

**MOVING  
FORWARD,  
PROGRESSING  
TOGETHER.**



# COVER RATIONALE



## THE COVER DESIGN OF OUR 2017 ANNUAL REPORT

highlights our ongoing theme of 'Moving Forward, Progressing Together'. The vigour displayed by the horses expresses the resolution with which we work together to overcome challenges, and the energy with which the Group pursues our aim to build a dynamic and sustainable business that creates long-term value for all our stakeholders.

## NEW FEATURES IN THIS ANNUAL REPORT



This icon indicates where more details can be accessed elsewhere in this Annual Report.



This icon indicates where more details can be accessed online.



To access our Annual Report, please download the QR code reader to your smartphone and scan the image.

# ABOUT THIS REPORT

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**As a conglomerate with diversified business interests in Property Development and Investment, Financial Services, Construction, Industries and Hospitality with operations in Malaysia, Australia and Vietnam, OSK understands the importance of building strong relationships with our stakeholders and keeping them informed of our business performance as well as current and future prospects of the Company.**

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Our Annual Report is an important communication tool with our stakeholders, in which we showcase our financial and non-financial performance during 2017 including our achievements and challenges faced in an open and transparent manner. The Group also disseminates information regularly via the quarterly financial results and announcements made on Bursa Malaysia Securities Berhad's ("Bursa Malaysia") website, which are also accessible through our website [www.oskgroup.com/corporate-announcements/](http://www.oskgroup.com/corporate-announcements/) and via press releases issued to the media.

Our financial statements are independently audited by BDO Malaysia and have been prepared according to the requirements of Malaysian Financial Reporting Standards, International Financial Reporting Standards and Companies Act 2016 in Malaysia. Our non-financial statements are aligned to the reporting requirements of the Malaysian Code on Corporate Governance and Bursa Malaysia's Main Market Listing Requirements. In this report, the Group also adopted certain principles and concepts under the International Integrated Reporting Framework ("IIRF").

## 28th

**ANNUAL GENERAL MEETING**

 **24** MAY

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Time : 2:30 p.m.  
Venue : Grand Hibiscus Ballroom  
Level 3, Swiss-Garden  
Hotel & Residences  
Kuala Lumpur

# CONTENTS



## OUR PERFORMANCE IN 2017

|  |           |
|--|-----------|
| The Year 2017 In Review                    | <b>4</b>  |
| Media Highlights                           | <b>10</b> |
| Financial Calendar                         | <b>13</b> |
| Five-Year Group Financial Summary          | <b>14</b> |
| Operating Segments Analysis                | <b>18</b> |
| Statement of Value Added and Distribution  | <b>19</b> |
| Investor Relations                         | <b>20</b> |
| Share Price and Volume Traded in Year 2017 | <b>21</b> |



## WHO WE ARE

|                                 |           |
|---------------------------------|-----------|
| About Us                        | <b>23</b> |
| Corporate Information           | <b>26</b> |
| Group Business Activities       | <b>31</b> |
| Corporate Structure             | <b>32</b> |
| Directors' Profile              | <b>34</b> |
| Key Senior Management's Profile | <b>46</b> |

## FROM OUR LEADERS

|                                  |           |
|----------------------------------|-----------|
| Chairman's Statement             | <b>54</b> |
| Group Managing Director's Review | <b>62</b> |



## OUR SUSTAINABILITY JOURNEY

|                                 |           |
|---------------------------------|-----------|
| Communication with Stakeholders | <b>74</b> |
| Sustainability Statement        | <b>76</b> |

## OUR COMMITMENT TO GOVERNANCE

|   |            |
|---|------------|
| Corporate Governance Overview Statement           | <b>90</b>  |
| Audit Committee Report                            | <b>112</b> |
| Statement on Risk Management and Internal Control | <b>116</b> |
| Enterprise Risk Management Framework              | <b>122</b> |
| Additional Disclosures                            | <b>125</b> |
| Statement of Responsibility by Directors          | <b>128</b> |



## FINANCIAL STATEMENTS

|                                    |            |
|------------------------------------|------------|
| Directors' Report                  | <b>130</b> |
| Statement by Directors             | <b>138</b> |
| Statutory Declaration              | <b>138</b> |
| Independent Auditors' Report       | <b>139</b> |
| Statements of Financial Position   | <b>144</b> |
| Statements of Profit or Loss       | <b>146</b> |
| Statements of Comprehensive Income | <b>147</b> |
| Statements of Changes in Equity    | <b>148</b> |
| Statements of Cash Flows           | <b>151</b> |
| Notes to the Financial Statements  | <b>155</b> |



## ADDITIONAL INFORMATION

|                                    |            |
|------------------------------------|------------|
| List of Group's Top Ten Properties | <b>287</b> |
| Statement of Directors' Interests  | <b>288</b> |
| Statement of Shareholdings         | <b>290</b> |
| Statement of Warrant Holdings      | <b>293</b> |
| Notice of Annual General Meeting   | <b>295</b> |
| Form of Proxy                      |            |

# THE YEAR 2017 IN REVIEW

**JAN 17**



The Prime Minister of Malaysia, Dato' Sri Mohd Najib Tun Razak visited the first completed 1Malaysia People's Housing development at Bandar Puteri Jaya, Sungai Petani which was developed by OSK Property.

**FEB 19**



Gifts of Hope - OSKians visited the elderly at Pusat Penjagaan Warga Emas Chan to celebrate Chinese New Year.

**FEB 24**



OSK Holdings, OSK Property and Atria Shopping Gallery hosted a media appreciation night as a get together with the media to show our gratitude for their support throughout the year.

**MAR 22**



OSK Group held a Crime Prevention and Survival Skills programme for women employees in conjunction with International Women's Day.

**MAR 25**



Atria Shopping Gallery switched off its exterior façade and centre court lights for one hour in conjunction with Earth Hour to raise global awareness on climate change. The 60-minute period was filled with a host of fun activities for the shoppers.

**APR 5**



OSK Group chartered a new milestone by partnering Employees Provident Fund ("EPF") in a joint venture for our Melbourne Square development.

**APR 19**



OSK Holdings Berhad held its Annual General Meeting on 19 April 2017 at Swiss-Garden Hotel & Residences Kuala Lumpur.

