition date, which is the date on which the group obtains control of acquiree. The cost of a business combination is the aggregate of : -

- the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree, plus
- any costs directly attributable to the business combination.

If an associate or a jointly controlled entity becomes a subsidiary, the Group remeasures its previously held entity interest to fair value and recognises the resulting gain or loss, if any, in profit or loss. The remeasured carrying amount forms part of the cost of business combination.

When the cost of the business combination is in excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised, the excess is recognised as goodwill. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The non-controlling interest in the acquiree is measured at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

(iii) Acquisitions of non-controlling interests

The group accounts all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group recognises the difference between the proceeds from the disposal of the subsidiary and its carrying amount as of the date of disposal. If the Group retains any interest in the former subsidiary, that investment is accounted for as a financial asset from the date the entity ceases to be a subsidiary, provided that it does not become an associate or a jointly controlled entity. The carrying amount of the investment at the date that the entity ceases to be a subsidiary is regarded as the cost on initial measurement of the financial asset.

Intra-group balances and transactions, including income, expenses and dividends are eliminated in full in preparing the consolidated financial statements.

Unrealised profits and losses arising from transactions with equity-accounted associates and jointly controlled entities are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated only to the extent that there is evidence of an impairment of the asset transferred.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, including income, expenses and dividends are eliminated in full in preparing the consolidated financial statements.

Unrealised profits and losses arising from transactions with equity-accounted associates and jointly controlled entities are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated only to the extent that there is evidence of an impairment of the asset transferred.

b) Financial instruments

During the financial year, the Group and the Company adopted MFRS 9, Financial Instruments which replaces MFRS 139, Financial Instruments : Recognition and Measurement.

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, the Group and the Company has elected not to restate the comparatives. The financial effect of the changes in accounting policies are disclosed in Note 44 to the financial statements.

(i) Initial recognition and measurement

• **Current financial year**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

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

• **Previous financial year**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

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

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

(ii) Financial instrument categories and subsequent measurement

Financial assets

Current financial year

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

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

(A) Amortised cost

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

(B) Fair value through other comprehensive income

(i) Debt investments

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

(ii) Equity investments

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

(C) Fair value through profit or loss

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

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

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through comprehensive income, are subject to impairment assessment (see Note 3(g)(i)).

Previous financial year

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

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

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

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

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

(B) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group and the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(C) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(D) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedge items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 3(g)(i)).

Financial liabilities

Current financial year

At initial recognition, all financial liabilities are subsequently measured at fair value through profit or loss or at amortised cost.

(A) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

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

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

(B) Amortised cost

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

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

Previous financial year

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

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

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

(iii) Financial guarantee contracts

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

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

(iv) Regular way purchase or sales of financial assets

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

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:-

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

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

c) Financial instruments

Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost/valuation less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Costs also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost /valuation of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by end of the lease term. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. Freehold land is not depreciated as it has indefinite life. The principal annual rate of depreciation for other property, plant and equipment are as follows:-

	Rate %
Buildings	2
Furniture, fittings and equipment	10-20
Motor vehicles	20
Renovation	20

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

d) Leased assets

(i) Finance lease

Leases in terms of which the Group and the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Assets with unexpired economic life of 50 years and above will be classified as long term lease assets, whereas short term lease assets will be those assets with unexpired economic life of less than 50 years.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group and the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

e) Investment property

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 stated at cost less accumulated depreciation and accumulated impairment losses. Investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. Freehold land is not depreciated as it has indefinite life. The principal annual rate of depreciation for other investment properties are as follows:-

	Rate %
Buildings	2

The assets's residual values and useful lives are reviewed, and adjusted if appropriate, annually.

f) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

g) Impairment of assets

(i) Financial assets

During the financial year, the Group and the Company adopted MFRS 9, Financial Instruments which replaces MFRS 139, Financial Instruments : Recognition and Measurement.

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, the Company have elected not to restate the comparatives. The financial effect of the changes in accounting policies are disclosed in Note 45 to the financial statements.

Current financial year

The Group and the Company recognise loss allowances for expected credit losses on financial assets and financial guarantees measured at amortised cost or fair value through comprehensive income, except for investments in equity instruments, and interest in subsidiaries and associates.

The Group and the Company measures loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured as 12 months expected credit loss.

Loss allowances for trade receivable are always measured at an amount equal to lifetime expected credit loss.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument, while 12 months expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date.

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

Expected credit losses are a probability-weighted estimate of credit losses. The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

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

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

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

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

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

Previous financial year

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

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

(ii) Other assets

The carrying amounts of other assets (except for contract assets, deferred tax asset, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal group) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

h) Foreign currencies transactions and balances

Transactions denominated in foreign currencies are translated and recorded at the rates of exchange prevailing at the respective dates of transactions. At the end of each reporting period, foreign currency monetary assets and liabilities are retranslated into the functional currency using the exchange rates at the reporting date (i.e. the closing rate).

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the transaction (i.e. historical rate). Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in profit or loss (except for loans and advances that form part of the net investment in a foreign operation and transactions entered into in order to hedge foreign currency risks of net investments in foreign operations).

For loans and advances that form part of the net investment in a foreign operations, exchange differences are recognised in profit or loss in the separate financial statements of the parent Company and/or the individual financial statements of the foreign operation. In the consolidated financial statements that include the foreign operation, the gain or loss recognised in profit or loss in the separate and/or individual financial statements is reversed and recognised in the consolidated other comprehensive income and accumulated in an exchange translation reserve.

i) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

j) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group and the Company has a present legal or constructive obligation can be estimated reliably.

(ii) State plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred.

k) Provisions

A provision is recognised if, as a result of a past event, the Group and the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

l) Revenue and other income

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(i) Construction contracts

Revenue from contract works is recognised on a percentage of completion method. Percentage of completion is determined on the proportion of contract costs incurred for work performed to-date against total estimated costs where the outcome of the project 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.

Where the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

(ii) Services rendered

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to services performed to date as a percentage of total services to be performed.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(iv) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

m) Borrowing costs

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

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

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

n) Income tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

o) Operating segments

An operating segment is a component of the Group and the Company 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 and the Company's other components. All operating segments' operating results are reviewed regularly by the Chief Operating Decision Maker, which in this case is the Board of Directors of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

p) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statement of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

q) Fair value measurements

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

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

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

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

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

4. Property, plant and equipment

Group	Freehold land RM	Leasehold land RM	Buildings RM	Furniture, fittings and equipment RM	Motor vehicles RM	Renovation RM	Total RM
2018							
<u>At cost</u>							
Balance at 1 January 2018	697,870	760,000	6,403,385	730,927	2,571,488	281,730	11,445,400
Additions	-	-	-	357,968	767,226	-	1,125,194
Disposal	-	-	-	-	(96,452)	-	(96,452)
Reclassification	-	-	(435,992)	-	-	435,992	-
Transfer to investment properties	(437,870)	-	(1,751,480)	-	-	-	(2,189,350)
Balance at 31 December 2018	260,000	760,000	4,215,913	1,088,895	3,242,262	717,722	10,284,792
<u>Accumulated Depreciation</u>							
Balance at 1 January 2018	-	39,500	291,460	335,844	1,298,063	111,965	2,076,832
Charge for the financial year	-	15,200	89,518	121,036	568,712	341,082	1,135,548
Disposal	-	-	-	-	(96,452)	-	(96,452)
Reclassification	-	-	(52,823)	-	-	52,823	-
Transfer to investment properties	-	-	(60,102)	-	-	-	(60,102)
Balance at 31 December 2018	-	54,700	268,053	456,880	1,770,323	505,870	3,055,826
Net Book Value	260,000	705,300	3,947,860	632,015	1,471,939	211,852	7,228,966

Company	Freehold land RM	Leasehold land RM	Buildings RM	Furniture, fittings and equipment RM	Motor vehicles RM	Renovation RM	Total RM
2018							
<u>At cost</u>							
Balance at 1 January 2018	697,870	760,000	6,403,385	730,927	2,571,488	281,730	11,445,400
Additions	-	-	-	357,968	767,226	-	1,121,144
Disposal	-	-	-	-	(96,452)	-	(96,452)
Reclassification	-	-	(435,992)	-	-	435,992	-
Transfer to investment properties	(437,870)	-	(1,751,480)	-	-	-	(2,189,350)
Balance at 31 December 2018	260,000	760,000	4,215,913	1,088,895	3,242,262	717,722	10,280,742
<u>Accumulated Depreciation</u>							
Balance at 1 January 2018	-	39,500	291,460	335,844	1,298,063	111,965	2,076,832
Charge for the financial year	-	15,200	89,518	121,036	568,712	341,082	1,135,210
Disposal	-	-	-	-	(96,452)	-	(96,452)
Reclassification	-	-	(52,823)	-	-	52,823	-
Transfer to investment properties	-	-	(60,102)	-	-	-	(60,102)
Balance at 31 December 2018	-	54,700	268,053	456,880	1,770,323	505,870	3,055,488
Net Book Value	260,000	705,300	3,947,860	632,015	1,471,939	211,852	7,225,254

Company	Freehold land RM	Leasehold land RM	Buildings RM	Furniture, fittings and equipment RM	Motor vehicles RM	Renovation RM	Total RM
2017							
At cost							
Balance at 1 January 2017	137,750	760,000	4,162,905	635,597	2,120,010	99,780	7,916,042
Additions	560,120	-	2,240,480	95,330	565,692	181,950	3,643,572
Disposal	-	-	-	-	(114,214)	-	(114,214)
Balance at 31 December 2017	697,870	760,000	6,403,385	730,927	2,571,488	281,730	11,445,400
Accumulated Depreciation							
Balance at 1 January 2017	-	24,300	183,112	263,286	975,546	96,985	1,543,229
Charge for the financial year	-	15,200	108,348	72,558	422,731	14,980	633,817
Disposal	-	-	-	-	(100,214)	-	(100,214)
Balance at 31 December 2017	-	39,500	291,460	335,844	1,298,063	111,965	2,076,832
Net Book Value	697,870	720,500	6,111,925	395,083	1,273,425	169,765	9,368,568

- (i) The titles of the freehold land is in the process of being registered in the name of the Company.
- (ii) The freehold land, leasehold land and buildings at carrying amount of RM260,000 (2017 – RM697,870), RM705,300 (2017 – RM720,500) and RM3,947,860 (2017 – RM6,111,925) respectively have been pledged to licensed banks as securities for credit facilities granted to the Group and the Company.
- (iii) The leasehold land of the Group and of the Company have unexpired periods of lease of 92 (2017 – 91) years.
- (vi) The gross carrying amounts of fully depreciated property, plant and equipment of the Group and of the Company are as follows:-

	Group	Company	
	2018 RM	2018 RM	2017 RM
Furniture, fittings and equipment	218,039	218,039	171,906
Motor vehicles	685,136	685,136	182,888
Renovation	99,835	99,835	99,835
	1,003,010	1,003,010	454,629

- (v) The carrying amounts of property, plant and equipment under finance lease arrangements are as follows:-

	Group	Company	
	2018 RM	2018 RM	2017 RM
Motor vehicles	1,070,950	1,070,950	1,184,221

5. Investment properties

	Freehold lands RM	Buildings RM	Total RM
<u>Group and Company</u>			
2018			
<u>At cost</u>			
Balance at 1 January 2018	-	-	-
Additions	156,407	625,627	782,034
Transfer from property, plant and equipment	437,870	1,751,480	2,189,350
Balance at 31 December 2018	594,277	2,377,107	2,971,384

	Freehold lands RM	Buildings RM	Total RM
<u>Accumulated Depreciation</u>			
Balance at 1 January 2018	-	-	-
Charge for the financial year	-	55,517	55,517
Transfer from property, plant and equipment	-	60,102	60,102
Balance at 31 December 2017	-	115,619	115,619
Net Book Value	594,277	2,261,488	2,855,765

Investment properties of the Group and the Company comprise commercial and residential properties that are intended to be leased to third parties. No contingent rents are charged. During the financial year, two properties has been transferred from property, plant and equipment (see note 4) to investment property, since the building was no longer used by the Group and the Company and would be leased to third party.

The titles of freehold land are in the process of being registered in the name of the Company.

The freehold land and building at carrying amount of RM300,120 (2017 – Nil) and RM1,165,466 (2017 – Nil) respectively have been pledged to licensed bank as securities for credit facilities granted to the Group and the Company.

The fair values of investment properties of the Group and of the Company as at financial year end were RM3,634,710 (2017 – Nil). The fair values were arrived from Directors' estimation by reference to the actual transactions transacted for properties around the same vicinity.

Rental income of RM8,000 (2017 – Nil) is recognised in profit or loss in respect of the investment properties.

Fair value information

The fair value of investment properties of the Group and Company is categorised as follows:-

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<u>Group</u>				
2018				
Investment properties	-	-	3,634,710	3,634,710
<u>Company</u>				
2018				
Investment properties	-	-	3,634,710	3,634,710
<u>Company</u>				
2017				
Investment properties	-	-	-	-

6. Investment in subsidiary companies

	Company	
	2018 RM	2017 RM
At cost : - Unquoted shares	1,052	-

The details of the subsidiary companies are as follow:-

Name of subsidiary companies	Place of incorporation	Principal activity	Effective Ownership interest	
			2018 %	2017 %
KAB Construction Sdn. Bhd. #	Malaysia	General construction and property development	51	-
KAB Technologies Sdn. Bhd. #	Malaysia	Design, installation and commissioning of energy monitoring and saving software	100	-
KAB M&E Engineering Sdn. Bhd. #	Malaysia	Provision of electrical and mechanical services	100	-
KAB (HK) Investment Co., Ltd. *#	Hong Kong	Yet to commence business	100	-

The auditors' report of the subsidiary companies contains an emphasis of material uncertainty related to going concern.

* Audited by a firm other than Kreston John & Gan

7. Trade receivables

	Group	Company	
	2018 RM	2018 RM	2017 RM
Non-current assets			
Third parties	7,403,660	7,403,660	8,090,279
Current assets			
Third parties	33,403,769	33,403,769	29,461,972

The normal credit terms of trade receivables range from 30 to 90 days (2017 – 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables as at financial year end are retentions sum of RM15,112,047 (2017 – RM14,381,381) relating to construction contracts. Retentions sum are unsecured, interest-free and are expected to be collected as follows:-

	Group	Company	
	2018 RM	2018 RM	2017 RM
Within 1 year	7,708,387	7,708,387	6,291,102
More than 1 year and less than 2 years	3,642,742	3,642,742	3,343,056
More than 2 years and less than 5 years	3,760,918	3,760,918	4,747,223
	15,112,047	15,112,047	14,381,381

Analysis of retentions sum on deferred payment terms with discount rate of 6.2% (2017 – Nil) per annum, being the weighted average cost of capital of the Company as at financial year end, are as follows:-

	Group	Company	
	2018 RM	2018 RM	2017 RM
Nominal value	15,837,047	15,837,047	14,381,381
Discount	(725,000)	(725,000)	-
	15,112,047	15,112,047	14,381,381

8. Contract assets / liabilities

	Group	Company	
	2018 RM	2018 RM	2017 RM
Contract assets	27,349,530	27,349,530	13,515,262
Contract liabilities	(7,057,984)	(7,057,984)	(8,200,982)
Represented by :-			
Contract assets			
Aggregate cost recognised to date	192,358,298	192,358,298	156,912,913
Add: Attributable profits	51,373,922	51,373,922	36,769,206
	243,732,220	243,732,220	193,682,119
Less: Progress billings	(216,382,690)	(216,382,690)	(180,166,857)
	27,349,530	27,349,530	13,515,262

	Group	Company	
	2018 RM	2018 RM	2017 RM
Contract liabilities	110,331,387	110,331,387	86,402,524
Aggregate cost recognised to date	33,680,544	33,680,544	26,634,026
Add: Attributable profits			
	144,011,931	144,011,931	113,036,550
Less: Progress billings	(151,069,915)	(151,069,915)	(121,237,532)
	(7,057,984)	(7,057,984)	(8,200,982)

Included in progress billings are retentions sum of RM15,112,047 (2017 – RM14,381,381).

9. Other receivables, deposits and prepayments

	Group	Company	
	2018 RM	2018 RM	2017 RM
Non-trade			
Other receivables	2,710,565	2,710,565	798,900
Deposits	784,625	784,625	671,362
Prepayments	5,585	5,585	173,000
	3,500,775	3,500,775	1,643,262

10. Amount due from subsidiary companies

The amount due from subsidiary companies are unsecured, interest free and repayable on demand on cash and cash equivalents.

11. Deposits with licensed banks

The fixed deposits with licensed banks are pledged as security for bank credit facilities granted to the Group and the Company.

The interest rate of fixed deposits with licensed banks that was effective during the financial year is 3.08% (2017 – 2.65%) per annum.

12. Share capital

	Number of shares	Group and Company		
	2018	2017	2018 RM	2017 RM
Issued and fully paid				
Ordinary shares with no par value : -				
Balance at 1 January	320,000,000	1,000,000	320,000,000	1,000,000
Issuance of shares				
pursuant to bonuses issue	-	220,000,000	-	11,000,000
Sub-division of shares	-	19,000,000	-	-
Issuance of shares	-	80,000,000	-	20,000,000
Balance at 31 December	320,000,000	320,000,000	320,000,000	32,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

13. Retained profits

Under the single tier income tax system, the Company is not required to have tax credit under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of shareholder.

14. Non-controlling interest

	Group
	2018 RM
Balance at 1 January 2018	-
Share of non-controlling interest for subsidiary company incorporated during the financial year	490
Transferred from profit or loss	(5,970)
Balance at 31 December 2018	(5,480)

15. Borrowings

	Group	Company	
	2018 RM	2018 RM	2017 RM
Non-current liabilities			
<u>Secured</u>			
Term loans	4,750,787	4,750,787	5,187,632
Finance lease liabilities	532,042	532,042	708,912
	5,282,829	5,282,829	5,896,544
Current liabilities			
<u>Secured</u>			
Bank factoring	-	-	2,513,237
Trade finance	2,678,547	2,678,547	2,051,190
Bank overdrafts	1,129,837	1,129,837	2,828,835
Term loans	343,641	343,641	1,762,120
Finance lease liabilities	375,992	375,992	354,813
	4,528,017	4,528,017	9,510,195

	Group	Company	
	2018 RM	2018 RM	2017 RM
Total borrowings			
<u>Secured</u>			
Bank factoring (Note 16)	-	-	2,513,237
Trade finance (Note 17)	2,678,547	2,678,547	2,051,190
Bank overdrafts (Note 18)	1,129,837	1,129,837	2,828,835
Term loans (Note 19)	5,094,428	5,094,428	6,949,752
Finance lease liabilities (Note 20)	908,034	908,034	1,063,725
	9,810,846	9,810,846	15,406,739
Effective interest /expense rates : -	%	%	%
Bank factoring	-	-	17.70
Trade finance	3.86	3.86	0.82
Bank overdrafts	14.91	14.91	10.18
Term loans	6.57	6.57	6.37
Finance lease liabilities	10.02	10.02	3.88

16. Bank factoring

Group and Company

Secured

The bank factoring are secured by the following:-

- (i) assignment of contract proceeds from certain contract;
- (ii) a lien over fixed deposits of the Company;
- (iii) jointly and severally guaranteed by certain directors of the Company.

17. Trade finance

Group and Company

Secured

The trade finance are secured by the following:-

- (i) first party legal charge over freehold land and building and leasehold land and building of the Company as disclosed in Note 4 to the financial statements;
- (ii) a lien over fixed deposits of the Company;
- (iii) jointly and severally guaranteed by certain directors of the Company.

18. Bank overdraft

Group and Company

Secured

The bank factoring are secured by the following:-

- (i) first party legal charge over freehold land and building and leasehold land and building of the Company as disclosed in Note 4 to the financial statements;
- (ii) a lien over fixed deposits of the Company;
- (iii) jointly and severally guaranteed by certain directors of the Company.

19. Term loans

	Group		Company	
	2018 RM	2018 RM	2017 RM	
<u>Secured</u>				
Term loan 1	-	-	1,519,485	
Term loan 2	2,700,000	2,700,000	2,900,000	
Term loan 3	899,992	899,992	966,664	
Term loan 4	1,494,436	1,494,436	1,563,603	
	5,094,428	5,094,428	6,949,752	
Repayable as follows : -				
Non-current liabilities				
- later than one year and not later than two years				
Term loan 2	400,000	400,000	400,000	
Term loan 3	133,344	133,344	133,344	
Term loan 4	165,966	165,966	251,334	
	699,310	699,310	784,678	
- later than two years and not later than five years				
Term loan 2	600,000	600,000	600,000	
Term loan 3	200,016	200,016	200,016	
Term loan 4	279,644	279,644	266,829	
	1,079,660	1,079,660	1,066,845	
- later than five years				
Term loan 2	1,500,000	1,500,000	1,700,000	
Term loan 3	499,960	499,960	566,632	
Term loan 4	971,857	971,857	1,069,477	
	2,971,817	2,971,817	3,336,109	
	4,750,787	4,750,787	5,187,632	

	Group	Company	
	2018 RM	2018 RM	2017 RM
Current liabilities			
- not later than one year			
Term loan 1	-	-	1,519,485
Term loan 2	200,000	200,000	38,652
Term loan 3	66,672	66,672	161,384
Term loan 4	76,969	76,969	42,599
	343,641	343,641	1,762,120
	5,094,428	5,094,428	6,949,752

Secured

Term loan 1

The term loan 1 is secured by the following:-

- (i) a lien over fixed deposits of the Company;
- (ii) guaranteed by a third party, Syarikat Jaminan Pembiayaan Perniagaan Berhad;
- (iii) jointly and severally guaranteed by certain directors of the Company.

The term loan 1 is repayable by 60 monthly instalments of RM64,354.

Term loan 2

The term loan 2 is secured by the following:-

- (i) first party legal charge over freehold land and building and leasehold land and building of the Company as disclosed in Note 4 to the financial statements;
- (ii) a lien over fixed deposits of the Company;
- (iii) jointly and severally guaranteed by certain directors of the Company.

The term loan 2 is repayable by 180 monthly instalments of RM16,668.

Term loan 3

The term loan 3 is secured by the following:-

- (i) first party legal charge over freehold land and building and leasehold land and building of the Company as disclosed in Note 4 to the financial statements;
- (ii) a lien over fixed deposits of the Company;
- (iii) jointly and severally guaranteed by certain directors of the Company.

The term loan 3 is repayable by 180 monthly instalments of RM5,556.

Term loan 4

The term loan 4 is secured by the following : -

- (i) first party legal charge over freehold lands and buildings of the Company as disclosed in Note 5 to the financial statements;
- (ii) jointly and severally guaranteed by certain directors of the Company.

The term loan 4 is repayable by 280 monthly instalments of RM12,150.

20. Finance lease liabilities

	Group	Company	
	2018 RM	2018 RM	2017 RM
Minimum lease payments : -			
- not later than one year	408,613	408,613	399,984
- later than one year and not later than two years	407,990	407,990	598,305
- later than two years and not later than five years	157,786	157,786	200,108
	974,389	974,389	1,198,397
Less : Future interest charge	(66,355)	(66,355)	(134,672)
Present value of finance lease liabilities	908,034	908,034	1,063,725
Repayable as follows : -			
Non-current liabilities			
- later than one year and not later than two years	378,759	378,759	530,811
- later than two years and not later than five years	153,283	153,283	178,101
	532,042	532,042	708,912
Current liabilities			
- not later than one year	375,992	375,992	354,813
	908,034	908,034	1,063,725

The Group and the Company obtains finance lease facilities to finance their purchase of motor vehicles. The remaining finance lease terms are in the range from 1 to 5 years as at 31st December 2018. Implicit interest rate of the finance lease is fixed at the inception of the finance lease arrangements, and the finance lease instalments are fixed throughout the finance lease period. The Group has the option to purchase the assets at the end of the agreements. There are no significant restriction clauses imposed on the finance lease arrangements.

21. Deferred tax liabilities

	Group	Company	
	2018 RM	2018 RM	2017 RM
Balance at 1 January	77,795	77,795	45,851
Transferred from profit or loss (Note 30)	-	-	31,944
Balance at 31 December	77,795	77,795	77,795

The components and movements of deferred tax liability during the financial year prior to offsetting are as follows:-

Group	As at 1 January RM	Transfer from profit or loss RM	As at 31 December RM
Group			
2018			
Deferred tax liability			
Property, plant and equipment	77,795	-	77,795
Company			
2018			
Deferred tax liability			
Property, plant and equipment	77,795	-	77,795
Company			
2017			
Deferred tax liability			
Property, plant and equipment	45,851	31,944	77,795

22. Trade payables

	Group	Company	
	2018 RM	2018 RM	2017 RM
Non-current liabilities			
Third parties	2,465,690	2,465,690	3,538,220
Current liabilities			
Third parties	30,830,648	30,830,648	17,941,751

The normal credit terms of trade payables range from 30 to 120 days (2017 – 30 to 120 days). However, the credit terms may vary dependent on negotiation with the suppliers.

Included in trade payables as at financial year end are retentions sum of RM6,734,037 (2017 – RM6,082,253) relating to construction contracts. Retentions sum are unsecured, interest-free and are expected to be paid as follows:-

	Group	Company	
	2018 RM	2018 RM	2017 RM
Within 1 year	4,268,347	4,268,347	2,544,033
More than 1 year and less than 2 years	1,391,112	1,391,112	1,640,877
More than 2 years and less than 5 years	1,074,578	1,074,578	1,897,343
	6,734,037	6,734,037	6,082,253

Analysis of retentions sum on deferred payment terms with discount rate of 6.2% per annum, being the weighted average cost of capital of the Company as at financial year end, are as follows:-

	Group	Company	
	2018 RM	2018 RM	2017 RM
Nominal value	6,959,037	6,959,037	6,082,253
Discount	(225,000)	(225,000)	-
	6,734,037	6,734,037	6,082,253

23. Other payables and accruals

	Group	Company	
	2018 RM	2018 RM	2017 RM
Other payables	1,479,220	1,476,964	233,723
Accruals	989,370	964,644	695,746
	2,468,590	2,441,608	929,469

24. Revenue

	Group	Company	
	2018 RM	2018 RM	2017 RM
Revenue from contract customers	126,599,675	126,599,675	103,571,506
Revenue from sale of goods	12,496,292	12,496,292	10,980,351
	139,095,967	139,095,967	114,551,857
Timing of revenue:-			
- at a point in time	12,496,292	12,496,292	10,980,351
- over time	126,599,675	126,599,675	103,571,506
	139,095,967	139,095,967	114,551,857

25. Other income

	Group	Company	
	2018 RM	2018 RM	2017 RM
Fair value discount on payables	225,000	225,000	-
Gain on disposal of property, plant and equipment	35,000	35,000	-
Interest income	410,705	410,705	292,715
Rental income	8,000	8,000	-
Sundry income	97,650	97,650	177,126
	776,355	776,355	469,841

26. Finance costs

	Group	Company	
	2018 RM	2018 RM	2017 RM
Bank factoring interest	58,315	58,315	444,854
Bank overdraft interest	168,435	168,435	288,053
Fair value discount on receivables	725,000	725,000	-
Finance lease interest	91,018	91,018	41,259
Term loan interest	334,575	334,575	442,776
Trade finance interest	103,327	103,327	16,731
	1,480,670	1,480,670	1,233,673

27. Profit before taxation

	Group	Company	
	2018 RM	2018 RM	2017 RM
This is arrived at after charging : -			
Auditors' remuneration			
- current financial year			
- Kreston John & Gan	113,500	110,000	-
- other auditors	4,239	-	80,000
- overprovision in prior financial year			
- other auditors	(6,000)	(6,000)	(7,000)
Depeciation			
- property, plant and equipment	1,135,548	1,135,548	633,817
- investment properties	55,517	55,517	-
Employee benefits expense (Note 28)	8,691,351	8,691,351	6,680,683
Hire of machinery	29,209	29,209	42,540
Loss on disposal of			
property, plant and equipment	-	-	14,001
Rental of premises	95,083	95,083	114,379
and crediting:-			
Fair value discount on payables	225,000	225,000	-
Gain on disposal of			
property, plant and equipment	35,000	35,000	-
Interest income	410,705	410,705	292,715
Rental income	8,000	8,000	-

28. Employee benefits expense

	Group	Company	
	2018 RM	2018 RM	2017 RM
Salaries, bonus, wages and allowances	7,020,425	6,988,207	5,546,596
Employees Provident Fund	1,026,165	1,022,489	660,269
Employment Insurance System	8,945	8,901	-
Social security cost	79,578	79,195	55,795
Other staff related expenses	556,238	549,338	418,023
	8,691,351	8,648,130	6,680,683

Included in employee benefits expense of the Group and of the Company are executive directors' emoluments excluding benefits-in-kind, amounting to RM2,289,312 (2017 – RM1,368,407) as disclosed in Note 29 to the financial statements.

29. Directors' emoluments

	Group	Company	
	2018 RM	2018 RM	2017 RM
Directors of the Company			
Executive directors			
- emoluments	2,072,944	2,072,944	1,269,047
- Employees Provident Fund	216,368	216,368	99,360
Non-executive directors			
- fees	180,000	180,000	170,025
Total excluding benefits-in-kind	2,469,312	2,469,312	1,538,432

30. Income tax expense

	Group	Company	
	2018 RM	2018 RM	2017 RM
Tax provision for the financial year	3,630,000	3,630,000	3,118,534
Underprovision of taxation in previous financial year	227,912	227,912	258,447
Deferred taxation (Note 21)	-	-	31,944
	3,857,912	3,857,912	3,408,925

Income tax is calculated at the Malaysian statutory tax rates of 24% (2017 – 24%) of the estimated assessable profit for the financial year.

The numerical reconciliation between the effective tax rate and the applicable tax rate is as follows:-

	Group	Company	
	2018 RM	2018 RM	2017 RM
Applicable tax rate	24	24	24
Non-allowable expenses	5	5	10
Non-taxable income	-	-	(3)
Underprovision of taxation in previous financial year	2	2	3
Effective tax rate	31	31	34

31. Earnings per share

Basic:

Basic earnings per share is calculated by dividing the profit for the financial year attributable to ordinary shareholders by weighted average number of ordinary shares in issue during the financial year as follows:-

	Group
	2018 RM
Profit for the financial year attributable to ordinary owners of the Company	8,562,715
	2018 Unit
Weighted average number of ordinary shares in issue	320,000,000
	2018 Sen
Basic earnings per share	2.68

Diluted:

Diluted earnings per share is not computed as the Group and the Company did not have any convertible financial instruments as at 31 December 2018.

32. Dividends paid

The interim dividends paid in respect of financial year ended 31 December are as follows:-

	2018 RM	2017 RM
- 1st interim single-tier dividend of RM0.005 per share paid on 6 April 2018	1,600,000	-
- 2nd interim single-tier dividend of RM0.005 per share paid on 11 October 2018	1,600,000	-
	3,200,000	-

The directors do not recommend any final dividend for the financial year ended 31 December 2018.

33. Purchase of property, plant and equipment

During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:-

	Group	Company	
	2018 RM	2018 RM	2017 RM
Purchase of property, plant and equipment (Note 4)	1,125,194	1,121,144	3,643,572
Financed by finance lease arrangements	(220,000)	(220,000)	(378,000)
	905,194	901,144	3,265,572

34. Purchase of investment properties

During the financial year, the Group and the Company made the following cash payments to purchase investment properties:-

	Group	Company	
	2018 RM	2018 RM	2017 RM
Purchase of investment properties (Note 5)	782,034	782,034	-
Contra from trade receivables	(782,034)	(782,034)	-
	-	-	-

35. Changes in liabilities arising from financing activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes as follows:-

	At 1 January 2018 RM	Cash flows RM	At 31 December 2018 RM
Bank factoring	2,513,237	(2,513,237)	-
Trade finance	2,051,190	627,357	2,678,547
Term loans	6,949,752	(1,855,324)	5,094,428
Finance lease liabilities	1,063,725	(155,691)	908,034
	12,577,904	(3,896,895)	8,681,009

36. Cash and cash equivalents

	Group 2018 RM	Company 2018 RM	2017 RM
Cash and bank balances	10,510,914	10,468,343	11,902,017
Bank overdraft (Note 18)	(1,129,837)	(1,129,837)	(2,828,835)
Deposits with licensed banks (Note 11)	9,194,209	9,194,209	16,243,790
	18,575,286	18,532,715	25,316,972
Less : - pledged deposits (Note 11)	(9,194,209)	(9,194,209)	(16,243,790)
	9,381,077	9,338,506	9,073,182

37. Segment information

No segment reporting by industry and geographical segments has been prepared as the Group and the Company operated predominantly in the provision of electrical and mechanical engineering services and their subsidiary companies are newly incorporated during the financial year and remained inactive as at the end of the financial year.

The following is major customer with revenue equal or more than 10% of the Group's or the Company's total revenue:-

	Group 2018 RM	Company 2018 RM	2017 RM
- customer A	3,695,498	3,695,498	15,556,797
- customer B	29,536,509	29,536,509	7,052,465
- customer C	15,737,832	15,737,832	3,673,522
	48,969,839	48,969,839	26,282,784

38. Financial instruments

a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:-

- (i) Financial assets measured at amortised cost ("FAAC").
- (ii) Financial liabilities measured at amortised cost ("FLAC").

	Carrying amount RM	FAAC RM	FLAC RM
Group 2018			
Financial assets			
Trade receivables	40,807,429	40,807,429	-
Contract assets	27,349,530	27,349,530	-
Other receivables and deposits	3,495,190	3,495,190	-
Deposits with licensed banks	9,194,209	9,194,209	-
Cash and bank balances	10,510,914	10,510,914	-
	91,357,272	91,357,272	-
Financial liabilities			
Trade and other payables	(33,296,338)	-	(33,296,338)
Contract liabilities	(7,057,984)	-	(7,057,984)
Other payables and accruals	(2,468,590)	-	(2,468,590)
Borrowings	(9,810,846)	-	(9,810,846)
	(52,633,758)	-	(52,633,758)
Company 2018			
Financial assets			
Trade receivables	40,807,429	40,807,429	-
Contract assets	27,349,530	27,349,530	-
Other receivables and deposits	3,495,190	3,495,190	-
Amount due from subsidiary companies	156,335	156,335	-
Deposits with licensed banks	9,194,209	9,194,209	-
Cash and bank balances	10,468,343	10,468,343	-
	91,471,036	91,471,036	-
Financial liabilities			
Trade payables	(33,296,338)	-	(33,296,338)
Contract liabilities	(7,057,984)	-	(7,057,984)
Other payables and accruals	(2,441,608)	-	(2,441,608)
Borrowings	(9,810,846)	-	(9,810,846)
	(52,606,776)	-	(52,606,776)

	Carrying amount RM	FAAC RM	FLAC RM
2017			
Financial assets			
Trade receivables	37,552,251	37,552,251	-
Contract assets	13,515,262	13,515,262	-
Other receivables and deposits	1,470,262	1,470,262	-
Deposits with licensed banks	16,243,790	16,243,790	-
Cash and bank balances	11,902,017	11,902,017	-
	80,683,582	80,683,582	-
Financial liabilities			
Trade payables	(21,479,971)	-	(21,479,971)
Contract liabilities	(8,200,982)	-	(8,200,982)
Other payables and accruals	(929,469)	-	(929,469)
Borrowings	(15,406,739)	-	(15,406,739)
	(46,017,161)	-	(46,017,161)

b) Gains and losses arising from financial instruments

	Group	Company	
	2018 RM	2018 RM	2017 RM
Net gains /(losses) on:-			
Financial assets			
measured at amortised cost	410,705	410,705	292,715
Financial liabilities			
measured at amortised cost	(1,255,670)	(1,255,670)	(1,233,673)
	(844,965)	(844,965)	(940,958)

c) Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments:-

- Credit risk
- Liquidity and cash flow risk
- Market risk
- Operational risk

(i) Credit risk

Credit risk is the risk of a financial loss to the Group or to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its receivables from customers and subsidiary companies.

Receivables

Risk management objectives, policies and processes for managing the risk

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's and the Company's associations to business partners with high credit worthiness. The Group and the Company also has an internal credit review which is conducted if the credit risk is material. Trade receivables are monitored on an ongoing basis via Group and Company management reporting procedures.

Exposure to credit risk, credit quality and collateral

As at 31 December 2018, the Group and the Company has significant concentration of credit risk in the form of outstanding balance of approximately RM6,100,000 due from three trade receivables which represents 15% of the total trade receivables of the Group and of the Company. However, the directors are of the opinion that these amount outstanding is fully recoverable. Credit risk and receivables are monitored on an ongoing basis. These procedures substantially mitigate credit risk of the Group and of the Company.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group and the Company. The Group and the Company use ageing analysis to monitor the credit quality of the receivables. Any past due receivables having significant balances, which are deemed to have higher credit risk, are monitored individually.

The trade receivables are not secured by any collateral or supported by any other credit enhancements.

Expected credit losses ("ECL") assessment for trade receivables as at 1 January 2018 and 31 December 2018

The Group and the Company use an allowance matrix to measure the ECLs of trade receivables from individual customers.

To measure the expected credit losses, trade receivables have been grouped based on credit risk and days past due.

Where a trade receivable has a low credit risk, it is excluded from the allowance matrix and its ECL is assessed individually by considering historical payment trends and financial strength of the receivable.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2018:-

	Gross RM	Loss allowance RM	Net RM
Group 2018			
Not past due	18,001,734	-	18,001,734
Past due Over 90 days	7,693,648	-	7,693,648
Retention sums	15,112,047	-	15,112,047
	40,807,429	-	40,807,429

	Gross RM	Loss allowance RM	Net RM
Company 2018			
Not past due	18,001,734	-	18,001,734
Past due Over 90 days	7,693,648	-	7,693,648
Retention sums	15,112,047	-	15,112,047
	40,807,429	-	40,807,429

Comparative under MFRS 139 Financial Instruments

An analysis of the credit quality of trade receivables that were neither past due nor impaired and the aging of trade receivables that were past due but not impaired as at 1 January 2018 is as follows:-

	Gross RM	Individual impairment RM	Net RM
Company 2017			
Not past due	19,967,260	-	19,967,260
Past due Over 90 days	3,473,610	-	3,473,610
Retention sums	14,381,381	-	14,381,381
	37,822,251	-	37,822,251

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

Movements in the allowance for impairment losses in respect of trade receivables

On the date of initial application of MFRS 9, there was no adjustment on the ending balance of the allowance for impairment losses reported under the previous MFRS 139 to derive the opening balance allowance for impairment losses determined in accordance with MFRS 9.

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

Expected credit loss of other receivables

Expected credit loss of other receivables is determined individually after considering the financial strength of the other receivables. Based on management's assessment, the probability of the default of these receivables is low and hence, no loss allowance has been made.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to its subsidiary companies. The Company monitors the results of the subsidiary companies regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiary companies are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiary companies.

(ii) **Liquidity and cash flow risk**

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group and the Company maintain a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet their liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:-

	Carrying amount RM	Effective interest/ expense rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Group 2018							
Non-derivative financial liabilities							
Retentions							
(included in trade payables)	6,734,037	6.20	6,959,037	4,268,347	1,477,361	1,213,329	-
Trade payables	26,562,301	-	26,562,301	26,562,301	-	-	-
Contract liabilities	7,057,984	-	7,057,984	7,057,984	-	-	-
Other payables and accruals	2,468,590	-	2,468,590	2,468,590	-	-	-
Trade finance	2,678,547	3.86	2,678,547	2,678,547	-	-	-
Bank overdrafts	1,129,837	14.91	1,129,837	1,129,837	-	-	-
Term loans	5,094,428	6.57	5,094,428	343,641	699,310	1,079,660	2,971,817
Finance lease liabilities	908,034	10.02	974,389	408,613	407,990	157,786	-
	52,633,758		52,925,113	44,917,860	2,584,661	2,450,775	2,971,817
Company 2018							
Non-derivative financial liabilities							
Retentions							
(included in trade payables)	6,734,037	6.20	6,959,037	4,268,347	1,477,361	1,213,329	-
Trade payables	26,562,301	-	26,562,301	26,562,301	-	-	-
Contract liabilities	7,057,984	-	7,057,984	7,057,984	-	-	-
Other payables and accruals	2,441,608	-	2,441,608	2,441,608	-	-	-
Trade finance	2,678,547	3.86	2,678,547	2,678,547	-	-	-
Bank overdrafts	1,129,837	14.91	1,129,837	1,129,837	-	-	-
Term loans	5,094,428	6.57	5,094,428	343,641	699,310	1,079,660	2,971,817
Finance lease liabilities	908,034	10.02	974,389	408,613	407,990	157,786	-
	52,606,776		52,898,131	44,890,878	2,584,661	2,450,775	2,971,817

Company 2017	Carrying amount RM	Effective interest/ expense rate %	Contratual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Non-derivative financial liabilities							
Retentions							
(included in trade payables)	6,082,253	-	6,082,253	2,544,033	1,640,877	1,897,343	-
Trade payables	15,397,718	-	15,397,718	15,397,718	-	-	-
Contract liabilities	8,200,982	-	8,200,982	8,200,982	-	-	-
Other payables and accruals	929,469	-	929,469	929,469	-	-	-
Bank factoring	2,513,237	17.70	2,513,237	2,513,237	-	-	-
Trade finance	2,051,190	0.82	2,051,190	2,051,190	-	-	-
Bank overdrafts	2,828,835	10.18	2,828,835	2,828,835	-	-	-
Term loans	6,949,752	6.37	6,949,752	1,762,120	784,678	1,066,845	3,336,109
Finance lease liabilities	1,063,725	3.88	1,198,397	399,984	598,305	200,108	-
	46,017,161		46,151,833	36,627,568	3,023,860	3,164,296	3,336,109

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest/expense rates and other prices that will affect the Group's and the Company's financial position or cash flows.