**APR 19**



Dato' Nik Mohamed Din retired as Non-Independent Non-Executive Chairman after over 33 years with the OSK Group. Tan Sri Ong Leong Huat succeeded him as Executive Chairman. Ong Ju Yan was appointed Group Managing Director while Ong Ju Xing assumed the Deputy Group Managing Director position.

**MAY 19**



OSK Group Annual Dinner - "Where Broadway Meets Hollywood".

## THE YEAR 2017 IN REVIEW

**MAY 23**



Swiss-Garden International received the ISO 9001:2015 Certification for "Provision of Hotel Management Services".

**JUNE 3-4**



OSK Property launched its maiden Australian project Melbourne Square at Grand Hyatt Kuala Lumpur. Melbourne Square is the single largest integrated development of its kind in Melbourne.

**JUNE 8**



OSK Group hosted a Majlis Berbuka Puasa with guests from Bursa Malaysia, EPF and the RHB Banking Group.

**JUL 8**



Gifts of Hope - OSKians visited the Paediatric Unit of Hospital Kuala Lumpur to share the Aidilfitri joy and spirit by contributing goodie bags and duit raya to the children.

**JUL 25**



OSKians ran for a good cause at The Edge Kuala Lumpur Rat Race 2017.

**JUL 29-31**



OSK Property built a brand-new home in just three days for an Orang Asli family at Kg. Ulu Jeruntum, Gopeng, Perak. The project was funded by OSK Foundation and held in collaboration with EPIC Homes.

**AUG 5**



OSK Property will be building a new market and community hall for the community of Taman Suntex in a joint partnership with the Kajang Municipal Council. Dato' Seri Mohamed Azmin Ali, Menteri Besar of Selangor officiated the groundbreaking ceremony of the project.

**SEPT 6**



OSK Foundation awarded the inaugural OSK Foundation Scholarships to four engineering diploma students from Tunku Abdul Rahman University College.

**SEPT 7**



OSK employees enjoyed a traditional costume themed event with fun games and delicious Malaysian food, held in conjunction with the Merdeka and Malaysia Day celebrations.

## THE YEAR 2017 IN REVIEW

**SEPT 9**



In conjunction with World Alzheimer's Month 2017, Atria Shopping Gallery in collaboration with Alzheimer's Disease Foundation Malaysia launched the Atria-ADFM Community Centre and the 'Remember Me' campaign to create awareness about dementia.

**SEPT 14**



OSKians gave a bullish run at the Bursa Bull Charge 2017.

**OCT 5**



Melbourne Square, OSK's first overseas development project was officially launched in Melbourne by Tan Sri Ong Leong Huat, Dato' Sudha Devi KR Vasudevan, High Commissioner of Malaysia to Australia and Datuk Shahril Ridza Ridzuan, CEO of EPF.

**OCT 14**



Gifts of Hope - OSKians spread happiness to the children from Rumah Shalom in a fun bowling outing at Ampang Superbowl, IOI Mall Puchong.

**OCT 27**



Atria Shopping Gallery bagged the Silver Award in the Best Experiential Marketing Award 2017 organised by the Malaysia Shopping Malls Association.

**OCT 30**

*THEEDGE* Top Property  
Developers Awards  
2017

OSK Property improved its rankings to no.16 out of the Top 30 developers in the country at The Edge Malaysia Top Property Developers Awards 2017.

**NOV 10**



OSK Property was awarded the Property Excellence Award at the Sin Chew Business Excellence Awards 2017.

**NOV 10 & 24**



OSK Property in collaboration with OSK Foundation provided relief assistance to the victims of the unprecedented floods in Penang and Kedah.

**NOV 13**



Tan Sri Ong Leong Huat, our Executive Chairman received the Lifetime Achievement Award for Leadership in Banking and Financial Services industry at the 9th World Chinese Economic Summit 2017 held in Hong Kong. Mr Ong Ju Xing received the award on his behalf.

## THE YEAR 2017 IN REVIEW

**NOV 14**



OSK Holdings Berhad held an Extraordinary General Meeting on 14 November 2017 at Swiss-Garden Hotel & Residences Kuala Lumpur.

**NOV 20-24**



OSK Group organised a health week for employees which included free health screenings, health talks and a blood donation drive.

**NOV 22**



OSK Group embarked on a campaign to educate its employees on sustainability.

**NOV 23**



OSK Holdings Berhad received a Certificate of Merit at the National Annual Corporate Report Awards 2017.

**NOV 30**



OSK came in at 9th placing under the Small category for the Activ@Work Challenge 2017 organised by PERKESO and BookDoc.

**DEC 2**



Gifts of Hope - OSKians brought early Christmas cheer to 30 children from the Praise Emmanuel Children's Home and Rumah Charis through a fun-filled outing to Atria Shopping Gallery.

**DEC 2**



OSK Foundation together with Atria Shopping Gallery organised an 'Adopt-a-Christmas-tree' campaign where a total of RM38,000 was raised for the 'Empowered2Teach' programme, an orang Asli pre-school education initiative by SUKA Society.

**DEC 11**



OSK Holdings Berhad was listed in the Top 100 companies with the best corporate governance practices in terms of disclosure and transparency by the Minority Shareholder Watchdog Group.

**DEC 15**



OSK Foundation and Atria Shopping Gallery's 'Adopt-a-Christmas-tree' campaign successfully entered into the Malaysia Book of Records by registering the 'Most Number of Christmas Trees Displayed in a Shopping Mall'.



# MELBOURNE SQUARE

**ONE OF  
MELBOURNE'S  
LARGEST MIXED-  
USE PRECINCT**

**SHOPPING,  
DINING &  
CHILDCARE  
FACILITIES**



**VERTICAL VILLAGE  
FEATURING 6 TOWERS**



**3,700  
SQM  
PUBLIC  
PARK**

**SOUTHBANK'S  
FIRST FULL-LINE  
SUPERMARKET**



# MEDIA HIGHLIGHTS

**OSK PARTNERS EPF in A\$2.8b Melbourne project**  
The pension fund is taking a 49% stake in firm that holds the development rights. Suihi Azman has the story on Page 3.

**Country Garden pledges refunds for Forest City buyers**

**Malaysia worried EPF resolution could dent palm oil exports**

**Business Planners make recruiting more land bank**

**MRT fares to pay for bonds issued to fund project**

**Daily 6% of Malaysians have enough savings to last six months**

## EPF buys stake in OSK's Aussie project

### Fund to pay A\$154mil for 49% in Melbourne Square developer

EPF had signed a joint venture agreement with OSK Property Holdings to develop Melbourne Square in Southbank, Melbourne. The deal involves EPF providing A\$154 million for a 49% stake in the project, while OSK provides the remaining 51%.

The deal is expected to be completed by the end of the year. The project is a mixed-use development consisting of a 1.2 million sq ft office building, a 1.2 million sq ft residential building, and a 1.2 million sq ft commercial building.

## Melbourne Square making a statement in Southbank

The new development is a landmark project in Southbank, Melbourne. It features a mix of office, residential, and commercial spaces. The project is being developed by OSK Property Holdings and EPF.

The development is expected to be completed by the end of the year. It will consist of a 1.2 million sq ft office building, a 1.2 million sq ft residential building, and a 1.2 million sq ft commercial building.

## 墨爾本廣場下月動工

### EPF澳洲合作項目

【本報吉隆坡訊】由淡邊證券（OSK）與新加坡淡邊證券（OSK）合作開發的墨爾本廣場（Melbourne Square）項目，預計將於下月動工。該項目位於墨爾本南區，由淡邊證券與淡邊證券（OSK）合作開發。

淡邊證券（OSK）表示，該項目將為墨爾本帶來新的發展契機，並為當地創造就業機會。項目預計將於下月動工，預計將於明年完工。

## OSK records 20% pretax profit increase in 2Q17

OSK Property Holdings reported a 20% increase in pretax profit for the second quarter of 2017. The increase was driven by strong performance in its core business segments, including property development and investment management.

The company's revenue for the quarter was A\$1.2 billion, up from A\$1.0 billion in the same quarter of 2016. The increase in profit was primarily due to higher margins in its property development segment, which was driven by the successful launch of several new projects.

## OSK Property forges ahead

OSK Property Holdings is forging ahead with its expansion strategy. The company has recently completed the acquisition of several new projects, which will further strengthen its portfolio and drive growth in the coming years.

The company's focus is on developing high-quality, mixed-use projects in key markets. This strategy is expected to drive long-term growth and increase the company's market value.

28 地產街 | 傳媒 | 商業 | 13



# 墨爾本廣場 發展總值90億 打造最新地標

【本報訊】由OSK Properties發展，由Melbourne Square發展商與澳洲地產商合作，由Melbourne Square發展商與澳洲地產商合作，由Melbourne Square發展商與澳洲地產商合作...

OSK Properties發展商與澳洲地產商合作，由Melbourne Square發展商與澳洲地產商合作，由Melbourne Square發展商與澳洲地產商合作...

OSK Properties發展商與澳洲地產商合作，由Melbourne Square發展商與澳洲地產商合作，由Melbourne Square發展商與澳洲地產商合作...

## Malaysia's OSK Holdings 3Q Net Profit Jumps Four Times On One-Off Gain

KUALA LUMPUR (Nov 27) -- OSK Holdings, a Malaysian property developer, said Monday its third quarter net profit jumped four-fold on year due to one-time gain.

Net profit for the three months ended Sep. 30 stood at 226.83 million ringgit (855.15 million) against 56.30 million ringgit a year ago, the company said in an exchange filing. Quarterly revenue rose 16% on year to 314.45 million ringgit from 271.17 million ringgit.

The company said it booked an one-off gain on deemed disposal of 177.61 million ringgit arising from the dilution of equity interest in a subsidiary company in Melbourne, Australia and realisation of foreign exchange reserve thereof during the quarter.

Moving forward, OSK Holdings plans to launch the first phases of Tringay Kayu in Negeri Sembilan state and Ryan & Mibo in Selangor state with a total gross development value of approximately 720 million ringgit by year-end.

As at Sep. 30 the company had an unbilled sales of 1.1 billion ringgit and land bank size of 2,055 acres with an estimated gross development value of 8.5 billion ringgit.

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- Edited by Abhijit Basu  
- Send Feedback to feedback@NikkeiNewsRise.com  
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**EPF, OSK INK MELBOURNE SQUARE DEAL**

OSK Properties and EPF have signed a deal for the Melbourne Square project. The deal is valued at 9 billion ringgit. The project is expected to be completed by 2020.

### 侨丰次季净利涨 32%

【本報訊】由OSK Holdings發展，由Melbourne Square發展商與澳洲地產商合作，由Melbourne Square發展商與澳洲地產商合作...

OSK Holdings發展商與澳洲地產商合作，由Melbourne Square發展商與澳洲地產商合作，由Melbourne Square發展商與澳洲地產商合作...

### Adopt a tree this season

Mail and foundation team up to raise funds for welfare society

38,000

Merry Christmas

OSK Holdings and the foundation have launched an 'Adopt a Tree' campaign to raise funds for the welfare society. The campaign is running from now until Christmas.

### 大臣：關稅局解釋不合理 5308萬回扣額 何時退？

【本報訊】雪州大臣曾聯星阿羅威阿羅威指出，稅務局對5308萬回扣額的解釋不合理。他呼籲稅務局儘快退還這筆款項。

阿羅威阿羅威指出，稅務局的解釋是基於一些不合理的理由。他認為，這筆款項是屬於雪州政府的，稅務局應該儘快退還。

阿羅威阿羅威表示，他已經向稅務局提出了抗議，但還沒有得到任何回應。他呼籲稅務局儘快退還這筆款項，以維護雪州政府的利益。



# FINANCIAL CALENDAR

## ANNOUNCEMENT OF QUARTERLY RESULTS

### 24 FEBRUARY 2017

UNAUDITED CONSOLIDATED RESULTS FOR **4<sup>TH</sup> QUARTER** ENDED **31 DECEMBER 2016**

### 25 MAY 2017

UNAUDITED CONSOLIDATED RESULTS FOR **1<sup>ST</sup> QUARTER** ENDED **31 MARCH 2017**

### 29 AUGUST 2017

UNAUDITED CONSOLIDATED RESULTS FOR **2<sup>ND</sup> QUARTER** ENDED **30 JUNE 2017**

### 27 NOVEMBER 2017

UNAUDITED CONSOLIDATED RESULTS FOR **3<sup>RD</sup> QUARTER** ENDED **30 SEPTEMBER 2017**

### 28 FEBRUARY 2018

UNAUDITED CONSOLIDATED RESULTS FOR **4<sup>TH</sup> QUARTER** ENDED **31 DECEMBER 2017**

## ENTITLEMENTS

### Dividends

Single-tier final dividend of 5.0 sen per ordinary share for the financial year ended 31 December 2016