Interest/Expense rate risk

The Group's and the Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest /expense rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest/expense rates. Short term investments such as deposits with licensed banks are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

Exposure to interest /expense rate risk

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

	2018 RM	Effective interest rate %	2017 RM	Effective interest rate %
<u>Group and Company</u>				
<u>Fixed rate instruments</u>				
Deposits with				
licensed banks	9,194,209	3.08	16,243,790	2.65
Finance lease liabilities	(908,034)	10.02	(1,063,725)	3.88
<u>Floating rate instruments</u>				
Bank factoring	-	-	(2,513,237)	17.70
Trade finance	(2,678,547)	3.86	(2,051,190)	0.82
Bank overdrafts	(1,129,837)	14.91	(2,828,835)	10.18
Term loans	(5,094,428)	6.57	(6,949,752)	6.37

Interest rate risk sensitivity analysis:-

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

At the reporting date, if interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM6,063 (2017 – RM11,924) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(iv) Operational risk

The operational risk arises from the daily activities of the Group and of the Company which includes legal, credit reputation and financing risk and other risks associated to daily running of its business operations.

Such risks are mitigated through proper authority levels of approval limits, clear reporting structure, segregation of duties, policies and procedures implemented and periodic management meetings.

In dealing with its stewardship, the directors recognise that effective risk management is an integral part of good business practice.

The directors will pursue an ongoing process of identifying, assessing and managing key business areas, overall operational and financial risks faced by the business units as well as regularly reviewing and enhancing risk mitigating strategies with its appointed and key management personnel.

d) Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair value due to the relatively short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near to the reporting date.

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

	Fair value of financial instruments not carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 4 RM	Level 1 RM	Level 2 RM	Level 3 RM	Level 4 RM		
Group 2018										
Financial assets										
Retentions sum (included in trade receivables)	-	-	7,403,660	7,403,660	-	-	-	-	7,403,660	7,403,660
Financial liabilities										
Retentions sum (included in trade payables)	-	-	2,465,690	2,465,690	-	-	-	-	2,465,690	2,465,690
Term loans	-	-	-	-	-	-	3,768,798	3,768,798	3,768,798	4,750,787
Finance lease liabilities	-	-	-	-	-	-	501,187	501,187	501,187	532,042
	-	-	2,465,690	2,465,690	-	-	4,269,985	4,269,985	6,735,675	7,748,519
Company 2018										
Financial assets										
Retentions sum (included in trade receivables)	-	-	7,403,660	7,403,660	-	-	-	-	7,403,660	7,403,660

	Fair value of financial instruments not carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 4 RM	Level 1 RM	Level 2 RM	Level 3 RM	Level 4 RM		
Financial liabilities										
Retentions sum (included in trade payables)	-	-	2,465,690	2,465,690	-	-	-	-	2,465,690	2,465,690
Term loans	-	-	-	-	-	-	3,768,798	3,768,798	3,768,798	4,750,787
Finance lease liabilities	-	-	-	-	-	-	501,187	501,187	501,187	532,042
	-	-	2,465,690	2,465,690	-	-	4,269,985	4,269,985	6,735,675	7,748,519
Company 2017										
Financial assets										
Retentions sum (included in trade receivables)	-	-	7,403,660	7,403,660	-	-	-	-	7,403,660	7,403,660
Financial liabilities										
Retentions sum (included in trade payables)	-	-	3,538,220	3,538,220	-	-	-	-	3,538,220	3,538,220
Term loans	-	-	-	-	-	-	4,130,459	4,130,459	4,130,459	5,187,632
Finance lease liabilities	-	-	-	-	-	-	739,884	739,884	739,884	532,042
	-	-	3,538,220	3,538,220	-	-	4,870,343	4,870,343	8,408,563	9,257,894

Level 1 fair value

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

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2017 - no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following shows the valuation techniques used in the determination of fair values within Level 3 for financial instruments not carried at fair value, as well as the key unobservable inputs used in the valuation models.

Type	Description of valuation technique and inputs used
Retentions sum	Discounted cash flows using a rate based on the weighted average cost of capital of the Group and the Company at the reporting date.
Borrowings	Discounted cash flows using a rate based on the current market rate of borrowing of the Group and the Company at the reporting date.

39. Capital management

The Group and the Company manage their capital to ensure that the Group and the Company 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 and the Company may take 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.

The Group and the Company manage their capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as total borrowings from financial institutions divided by total equity.

	Group	Company	
	2018 RM	2018 RM	2017 RM
Total borrowings	9,810,846	9,810,846	15,406,739
Total equity	48,256,748	48,256,748	42,899,451
Debt-to-equity ratio	0.20	0.20	0.36

There was no change in the Group's and the Company's approach to capital management during the financial year.

40. Capital commitment

	Group	Company	
	2018 RM	2018 RM	2017 RM
Capital commitment to purchase of investment properties			
- Authorised and contracted for	275,035	275,035	-

41. Contingent liabilities

	Group	Company	
	2018 RM	2018 RM	2017 RM
<u>Secured</u>			
Bankers' guarantees issued in favour of third parties secured by deposits with licensed banks in respect of contract works	13,401,658	13,401,658	9,219,179

The directors are of the opinion that adequate allowance has been made in the financial statements for any possible liabilities.

42. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all the Directors of the Group and of the Company, and certain members of the senior management of the Group and of the Company.

The Group and the Company have related party relationship with their directors and key management personnel.

Significant related party transactions

Related party transactions entered into the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are show below. The related party balances are shown in Note 10 to the financial statements.

Compensation of key management personnel

The remuneration paid by the Group and the Company to key management personnel during the financial year are as follows:-

	Group	Company	
	2018 RM	2018 RM	2017 RM
<u>Directors</u>			
<u>Executive directors</u>			
Short-term employee benefits	2,072,944	2,072,944	1,269,047
Post-employment benefits:-			
- defined contribution plan - EPF	216,368	216,368	99,360
<u>Non-executive directors</u>			
Short-term employee benefits	180,000	180,000	170,025
	2,469,312	2,469,312	1,538,432

43. Events after the reporting period

- a) On 10 December 2018, Mercury Securities Sdn. Bhd. ("Mercury Securities") had announced on behalf of the Board of Directors of the Company that the Company proposed to undertake a special issue of up to 34,000,000 new ordinary shares in the Company to Bumiputera investors to be identified and/or approved by the Ministry of International Trade and Industry ("MITI"), at an issue price to be determined at a later date after obtaining all relevant approvals ("Special Issue"). The Special Issue is undertaken to comply with the Bumiputera equity condition of ensuring at least 12.5% of the Company's enlarged share capital to be allocated or held by Bumiputera investors recognised by the MITI. The Special Issue had been approved by the Company's shareholders on 3 January 2019.

On 10 December 2018, Mercury Securities had on behalf of the Company submitted an application to the Securities Commission Malaysia ("SC") for an extension of time of 6 months from 31 December 2018 to 30 June 2019 for the Company to comply with the Bumiputera Equity Condition. The SC had on 11 February 2019 approved the said application.

- b) On 25 February 2019, the directors declared the payment of an interim single-tier dividend of RM0.005 per ordinary share in respect of the financial year ending 31 December 2019 totalling RM1,600,000, payable on 4 April 2019.

44. Changes in accounting policy

Classification of financial assets and financial liabilities upon adoption of MFRS 9

The following table shows the initial measurement under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Company's financial assets and liabilities as at 1 January 2018 based on the business model assessment done.

	Classification under MFRS 139	New classification under MFRS 9	Carrying amount under MFRS 139 RM	Carrying amount under MFRS 9 RM
Financial assets				
Trade receivables	Loans and receivables	Amortised cost	37,552,251	37,552,251
Contract assets	Loans and receivables	Amortised cost	13,515,262	13,515,262
Other receivables and deposits	Loans and receivables	Amortised cost	1,470,262	1,470,262
Deposits with licensed banks	Loans and receivables	Amortised cost	16,243,790	16,243,790
Cash and bank balances	Loans and receivables	Amortised cost	11,902,017	11,902,017
Financial liabilities				
Trade payables	Financial liabilities measured at amortised cost	Financial liabilities measured at amortised cost	21,479,971	21,479,971
Contract liabilities	Financial liabilities measured at amortised cost	Financial liabilities measured at amortised cost	8,200,982	8,200,982
Other payables and accruals	Financial liabilities measured at amortised cost	Financial liabilities measured at amortised cost	929,469	929,469
Borrowings	Financial liabilities measured at amortised cost	Financial liabilities measured at amortised cost	15,406,739	15,406,739

Trade receivables, contract assets, other receivables and deposits, deposits with licensed banks and cash and bank balances are reclassified from loan and receivables to amortised cost under MFRS 9. There are no changes in the allowance for impairment of trade receivables that was recognised in opening retained profits at 1 January 2018.

45. Comparative figures

- a) The following comparative figures have been reclassified to conform with the current period's presentation:-

	Company	
	As reclassified RM	As previously reported RM
Non-current assets		
Trade receivables	8,090,279	-
Current assets		
Trade receivables	29,461,972	27,552,251
Non-current liabilities		
Trade payables	3,538,220	-
Current liabilities		
Trade payables	17,941,751	21,479,971
Borrowings		
- Bank factoring	2,513,237	4,564,427
- Trade finance	2,051,190	-
Administrative expense	11,014,388	11,031,119
Finance costs	1,233,673	1,216,942
Employee benefits expense	6,680,683	7,899,076
Directors' emoluments	1,538,432	1,536,810

- b) The comparative figures were audited by another firm of auditors who expressed unmodified opinion on those statements on 19 March 2018.
- c) This being the first set of group financial statements, there are no comparative figures.

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

We, Dato' Lai Keng Onn and Choong Gaik Seng, being two of the directors of Kejuruteraan Asastera Berhad, do hereby state on behalf of the directors that in our opinion, the financial statements set out on pages 48 to 115 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 state of affairs of the Group and of the Company at 31 December 2018 and of the results and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors

Dato' Lai Keng Onn

Choong Gaik Seng

Kuala Lumpur,
Date: 28 March 2019

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

I, Dato' Lai Keng Onn, NRIC: 680914-07-5853, being the director primarily responsible for the financial management of Kejuruteraan Asastera Berhad, do solemnly and sincerely declare that the financial statements set out on pages 48 to 115, to the best of my knowledge and belief, are correct.

And, I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
at Kuala Lumpur
this 28 March 2019

Before me

Lai Din (W668)
Commissioner for Oaths

Dato' Lai Keng Onn

Location and address of property	Brief description and existing use	Land/ Built-Up Area (sq meters)	Age of Building (Years)	Tenure and Year of Expiry	Date of Acquisition (A)/ Valuation (V)	Audited Net Book Value As At 31.12.2018 (RM)
PM 8456, Lot 101280, Mukim of Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur Property address: No.18, Jalan Radin Bagus 9, Bandar Baru Seri Petaling, 57000 Kuala Lumpur.	Three-storey shop office currently used as our Company's headquarters	N/A / 190 square meters	4	99-year leasehold, expiring on 5 April 2110 (i.e. remaining tenure of approximately 91 years as at Dec'18)	23 Mar 2017 (V)	4,118,380
HSD 13198, PT 8891, Mukim Kajang, Daerah Ulu Langat, Negeri Selangor Darul Ehsan Property address: No. 86, Jalan Taming 5, Taming Jaya Industrial Park, 43300 Balakong, Selangor Darul Ehsan.	One and half storey terrace factory as warehouse	N/A / 222.96 square meters	2	Freehold	28 April 2017 (V)	1,256,667
GRN 190203, Lot 128236, Mukim Klang, Daerah Klang, Negeri Selangor Property address: Lot No.19 Gravit 8, PT 128236 Kota Bayu Emas/KS9, 42000 Pel. Klang, Selangor	Three storey Shop Office	N/A / 153 square meters	2	Freehold	18 May 2017 (A)	1,465,586
GRN 298284, Lot 62011, Mukim Pekan Country Height, Dareah Petaling, Negeri Selangor Darul Ehsan Property address: E-3-2 Subang Parkhomes Persiaran Kemajuan, 47500 Subang jaya, Selangor	Residential	N/A / 117.43 square meters	7	Freehold	6 May 2011 (A)	619,875
GRN Mukim 283, Lot 1098, Tempat Batu 8, Jalan Kuala Lumpur, Mukim Ceras Daerah Hulu Langat, Negeri Selangor Property address: B-19-07 Green Residence Condo, Jalan Sayang 1, Taman Rasa Sayang, 43200 Batu 9 Cheras, Selangor	Residential	N/A / 144.65 square meters	1	Freehold	1 June 2018 (A)	770,303

ANALYSIS OF SHAREHOLDINGS AS AT 22 MARCH 2019

Issued and Fully Paid-up Capital	:	RM32,000,000 divided into 320,000,000 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

SHAREHOLDING DISTRIBUTION SCHEDULE

(AS PER THE RECORD OF DEPOSITORS)

No. of Shareholders	Size of Shareholdings	No. of Shares Held	% of Shares
402	1 to 1,000	289,000	0.09
1111	1,001 to 10,000	5,080,900	1.59
785	10,001 to 100,000	31,131,300	9.73
159	100,001 to less than 5% of issued shares	99,498,800	31.09
2	5% and above of issued shares	184,000,000	57.50
2,459	Total	320,000,000	100.00

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS

(AS PER THE RECORD OF DEPOSITORS)

Name of Shareholders	No. of Shares Held	Percentage (%)
1. Lai Keng Onn	144,000,000	45.00
2. GAT Success (M) Sdn Bhd	40,000,000	12.50
3. Choong Gaik Seng	12,000,000	3.75
4. Lotus Win Sdn Bhd	12,000,000	3.75
5. Chong Ching Yee	5,495,000	1.72
6. UOBM Nominees (Tempatan) Sdn Bhd - UOBM for Faith Chow Poh Ten (PBM)	4,800,000	1.50
7. Yap Shuh Jian	3,670,000	1.15
8. Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank for Yoong Kah Yin (MY2443)	3,140,000	0.98
9. Lim Gek Shan	2,424,200	0.76
10. Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank For Tan Chin Hooi (MP0137)	2,050,000	0.64
11. Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Solomon Tan Yiin Yuh	1,550,000	0.48
12. Ooi Sing Hwat	1,400,000	0.44
13. Neo Yiap Seng	1,382,300	0.43
14. Lim Lai Peng	1,293,000	0.40
15. Chu Ah Kim @ Chow Sin Thiam	1,210,000	0.38
16. Oan Yee Lai	1,200,000	0.38
17. Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Tan Chee Hiang (E-SS2/KDA)	1,130,000	0.35
18. Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Lim Gek Shan	1,008,600	0.32
19. Chan Pey Kheng	1,000,000	0.31
20. Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank For Cheong Ho Leng (MY0083)	1,000,000	0.31

Name of Shareholders	No. of Shares Held	Percentage (%)
21. Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Tan Eng Sia	1,000,000	0.31
22. Sim Seow Heng	1,000,000	0.31
23. Tan Lan King	1,000,000	0.31
24. Teng Chuan Heng	1,000,000	0.31
25. Lim Chee Wieh	837,000	0.26
26. Soh Teck Hock	820,000	0.26
27. Koh King Chiew	797,300	0.25
28. Tee Kim Gek	750,000	0.23
29. Dato' Ng Aik Kee	709,300	0.22
30. AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Loh Chai Keong (8125084)	700,000	0.22
Total	250,366,700	78.23

DIRECTORS' SHAREHOLDINGS

(AS PER THE REGISTER OF DIRECTORS SHAREHOLDINGS)

Name of Directors	No. of Shares Held			
	Direct	Percentage (%)	Indirect	Percentage (%)
Dato' Lai Keng Onn	144,000,000	45.00	40,000,000 ⁽ⁱ⁾	12.50
Choong Gaik Seng	12,000,000	3.750	-	-
Datin Chan Pey Kheng	1,520,000	0.475	-	-
Goh Kok Boon	300,000	0.094	-	-
Lu Chee Leong	100,000	0.031	-	-

Note:

⁽ⁱ⁾ Deemed interested through shares held by GAT Success (M) Sdn Bhd pursuant to Section 8 of the Companies Act 2016

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS)

Name of Shareholders	No. of Shares Held			
	Direct	Percentage (%)	Indirect	Percentage (%)
Dato' Lai Keng Onn	144,000,000	45.00	40,000,000 ⁽ⁱ⁾	12.50
GAT Success (M) Sdn Bhd	40,000,000	12.50	-	-

Note:

⁽ⁱ⁾ Deemed interested through shares held by GAT Success (M) Sdn Bhd pursuant to Section 8 of the Companies Act 2016

NOTICE IS HEREBY GIVEN that the Twenty-Second Annual General Meeting of KEJURUTERAAN ASASTERA BERHAD will be held at Function Room 5, Level 2, Hotel Sri Petaling Kuala Lumpur located at 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, Malaysia on Thursday, 16 May 2019 at 9.00 a.m. to transact the following businesses:-

AGENDA

Ordinary Business

- | | | |
|----|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon. | [Please refer to Explanatory Note 1] |
| 2. | To approve the aggregate Directors' fees payable to the Directors of the Company for an amount not exceeding RM279,000.00 for the financial year ending 31 December 2019. | Resolution 1 |
| 3. | To re-elect the following directors who retire pursuant to Clause 127 of the Constitution of the Company:-
i) Choong Gaik Seng
ii) Lu Chee Leong | Resolution 2
Resolution 3 |
| 4. | To re-elect the following directors who retire pursuant to Clause 132 of the Constitution of the Company:-
i) Goh Kok Boon
ii) Dato' Chan Chee Hong | Resolution 4
Resolution 5 |
| 5. | To re-appoint Messrs Kreston John & Gan as Auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 6 |

Special Business

To consider and, if thought fit, to pass the following resolutions with or without modifications, as Ordinary/Special Resolutions of the Company:-

- | | | |
|----|--|---------------------|
| 6. | Ordinary Resolution
Authority to allot and issue shares | Resolution 7 |
| | <p>"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to allot shares in the Company from time to time at such price, upon such terms and conditions, and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued on the Bursa Securities AND FURTHER THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."</p> | |

7. **Special Resolution**
Proposed Alteration of the Constitution by replacing with a New Constitution **Resolution 8**
("Proposed Alteration")

"THAT the existing Constitution of the Company be hereby altered by replacing with a new Constitution as set out in the Appendix I attached to the 2018 Annual Report with effect from the date of passing this special resolution.

AND THAT the Directors of the Company be hereby authorised to do all such acts and things and to take all such steps as they deem fit, necessary, expedient and/or appropriate in order to complete and give full effect to the Proposed Alteration with full powers to assent to any condition, modification, variation and/ or amendment as may be required or imposed by the relevant authorities."

8. To transact any other business of the Company of which due notice is given in accordance with the Act and the Constitution of the Company.

BY ORDER OF THE BOARD

JOANNE TOH JOO ANN (LS 0008574)
SIA EE CHIN (MAICSA 7062413)

Company Secretaries
Kuala Lumpur
Date: 16 April 2019

NOTES:

(i) NOTES ON APPOINTMENT OF PROXY

- a) A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) Proxy(ies) (or in the case of a corporation, a duly authorized representative) to attend and vote in his stead.
- b) Where a member appoints more than one (1) Proxy, the appointment shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.
- c) The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor.
- d) An instrument appointing a proxy or (in the case of a power of attorney appointing an attorney to or to (inter alia) attend and vote at meetings or polls) such power of attorney or a notarially certified copy of such power of attorney and (if required by any Director) any authority under which such proxy or power of attorney is executed or a copy of such authority certified notarially or in some other way approved by the Directors shall be deposited at the Company's Share Registrar situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, at least forty-eight (48) hours i.e. on or before 9.00 a.m., Tuesday, 14 May 2019, otherwise the person so named shall not be entitled to vote in respect thereof, or adjourned meeting at which the person named in the instrument or power of attorney proposes to vote.
- e) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint 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.

- f) Where a member of the company is an exempt authorised nominee as defined under the SICDA, which holds Ordinary Shares in the Company for multiple beneficial owners in one securities account (“Omnibus Account”), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each Omnibus Account it holds.
- g) For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Clause 75 of the Constitution of the Company and Rule 7.16(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 9 May 2019 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend, vote and speak at the meeting.

(ii) EXPLANATORY NOTES

1. Item 1 of the Agenda – Ordinary Business Audited Financial Statements for the financial year ended 31 December 2018

The Audited Financial Statements is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act, 2016. Hence, this item on the Agenda is not put forward for voting by shareholders of the Company.

2. Item 2 of the Agenda – Ordinary Business Payment of Directors’ Fees

Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the directors and any benefits payable to the directors shall be approved at a general meeting.