Single-tier interim dividend of 2.5 sen per ordinary share for the financial year ended 31 December 2017

Announcement of the notice of entitlement and payment : **22 March 2017**

Entitlement Date : **25 April 2017**

Payment Date : **11 May 2017**

Announcement of the notice of entitlement and payment : **29 August 2017**

Entitlement Date : **26 September 2017**

Payment Date : **11 October 2017**

### Bonus Issue

Bonus issue on the basis of one (1) Bonus Share for every two (2) OSK Shares

Announcement of the notice of entitlement : **15 November 2017**

Entitlement Date : **29 November 2017**

Listing date : **30 November 2017**

## ANNUAL GENERAL MEETING

### 22 MARCH 2017

NOTICE OF 27<sup>TH</sup> ANNUAL GENERAL MEETING

### 19 APRIL 2017

27<sup>TH</sup> ANNUAL GENERAL MEETING

### 2 APRIL 2018

NOTICE OF 28<sup>TH</sup> ANNUAL GENERAL MEETING

### 24 MAY 2018

28<sup>TH</sup> ANNUAL GENERAL MEETING

# FIVE-YEAR GROUP FINANCIAL SUMMARY

| (RM'000)   | 2017             | 2016             | 2015             | 2014             | 2013             |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>FINANCIAL POSITION</b>  |                  |                  |                  |                  |                  |
| <b>TOTAL ASSETS</b>  |                  |                  |                  |                  |                  |
| Investments in associated companies and a joint venture                | 3,443,134        | 2,896,737        | 2,791,783        | 2,245,521        | 2,060,706        |
| Inventories  | 1,376,732        | 1,713,326        | 1,609,802        | -                | -                |
| Property, plant and equipment  | 752,444          | 778,257          | 802,393          | 9,398            | 9,280            |
| Investment properties  | 712,943          | 649,780          | 570,342          | 371,921          | 358,951          |
| Trade receivables and contract assets                                  | 435,448          | 603,547          | 815,693          | 496              | 41               |
| Cash, bank balances and short term funds                               | 424,676          | 418,452          | 455,699          | 56,098           | 2,015            |
| Capital financing  | 512,890          | 351,313          | 382,118          | 394,996          | 411,293          |
| Deferred tax assets  | 74,018           | 100,883          | 84,487           | 1,100            | 1,776            |
| Other assets   | 170,384          | 213,855          | 178,736          | 37,352           | 80,260           |
| <b>Total assets</b>  | <b>7,902,669</b> | <b>7,726,150</b> | <b>7,691,053</b> | <b>3,116,882</b> | <b>2,924,322</b> |
| <b>TOTAL LIABILITIES</b>   |                  |                  |                  |                  |                  |
| Borrowings   | 1,428,706        | 1,393,290        | 1,451,407        | 378,214          | 290,219          |
| Medium term notes  | 838,210          | 837,604          | 746,837          | -                | -                |
| Trade payables and contract liabilities                                | 249,008          | 302,739          | 575,169          | 818              | 459              |
| Deferred tax liabilities   | 143,120          | 156,916          | 136,772          | 11,862           | 11,829           |
| Other liabilities  | 636,701          | 592,711          | 473,174          | 17,997           | 26,207           |
| <b>Total liabilities</b>   | <b>3,295,745</b> | <b>3,283,260</b> | <b>3,383,359</b> | <b>408,891</b>   | <b>328,714</b>   |
| <b>TOTAL EQUITY</b>  |                  |                  |                  |                  |                  |
| Share capital  | 2,095,310        | 1,402,891        | 1,402,891        | 969,058          | 969,058          |
| Treasury shares, at cost   | (30,237)         | (30,237)         | (30,234)         | (30,232)         | (787)            |
| Share premium  | -                | 336,481          | 336,481          | -                | -                |
| Retained profits   | 2,363,172        | 2,405,394        | 2,222,071        | 1,670,648        | 1,553,437        |
| Other reserves   | 110,445          | 185,981          | 162,823          | 98,517           | 73,900           |
| Net assets attributable to Owners of the Company (Shareholders' funds) | 4,538,690        | 4,300,510        | 4,094,032        | 2,707,991        | 2,595,608        |
| Non-controlling interests  | 68,234           | 142,380          | 213,662          | -                | -                |
| <b>Total equity</b>  | <b>4,606,924</b> | <b>4,442,890</b> | <b>4,307,694</b> | <b>2,707,991</b> | <b>2,595,608</b> |
| Total number of outstanding Ordinary Shares in Issue ('000)            | 2,077,200        | 1,384,791        | 1,384,793        | 950,961          | 968,421          |