The Proposed Resolution 1 is to facilitate the payment of Directors’ fees on a current financial year basis, calculated based on the current board size. In the event the Directors fees proposed are insufficient (due to enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

3. Items 3(ii) and 4(ii) of the Agenda – Ordinary Business Re-election of Independent Directors

The Nominating Committee and the Board had undertaken an annual assessment on the independence of Lu Chee Leong who is seeking for re-election at the forthcoming Twenty-Second Annual General Meeting. The annual assessment had been disclosed in the Corporate Governance Overview Statement of the Company’s 2018 Annual Report.

The Nominating Committee and the Board had prior to the appointment, assessed the independence of Dato’ Chan Chee Hong who is seeking for re-election pursuant to Clause 132 of the Company’s Constitution at the forthcoming Twenty-Second Annual General Meeting.

4. Item 6 of the Agenda – Special Business Ordinary Resolution Authority to allot and Issue Shares

The Proposed Resolution 7 is for the purpose of granting a general mandate (“General Mandate”) and empowering the Directors to issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

The General Mandate will provide flexibility to the Company to issue share for any possible fund raising activities, including but not limited for further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

**5. Item 7 of the Agenda – Special Business
Special Resolution
Proposed Alteration**

This proposed Special Resolution, if passed, will enable the Company to alter its existing Constitution by replacing with a new Constitution which is drafted in accordance with the relevant provisions of the Act relevant amendments of Chapter 7 and other Chapters of the ACE Market Listing Requirements of Bursa Securities and other provisions of laws and regulations that are applicable to the Company.

For further information on the Proposed Alteration, please refer to the Appendix I attached to the 2018 Annual Report.

PROPOSED ALTERATION OF THE EXISTING CONSTITUTION BY REPLACING WITH A
NEW CONSTITUTION

**COMPANIES ACT 2016
MALAYSIA**

PUBLIC COMPANY LIMITED BY SHARES

CONSTITUTION

OF

**KEJURUTERAAN ASASTERA BERHAD
(COMPANY NO. 420505-H)**

(Incorporated on 24th day of February, 1997)

Companies Act 2016
Public Company Limited by Shares

Constitution of
KEJURUTERAAN ASASTERA BERHAD

Name of Company

1. The name of the Company is Kejuruteraan Asastera Berhad. *Company name*

Registered Office

2. The registered office of the Company is situated in Malaysia. *Registered office*

DEFINITIONS AND INTERPRETATION

Definitions

3. In this Constitution: *Definitions*

“Act”	Means the Companies Act 2016, as amended, substituted or re-enacted from time to time.
“Annual General Meeting”	Means a meeting of the Company required to be held pursuant to Section 340 of the Act.
“Auditors”	Means the auditors of the Company.
“Board” or “Board of Directors”	Means the board of directors for the time being of the Company.
“Board Meeting”	Means a meeting of the Directors of the Company.
“Bursa Securities”	Means Bursa Malaysia Securities Berhad.
“Central Depositories Act”	Means the Securities Industry (Central Depositories) Act 1991 and regulations made thereunder, as amended or re-enacted from time to time.
“Company”	Means Kejuruteraan Asastera Berhad.

“Company’s Documents”

Including, but not limited to any of the following documents that may be issued by the Company from time to time:

- (a) In respect of a Member and person entitled to a Security in consequence of an Event of Transmission:
 - (i) Notices relating to General Meetings, instrument appointing a proxy (including electronic proxy appointment and voting manner), annual reports, audited financial statements, circular to shareholders, notices to holders of Securities, prospectus, information memorandum, notice of resolution, statement and other documents relating thereto;
 - (ii) All other documents as required under the Act, the Listing Requirements, applicable laws, guidelines, practice directives etc;
 - (iii) Other publication concerning the Company; and/or
 - (iv) All written communications.
- (b) In respect of a Director:
 - (i) Notices relating to meetings of Board and Board committees and other documents relating thereto;
 - (ii) Notices relating to General Meetings, annual reports, audited financial statements, circular to shareholders, and other documents relating thereto;
 - (iii) All other documents as required under the Act, the Listing Requirements, applicable laws, guidelines, practice directives etc;

	(iv)	Other publication concerning the Company; and/or
	(v)	All written communications.
(c)	In respect of the Auditors:	
	(i)	Notices relating to General Meetings, audited financial statements, and other documents relating thereto;
	(ii)	All other documents as required under the Act, the Listing Requirements, applicable laws, guidelines, practice directives etc; and/or
	(iii)	All written communications.
(d)	In respect of a holder of Debt Securities:	
	(i)	Notices relating to meeting of Debt Securities holders, audited financial statements, notices to Debt Securities holders and other documents relating thereto;
	(ii)	All other documents as required under the trust deed governing an issue of Debt Securities, Act, the Listing Requirements, applicable laws, guidelines, practice directives etc; and/or
	(iii)	All written communications.
"Constitution"	The constitution of the Company as constituted by this document, or as altered from time to time by a special resolution.	
"Debt Securities"	Means debentures, loan stocks or other similar instruments representing or evidencing indebtedness, whether secured or unsecured, and whether convertible or not.	
"Deposited Security"	Means a security standing to the credit of a Securities Account and includes a security in a Securities Account that is in suspense.	

“Depositor”		Means a holder of a Securities Account.
"Depository"		Means Bursa Malaysia Depository Sdn Bhd.
“Directors”		Means the directors for the time being of the Company (inclusive of alternate or nominee directors).
“Event of Transmission”		Means the death, bankruptcy or insolvency of a Member or debenture holder which would result in the Member or debenture holder being unable to remain as the registered holder of a share or debenture or such other transmission by operation of law.
“General Meeting”		Means a meeting of Members of the Company.
“Joint Holder”		In respect of a Security (other than Deposited Security), means two (2) or more persons are jointly entitled to any Security in the Company.
“Jumbo Certificate”		In relation to a Deposited Security, means a certificate comprising not less than fifty thousand (50,000) units of Securities of the Company or such denominations as may be directed by the Depository which is registered in the name of the Depository or its nominee company, as nominee for Depositors.
“Listed Security”	Deposited	Means a Deposited Security quoted on the official list of Bursa Securities.
“Listing Requirements”		Means ACE Market Listing Requirements of Bursa Securities, including any amendment that may be made from time to time.
“Member”		Means: <ul style="list-style-type: none"> (a) a person whose name is entered in the Register of Members as the holder for the time being of one or more shares in the Company; and/or (b) a Depositor whose name appears in the Record of Depositors as the holder for the time being of one or more shares in the Company. <p>Shares include ordinary shares, preference shares or other type of shares that may be issued and allotted by the Company from time to time.</p>

“Office”	Means the registered office of the Company.
“Officer”	Means any Director, Secretary or employee of the Company.
“Record of Depositors”	Means a record provided by the Depository to the Company under Chapter 24.0 of the Rules.
“Register of Members”	Means the record of members of the Company kept and maintained pursuant to Section 50 of the Act.
“Registrar”	Means the Registrar of Companies designated under Section 20A(1) of the Companies Commission of Malaysia Act 2001.
“Representative of Member”	Includes any of the following persons: <ul style="list-style-type: none"> (a) Representative appointed by a corporation which is a Member; or (b) Attorney appointed by the Member by a power of attorney.
“Rules”	Means the Rules of Depository, including any amendment that may be made from time to time.
“Seal”	Means the common seal of the Company.
“Secretary”	Means a secretary of the Company appointed under Section 236 of the Act.
“Security” or “Securities”	Has the meaning given in Section 2(1) of the Capital Markets and Services Act 2007.
“Securities Account”	Means an account established by the Depository for a Depositor for the recording of deposit of Securities and for dealing in such Securities by the Depositor.
“Shareholder”	Means a holder of one or more share(s) in the Company.
“Unlisted Deposited Security”	Means a Deposited Security other than Listed Deposited Security.

Interpretation

4. (1) Expressions referring to writing include, unless the contrary intention appear, references to printing, lithography, photography *Interpretation*

and other modes of representing or reproducing words in a visible form.

- (2) Words importing the singular number only shall include the plural number, and vice versa.
- (3) Words importing the masculine gender only shall include the feminine gender.
- (4) Words importing persons shall include corporations.
- (5) Unless the context requires otherwise, other words and expressions contained in this Constitution shall bear the same meaning as in the Act when this Constitution becomes effective and binding on the Company.

TYPE AND PURPOSE OF COMPANY

Type of Company

- 5. (1) The Company is a public company limited by shares. *Public company*
- (2) The liability of the Members is limited to the amount, if any, unpaid on shares held by the Members. *Members' liability*

Purpose of Company

- 6. (1) The principal objects for which the Company is established are: *Objects*
 - (a) To carry out and conduct all or any of the business of electrical and mechanical and engineering services provider, property developer and construction, to act as developer, builder, contractor and sub-contractor of and for all buildings, erections and properties, to repair, to install, to maintain, to construct, build, operate, pull down, rebuild, enlarge, alter, convert, improve and restore either alone or jointly with other contractor, companies or persons buildings, erections and properties of all descriptions and carry out works of any kind including water, gas, electrical, mechanical and other works, and to carry on any other business in connection with the above mentioned business.
- (2) Without derogating from the generality of this Clause, the Company shall have the full capacity to carry on or undertake any business or activity that is in the best interest of the Company with full rights, powers and privileges for such purpose in accordance with Section 21 of the Act, subject always to the requirements of any applicable laws and regulations. *Legal capacity and powers of the Company*

SECURITIES

Classes of Shares

- | | | | |
|----|-----|--|----------------------------------|
| 7. | (1) | The capital of the Company shall consist of ordinary shares. | <i>Ordinary shares</i> |
| | (2) | A holder of ordinary share(s) shall have the following voting rights: | <i>Rights of ordinary shares</i> |
| | (a) | Right to vote on a show of hands to one (1) vote on any resolution of the Company; and | |
| | (b) | Right to vote on a poll to one (1) vote for every share held on any resolution of the Company. | |

Variation of Rights

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| 8. | (1) | If at any time the share capital is divided into different classes of shares, the rights attached to each class of shares (unless otherwise provided by the terms of issue of the shares of that class) may only, whether or not the Company is being wound up, be varied: | <i>Variation of rights</i> |
| | (a) | with the consent in writing of the holders holding not less than seventy-five percent (75%) of the total voting rights of the holders of that class of shares; or | |
| | (b) | by a special resolution passed by a separate meeting of the holders of that class of shares sanctioning the variation. | |
| | (2) | The provisions of this Constitution relating to General Meetings apply with the necessary modifications to every separate meeting of the holders of the shares of the class referred to in Clause 8(1), except that: | <i>Quorum for Class Meeting</i> |
| | (a) | for a meeting other than an adjourned meeting, a quorum is constituted by two (2) persons present holding at least one-third (1/3) of the number of issued shares of such class, excluding any shares of that class held as treasury shares; | <i>Class Meeting</i> |
| | (b) | if that class of shares only has one holder, a quorum is constituted by one (1) person present holding shares of such class; and | |
| | (c) | for an adjourned meeting, a quorum is constituted by one (1) person present holding share(s) of such class. | <i>Adjourned Class Meeting</i> |

- (3) The rights attached to an existing class of preference shares shall be deemed to be varied by the issue of new preference shares that rank equally with the existing class of preference shares unless such issuance was authorised by: *Variation of rights of existing preference shares*
- (a) the terms of the issue of the existing preference shares; or
- (b) this Constitution of the Company as in force at the time when the existing preference shares were issued.

Records of Members

9. (1) The records of Members of the Company comprise the following: *Records of Members*
- (a) Record of Depositors; and/or
- (b) Register of Members.
- (2) In relation to Deposited Securities, a Depositor whose name appears in the Record of Depositors maintained by the Depository in accordance with Section 34 of the Central Depositories Act in respect of the Securities of the Company which have been deposited with the Depository shall be deemed to be a shareholder, debenture holder or option holder of the Company, as the case may be, and shall, subject to the provisions of the Central Depositories Act and any regulations made under that Act, be entitled to the number of securities stated in the Record of Depositors. *Record of Depositors*
- (3) In relation to non-Deposited Securities, the Company shall: *Register of Members*
- (a) maintain a Register of Members at its Office or such other place as may be determined by the Directors from time to time; and
- (b) record the particulars of the Members as prescribed under Section 50 of the Act in the Register of Members.
- (4) The Company shall use the address of a Member in the Record of Depositors or Register of Members (as applicable) for the purpose of delivering Company's Documents and such address may be any one or more of the following: *Address*
- (a) a residential address;
- (b) a postal address;
- (c) a registered office (if the Member is a corporation);

- (d) a business address;
 - (e) an email address;
 - (f) a facsimile number; and/or
 - (g) contact details as provided by the Depositor to the Depository.
- (5) (a) In relation to Deposited Securities, a Depositor must notify the Depository from time to time of any change of his particulars or such information as required under the Rules. *Notification of change of particulars of Record of Depositors*
- (b) In relation to non-Deposited Securities, each Member must notify the Company as soon as practicable (in any event no later than fourteen (14) days) of any change of his particulars to enable the Company to record such change in the Register of Members and notify the Registrar within the aforesaid timeline as stipulated in the Act. *Notification of change of particulars of Register of Members*

Certificates of Shares or Debentures

10. (1) The Company may, as required by the Depository, issue a Jumbo Certificate in the name of the Depository or its nominee company, as nominee for Depositors, for the Deposited Securities issued by the Company from time to time. *Issuance of Jumbo Certificate*
- (2) In relation to non-Deposited Securities:
- (a) every person whose name is entered as member in the Register of Members or holder in the register of debenture holders shall be entitled without payment to receive a certificate in respect of the shares or debentures issued under the Seal in accordance with the Act. *Issuance of share / debenture certificate*
 - (b) in respect of shares or debentures held jointly by several persons, the Company is not bound to issue more than one (1) certificate for such shares or debentures, and delivery of a certificate for shares or debentures to one (1) of several Joint Holders is sufficient delivery to all such holders. *Issuance of share / debenture certificate to Joint Holders*
 - (c) if a certificate of shares or debentures is worn out, defaced, lost or destroyed, it may be re-issued on payment of a fee not exceeding RM50.00 on the *Loss or destruction of share / debenture*

application by the Shareholder or debenture holder. The Directors may, at its absolute discretion and as they think fit, impose such terms and requirements (if any) as to evidence and indemnity and payment of out-of-pocket expenses of the Company incidental to the investigation, and in the case of defacement or wearing out, on delivery of the old certificate.

certificate

Beneficial Ownership of Shares

11. (1) Except as required by law, the Central Depositories Act, the Rules or pursuant to any order of the Court, no person is to be recognised by the Company as holding any share upon any trust. *Trust*
- (2) Except as required by law, this Constitution, the Central Depositories Act, the Rules or pursuant to any order of the Court, the Company is not bound by or compelled in any way to recognise or enter into the Register of Members or Record of Depositors: *Not compelled to recognise trust*
- (a) any equitable, contingent, future or partial interest in any share or unit of a share; or
- (b) any other rights in respect of any share or unit of share,
- other than the registered holder's rights to the entirety of the share or unit of share.
- (3) Clause 11(2) applies even when the Company has notice of any interest or right (including notice of any trust expressed, implied or constructive in this regard) referred to in Clauses 11(2)(a) or (b). *Notice of interest or right*

DEALING IN SECURITIES

Issue of Securities

12. (1) Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject always to the Act, the Listing Requirements and this Constitution, the Directors have the right to: *Allotment of shares or grant of rights*
- (a) issue and allot shares in the Company; and
- (b) grant rights to subscribe for shares or options over unissued shares in the Company.
- (2) Subject to the Act, the Listing Requirements, this Constitution and the relevant Shareholders' approval being obtained, the Directors may issue any shares (including rights or options over subscription *Pre-emptive rights shall not apply*

of such shares):

- (a) with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine;
 - (b) to any person, whether a Member or not, in such numbers or proportions as the Directors may determine; and
 - (c) for such consideration as the Directors may determine.
- (3)
 - (a) Subject to the Act, the Listing Requirements and any direction to the contrary that may be given by the Company in General Meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. *Issue of new shares or securities to Members*
 - (b) The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company.
 - (c) The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.
- (4) Subject to Rule 6.07 of the Listing Requirements and notwithstanding the existence of a resolution pursuant to Sections 75(1) and 76(1) of the Act, the Company must not issue any shares or convertible securities if the total number of those shares or convertible securities, when aggregated with the total number of any such shares or convertible securities issued during the preceding twelve (12) months, exceeds ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company except where the shares or convertible securities are issued with the prior shareholder approval in a General Meeting of the precise terms and conditions of the issue. *General mandate for issue of securities*
- (5)
 - (a) The Company may pay commission (including brokerage) subject to the following: *Permitted commission*

(i) the commission shall not exceed the rate of ten percent (10%) of the price at which the shares in respect whereof the same is paid are issued; or

(ii) the commission shall not exceed an amount equal to ten percent (10%) of that price,

whichever is lesser;

(b) The rate of commission shall be disclosed in the manner prescribed in the Act; and

(c) The said commission may be satisfied by payment in cash or shares (fully or partly paid shares) or partly in one way and partly in the other. For the purpose of Clause 12(5), commission includes brokerage and the rates referred to in Clause 12(5)(a) shall not apply to brokerage.

(6) Subject to Section 130 of the Act, where any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may pay interest or returns on the amount of such share capital as is for the time being paid up and charge the interest or returns paid to share capital as part of the cost of construction of the works, buildings or the provision of any plant.

Power of Company to pay interest out of capital in certain cases

Transfer and Transmission of Securities under the Central Depository System

13. Clauses 14 and 15 shall apply to Deposited Securities.

Application

Transfer of Securities

14. The transfer of any Deposited Security or class of Deposited Security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Deposited Securities.

Transfer of securities

Transmission of Securities

15. Where:

Transmission of securities

(a) the Securities of the Company are listed on another stock exchange; and

- (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such Securities,

the Company shall, upon request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such Securities.

Transfer and Transmission of Shares or Debentures

16. Clauses 17 to 23 shall apply to non-Deposited Securities. *Application*

Transfer of Shares or Debentures

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|-----|-----|--|--|
| 17. | (1) | Subject to this Constitution and other written laws, any Shareholder or debenture holder may transfer all or any of his shares or debentures by instrument of transfer as prescribed under the Act. | <i>Instrument of transfer</i> |
| | (2) | The instrument of transfer must be executed by or on behalf of the transferor and the transferee. | <i>Execution of instrument of transfer</i> |
| | (3) | The transferor shall remain as the holder of such shares or debentures until the transfer is registered and the name of the transferee is entered in the Register of Members or register of debenture holders in respect of the shares or debentures respectively. | <i>Effect the transfer of shares or debentures</i> |
| 18. | (1) | To enable the Company to register the name of the transferee, the following items in relation to the transfer of shares or debentures must be delivered by the transferor to the Office of the Company: | <i>Items for transfer of shares or debentures</i> |
| | (a) | the instrument of transfer duly executed and stamped; | |
| | (b) | the certificate of the shares or debentures which the instrument of transfer relates; and | |
| | (c) | any other evidence as the Directors may reasonably require showing the right of the transferor to make the transfer. | |
| | (2) | Upon receipt of the items referred to in Clause 18(1), the Company shall, upon the approval of the Board and unless otherwise resolved, register the name of the transferee in the Register of Members or register of debenture holders (as applicable). | <i>Approval of registration</i> |
| 19. | (1) | The Directors may decline or delay to register the transfer of | <i>Refusal of</i> |

shares within thirty (30) days from the receipt of the instrument of *registration*
transfer if:

- (a) the shares are not fully paid shares;
- (b) the Directors passed a resolution with full justification to refuse or delay the registration of transfer;
- (c) the Company has a lien on the shares; and/or
- (d) the Shareholder fails to pay the Company an amount due in respect of those shares, whether by way of consideration for the issue of the shares or in respect of the sums payable by the Shareholder in accordance with this Constitution.

- (2) Where applicable, the Company shall send a notice of the resolution referred to in Clause 19(1)(b) to the transferor and transferee, within seven (7) days of the resolution being passed by the Directors. *Notification to transferor and transferee*

20. On giving at least fourteen (14) days' notice to the Registrar to close the Register of Members or register of debenture holders, the Company may close the Register of Members or register for any class of members or register of debenture holders (collectively, the "Registers") for the purpose of updating the Registers. The registration of transfer may be suspended at such time and for such period as the Directors may from time to time determine, provided that no part of the relevant Register(s) be closed for more than thirty (30) days in aggregate in any calendar year. *Closing the Register of Members or Register of Debenture Holders*

Transmission on Death

21. In case of the death of a Member or debenture holder, the only persons recognised by the Company as having any title to the interest of the deceased Member or debenture holder in the shares or debentures respectively shall be: *Transmission on death*

- (1) the survivor(s), where the deceased Member or debenture holder was a Joint Holder; and
- (2) the legal personal representatives of the deceased Member or debenture holder, where the deceased Member or debenture holder was a sole holder,

but nothing herein contained shall release the estate of a deceased Joint Holder from any liability in respect of any share which had been jointly held by him with other persons.

Transmission by Operation of Law

22. (1) Any person becoming entitled to a share or debenture in *Registration of*

- consequence of an Event of Transmission may, upon such evidence being produced as is properly required by the Directors, and subject as hereinafter provided, elect either to register himself as the holder of the share or debenture or to have some other person nominated by him registered as the transferee of the shares or debentures. *transmission*
- (2) If the entitled person elects to register himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. *Elects to register himself as holder*
- (3) If he elects to have another person registered, he shall execute an instrument of transfer of the share or debenture in favour of that person. *Elects to register other person as the holder*
- (4) All limitations, restrictions and clauses of this Constitution relating to the right to transfer and the registration of transfers of shares or debentures shall be applicable to any such notice or transfer as if the Event of Transmission had not occurred and the notice or transfer were a transfer signed by that Shareholder or debenture holder. *Limitations, restrictions and clauses relating to transfer of shares or debentures shall apply to transmission*
23. (1) Upon an Event of Transmission and the receipt by the Company of the relevant notification as required under the Act together with such documentary evidence as required by the Directors from the person who is entitled to the title to the relevant shares or debentures, the Company shall register the person as a shareholder or debenture holder of the Company within sixty (60) days from its receipt of the notification (together with the required documentary evidence). *Entitled to the same rights as the registered holder*
- (2) The registration of transmission of shares or debentures under Clause 23(1) shall entitle the registered holder to the same dividends and other advantages, and to the same rights (whether in relation to meetings of the Company, or to voting or otherwise), as the registered holder would have been entitled to if the registered holder had not suffered an Event of Transmission.
- (3) Where two (2) or more persons are jointly entitled to any shares or debentures in consequence of the death of the registered holder, they shall, for the purpose of this Constitution, be deemed to be Joint Holders of the shares or debentures. *Joint Holder*

Lien on Shares

24. (1) The Company has a first and paramount lien on every share for: *Lien on shares*
- (a) any amount due or unpaid in respect of the share which has been called or is payable at a fixed date and/or time;

- (b) all amounts that the Company may be called on by law to pay in respect of the share; and/or
 - (c) any reasonable interest in respect of the unpaid amounts on the share and reasonable expenses incurred by the Company in respect of receiving unpaid amounts on the share.

- (2) The Company's lien, if any, on a share extends to all dividends payable in respect of the share which may be retained and applied towards the satisfaction of any or all amounts due to the Company in respect of which the lien exists. *Dividends payable may be used for satisfaction of the amount due*

- (3) The Company's lien on shares and dividends from time to time declared in respect of such shares, shall be restricted to: *Company's lien on shares and dividends*
 - (a) unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid,
 - (b) if the shares were acquired under an employee share option scheme, amounts which are owed to the Company for acquiring them; and
 - (c) such amounts as the Company may be called upon by law to pay, and has paid, in respect of the shares of the Member or deceased Member.

In each case, the lien extends to reasonable interest and expenses incurred because the amount is not paid.

- (4) The Directors may at any time declare a share to be wholly or partly exempt from Clauses 24(1) or (2), or both. *Exemption*

- 25. No person is entitled to exercise any rights or privileges as a Member until the Member has paid all calls, instalments of calls and other moneys (including interest and expenses) for the time being payable in respect of which the lien exists. *Rights or privileges of a Member*

- 26. The registration of a transfer of a share approved by the Directors shall operate as a waiver of the Company's lien over the share. *Registration of transfer*

- 27. (1) Subject to Clause 27(2), the Company may sell, in any manner as the Directors think fit and appropriate, any shares over which the Company has a lien. *Sale of shares under lien*

- (2) A share on which the Company has a lien shall not be sold unless: *Enforcing sale of shares under lien*
 - (a) a sum in respect of which the lien exists is presently payable; and

- (b) the Company has, not less than fourteen (14) days before the date of the sale, given to the registered holder for the time being of the share or the person entitled to the share by reason of the death or bankruptcy of the registered holder of the share, a notice in writing stating and demanding payment of such part of the amount in respect of which the privilege or lien exists and is presently payable.

28. (1) To give effect to any sale of shares under Clause 27, the Directors may authorise a person to transfer the shares sold to the purchaser of the shares. *Give effect to any sale of shares*
- (2) The Company shall register the purchaser as the holder of the shares comprised in any such transfer and the Directors shall not be bound to see to the application of the purchase money. *Register the purchaser as the holder*
- (3) The title of the purchaser to the shares shall not be affected by any irregularity or invalidity in the proceedings relating to the sale of the shares. *Title of the purchaser*
29. The proceeds of a sale of shares under Clause 27 shall be received and applied by the Company in payment first of the expenses of the sale, then of such part of the amount in respect of which the lien exists as is presently payable and the residue (if any) shall (subject to any similar lien for sums not presently payable that exists over the shares before the sale) be paid to the person entitled to the shares as at the date of the sale. *Proceeds of sale of shares*

Calls on shares

30. (1) The Directors may from time to time make calls upon the Shareholders in respect of any money unpaid on the shares of the Shareholders and not by the conditions of the allotment of the shares made payable at fixed date, provided that: *Directors to make calls*
- (a) no call shall exceed one-fourth ($\frac{1}{4}$) of the issue price of the share or be payable at less than thirty (30) days from the date fixed for the payment of the last preceding call; and
- (b) each Shareholder shall, upon receiving at least fourteen (14) days' notice specifying the date, time and place of payment, pay to the Company (at the time or times and place specified in the notice) amount called on the Shareholder's shares.
- (2) The Joint Holders of a share shall be jointly and severally liable to pay all calls in respect of their shares. *Joint Holder*
- (3) A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments. *Board's resolution authorising*

			<i>the call</i>
	(4)	A call may be revoked or postponed as the Directors may determine.	<i>Directors may revoke or postpone call</i>
31.	(1)	If a sum called in respect of a share is not paid before or on the day appointed for payment of the sum, the person from whom the sum is due shall pay interest on that sum from the appointed day for payment to the time of actual payment at a rate not exceeding eight percent (8%) per annum as the Board may determine.	<i>Interest on late payment</i>
	(2)	The Board may waive payment of any such interest in whole or in part.	<i>Waiver of interest</i>
32.	(1)	Any sum which, by the terms of issue of a share, becomes payable on allotment or at any fixed date shall be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.	<i>Sum becomes due and payable</i>
	(2)	In the case of non-payment of such sum, all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.	<i>Non-payment of such sum</i>
33.	(1)	The Company may accept from any Shareholder the whole or a part of the amount unpaid on a share although no part of that amount has been called up.	<i>Advance from shareholder</i>
	(2)	The Company may make arrangements on the issue of shares for varying the amounts and times of payment of calls as between Shareholders.	<i>Arrangement to vary the amount and payment</i>
	(3)	Upon all or any part of the money advanced by Shareholder (for all or any part of the money uncalled or unpaid upon the shares held by such Shareholder) received by the Directors from the Shareholder become payable, the Directors may authorise the Company to pay interest or return at a rate not exceeding eight percent (8%) per annum as may be agreed upon between the Directors and the Shareholder paying the sum in advance (unless the Company in a General Meeting otherwise directs).	<i>Interest on advance</i>
	(4)	However, the Company may not pay dividends in proportion to the amount paid up on each share where a larger amount is paid up on some shares than on others.	

Forfeiture of Shares

34.	(1)	If a Shareholder fails to pay any call or instalment of a call on or before the day appointed for the payment of the call or instalment, the Directors may serve a notice on the Shareholder requiring payment of the amount unpaid, together with interest at such rate	<i>Notice of forfeiture of shares</i>
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not exceeding eight percent (8%) per annum as the Directors shall determine.

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| (2) | The notice shall specify a date (not earlier than the expiration of fourteen (14) days from the date of service of the notice) on or before which the payment is required to be made and the notice shall state that, in the event of non-payment on or before the specified date, the shares in respect of which the call was made will be liable to be forfeited. | <i>Contents of notice</i> |
| 35. | (1) If the requirements set out in the notice served under Clause 34 are not complied with, the shares in respect of which such notice has been given shall be forfeited by a resolution of the Directors to that effect, unless the required payment is made before such resolution. | <i>Passing of Directors' resolution to forfeit the shares</i> |
| | (2) A forfeiture of shares as referred to in Clause 35(1) above shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. | <i>Forfeiture including all dividends declared</i> |
| 36. | A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit and, at any time before a sale or disposition of the forfeited shares, the forfeiture may be cancelled on such terms as the Directors think fit. | <i>Forfeited share may be sold, reissued or otherwise</i> |
| 37. | If any share is forfeited and sold, any residue after the satisfaction of the unpaid calls and accrued interest and expenses, shall be paid to the person whose shares have been forfeited, or his executors, administrators or assignees or as he directs. | <i>Sale of shares forfeited</i> |
| 38. | A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares. Notwithstanding that, such person shall remain liable to pay to the Company all money that, at the date of forfeiture, was payable by the person to the Company in respect of the shares (together with interest or compensation at the rate of eight percent (8%) per annum from the date of forfeiture on the money for the time being unpaid if the Directors think fit to enforce payment of the interest or compensation). Liability of the person shall cease if and when the Company receives payment in full of all the money (including interest or compensation) so payable in respect of the shares. | <i>Cessation of Member in respect of forfeited shares</i> |
| 39. | A statutory declaration in writing by a Director or Secretary that a share in the Company has been duly forfeited on the date stated in the declaration shall be conclusive evidence of the facts stated in the declaration against all persons claiming to be entitled to the share. | <i>Statutory declaration</i> |
| 40. | (1) The Company may receive the consideration (if any) given for a forfeited share on any sale or disposition of the shares and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of. | <i>Consideration of the forfeited shares</i> |
| | (2) Upon the execution of the transfer of the share, the transferee shall be registered as the holder of the share and the Company shall not | <i>Transfer of forfeited</i> |

- be bound to see to the application of the purchase money (if any). *shares*
- (3) The title of the transferee to the share is not affected by any irregularity or invalidity in the proceedings in connection with the forfeiture, sale or disposal of the share. *Title of the transferee*
41. The provision of this Constitution as to forfeiture of shares shall apply in the case of non-payment of any sum that, by the terms of issue of a share, become payable to the Company at a fixed date as if that sum of the shares had been payable by virtue of a call duly made and notified. *Provision of forfeited shares*
- Conversion of shares into stock**
42. The Company may by ordinary resolution passed at a General Meeting convert any paid-up shares into stock and reconvert any stock into paid-up shares in accordance with Sections 84(1)(b) and 86 of the Act. *Conversion of shares into stock and vice versa*
43. (1) The stockholders may transfer their stock or any part thereof in the same manner as the transfer of shares from which the stock arose may, before the conversion, have been transferred or be transferred in the closest manner as the circumstances allow. *Stock is transferable*
- (2) The Directors may from time to time fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum. *Directors' powers*
44. (1) The stockholders shall, according to the amount of the stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose. *Rights of stockholders*
- (2) However, no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by any such part of stock which would not, if existing shares have conferred that privilege or advantage. *Participation in dividends and profits*
45. For the purpose of Clauses 42 to 44, any reference in this Constitution as are applicable to paid-up shares shall apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder" respectively. *Reference*

Alteration of Capital

46. (1) The Company may from time to time by ordinary resolution and subject to other applicable laws or requirements:
- (a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the *Consolidation of shares*

subdivided share is derived; or

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| (b) | subdivide its shares or any of them into shares, whichever is in the subdivision; the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived. | <i>Subdivision of shares</i> |
| (2) The Company may from time to time by special resolution and subject to other applicable requirements: | | |
| (a) | cancel shares which, at the date of the passing of the resolution in that regard, have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled or in such other manner allowed by law; or | <i>Cancellation of shares</i> |
| (b) | reduce its share capital in such manner permitted by law, and (where applicable) subject to the relevant required approvals being obtained. | <i>Reduction of share capital</i> |
| (3) The Company shall have the power, subject to and in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines in respect thereof for the time being in force, to purchase its own shares and thereafter to deal with the shares purchased in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines thereunder or issued by Bursa Securities and any other relevant authorities in respect thereof. | | |

PASSING OF RESOLUTIONS OF MEMBERS

Passing of Resolutions of Members

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| 47. | The Company may pass a resolution of the Members or of a class of Members at a meeting of the Members. | <i>Passing a Members' Resolution</i> |
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MEETINGS OF MEMBERS

Convening General Meetings

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| 48. | (1) The Company shall hold an Annual General Meeting in every calendar year pursuant to Section 340 of the Act to transact the following ordinary business: | <i>Annual general meeting</i> |
| | (a) The laying of audited financial statements and the reports of the Directors and Auditors; | <i>Ordinary business</i> |
| | (b) The declaration of dividend (if any); | |

- (c) The election or re-election and the fixing of the fees and benefits of the Directors;
 - (d) The appointment and the fixing of the fees and benefits of the Directors; and
 - (e) The appointment or re-appointment and the fixing of the remuneration of the Auditors.
- (2) All businesses (except for those set out under Clause 48(1)) shall be special that is transacted at an Annual General Meeting and also that is transacted at other General Meeting. *Special business*
- 49. Subject to Clause 48, all meetings of Members shall be called General Meetings. *General Meetings*
- 50. The Board: *Board to convene General Meeting*
 - (1) may, whenever it thinks fit, convene a meeting of the Members; and
 - (2) shall convene a General Meeting on the request of the Members pursuant to Section 311 of the Act.
- 51. A General Meeting may be requisitioned by: *Members to requisite a General Meeting*
 - (a) any Member(s) holding at least ten percent (10%) of the issued and paid up share capital of the Company pursuant to Sections 310(b) and 311(3)(a) of the Act; or
 - (b) any of the Members representing more than one half of the total voting rights of all of the Members who requisitioned the General Meeting pursuant to Section 313(1) of the Act.

Notice of General Meetings

- 52. (1) A notice of a General Meeting must specify the following: *Contents of Notice of General Meeting*
 - (a) the place, date and time of the General Meeting;
 - (b) the general nature of the business of the General Meeting; and
 - (c) the text of any proposed resolution and other information as the Directors think fit.
- (2) If the General Meeting is to be held in two (2) or more places, the notice of the General Meeting shall specify the technology or *General Meeting held*

- method that will be used to facilitate the General Meeting. *at two (2) or more venues*
- (3) The main venue of the General Meeting shall be in Malaysia and the chairperson shall be present at that main venue of the General Meeting. *Main venue*
53. (1) The notices convening General Meetings shall specify the place, day and hour of the General Meeting, and shall be given to all Shareholders at least fourteen (14) days before the General Meeting or at least twenty-one (21) days before the General Meeting where any special resolution is to be proposed or where it is an Annual General Meeting. Any notice of a General Meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is the Annual General Meeting, of every such meeting must be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed. *Notice of General Meetings*
- (2) The notice of General Meeting shall exclude the date of issuing the notice and the date of the General Meeting.
- (3) An Annual General Meeting may be called by a notice shorter than the period referred to in Clause 53(1) if so agreed by all the Members entitled to attend and vote at the General Meeting.
- (4) The technology to be used for the purpose of this Clause must allow the Members who participate in the physical and/or virtual General Meeting to communicate simultaneously with the chairperson, Directors, other Members and advisers (if any) taking part in the main venue of the General Meeting and such technology may include telephone, television, video conferencing, or any other telecommunication or digital methods which permits instantaneous communication. *Technology to be used for physical and/or virtual General Meeting*
- (5) Subject to the Act, the Listing Requirements and other applicable laws and regulations, the physical and/or virtual General Meeting shall be deemed to constitute a General Meeting and all provisions of this Constitution relating to General Meetings shall apply to any physical and/or virtual General Meeting provided the following conditions are met: *Conditions for physical and/or virtual General Meeting*
- (a) All the Members for the time being entitled to receive notice of the General Meeting shall be entitled to receive notice of the physical and/or virtual General Meeting. Notice of any such meeting shall be given by an appropriate form of technology (or in such other manner) as determined by the Board of Directors and permitted by this Constitution; and
- (b) The Members who attend the General Meeting remotely

may participate, speak and vote at the physical and/or virtual General Meeting provided that the remote locations should leverage on technology to facilitate voting, including voting in absentia and remote shareholders' participation at the physical and/or virtual General Meeting.

- (6) A General Meeting, other than an Annual General Meeting and a General Meeting for passing of a special resolution, may be called by a notice shorter than the period referred to in Clause 53(1) if so agreed by a majority in the number of the Members who collectively hold not less than ninety-five percent (95%) of the total number of shares giving the rights to attend and vote at the General Meeting, excluding any shares in the Company held as treasury shares. *Shorter notice*
54. Notice of every General Meeting shall be given in the manner authorised by Clause 127 to: *Persons entitled to receive notice of General Meeting*
- (1) every Member (including any person who is entitled to a share in consequence of the death or bankruptcy of a Member who, but for his death or bankruptcy, would be entitled to receive notice of the meeting and the Company has been notified of the person's entitlement in writing);
- (2) every Director; and
- (3) the Auditors.
55. (1) In relation to Deposited Securities, the Company shall request the Depository in accordance with the Rules, to issue a Record of Depositors to whom notices of General Meetings shall be given by the Company. *Record of Depositors*
- (2) The Company shall also request the Depository in accordance with the Rules, to issue a Record of Depositors, as at the latest date which is reasonably practicable which shall in any event be not less than three (3) market days before the General Meeting ("General Meeting Record of Depositors").
- (3) Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 (where applicable), a Depositor shall not be regarded as a Member entitled to attend any General Meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.

Quorum for General Meetings

56. (1) No business is to be transacted at any General Meeting unless a quorum of Members is present at the time when the meeting proceeds to business. *Quorum*

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| (2) | Two (2) Members personally present at a meeting or by proxy or by Representative of Member shall constitute a quorum. | <i>More than one (1) Member</i> |
| (3) | For the purpose of constituting a quorum: | |
| (a) | one (1) or more representatives appointed by a corporation shall be counted as one (1) Member; | <i>Corporate representative</i> |
| (b) | one (1) or more proxies appointed by a person shall be counted as one (1) Member; or | <i>Proxy</i> |
| (c) | the presence of one (1) or more Joint Holders shall be counted as one (1) Member. | <i>Joint Holders</i> |

No Quorum

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| 57. | If a quorum is not present within half an hour after the time appointed for a General Meeting: | <i>Quorum is not present</i> |
| (1) | where the General Meeting was convened upon the requisition of Members, the meeting shall be dissolved; or | <i>Requisition of Member</i> |
| (2) | in any other case: | <i>Other case</i> |
| (a) | if no determination is made by the Directors, the General Meeting shall stand adjourned to the same day in the next week at the same time and place or if that day falls on a public holiday then to the next business day following that public holiday; or | <i>Adjournment of General Meeting</i> |
| (b) | the General Meeting shall stand adjourned to another day and at another time and place as the Directors may determine; and | |
| | if at the adjourned General Meeting, a quorum is not present within half an hour from the time appointed for the meeting, then any Member present shall form a quorum. | <i>Adjourned General Meeting</i> |

Chairperson of General Meetings

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| 58. | The chairperson of a General Meeting is: | |
| (1) | where the Board has appointed a chairperson or deputy chairperson amongst the Directors, the Chairperson of the Board; or | <i>Chairperson of the Board</i> |
| (2) | where: | <i>Members to appoint Chairperson of General</i> |
| (a) | the Chairperson of the Board is unable or unwilling to act | |

as the chairperson of the General Meeting;

Meeting

(b) the Chairperson is not present within fifteen (15) minutes after the time appointed for the holding of the General Meeting; or

(c) the Board has not appointed a chairperson amongst the Directors,

the Members present shall elect one of their Members present to be the chairperson of the General Meeting.

(3) For avoidance of doubt, a proxy or Representative of Member may be elected as the chairperson of the General Meeting by a resolution passed at the meeting.