## FIVE-YEAR GROUP FINANCIAL SUMMARY

| (RM'000)  | 2017                   | 2016                 | 2015                      | 2014                 | 2013                 |
|---|------------------------|----------------------|---------------------------|----------------------|----------------------|
| <b>FINANCIAL PERFORMANCE</b>                                    |                        |                      |                           |                      |                      |
| Revenue   | 1,169,279              | 1,305,671            | 757,484                   | 59,928               | 61,269               |
| Cost of sales   | (865,652)              | (904,777)            | (513,787)                 | (16,827)             | (15,583)             |
| Operating expenses  | (209,654)              | (249,045)            | (146,666)                 | (18,192)             | (19,193)             |
| Operating profit  | 93,973                 | 151,849              | 97,031                    | 24,909               | 26,493               |
| Other income  | 281,544 <sup>(a)</sup> | 98,687               | 412,861 <sup>(e)</sup>    | 16,426               | 27,527               |
| Finance costs   | (72,803)               | (77,681)             | (26,865)                  | (2,498)              | (2,174)              |
| Share of results of associated companies and a joint venture    | 182,466                | 148,558              | 121,695                   | 176,778              | 161,339              |
| Profit before tax   | 485,180 <sup>(a)</sup> | 321,413              | 604,722 <sup>(e)</sup>    | 215,615              | 213,185              |
| Profit after tax  | 403,606 <sup>(a)</sup> | 252,028              | 569,802 <sup>(e)</sup>    | 204,255              | 195,635              |
| Profit attributable to Owners of the Company                    | 400,219 <sup>(a)</sup> | 247,273              | 561,528 <sup>(e)</sup>    | 204,255              | 195,635              |
| <b>SHARE INFORMATION</b>  |                        |                      |                           |                      |                      |
| Basic and diluted earnings per share (sen)                      | 19.27 <sup>(a)</sup>   | 11.90 <sup>(c)</sup> | 33.21 <sup>(c), (e)</sup> | 14.19 <sup>(c)</sup> | 13.47 <sup>(c)</sup> |
| Gross dividends per share<br>Declared / Proposed (sen)          | 6.00 <sup>(b)</sup>    | 7.50 <sup>(d)</sup>  | 20.00 <sup>(f)</sup>      | 7.50                 | 7.50                 |
| Net assets per share attributable to Owners of the Company (RM) | 2.19                   | 2.07 <sup>(c)</sup>  | 1.97 <sup>(c)</sup>       | 1.90 <sup>(c)</sup>  | 1.79 <sup>(c)</sup>  |
| Share price at the end of the year (RM)                         | 1.07                   | 0.93 <sup>(c)</sup>  | 1.09 <sup>(c)</sup>       | 1.35 <sup>(c)</sup>  | 1.10 <sup>(c)</sup>  |
| Market capitalisation (RM' million)                             | 2,223                  | 1,939                | 2,257                     | 1,930                | 1,598                |
| <b>VALUATION</b>  |                        |                      |                           |                      |                      |
| Dividend yield  | 5.61%                  | 5.36%                | 12.27%                    | 3.69%                | 4.55%                |
| Price to earnings multiple (times)                              | 5.55                   | 7.82 <sup>(c)</sup>  | 3.28 <sup>(c)</sup>       | 9.51 <sup>(c)</sup>  | 8.17 <sup>(c)</sup>  |
| Price to book multiple (times)                                  | 0.49                   | 0.45                 | 0.55                      | 0.71                 | 0.61                 |
| <b>FINANCIAL RATIOS</b>   |                        |                      |                           |                      |                      |
| Return on equity  | 9.06% <sup>(a)</sup>   | 5.89%                | 16.51% <sup>(e)</sup>     | 7.70%                | 7.76%                |
| Return on assets  | 5.12% <sup>(a)</sup>   | 3.21%                | 10.39% <sup>(e)</sup>     | 6.76%                | 7.05%                |
| Net gearing (times)   | 0.40                   | 0.41                 | 0.42                      | 0.12                 | 0.11                 |

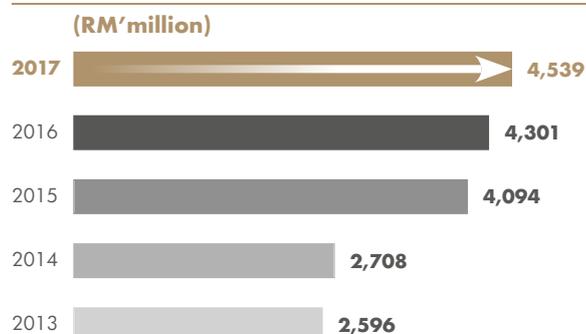
Notes:

- (a) Included gain on deemed disposal of RM177.6 million arising from the dilution of equity interest in a subsidiary company in Melbourne, Australia and realisation of foreign exchange reserve thereof.
- (b) 6.0 sen consists of a single-tier interim dividend of 2.5 sen and a proposed single-tier final dividend of 3.5 sen per share. The proposed dividend is subject to Shareholders' approval at the forthcoming Annual General Meeting.
- (c) Adjusted pursuant to the issuance of bonus shares on 29 November 2017 as disclosed in Note 26(b)(ii) to the financial statements.
- (d) 7.5 sen consists of a single-tier interim dividend of 2.5 sen and a single-tier final dividend of 5.0 sen per share.
- (e) Included negative goodwill of RM375.3 million arising from the acquisitions of OSK Property Holdings Berhad and PJ Development Holdings Berhad and subscription of rights issue in RHB.
- (f) 20.0 sen consists of a single-tier special dividend of 15.0 sen, a single-tier interim dividend of 2.5 sen and a single-tier final dividend of 2.5 sen per share.

## FIVE-YEAR GROUP FINANCIAL SUMMARY

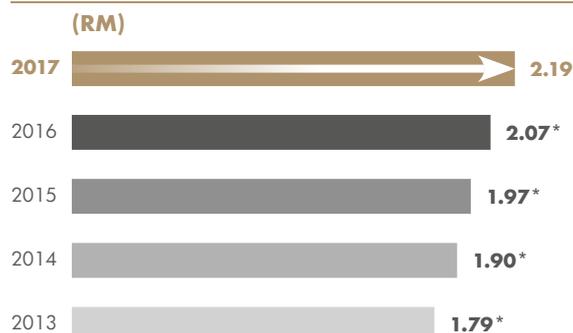
### Net Assets Attributable To Owners Of The Company (Shareholders' Funds)

**RM4,539 million**



### Net Assets Per Share Attributable To Owners Of The Company

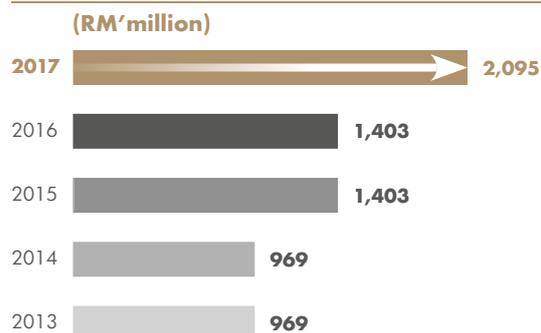
**RM2.19**



\* Adjusted pursuant to the issuance of bonus shares on 29 November 2017 as disclosed in Note 26(b)(ii) to the financial statements.

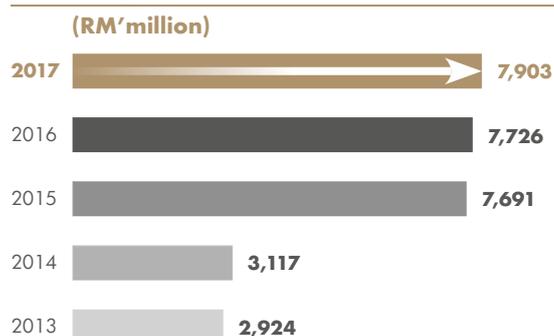
### Share Capital

**RM2,095 million**



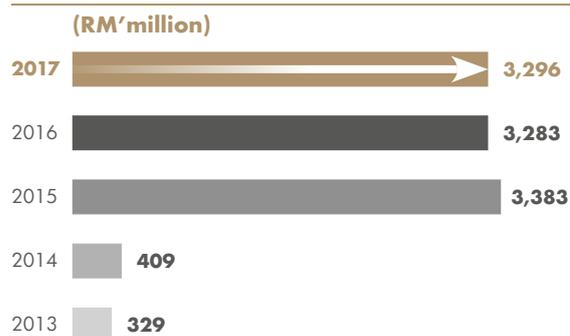
### Total Assets

**RM7,903 million**



### Total Liabilities

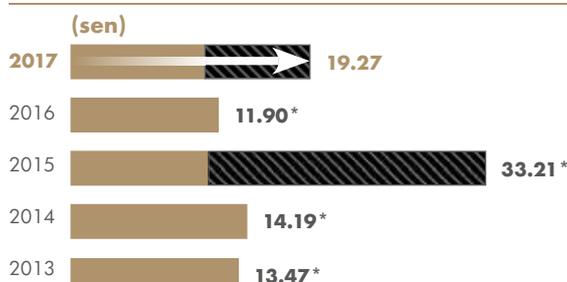
**RM3,296 million**



## FIVE-YEAR GROUP FINANCIAL SUMMARY

### Basic Earnings Per Share

# 19.27 sen

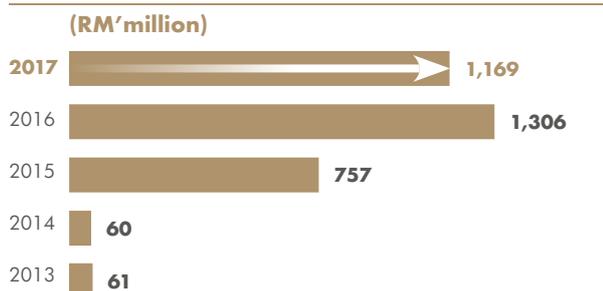


|           | 2017  | 2016  | 2015  | 2014  | 2013  |
|-----------|-------|-------|-------|-------|-------|
| ■ EPS     | 10.72 | 11.90 | 11.02 | 14.19 | 13.47 |
| ■ One-off | 8.55  | -     | 22.19 | -     | -     |
| Total     | 19.27 | 11.90 | 33.21 | 14.19 | 13.47 |

\* Adjusted pursuant to the issuance of bonus shares on 29 November 2017 as disclosed in Note 26(b)(ii) to the financial statements.

### Revenue

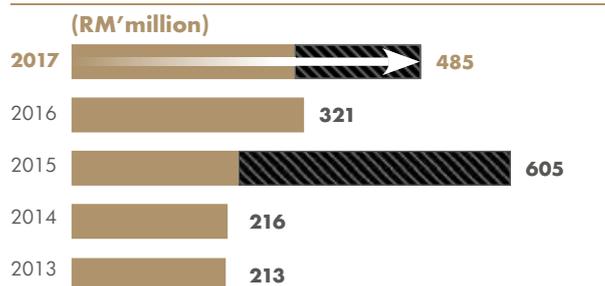
# RM1,169 million



|           | 2017  | 2016  | 2015 | 2014 | 2013 |
|-----------|-------|-------|------|------|------|
| ■ Revenue | 1,169 | 1,306 | 757  | 60   | 61   |

### Profit Before Tax

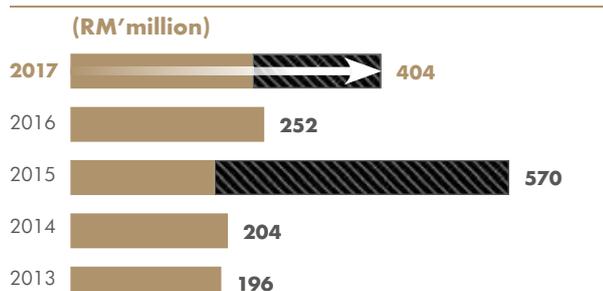
# RM485 million



|           | 2017 | 2016 | 2015 | 2014 | 2013 |
|-----------|------|------|------|------|------|
| ■ PBT     | 307  | 321  | 230  | 216  | 213  |
| ■ One-off | 178  | -    | 375  | -    | -    |
| Total     | 485  | 321  | 605  | 216  | 213  |

### Profit After Tax

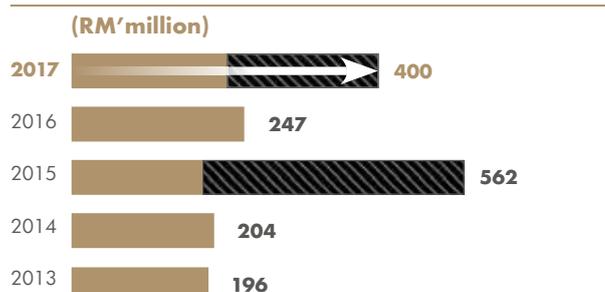
# RM404 million



|           | 2017 | 2016 | 2015 | 2014 | 2013 |
|-----------|------|------|------|------|------|
| ■ PAT     | 226  | 252  | 195  | 204  | 196  |
| ■ One-off | 178  | -    | 375  | -    | -    |
| Total     | 404  | 252  | 570  | 204  | 196  |