Adjournment of General Meetings

59. (1) The chairperson shall adjourn a General Meeting, at which a quorum is present, from time to time and from place to place if the Members present with a majority of votes that may be cast at that meeting agree or direct the chairperson to do so. *Members' consent is required*

(2) No business shall be transacted at any adjourned General Meeting other than the business left unfinished at the General Meeting from which the adjournment took place (referred to as the "Original General Meeting"). *Only transact the business left unfinished at the General Meeting*

(3) There is no need to give any notice of an adjourned General Meeting or of the business to be transacted at an adjourned General Meeting unless the adjourned General Meeting is to be held thirty (30) days or more after the date of the Original General Meeting or otherwise as the chairperson directs. *Notice of adjourned General Meeting*

Voting by Show of Hands

60. (1) Subject to the Listing Requirements, at a General Meeting, a resolution put to the vote of the General Meeting shall be decided on a show of hands unless a poll is demanded before or on the declaration of the result of the show of hands. *By show of hands*

(2) On a vote on a resolution at a General Meeting on a show of hands, a declaration by the chairperson that a resolution has been passed unanimously, or with a particular majority, or is lost, and an entry to that effect in the minutes of the proceeding shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. *Declaration by the chairperson*

Voting by Poll

61. (1) A poll may be demanded: *Demand a poll*
- (a) by the chairperson;
 - (b) by at least three (3) Members present in person or by proxy;
 - (c) by any Member or Members present in person or by proxy and representing not less than ten percent (10%) of the total voting rights of all the Members having the right to vote at the General Meeting; or
 - (d) by a Member or Members holding shares in the Company conferring a right to vote at the General Meeting being shares on which an aggregate sum has been paid up equal to not less than ten percent (10%) of the total paid up shares conferring that right.
- For purposes of this Clause, references to “Member” shall include Representative of Member.
- (2) The demand for a poll may be subsequently withdrawn. *Withdrawal of a demand for poll*
- (3) Subject to Clause 61(4), if a poll is duly demanded, it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the chairperson directs. *When a poll is to be held*
- (4) No poll shall be demanded on the election of a chairperson of a General Meeting or on a question of adjournment of a General Meeting. *No poll on election of chairperson or adjournment*
- (5) When a poll is properly demanded, the earlier vote by a show of hands shall be superseded by the result of the poll and the result of the poll shall be the resolution of the General Meeting at which the poll was demanded. *Result of the poll*

Casting Vote

62. In the case of an equality of votes, whether on a show of hands or on a poll, the chairperson of the General Meeting at which the show of hands takes place or at which the poll is carried out is entitled to a second or casting vote. *Chairperson shall have a casting vote*

Voting Entitlement

63. Subject to any rights or restrictions for the time being attached to any class or classes of shares:
- (1) at meetings or class meetings of Members, each Member entitled *Voting by*

	to vote may vote in person or by a proxy or by Representative of Member;	<i>Member</i>
(2)	on a vote by way of show of hands, every Member who is present in person or by proxy or Representative of Member has one (1) vote;	<i>Voting by a show of hands</i>
(3)	on a vote by way of poll, every Member who is present in person or by proxy or by Representative of Member shall have one (1) vote for each share or stock the Member holds; and	<i>Voting by poll</i>
(4)	in the case of Joint Holders, the joint holders shall be considered as one (1) Member.	<i>Voting by Joint Holders</i>
64.	For the purposes of Clause 63(2):	<i>Votes by proxy</i>
(1)	where a Member entitled to vote on a resolution has appointed a proxy, the proxy shall be entitled to vote on a show of hands, provided that he is the only proxy appointed by the Member;	<i>May vote by show of hands if one proxy is appointed</i>
(2)	where a Member entitled to vote on a resolution has appointed more than one (1) proxy,	<i>May only vote on a poll if more than one (1) proxy is appointed</i>
	(a) the proxies shall only be entitled to vote on a poll; and	
	(b) the appointment shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy; and	
(3)	in respect of Clause 64(1), where the shares of the Company are quoted on a stock exchange and if a Member entitled to vote on a resolution has appointed more than one (1) proxy, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.	<i>Exception</i>
65.	For the purposes of Clause 63(4), if the Joint Holders purport to exercise the power to vote in the same way, the power is treated as exercised in that way. If the Joint Holders do not purport to exercise the power in the same way, the power is treated as not exercised.	<i>Votes of Joint Holders of shares</i>
66.	For the purposes of Clause 63, when a corporate Member appoints more than one (1) representative, if its representatives purport to exercise the power to vote in the same way, the power is treated as exercised in that way. If the representatives do not purport to exercise the power in the same way, the power is treated as not exercised.	<i>Votes of corporate representative of shares</i>

Voting Restrictions

67.	If a Member is of unsound mind or is a person whose person or estate is liable to be dealt with in any way under the law relating to mental health, the relevant committee or trustee or such other person as properly appointed	<i>Member is of unsound mind</i>
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under the applicable law to manage his estate may exercise any rights of the Member in relation to a meeting of the Company's Members as if the committee, trustee or other person were the Member.

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| 68. | No member is entitled to attend and vote at any General Meeting unless all calls or other sums presently payable by the Member in respect of shares in the Company have been paid. | <i>Calls unpaid</i> |
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Objection to Votes

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| 69. | (1) An objection may be raised to the qualification of a voter only at the General Meeting or adjourned General Meeting at which the vote objected to is given or tendered. | <i>Objection to qualification of a voter</i> |
| | (2) Any such objection made in due time shall be referred to the chairperson of the General Meeting, whose decision is final and conclusive. | <i>Any objection shall be referred to the chairperson</i> |
| | (3) A vote not disallowed pursuant to an objection at the General Meeting is valid for all purposes. | <i>Vote not disallowed</i> |

PROXIES / REPRESENTATIVES OF MEMBERS

General

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| 70. | (1) A Member of the Company may appoint a proxy and/or Representative of Member to exercise his rights to attend, participate, speak and vote for the Member at a General Meeting. A proxy may but need not be a Member of the Company. | <i>Proxy / Representative of Member</i> |
| | (2) Subject to the Act and this Constitution, a proxy or Representative of Member is only entitled to vote: | <i>Entitlement to vote</i> |
| | (a) if the Member is entitled to vote; | |
| | (b) if the Member is not personally present at the General Meeting; | |
| | (c) if the Member has complied with the requirements set out in this Constitution to properly appoint a proxy or Representative of Member and to give notice of such appointment to the Company; | |
| | (d) if the Member has conferred a right to vote on the proxy or Representative of Member; and | |
| | (e) the appointment of proxy or Representative of Member was not revoked by the Member by a notice of revocation forty-eight (48) hours before the time of holding of the General Meeting or adjourned General Meeting or such | |

other time that may be determined by the Directors and the said revocation must be deposited at the Office or such other place in Malaysia as is specified in the notice convening the General Meeting.

- (3) A proxy or Representative of Member may vote, whether on a show of hands or on a poll, on any question at any General Meeting and to the extent permitted under the instrument of proxy or certificate of appointment of corporate representative or power of attorney. *May vote by a show of hands or on a poll*

Proxies

71. (1) An instrument appointing a proxy: *Manner of execution of instrument appointing a proxy*
- (a) must be in writing and executed by or on behalf of the appointing Member in substantially the form and in the manner as specified in “Appendix A” annexed hereto or in such other permitted form (including the electronic proxy appointment and voting manner) as the Board of Directors may determine from time to time;
 - (b) will not be invalid merely because it omits any particulars of the proxy and the appointing Member; and
 - (c) will be deemed to have appointed the Chairperson of the General Meeting as the proxy of the appointing Member where no other person has been named to act as proxy.
- (2) An instrument appointing a proxy may: *Form of instrument of proxy*
- (a) specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote in the resolution except as specified in the instrument;
 - (b) specify the proportion or number of votes that the proxy may exercise; and/or
 - (c) be a specific appointment for a particular meeting.
- (3) An instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority :
- (a) shall be deemed to confer authority to demand or join in demanding a poll; *Confer authority to demand a poll*
 - (b) shall be deposited at the Office or at such other place in *Time limit to deposit*

Malaysia as is specified in the notice convening the General Meeting or adjourned General Meeting, at which the person named in the instrument proposes to vote: *instrument appointing a proxy*

- (i) not less than forty-eight (48) hours before the time for holding the General Meeting or adjourned General Meeting; or
- (ii) in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll; and

- (c) may be accepted if it is: *Execution by electronic or digital signature or authentication of an appointment by electronic means*
 - (i) transmitted to the Company by any technology purporting to include a signature and/or an electronic or digital signature by the Member; or
 - (ii) authenticated in any document given to the Company by electronic means which shows the validity of the appointment of a proxy.

- (4) In Clause 71(3), documents relating to proxies include: *Documents relating to proxies*
 - (a) the appointment of a proxy in relation to a General Meeting;
 - (b) any document necessary to show the validity of, or otherwise relating to, the appointment of a proxy; and
 - (c) notice of the revocation of the authority of a proxy.

- (5) For the purposes of Clause 71(3), delivery may be effected by: *Manner of delivery*
 - (a) physical delivery of the document;
 - (b) delivery by facsimile transmission;
 - (c) delivery by email transmission; or
 - (d) lodging electronic document,

to the place, facsimile number, electronic address or the designated website link or address (where applicable) as specified in the notice of General Meeting.

- (6) The proceedings at a General Meeting shall not be invalidated where an appointment of proxy in respect of that General Meeting is sent in electronic form, but cannot be read by the Company due

to technical problems or other reasons.

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| (7) | If a Member is entitled to cast two (2) or more votes at a General Meeting, the Member: | <i>Member with two (2) or more votes</i> |
| | (a) may appoint up to two (2) proxies; and | |
| | (b) must specify the proportion or number of the Member's votes each proxy may execute. | |
| (8) | (a) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. | <i>Appointment of multiple proxies</i> |
| | (b) An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act. | |
| (9) | Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account. | <i>Appointment of proxy by authorised nominee</i> |
| (10) | When two (2) or more valid but differing appointments of a proxy are received by the Company in respect of the same share for use at the same General Meeting, the one which is last received (regardless of its date or of the date of its execution or submission) shall be treated as replacing and revoking the other as regards that share. If the Company is unable to determine which appointment was last received, none of them shall be treated as valid in respect of that share. | <i>Differing Appointment of Proxy</i> |
| (11) | For the avoidance of doubt, the appointment of a proxy shall not preclude a Member from attending and voting in person at a General Meeting. | |
| 72. | (1) Subject to Clause 72(2), a vote given in accordance with the terms of an instrument of proxy is valid despite: | <i>Validity of a vote</i> |
| | (a) the previous death or unsound mind of the appointing Member; | |
| | (b) the revocation of the instrument or of the authority under which the instrument was executed; or | |
| | (c) the transfer of the share in respect of which the instrument or power is given. | |

- (2) Clause 72(1) does not apply if an instrument in writing of such:
- (a) death, unsound mind or transfer has been received by the Company before the commencement of the General Meeting or adjourned General Meeting at which the instrument is used; or
 - (b) revocation by the Member was not received by the Company forty-eight (48) hours before the time of holding of the General Meeting or adjourned General Meeting or such other time that may be determined by the Directors, and

the said notification must be deposited at the Office or such other place in Malaysia as is specified in the notice convening the General Meeting.

Attorneys

73. (1) A person purporting to be the attorney of a Member shall be required to produce the original Power of Attorney to the Company. *Power of attorney*
- (2) A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdictions in which it is executed.

Corporate Representatives

74. (1) A corporate Member may appoint an individual as its corporate representative to exercise all or any of the powers the corporate Member may exercise. *Appointment of corporate representative*
- (2) The appointment may be a standing appointment until notice of revocation is received by the Company.
- (3) The instrument of appointment may set out restrictions on the powers of the corporate representative.
- (4) A corporate Member may appoint more than one (1) corporate representative. However, it shall observe the voting entitlement set out in Clause 66.

DIRECTORS

Number of Directors

75. (1) The Company may from time to time by an ordinary resolution passed at a General Meeting fix the number of Directors (excluding Alternate Director) but the number so fixed shall not be less than *May fix the number of Directors*

two (2) nor more than twenty (20).

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| (2) | The shareholding qualification for Directors may be fixed by the Company in general meeting and until so fixed no shareholding qualification for Director shall be required. | <i>Shareholding qualification for Directors</i> |
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Retirement of Directors

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| 76. | (1) | An election of Directors shall take place each year. | <i>Election</i> |
| | (2) | At the first Annual General Meeting of the Company, all the Directors shall retire from office at the conclusion of the Annual General Meeting. | <i>Retirement at Annual General Meeting</i> |
| | (3) | At the Annual General Meeting in every subsequent year, one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office at the conclusion of the Annual General Meeting in every year provided always that all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election. | <i>Retirement at Annual General Meeting in every subsequent year</i> |
| | (4) | The Directors to retire in every year shall be the Directors who have been longest in office since the Directors' last election, but as between persons who became Directors on the same day, the Directors to retire shall be determined by lot, unless they otherwise agreed among themselves. | <i>Directors to retire</i> |
| | (5) | A retiring Director shall be eligible for re-election at the Annual General Meeting. | <i>Eligible for re-election</i> |
| | (6) | The Company may appoint any person who is not disqualified under the Act to fill in vacancy at the Annual General Meeting at which a Director so retires, and if no appointment was made to fill the vacancy, the retiring Director shall, if he offers himself for re-election, be deemed to have been re-elected, unless: | <i>Fill in vacancy at the Annual General Meeting</i> |
| | (a) | at that meeting, the Company expressly resolved not to fill the vacated office; or | |
| | (b) | a resolution for the re-election of the Directors is put to the meeting and lost. | |

Appointment of Directors

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| 77. | The Directors shall have power from time to time to appoint any person: | <i>Appointment by Directors</i> |
| | (1) | to be a Director to fill a casual vacancy; and |

(2) to be an addition to the existing Directors,

subject to the total number of Directors shall not exceed the maximum number fixed in Clause 75(1).

78. Any Director so appointed under Clause 77 shall hold office only until the next Annual General Meeting, and shall then be eligible for re-election. *Hold office until next Annual General Meeting*

79. The Members may, at any time and from time to time by an ordinary resolution, appoint any person: *Appointment by Members*

(1) to be a Director to fill a casual vacancy; and

(2) to be an addition to the existing Directors,

subject to the total number of Directors shall not exceed the maximum number fixed in Clause 75(1).

80. Subject to Clause 75(1), no person, not being a retiring Director, shall be eligible for election to the office of Director at any General Meeting unless a Member intending to propose him for election has, at least eleven (11) clear days before the meeting, left at the Office of the Company a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such member to propose him for election, provided that in the case of a person recommended by the Directors for election, nine (9) clear days' notice only shall be necessary, and notice of each and every candidature for election to the Board shall be served on the Members at least seven (7) days before the meeting at which the election is to take place. *Notice of intention to appoint Director*

Proceedings in case of Vacancies

81. The remaining Director may continue to act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the minimum number fixed by or pursuant to this Constitution, the remaining Director may, except in an emergency, act only for the purpose of increasing the number of Directors to such minimum number, or to summon a General Meeting. *Proceedings in case of vacancies*

Defects in Appointment of Directors

82. The acts of a Director shall be valid notwithstanding any defect that is discovered after his appointment or in his qualifications. *Validity of acts of Directors*

Appointment of Managing and Executive Directors

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| 83. | (1) | The Board of Directors may from time to time appoint one (1) or more of its body to the office of Managing Director (which term shall be deemed to include the chief executive or other such designation of the Company's chief executive officer) for such period and on such terms as they think fit and, subject to the terms of any agreement entered into in any particular case, may revoke any such appointment. | <i>Managing and Executive Directors</i> |
| | (2) | A Director (other than a Managing Director) holding any such other office or employment is herein referred to as an "Executive Director". | <i>Executive Director</i> |
| | (3) | Any such appointment of a Managing Director automatically terminates if the appointee ceases from cause to be a Director. | <i>Cessation of office of Managing Director</i> |
| 84. | | A Managing Director or an Executive Director shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration (whether by way of salary, bonus, commission, or participation in profits, or partly in one way and partly in another and other benefits) as the Board of Directors may determine. | <i>Remuneration</i> |
| 85. | (1) | The Board of Directors may, upon such terms and conditions and with such restrictions as it may think fit, entrust to and confer upon a Managing Director or an Executive Director any of the powers exercisable by them. A Managing Director or an Executive Director shall be subject to the control of the Board of Directors. | <i>Directors may confer powers to Managing Director or Executive Director</i> |
| | (2) | Any powers so conferred may be collateral with, or be to the exclusion of, the powers of the Board of Directors. | |
| | (3) | The Board of Directors may at any time, and from time to time, revoke, withdraw, alter or vary all or any of the powers so conferred on a Managing Director or an Executive Director. | |

Appointment of Alternate Director

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| 86. | (1) | Any Director (called in this Clause the "Appointer") may, with the approval of a majority of the other members of the Board of Directors, appoint one (1) or more persons to be his Alternate Director in the Appointer's place for any period as the Appointer thinks fit provided that: | <i>Appointment of Alternate Director</i> |
| | (a) | such person is not a Director of the Company; and | |
| | (b) | such person does not act as an Alternate Director for more than one (1) Director of the Company. | |
| | (2) | An appointment or removal of an Alternate Director must be in writing under the Appointer's hand. The original notification of appointment or removal must be provided by the Appointer to the Board. | <i>Appointment or removal must be in writing</i> |

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| (3) | An Alternate Director may resign from office by notice in writing to the Appointer and the Board. | <i>Resignation</i> |
| (4) | An Alternate Director must vacate office if the Appointer vacates office as a Director or removes the appointee from office. | <i>Vacate office</i> |
| 87. | An Alternate Director is entitled to receive notice of Board Meetings and, if the Appointer is not present at such a meeting, is entitled to attend and vote in his stead. | <i>Entitled to receive notice of Board Meetings</i> |
| 88. | (1) An Alternate Director may exercise any powers that the Appointer may exercise and the exercise of any such power by the Alternate Director shall be deemed to be the exercise of the power by the Appointer. | <i>Exercise of power</i> |
| | (2) The exercise of any power by an Alternate Director shall be an agent of the Company and not as an agent of the Appointer. | |
| 89. | An Alternate Director: | |
| | (1) has no entitlement to receive remuneration from the Company and any fee paid by the Company to the Alternate Director shall be deducted from the Appointer's remuneration; and | <i>Not entitled to receive remuneration</i> |
| | (2) is entitled to be reimbursed for all the travelling and other expenses properly incurred by him in attending the Board Meetings on behalf of the Appointer from the Company. | <i>May be paid travelling and other expenses</i> |

Appointment of Associate Director

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| 90. | (1) The Board may from time to time appoint any person to be an associate director and may from time to time revoke any such appointment. | <i>Appointment or revocation</i> |
| | (2) The Board may fix, determine and vary the powers, duties and remuneration of any person appointed as an associate director. | <i>Board to fix the terms</i> |
| | (3) A person appointed as an associate director does not have any right to attend or vote at any Board Meetings except by the invitation and with the consent of the Board. | <i>May attend Board Meetings by invitation</i> |

Removal of Director

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| 91. | Subject to the Act, the Company may by an ordinary resolution remove any Director and may by an ordinary resolution appoint another person in place of the removed Director provided that the total number of Directors should not at any time fall below the minimum or exceed the maximum set out in Clause 75(1) of this Constitution. | <i>May remove and appoint a Director by ordinary resolution</i> |
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Vacation of Office of Director

92. The office of Director shall become vacant if the Director:
- Vacation of office*
- (a) resigns from his office by giving a written notice to the Company at its Office;
 - (b) is removed from office in accordance with Clause 91 of this Constitution;
 - (c) becomes disqualified from being a Director under Section 198 or Section 199 of the Act;
 - (d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the Mental Health Act 2001;
 - (e) dies or has passed away;
 - (f) has been convicted by a court of law of an offence under the securities laws; or
 - (g) otherwise vacates his office in accordance with this Constitution.

Remuneration of Directors

93. (1) The Company may from time to time by an ordinary resolution passed at a General Meeting, approve the remuneration of the Directors, who hold non-executive office with the Company, for their services as non-executive Directors.
- Non-executive Directors' remuneration*
- (2) Subject to Clause 84, the fees of the Directors and any benefits payable to the Directors shall be subject to annual shareholders' approval at a General Meeting.
- Fee*
- (3) If the fee of each such non-executive Director is not specifically fixed by the Members, then the quantum of fees to be paid to each non-executive Director within the overall limits fixed by the Members, shall be decided by resolution of the Board. In default of any decision being made in this respect by the Board, the fees payable to the non-executive Directors shall be divided equally amongst themselves and such a Director holding office for only part of a year shall be entitled to a proportionate part of a full year's fees. The non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.
- (4) The following expenses shall be determined by the Directors:
- Expenses*
- (a) Traveling, hotel and other expenses properly incurred by the Directors in attending and returning from meetings of

the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company; and

- (b) Other expenses properly incurred by the Directors arising from the requirements imposed by the authorities to enable the Directors to effectively discharge their duties.

- (5) Executive Directors of the Company shall be remunerated in the manner referred to in Clause 84 but such remuneration shall not include a commission on or percentage of turnover. *Executive Directors' remuneration*

Powers of Directors

- 94. (1) The business and affairs of the Company shall be managed by or under the direction and supervision of the Directors who may pay all expenses incurred in promoting and registering the Company. *Directors shall manage the business and affairs of the Company*
- (2) The Directors may exercise all the powers necessary for managing and for directing and supervising the management of the business and affairs of the Company except any power that the Act or by this Constitution requires the Company to exercise in General Meeting, but no regulation made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made. *Validity of acts of Directors*
- (3) Where an oral contract is made by a Director acting under authority, express or implied, the contract is to be reduced to writing within fourteen (14) days and may be subject to ratification by the Board (if required). If there is any non-compliance with the above requirement of reduction to writing and proper ratification by the Board, the Director entering into such oral contract shall assume personal responsibility for the same and shall indemnify the Company fully in all respects in relation to such contract. *Oral contract shall be reduced to writing and Board's ratification*
- (4) (a) The Directors may procure the establishment and maintenance of any non-contributory or contributory pension or superannuation fund or life assurance scheme for the benefit of, and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons who are or shall have been at any time in the employment or service of the Company or any subsidiary company or to any persons who are or have been a Director or other officer of and holds or has held salaried employment in the Company or any subsidiary company, or the wives, widows, families or dependents of any such persons. *Establishment and maintenance of fund*
- (b) The Directors may also procure the establishment and subsidy of or subscription and support to any institutions, association, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or of its members and payment for or towards the insurance of

any such persons as aforesaid, and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibitions or for any public, general or useful object.

95. Without limiting the generality of Clause 94(1) and (2), the Directors may, subject to the Act and the Listing Requirements, exercise all the powers of the Company to do all or any of the following for any debt, liability, or obligation of the Company or of any third party:

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| (1) | borrow money; | <i>Borrowing</i> |
| (2) | mortgage or charge its undertaking, property, and uncalled capital, or any part of the undertaking, property and uncalled capital; | <i>Mortgage</i> |
| (3) | issue debentures and other Securities whether outright or as security; and/or | <i>Issue debentures</i> |
| (4) | <p>(a) lend and advance money or give credit to any person or company;</p> <p>(b) guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company;</p> <p>(c) secure or undertake in any way the repayment of moneys lent or advanced to or the liabilities incurred by any person or company;</p> | <i>Lend or advance money</i> |

and otherwise to assist any person or company.

96. All cheques, promissory notes, drafts, bills of exchange, and other negotiable instruments, and all receipts for money paid to the Company, must be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by any two (2) Directors or in such other manner as the Directors may from time to time determine.

Operation of cheques, promissory notes etc.

97. (1) The Directors may from time to time by power of attorney appoint any corporation, firm, or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for the purposes and with the powers, authorities, and discretions (not exceeding those vested in or exercisable by the Directors under this Constitution) and for a period and subject to any conditions as the Directors may think fit.

Power of attorney

(2) Any powers of attorney granted under Clause 97(1) may contain provisions for the protection and convenience of persons dealing with the attorney as the Directors think fit and may also authorise the attorney to delegate all or any of the powers, authorities, and discretions vested in the attorney.

98. Subject always to the Act and the Listing Requirements, a Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Board of Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.
- Director may hold other office*

Delegation of Powers

99. Subject to the applicable laws and/or the Listing Requirements:
- (1) the Directors may delegate any of their powers to a committee or committees consisting of such their number as they think fit; *Directors may delegate powers to committee*
 - (2) any committee formed under Clause 99(1) shall exercise the powers delegated in accordance with any directions of the Directors and a power so exercised shall be deemed to have been exercised by the Directors; and *Committee shall exercise powers as per Board's direction*
 - (3) the Board shall, subject to the Listing Requirements and upon the committee's recommendation (where applicable), appoint a chairperson of the committee and determine the period for which he is to hold office. *Chairperson of committee*
100. The Company may pass a resolution of the committee either by way of a written resolution or at a meeting of the committee. *Passing a Committee's Resolution*
101. (1) The Company may pass a resolution of the committee by way of a written resolution by the committee's members recording the resolution and signing the record. *Passing of resolution by committee's members*
- (2) The record of decisions made by the committee is valid and effective as if it were a resolution duly passed at a meeting of the committee. *Record of decision*
 - (3) Any such resolution may consist of several documents in like form, each signed by one or more of the committee's members, and shall be as valid and effectual as if it were a resolution duly passed at a meeting of the committee. *Resolution may consist of several documents*
 - (4) Any such document may be accepted as sufficiently signed by a member of the committee if transmitted to the Company by any technology purporting to include a signature and/or an electronic or *Agreement to written resolution by*

		digital signature by the said member.	<i>electronic means</i>
102.	(1)	A committee may, whenever it thinks fit, convene a meeting of the committee, and may adjourn the meeting as it thinks proper.	<i>Convening of meeting of the committee</i>
	(2)	The committee may hold a committee meeting at two (2) or more venues within or outside Malaysia using any technology that gives the committee members as a whole a reasonable opportunity to participate.	<i>Committee meeting may hold at two or more venues</i>
	(3)	The virtual meeting of the Directors set out in Clause 120 shall apply to the meeting of the committee.	<i>Virtual meeting of committee</i>
	(4)	Where a meeting of committee is held and:	<i>Chairperson of meeting</i>
		(a) a chairperson has not been appointed as provided by Clause 99(3);	
		(b) the person so appointed is not present within fifteen (15) minutes after the time appointed for holding the meeting; or	
		(c) the person so appointed is unable or unwilling to act as the chairperson of the meeting,	
		the members present may, subject to the Listing Requirements, choose one of their number to be chairperson of the meeting.	
	(5)	No business is to be transacted at any meeting unless a quorum of members is present at the time when the meeting proceeds to business.	<i>Quorum</i>
	(6)	Subject to the Listing Requirements, two (2) members personally present at a meeting shall constitute a quorum.	<i>Quorum</i>
	(7)	Questions arising at any meeting of the committee must be determined by a majority of votes of the members present, and in the case of an equality of votes, the chairperson has a second or casting vote, except where two (2) members form a quorum, the chairperson of a meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the question at issue shall not have a casting vote.	<i>Votes</i>

Duties of Directors

103.	A Director shall at all times exercise his powers in accordance with the Act, for a proper purpose and in good faith in the best interest of the Company.	<i>Duties</i>
104.	Where a Director acts by virtue of his position as an employee of the	<i>Duties of</i>

Company, or who was appointed by or as a board representative of Member, employer or debenture holder, that Director shall be taken to have acted in the best interest of the Company, and in the event of any conflict between his duty to act in the best interest of the Company and his duty to his nominator, he shall not subordinate his duty to act in the best interest of the Company to his nominator.

*nominee
Director*

Directors' Interest in Contracts

105. (a) A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest. *Directors' interest in contracts*
- (b) Every Director shall observe the provisions of Sections 221 and 222 of the Act relating to the disclosure of the interest of the Directors in contracts or proposed contracts with the Company or of any office or property held by the Directors which might create duties or interest in conflict with their duties or interest as Directors and participation in discussion and voting. Such disclosure of material personal interest by the Directors shall be in the form of a notice. Such notice shall be in the form and manner prescribed under Section 221 of the Act.

PASSING OF RESOLUTIONS OF DIRECTORS

Passing of Resolutions of Directors

106. The Company may pass a resolution of the Directors either by way of a written resolution or at a meeting of the Directors. *Passing a Directors' Resolution*

DIRECTORS' WRITTEN RESOLUTION

Passing of resolution by the Directors

107. (1) The Directors may pass a resolution without a Board Meeting, if a majority of the Directors entitled to vote and sign on the resolution signed the resolution, signifying their agreement to the resolution set out in the document. *Passing of resolution by more than one Director*
- (2) Any such resolution may consist of several documents in like form, each signed by one (1) or more of the Directors, and shall be as valid and effectual as if it were a resolution duly passed at a Board Meeting. *Resolution may consist of several documents*

Agreement to written resolution by electronic means

108. (1) Any such document may be accepted as sufficiently signed by a Director if transmitted to the Company by any technology purporting to include a signature and/or an electronic or digital signature by the Director. *Agreement to written resolution by electronic means*

- (2) For the purposes of Clause 108(1), delivery may be effected by: *Manner of delivery*
- (a) physical delivery of the document;
 - (b) delivery by facsimile transmission; or
 - (c) delivery by email transmission,
- to the place, facsimile number or electronic address as specified by the Director or Secretary of the Company.

MEETINGS OF DIRECTORS

Frequency of Board Meetings

109. The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. *Frequency of Board Meetings*

Convening Board Meetings

110. A Director may at any time, and the Secretary shall on the requisition of a Director to do so, convene a Board Meeting by giving notice in accordance with Clause 111. *Secretary or Director may convene a Board Meeting*

Notice of Board Meetings

111. (1) A notice of a Board Meeting must specify the following: *Contents of Notice of Board Meeting*
- (a) the place, date and time of the Board Meeting;
 - (b) the general nature of the business (including matters to be discussed) of the Board Meeting; and
 - (c) where the Directors think fit, the text of any proposed resolution and other information.
- (2) If the Board Meeting is to be held in two (2) or more places, the notice of the Board Meeting shall specify the technology that will be used to facilitate the Board Meeting. *Board Meeting held at two (2) or more venues*
- (3) The main venue of the Board Meeting shall be the place where the chairperson is present at the Board Meeting. *Main venue*
112. Reasonable notice in the circumstances must be given of all Board Meetings. *Notice period*

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| 113. | Notice of every Board Meeting shall be given to all Directors in accordance with the manner specified in Clause 127. | <i>Directors entitled to receive notice</i> |
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Quorum for Board Meetings

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| 114. | (1) No business is to be transacted at any Board Meeting unless a quorum of Directors is present at the time when the meeting proceeds to business. | <i>Quorum</i> |
| | (2) Two (2) Directors personally present at a meeting shall constitute a quorum. | <i>More than one Director</i> |
| | (3) In this clause, “Director” includes Alternate Director. | <i>Meaning of Director</i> |

No Quorum

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| 115. | If a quorum is not present within half an hour after the time appointed for a Board Meeting: | <i>Quorum is not present</i> |
| | (1) the Board Meeting shall stand adjourned to another day and at another time and place as the Directors may determine; or | <i>Adjournment of Board Meeting</i> |
| | (2) if no determination is made by the Directors, the Board Meeting shall stand adjourned to the same day in the next week at the same time and place or if that day falls on a public holiday then to the next business day following that public holiday; and | |
| | (3) if at the adjourned Board Meeting, a quorum is not present within half an hour from the time appointed for the meeting, then any Director present shall form a quorum. | <i>Adjourned Board Meeting</i> |

Chairperson of Board Meetings

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| 116. | (1) The Directors shall appoint one of their number as Chairperson and may also appoint another of their number as Deputy Chairperson of the Company. | <i>Chairperson and Deputy Chairman</i> |
| | (2) The Directors shall determine the period for which such Chairperson or Deputy Chairperson is to hold office. | <i>Office period</i> |
| | (3) The Chairperson or Deputy Chairperson (in the absence of the Chairperson) shall be the Chairperson of the Board Meeting. | <i>Chairperson of Board Meetings</i> |
| | (4) Where a Board Meeting is held and: | <i>Chairperson of Board Meetings</i> |
| | (a) a Chairperson or Deputy Chairperson has not been | |

appointed as provided by Clause 116(1); or

- (b) the person so appointed is not present within fifteen (15) minutes after the time appointed for the holding of the Board Meeting or is unable to act for all or part of the meeting;

the Directors present shall elect one of their number to be the chairperson of the Board Meeting.

- (5) For avoidance of doubt, an Alternate Director shall not be elected as the chairperson of the Board Meeting.

Adjournment of Board Meetings

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| 117. | (1) | The chairperson shall adjourn a Board Meeting, at which a quorum is present, from time to time and from place to place if the Directors present with a majority of votes that may be cast at that meeting agree or direct the chairperson to do so. | <i>Directors' consent is required</i> |
| | (2) | No business is to be transacted at any adjourned Board Meeting other than the business left unfinished at the Board Meeting from which the adjournment took place (referred to as the "Original Board Meeting"). | <i>Only transact the business left unfinished at the Board Meeting</i> |
| | (3) | There is no need to give any notice of an adjourned Board Meeting or of the business to be transacted at an adjourned Board Meeting unless the adjourned Board Meeting is to be held more than thirty (30) days after the date of the Original Board Meeting. | <i>Notice of adjourned Board Meeting</i> |

Voting at Board Meetings

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| 118. | (1) | Subject to this Constitution, questions arising at a Board Meeting shall be decided by a majority of votes of Directors present and voting and any such decision shall for all purposes be deemed a decision of the Directors. | <i>Directors' decision</i> |
| | (2) | Each Director is entitled to cast one (1) vote on each matter for determination. | <i>Casting of vote</i> |

Casting Vote

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| 119. | In the case of an equality of votes, the chairperson of the Board Meeting is entitled to a second or casting vote, except where two (2) Directors form a quorum, the chairperson of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question at issue shall not have a casting vote. | <i>Chairperson shall have a casting vote</i> |
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Virtual Meetings of Directors

120. (1) The Directors may hold a Board Meeting at two (2) or more venues within or outside Malaysia using any technology that gives the Directors as a whole a reasonable opportunity to participate. *Board Meeting may hold at two (2) or more venues*
- (2) The technology to be used for the purpose of this Clause must be such that each Director taking part in the meeting must be able to communicate simultaneously with each of the other Directors taking part in the meeting and may include telephone, television, video conferencing, or any other audio and/or visual device which permits instantaneous communication. *Technology to be used for virtual meeting*
- (3) A virtual meeting shall be deemed to constitute a Board Meeting and all the provisions of this Constitution as to Board Meetings shall apply to any virtual meeting provided the following conditions are met: *Conditions for virtual meeting*
- (a) All the Directors for the time being entitled to receive notice of the Board Meeting (including any Alternate Director) shall be entitled to receive notice of a virtual meeting. Notice of any such meeting shall be given by an appropriate form of technology (or in such other manner) as permitted by this Constitution; and
- (b) A Director may not leave a virtual meeting by disconnecting from the technology used unless he has previously expressly notified the chairperson of the meeting of his intention to leave the meeting and a Director shall be conclusively presumed to have been present and to have formed part of the quorum at all times during such a meeting until such notified time of his leaving the meeting.
- (4) A minute of the proceedings of meetings including virtual meetings shall be sufficient evidence of such proceeding and of the observance of all necessary formalities if certified as a correct minute by the chairperson of the meeting or the next succeeding meeting. *Minutes*

SECRETARY

Appointment of Secretary

121. The Secretary shall in accordance with the Act be appointed by the Board for such terms, at such remuneration, and upon such terms and conditions as the Board may think fit. *Appointment*

Casual Vacancy of Secretary

122. (1) Any Secretary so appointed under Clause 121 may be removed by the Directors, in accordance with the terms and conditions of its appointment. *Removal*

- (2) The office of a Secretary may or will become vacant if the Secretary: *Vacation of office*
- (a) resigns from office by notice in writing to the Board, the Secretary shall cease to act as Secretary upon the expiry of thirty (30) days from the date of the notice to the Board or from the effective date as specified in his notice or the terms of appointment; or
- (b) is unable to communicate with the Directors at the last known residential address, the Secretary may, notify the Registrar of that fact and of his intention to resign from the office, and he shall cease to act as the Secretary on the expiry of thirty (30) days from the date of the notice to the Registrar.
- (3) The Board shall fill the vacancy of the Secretary within thirty (30) days after the occurrence of any event under Clause 122(1) or (2). *Fill the casual vacancy of Secretary*

INSURANCE AND INDEMNITY OF APPLICABLE PERSONS

Applicable Persons

123. The provisions of Clauses 124 to 126 shall apply to the following persons (*Applicable persons*):
- (1) every person who is or has been an Officer;
- (2) Auditors; and
- (3) any other officers as defined in the Act.

Indemnity

124. The Company does not exempt an Applicable Person from a liability which by law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust, of which he may be guilty in relation to the Company incurred in his capacity as an Applicable Person. *No indemnity*
125. (1) The Company may indemnify an Applicable Person out of the Company's assets for any costs incurred by him or the Company in respect of any proceedings: *Indemnity may be allowed*
- (a) that relates to his liability for any act or omission in his capacity as an Applicable Person; and
- (b) in which judgment is given in favour of the Applicable Person or in which the Applicable Person is acquitted or in which the Applicable Person is granted relief under the Act, or where proceedings are discontinued or not

pursued.

- (2) The Company may also indemnify an Applicable Person in respect of an application for relief under the Act.
- (3) The Company may indemnify an Applicable Person in respect of: *Exception*
- (a) any liability to any person, other than the Company, for any act or omission in his capacity as an Officer or Auditors; and
 - (b) costs incurred by that Applicable Person in defending or settling any claim or proceedings relating to any such liability except:
 - (i) any liability of the Director to pay:
 - (aa) a fine imposed in criminal proceedings; or
 - (bb) a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature, however arising; or
 - (ii) any liability incurred by the Director:
 - (aa) in defending criminal proceedings in which he is convicted; or
 - (bb) in defending civil proceedings brought by the Company, or an associated company, in which judgment is given against him.
- (4) Where the costs and expenses incurred by an Applicable Person under Clause 125(1) and (2) are recovered by the Company under an insurance policy taken out or paid for by the Company pursuant to Clause 126, the extent of the indemnification of an Applicable Person shall be reduced accordingly.

Insurance

126. (1) The Company may, with the prior approval of the Board, purchase and maintain insurance, at the expense of the Company, for an Applicable Person, against: *Insurance*
- (a) civil liability, for any act or omission in his capacity as a Director or Officer or Auditors; and

- (b) costs incurred by that Officer or Auditors in defending or settling any claim or proceeding relating to any such liability; or
- (c) costs incurred by that Officer or Auditors in defending any proceedings that have been brought against that person in relation to any act or omission in that person's capacity as an Officer or Auditors:
 - (i) in which that person is acquitted;
 - (ii) in which that person is granted relief under the Act; or
 - (iii) where proceedings are discontinued or not pursued.
- (2) In the case of a Director, Clauses 125(2) and (3) and 126(1)(a) and (b) shall not apply to any civil and criminal liability in respect of a breach of the duties of the Directors as specified in Section 213 of the Act.

ADMINISTRATION

Notices, Documents and Other Publication

127. Any Company's Documents may be given by the Company to the persons mentioned below in the following manner: *Notice*
- (1) In respect of a Member and person entitled to a Security in consequence of an Event of Transmission ("Persons"): *Members*
 - (a) The Company's Documents shall be in writing and shall be given to the aforesaid Persons either:
 - (i) in hard copy, which shall be sent to the Persons either personally or by post to his last known address; *Hard copy*
 - (ii) in electronic form, which shall be either: *Electronic form*
 - (aa) transmitted to the last known electronic address provided by the Persons to the Company;
 - (bb) transmitted to the last known contact details as recorded in the Register of Members or Record of Depositors provided by the Persons to the

Company or Depository respectively;

- (cc) by publishing on a website;
 - (dd) transmitted by the Company to the Persons using any appropriate electronic communication platform established by the Company or third parties, or
- (iii) partly in hard copy and partly in electronic form. *Both of the above*
- (b) If a notice of General Meeting is published on the website, the Company must notify the Persons in writing in hard copy or electronic form stating the following: *Website*
 - (i) it concerns a General Meeting;
 - (ii) the place, date and time of the General Meeting; and
 - (iii) the designated website link or address where a copy of the notice may be downloaded,

and the notice must be published on the Company's website throughout the period starting from the date of notification until the conclusion of the General Meeting. *Period of publication on website*
- (c) If the Company publishes its documents (other than a notice of General Meeting) ("Company's Publication") on its Company's website or any other appropriate electronic communication platform, the Company must notify the Persons in writing in hard copy or electronic form stating the following: *Publication on Website*
 - (i) brief description of the Company's Publication; and
 - (ii) the designated website link or address where a copy of the Company's Publication may be downloaded.
- (d) In the event of a delivery failure, the Company must immediately send the Company's Documents to the affected Members by other appropriate means as permitted under Clause 127(1)(a). *Delivery failure*
- (e) The Persons may request for a hard copy of the Company's Documents from the Company if they are sent by electronic means. *Request for hard copy*

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| (2) | In respect of a Director, the Company's Documents shall be in writing and shall be given to the Director either: | <i>Directors</i> |
| (a) | in the manner(s) set out in Clause 127(1) (except for publishing on a website); or | |
| (b) | to the Director's last known service address. | |
| (3) | In respect of the Auditors, the Company's Documents shall be in writing and shall be given to the Auditors either: | <i>Auditors</i> |
| (a) | in the manner(s) set out in Clause 127(1) (except for publishing on a website); or | |
| (b) | to the Auditors' last known address. | |
| (4) | In respect of a holder of Debt Securities, the Company's Documents shall be in writing and shall be given to the holder of Debt Securities: | |
| (a) | in the manner(s) set out in Clause 127(1); or. | |
| (b) | to the holder of Debt Securities' last known address provided by the said holder to the Company or Depository. | |
| (5) | For the purpose of Clause 127(1), the Board of Directors may, at their discretion, determine the appropriate mode of communication with the persons mentioned above. | <i>Directors' discretion</i> |
| 128. | Where the Company's Documents are: | <i>Service of notice</i> |
| (1) | served by post, service of the notice shall be deemed to be effective by properly addressing, prepaying and posting a letter containing the notice, and to have been effected, in the case of a notice of the Persons, on the day after the date of its posting; | <i>Post</i> |
| (2) | sent by facsimile transmission, service of the notice shall be deemed to be effected at the time when the notice is transmitted, unless the Company receives notification that the transmission was not successful; | <i>Facsimile transmission</i> |
| (3) | sent by electronic transmission, service of the notice shall be deemed to be effected at the time when the notice is transmitted electronically, unless the Company receives notification that the transmission was not successful; | <i>Electronic transmission</i> |
| (4) | published on the Company's website or any appropriate electronic communication platform, service of the notice shall be deemed to | <i>Website</i> |

be effected on the day on which the notice first appears on the Company's website to which the relevant person may have access or the day on which the notice of publication is deemed to have been served or delivered to such person under Clause 127, whichever is later; or

- (5) served or delivered in person, service of the notice shall be deemed effected at the time the relevant Company's Documents are delivered, received or left at the address of such person. *Personal delivery*
129. The Company's Documents may be given by the Company to Joint Holders by giving the notice to the Joint Holder first named in the Register of Members. *Joint Holder*
130. Any Company's Documents delivered or sent to any Member in such manner as provided in Clause 127(1) shall, if such Member be then deceased, and whether or not the Company has notice of his death, be deemed to have been duly served on his legal personal representative or survivor.