### Profit Attributable To Owners Of The Company

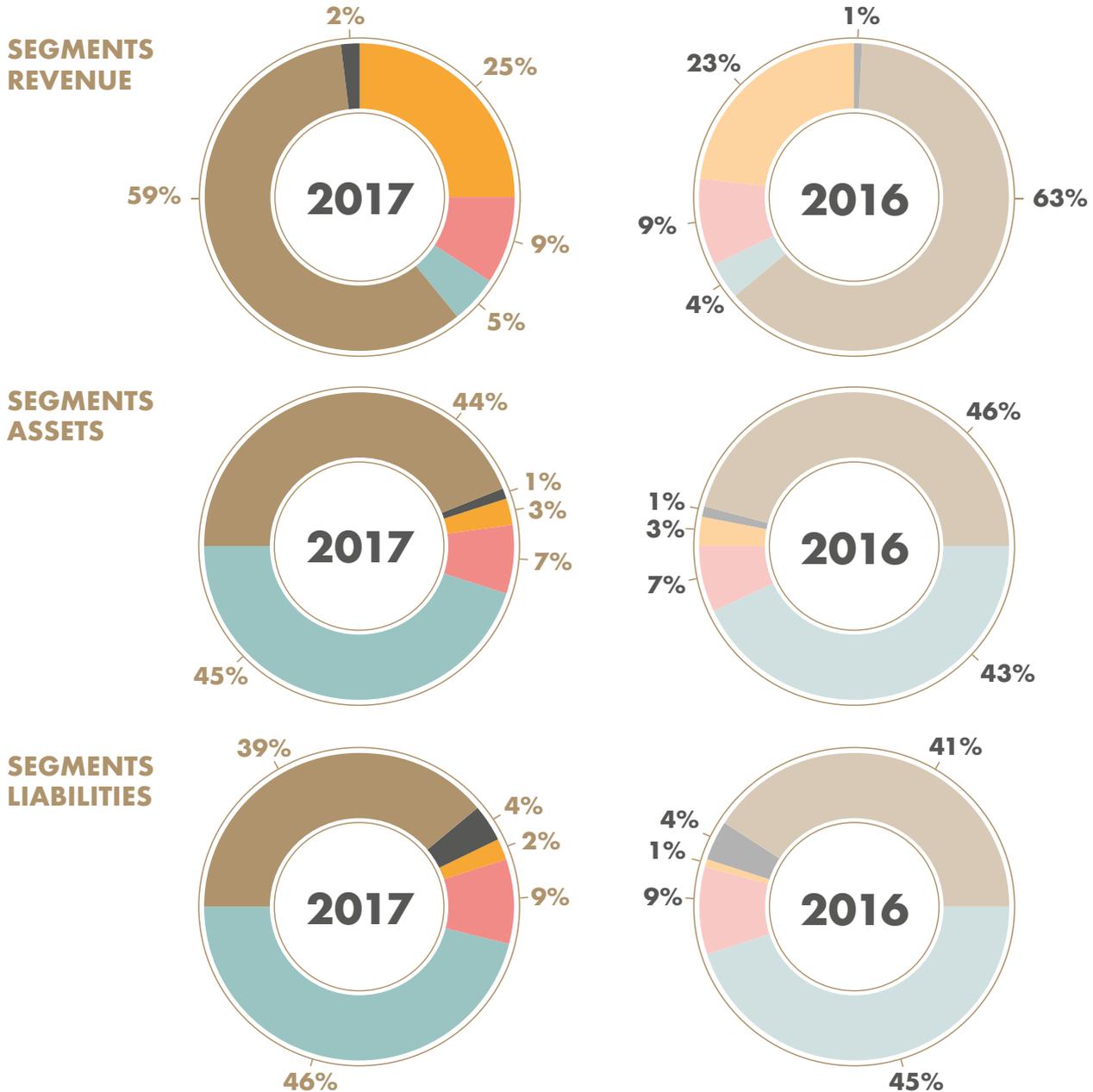
# RM400 million



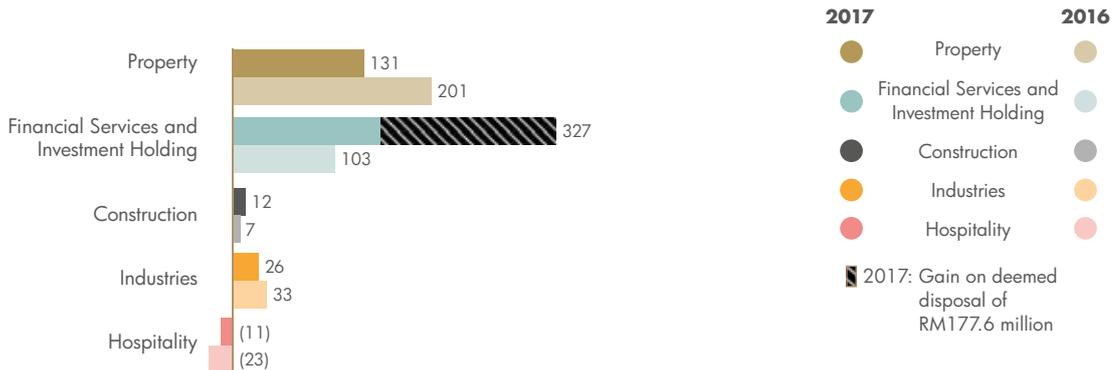
|           | 2017 | 2016 | 2015 | 2014 | 2013 |
|-----------|------|------|------|------|------|
| ■ @       | 222  | 247  | 187  | 204  | 196  |
| ■ One-off | 178  | -    | 375  | -    | -    |
| Total     | 400  | 247  | 562  | 204  | 196  |

@ Profit attributable to Owners of the Company

# OPERATING SEGMENTS ANALYSIS



## Segments Profit Before Tax (RM'million)

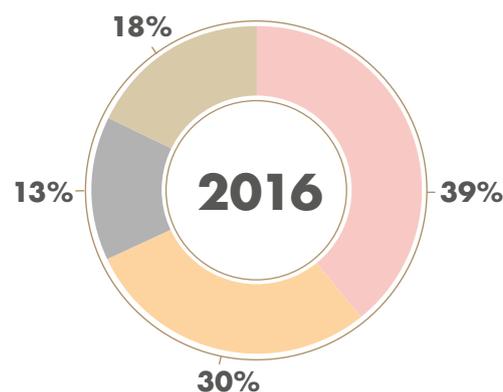
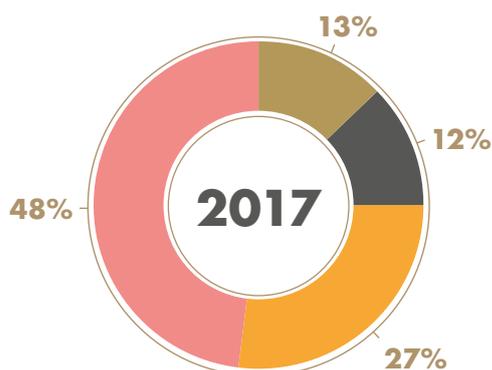