Written Resolutions and Minutes

131. The Directors must cause: *Written resolutions and minutes*
- (1) all Directors' and committees' written resolutions;
- (2) all proceedings and resolutions of Board Meetings and committee meetings; and
- (3) all proceedings and resolutions of General Meetings,
- to be duly entered into the books kept for that purposes in accordance with the Act.
132. The records of resolutions passed by way of Directors' and committees' written resolutions or at the Board Meetings, committee meetings and General Meetings and signed in accordance with the Act and this Constitution are evidence of the proceedings, resolutions or declaration to which they relate, unless the contrary is proved.

Execution of Documents

133. (1) The Company shall adopt a Seal, known as the common seal, on which its name and registration number and the words "Common Seal" are engraved in legible romanised characters. *Seal*
- (2) The Directors shall provide for the safe custody of the Seal. *Custody*
- (3) The Seal shall only be used by the authority of the Board of Directors or of a committee of the Board of Directors authorised by the Directors on their behalf. *Authority of the Directors*

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| (4) | The Company may execute a document by affixing the Seal to the document where the affixing of the Seal is witnessed by: | <i>Affixing the Seal</i> |
| | (a) two (2) Directors; | |
| | (b) one (1) Director and one (1) Secretary; or | |
| | (c) one (1) Director and another person appointed by the Directors for that purpose. | |
| (5) | (a) Any Director or the Secretary or any person so appointed by the Directors shall have power to authenticate any documents affecting this Constitution and any resolutions passed by the Company or the Directors or any committee, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts; and where any books, records, documents or accounts are elsewhere than at the Office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid. | <i>Authentication of documents</i> |
| | (b) A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting of the Company or the written resolutions or minutes of a meeting of the Directors or any committee which is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that any minute or written resolution so extracted is a true and accurate record of the resolutions or proceedings at a duly constituted meeting to which it relates. | |
| 134. | (1) The Company may have an official Seal, on which its name and registration number and the words "Common Seal" and the place where it is to be used are engraved in legible romanised characters. | <i>Official seal for use abroad</i> |
| | (2) The Directors shall provide for the safe custody of the official Seal. | <i>Custody</i> |
| | (3) The Directors may exercise all the powers of the Company in relation to any official Seal for use outside Malaysia and in relation to branch registers of debenture holders kept in any place outside Malaysia. | <i>Authority of the Directors</i> |
| | (4) The Company may execute a document by affixing the official Seal to the document where the affixing of the official Seal is witnessed by: | <i>Affixing the official Seal</i> |
| | (a) two (2) Directors; | |

- (b) one (1) Director and one (1) Secretary;
- (c) one (1) Director and another person appointed by the Directors for that purpose; or
- (d) two (2) persons appointed by the Directors for that purpose, and

the person affixing official Seal shall certify in writing on the deed or document to which the official Seal is affixed the date and place it is affixed.

- (5) The Company may have an official Seal to seal: *Official seal for Securities*
 - (a) Securities issued by the Company; or
 - (b) documents creating or evidencing Securities so issued,on which its name and registration number and the words “Securities” are engraved in legible romanised characters.
- (6) The official Seal for Securities shall be executed in the manner provided in Clause 133(4).

FINANCIAL MATTERS

Financial Statements

- 135. (1) The Directors must cause proper accounting and other records to be kept in accordance with Section 245 of the Act and such records must be true and complete accounts of the affairs and transactions of the Company and give a true and fair view of the state of the Company's affairs and explain its transactions. *Accounting and other records*
- (2) The Directors shall from time to time, in accordance with the provisions of the Act and the Listing Requirements, cause to be prepared and approved, and to be circulated to the Members, Directors and Auditors and laid before the Company in Annual General Meeting such financial statements and consolidated financial statements (if any) and reports of Directors and Auditors. *Circulation and laying of financial statements*
- (3) No Member (who is not a Director) shall have any right of inspecting any accounting or other records of the Company except where such right is conferred by law. *Right of inspection*

Audit

- 136. (1) (a) The Board shall appoint the first Auditors of the Company *First Auditors*

at any time before the first Annual General Meeting, at such remuneration as the Board thinks fit.

- (b) The Auditors appointed under Clause 136(1)(a) shall hold office until the conclusion of the first Annual General Meeting.
 - (2)
 - (a) For subsequent years, the Board may, subject to the Act, appoint the Auditors to fill casual vacancy in the office of the Auditors, at such remuneration as the Board thinks fit. *Appointment of Auditors by Board*
 - (b) The Auditors appointed under Clause 136(2)(a) shall hold office until the conclusion of the next Annual General Meeting.
 - (3) For subsequent years, the Members may by an ordinary resolution: *Change of Auditors by Members*
 - (a) re-appoint the existing Auditors;
 - (b) appoint another person as the Company's Auditors;
 - (c) remove the Auditors; and/or
 - (d) if there is a vacancy in the office of the Auditors, appoint Auditors to fill the vacancy.
- The remuneration of the Auditors appointed under Clause 136(3) shall be fixed by the Members by ordinary resolution or in such manner as the Members may determine.
- (4) The Auditors shall hold office in accordance with the terms of their appointment, provided that: *Term of office of Auditors*
 - (a) they do not take office until the previous auditors have ceased to hold office unless they are the first Auditors; and
 - (b) they ceased to hold office at the conclusion of the Annual General Meeting next following their appointment, unless they are re-appointed.
 - (5) The powers and duties of the Auditors are as regulated under Sections 266 and 287 of the Act. *Powers and duties*
 - (6) The Auditors shall attend every Annual General Meeting where the financial statements and consolidated financial statements (where applicable) of the Company for a financial year ("Financial Statements") are to be laid, so as to respond according to their knowledge and ability to any question relevant to the audit of the Financial Statements. *Attendance of Auditors*

- (7) The Auditors may cease to act as Auditors of the Company by:
- (a) giving a notice of resignation in writing to the Company at the Office and their term of office shall end after twenty-one (21) days from the date of the notice to the Company or from the effective date as specified in their notice; or *Resignation of Auditors*
 - (b) giving a notice in writing to the Company at the Office indicating that they do not wish to seek re-appointment at the forthcoming Annual General Meeting. *Retirement of Auditors*

Dividends

137. (1) A dividend may be declared by: *Declaration of dividend*
- (a) the Directors; or
 - (b) the Members on the recommendation of the Board of Directors as it thinks appropriate.
- (2) The payment of a dividend is to those holders of such class of shares as the Directors have determined in accordance with and subject to any conditions upon which the shares have been issued. *Payment of dividend*
- (3) A dividend shall not exceed the amount recommended by the Directors. *Directors to recommend amount*
138. The Directors may authorise a distribution of dividends in accordance with Section 132 of the Act, and any dividend so authorised must be out of profits of the Company available for distribution and provided the Company is solvent. The Directors may authorise a distribution at any time and for such amounts as the Directors shall consider appropriate so long as the Directors are satisfied that the Company will be solvent for a period of twelve (12) months after the distribution is made. *Distribution only if Company is solvent*
139. (1) A dividend may be classified as:
- (a) an interim dividend if it is declared and distributed by the Company to its Members prior to the determination of final profit position of the Company for the financial year; *Interim dividend*
 - (b) a final dividend if it is the last dividend distributed by the Company to its Members after the financial statements for the financial year have been prepared and approved by the Board; and *Final dividend*
 - (c) a special dividend if it is a non-recurring distribution of the Company's assets, where the amount is larger compared to normal dividend paid out by the Company or other *Special dividend*

circumstances that the Directors think fit.

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| | (2) | The Directors may, at its discretion, declare dividend pursuant to either Clause 137(1)(a) or (1)(b). | <i>At Directors' discretion</i> |
| 140. | | No dividend is to bear interest against the Company. | <i>No interest bearing</i> |
| 141. | (1) | The Directors may, before recommending any dividend: | <i>Before recommending dividend</i> |
| | (a) | set aside out of the profits of the Company such sums as they think proper as reserves; or | |
| | (b) | carry forward any profits which they may think prudent not to divide, without placing the profits to reserve. | |
| | (2) | The reserves set aside under Clause 141(1)(a): | <i>Reserves that set aside</i> |
| | (a) | are, at the discretion of the Directors, to be applied for any purpose to which the profits of the Company may be properly applied; and | |
| | (b) | may, pending any application under Clause 141(2)(a) and at the discretion of the Directors, be employed in the business of the Company or be invested in any investments (other than shares in the Company) as the Directors may from time to time think fit. | |
| 142. | (1) | Subject to the rights of persons (if any) entitled to shares with special rights or conditions as to dividend entitlement or to any provisions in this Constitution, all dividends must be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid. | <i>Dividends must be declared and paid according to the amounts paid</i> |
| | (2) | An amount paid or credited as paid on a share in advance of a call shall not be taken for the purposes of this Clause to be paid or credited as paid on the share and shall not, whilst carrying interest, confer a right to participate in profits. | <i>Amount paid on a share in advance of a call</i> |
| | (3) | All dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. | <i>Dividend must be paid proportionately</i> |
| | (4) | If any share is issued on terms providing that it ranks for dividend as from a particular date that share ranks for dividend accordingly. | <i>Share ranks for dividend</i> |
| 143. | | The Directors may deduct from any dividend payable to a Member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company. | <i>Deduct dividend from calls</i> |

144. (1) When declaring a dividend, the Directors or Members on the recommendation of the Directors may by ordinary resolution, direct payment of the dividend wholly or partly by the distribution of specific assets, including: *Distribution of specific assets*
- (a) paid-up shares of the Company or any other corporation;
 - (b) debentures or debenture stock of the Company or any other corporation;
 - (c) assets of the Company which the Directors think appropriate; or
 - (d) any combination of any specific assets, and
- the Directors may do all acts and things considered necessary or expedient to give effect to such a resolution.
- (2) Where a difficulty arises with regard to such a distribution directed under Clause 144(1), the Directors may, subject to the Act and the Listing Requirements, do all or any of the following:
- (a) settle the distribution as they think expedient;
 - (b) fix the value for distribution of the specific assets or any part of the specific assets;
 - (c) determine that cash payments be made to any Member on the basis of the value so fixed by the Directors in order to adjust the rights of all parties; and/or
 - (d) vest any specific assets in trustees as the Directors think expedient.
145. (1) Any dividend, interest or other money payable in cash in respect of shares may be paid in such manner as may be determined by the Directors from time to time including: *Payment*
- (a) in respect of Listed Deposited Security, direct crediting the payment into the bank account of the Member as provided by the Member to the Depository from time to time; or
 - (b) in respect of Security other than Listed Deposited Security:
 - (i) by direct crediting the payment into the bank account of the Member as provided by the Member to the Company or Depository from time to time; or

- (ii) by cheque sent through the post directed to :
 - (aa) the address of the Member as shown in the Register of Members, or in the case of Joint Holders, to the address shown in the Register of Members as the address of the Joint Holder first named in the Register of Members; or
 - (bb) such other address as the holder or Joint Holders in writing directs or direct.
- (2) Every direct transfer or cheque made under Clause 145(1) must be made payable to the order of the person to whom it is sent.
- (3) Any one (1) of two (2) or more Joint Holders may give effectual receipts for any dividends, interest or other money payable in respect of the shares held by them as Joint Holders.

Capitalisation of Profits

146. (1) Subject to Clause 146(2), the Company may, upon a recommendation of the Directors and in General Meeting, resolve that it is desirable to capitalise any sum, being the whole or a part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution to Members, and that such sum be applied, in any of the manners mentioned in Clause 146(3), for the benefit of the Members in the proportions to which those Members would have been entitled in a distribution of that sum by way of dividend. *Members' approval*
- (2) The Directors may, subject to the Act and the Listing Requirements, capitalise any sum, being the whole or a part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution to the Members. *Exemption*
- (3) The amount capitalised under Clause 146(1) is set free for distribution amongst the Members who would have been entitled to the amount had it been distributed by way of dividend and in the same proportions subject to the following conditions: *Capitalised amount*
- (a) the capitalised amount must not be paid in cash;
 - (b) the capitalised amount must be applied in or towards either or both of the following:
 - (i) paying up any amounts for the time being unpaid on any shares held by the Members;

- (ii) paying up in full unissued shares or debentures of the Company to be allotted, distributed and credited as fully paid up to and amongst such Members in the same proportions.

147. The Directors shall do all things necessary to give effect to the resolution and, in particular, to the extent necessary to adjust the rights of the Members among themselves, may: *To give effect to the resolution*

- (1) issue fractional certificates or make cash payments in cases where shares or debentures becoming distributable in fractions; and
- (2) authorise any person to enter, on behalf of all the Members entitled to the distribution into an agreement with the Company, providing:
 - (a) for the allotment to the Members respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon the capitalisation; or
 - (b) for the payment up by the Company on the Members' behalf of the amounts or any part of the amounts remaining unpaid on their existing shares by the application of their respective proportions of the profits resolved to be capitalised, and

any agreement made under such authority referred to in Clause 146(3)(b) is effective and binding on all the Members entitled to the distribution.

DISSOLUTION

Winding Up

148. Subject to the Act, the Company may be dissolved by a special resolution in a General Meeting. If such a resolution is passed, the Members shall also be required to appoint a liquidator or liquidators for the purpose of winding up the affairs and distributing the property of the Company. *Passing of special resolution*

149. (1) If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company: *Power of liquidator*
- (a) divide amongst the Members in kind the whole or any part of the property, if any, of the Company, whether they consist of property of the same kind or not;
 - (b) set a value as the liquidator considers fair upon the property, if any referred to in Clause 149(1)(a);
 - (c) determine how the division of property, if any is to be carried out as between the Members or different classes

of Members; and

- (d) vest the whole or any part of the property, if any, of the Company in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit.
- (2) No Member is compelled to accept any shares or other Securities on which there is any liability.

SECRECY

150. Save as may be expressly provided by the Act, no Member shall be entitled to enter into or upon or inspect any premises or property of the Company nor to require discovery of any information in respect of any detail of the Company's business or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process which may relate to the business and/or conduct of the business of the Company and which, in the opinion of the Directors, it would be inexpedient in the interests of the Member of the Company to communicate to the public.

EFFECTS OF THE LISTING REQUIREMENTS

Effects of the Listing Requirements

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| 151. | (1) | Notwithstanding anything contained in this Constitution, if the Listing Requirements prohibit an act being done, the act shall not be done. | <i>Effects of the Listing Requirements</i> |
| | (2) | Nothing contained in this Constitution prevents an act being done that the Listing Requirements require to be done. | |
| | (3) | If the Listing Requirements require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). | |
| | (4) | If the Listing Requirements require this Constitution to contain a provision and it does not contain such a provision, this Constitution is deemed to contain that provision. | |
| | (5) | If the Listing Requirements require this Constitution not to contain a provision and it contains such a provision, this Constitution is deemed not to contain that provision. | |
| | (6) | If any provision of this Constitution is or becomes inconsistent with the Listing Requirements, this Constitution is deemed not to contain that provision to the extent of the inconsistency. | |

KEJURUTERAAN ASASTERA BERHAD (420505-H)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.

No. of shares held

I/We _____ Tel: _____
of _____
[Full name in block, NRIC/Passport/Company No.]

being member(s) of **KEJURUTERAAN ASASTERA BERHAD**, hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairperson of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held at **(Venue)** on **(Date)**, **(Day)** at **(Time)** or any adjournment thereof, and to vote as indicated below:

Description of Resolution	Resolution	For	Against

Please indicate with an “X” in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this _____ day of _____

Signature*

Member

* Manner of execution:

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.

- (c) *If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:*
- (i) *at least two (2) authorised officers, of whom one shall be a director; or*
 - (ii) *any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.*

Notes:

1. *For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at (date). Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.*
2. *A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.*
3. *A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.*
4. *If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.*
5. *Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*
7. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
8. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:*
 - (i) *In hard copy form*
In the case of an appointment made in hard copy form, this proxy form must be deposited at the registered office of the Company situated at (address).
 - (ii) *By electronic means via facsimile*
In the case of an appointment made by facsimile transmission, this proxy form must be received via facsimile at (facsimile no.).
 - (iii) *By electronic means via email*
*In the case of an appointment made via email transmission, this proxy form must be received via email at (email address).**For options (ii) and (iii), the Company may request any member to deposit original executed proxy form to its registered office before or on the day of meeting for verification purpose.*
 - (iv) *Online*
In the case of an appointment made via online lodgement facility, please login to the link website using the holding details as shown below:
(Holding details)
 - (v) *By mobile device*
In the case of an appointment made by mobile device, please follow the instruction provided below:
(Details)
9. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at (address) not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General*

Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

10. *Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.*
11. *Last date and time for lodging this proxy form is (time), (date) and (day).*
12. *Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:*
 - a. *Identity card (NRIC) (Malaysian), or*
 - b. *Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or*
 - c. *Passport (Foreigner).*
13. *For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's registered office earlier.*

FORM OF PROXY



KEJURUTERAAN ASASTERA BERHAD

(Company No. 420505-H)
(Incorporated in Malaysia)

I/We, _____ (NRIC/Company No. _____)
(Full Name in Capital Letters)

of _____
(Full Address)

Contact No. _____ being a member of **KEJURUTERAAN ASASTERA BERHAD**, hereby appoint(s)

_____ (NRIC/Company No. _____)
(Full Name in Capital Letters)

of _____
(Full Address)

and/or* _____ (NRIC/Company No. _____)
(Full Name in Capital Letters)

of _____
(Full Address)

or failing whom, the Chairman of the Meeting as my/our* proxy to vote for me/us and on my/our behalf at the Twenty-Second Annual General Meeting of the Company to be held at Function Room 5, Level 2, Hotel Sri Petaling Kuala Lumpur located at 30, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, Malaysia on Thursday, 16 May 2019 at 9.00 a.m. and at any adjournment thereof in respect of my/our shareholding in the manner indicated below:-

RESOLUTION		FOR	AGAINST
Ordinary Resolution			
1.	Payment of Directors' Fees for the financial year ending 31 December 2019.		
2.	Re-election of Choong Gaik Seng as Director.		
3.	Re-election of Lu Chee Leong as Director.		
4.	Re-election of Goh Kok Boon as Director.		
5.	Re-election of Dato' Chan Chee Hong as Director.		
6.	Re-appointment of Messrs Kreston John & Gan as Auditors of the Company and authorise the Directors to fix their remuneration.		
7.	Authority for Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		
Special Resolution			
8.	Proposed Alteration of the Constitution by replacing with a New Constitution ("Proposed Alteration")		

[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.]

Dates this _____ day of _____ 2019

Signature of Member / Common Seal

No. of Ordinary Shares held :	
CDS Account No. :	
Proportion of shareholdings	First Proxy :
to be represented by proxies	Second Proxy :
Contact No. :	

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) Proxy(ies) (or in the case of a corporation, a duly authorized representative) to attend and vote in his stead.
2. Where a member appoints more than one (1) Proxy, the appointment shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.
3. The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor.
4. An instrument appointing a proxy or (in the case of a power of attorney appointing an attorney to or to (inter alia) attend and vote at meetings or polls) such power of attorney or a notarially certified copy of such power of attorney and (if required by any Director) any authority under which such proxy or power of attorney is executed or a copy of such authority certified notarially or in some other way approved by the Directors shall be deposited at the Company's Share Registrar situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, at least forty-eight (48) hours i.e. on or before 9.00 a.m., Tuesday, 14 May 2019, otherwise the person so named shall not be entitled to vote in respect thereof, or adjourned meeting at which the person named in the instrument or power of attorney proposes to vote.
5. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint 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.
6. Where a member of the company is an exempt authorised nominee as defined under the SICDA, which holds Ordinary Shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each Omnibus Account it holds.
7. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Clause 75 of the Constitution of the Company and Rule 7.16(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 9 May 2019 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend, vote and speak at the meeting.

Fold This Flap For Sealing

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AFFIX
STAMP

The Share Registrar
TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD.
(Company No. 11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia

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KEJURUTERAAN ASASTERA BERHAD

(420505-H)

www.asastera.com