# STATEMENT OF VALUE ADDED AND DISTRIBUTION

| (RM'000)  | 2017           | 2016           | 2015           | 2014           | 2013           |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>VALUE ADDED:</b>   |                |                |                |                |                |
| Revenue   | 1,169,279      | 1,305,671      | 757,484        | 59,928         | 61,269         |
| Purchase of goods and services                                  | (963,825)      | (1,037,623)    | (607,956)      | (26,407)       | (24,939)       |
| Value added by the Group  | 205,454        | 268,048        | 149,528        | 33,521         | 36,330         |
| Other income  | 103,932        | 98,687         | 37,609         | 16,426         | 27,527         |
| Gain on deemed disposal of<br>a subsidiary company              | 177,612        | -              | -              | -              | -              |
| Negative goodwill   | -              | -              | 375,252        | -              | -              |
| Share of results of associated companies<br>and a joint venture | 182,466        | 148,558        | 121,695        | 176,778        | 161,339        |
| <b>Total value added</b>  | <b>669,464</b> | <b>515,293</b> | <b>684,084</b> | <b>226,725</b> | <b>225,196</b> |
| <b>Reconciliation:</b>  |                |                |                |                |                |
| Profit after tax  | 403,606        | 252,028        | 569,802        | 204,255        | 195,635        |
| Add: Depreciation and amortisation                              | 24,090         | 24,441         | 10,068         | 848            | 779            |
| Finance costs   | 72,803         | 77,681         | 26,865         | 2,498          | 2,174          |
| Salaries and other staff costs                                  | 87,391         | 91,758         | 42,429         | 7,764          | 9,058          |
| Tax expense   | 81,574         | 69,385         | 34,920         | 11,360         | 17,550         |
| <b>Total value added</b>  | <b>669,464</b> | <b>515,293</b> | <b>684,084</b> | <b>226,725</b> | <b>225,196</b> |
| <b>DISTRIBUTION:</b>  |                |                |                |                |                |
| <b>To employees</b>   |                |                |                |                |                |
| - Salaries and other staff costs                                | 87,391         | 91,758         | 42,429         | 7,764          | 9,058          |
| <b>To the Government</b>  |                |                |                |                |                |
| - Corporate taxation  | 81,574         | 69,385         | 34,920         | 11,360         | 17,550         |
| <b>To providers of capital</b>                                  |                |                |                |                |                |
| - Dividends to the Owners of the Company                        | 103,860        | 69,240         | 224,815        | 71,322         | 36,316         |
| - Profit attributable to non-controlling interests              | 3,387          | 4,755          | 8,274          | -              | -              |
| - Finance costs   | 72,803         | 77,681         | 26,865         | 2,498          | 2,174          |
|   | 180,050        | 151,676        | 259,954        | 73,820         | 38,490         |
| <b>To reinvest for future growth<br/>of the Group</b>           |                |                |                |                |                |
| - Depreciation and amortisation                                 | 24,090         | 24,441         | 10,068         | 848            | 779            |
| - Profits retained by the Group                                 | 296,359        | 178,033        | 336,713        | 132,933        | 159,319        |
|   | 320,449        | 202,474        | 346,781        | 133,781        | 160,098        |
| <b>Total value distributed</b>                                  | <b>669,464</b> | <b>515,293</b> | <b>684,084</b> | <b>226,725</b> | <b>225,196</b> |

## TOTAL VALUE DISTRIBUTED

- Employees
- Government
- Providers of capital
- Reinvestment



# INVESTOR RELATIONS

**OSK recognises that effective and timely communication of information related to the Company's business strategies, financial performance and business initiatives are essential in maintaining good relationship with our stakeholders, in particular with our shareholders and investors (collectively known as "Investment Community"). The Company's Investor Relations ("IR") team facilitates communication between the Company and the Investment Community.**

In 2017, the senior management of the Company hosted meetings and conference calls with key local and foreign institutional shareholders as well as fund managers and analysts to update them on significant developments with regards to the Company's strategies and performance. The Company also participated in Credit Suisse's Malaysia Property Day which was held in Shangri-La Hotel Kuala Lumpur on 13 September 2017. All IR activities are conducted by the senior management which includes the Group Managing Director, Deputy Group Managing Director and the Chief Operating Officer.

In addition to the meetings stated above, the Company has also adopted the following communication channels with the Investment Community:

## GENERAL MEETINGS

The Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM") represent the primary platforms for open communication between the shareholders, Board and senior management of the Group. Shareholders were able to raise questions and provide feedback to the Board and senior management as well as exercise their voting rights during these meetings. Shareholders who were unable to attend were allowed to appoint proxies to attend and vote on their behalf.

In 2017, OSK's 27th AGM was held on 19 April 2017 at the Grand Hibiscus Ballroom, Level 3, Swiss-Garden Hotel & Residences Kuala Lumpur, Malaysia. OSK also held an EGM on 14 November 2017 at the same venue. All resolutions tabled at both meetings were duly approved by the shareholders.

## REPORTS

OSK produces an Annual Report which provides the Investment Community with a comprehensive view of the Company's financial and operational performance. This is supplemented by our Sustainability Report, which outlines the Company's management of sustainability matters, as well as quarterly financial reports and periodic announcements made to Bursa Malaysia on key corporate initiatives. These reports and links to announcements are also accessible via the Group's website at [www.oskgroup.com/corporate-announcements/](http://www.oskgroup.com/corporate-announcements/).

## WEBSITE

The Group maintains a website at [www.oskgroup.com/](http://www.oskgroup.com/) which can be accessed by stakeholders to keep abreast with the Group's development. The website remains a key communication channel for the Group. There is also a dedicated IR section available on the website where the Investment Community can obtain up-to-date information on the Company including financial results, Board information and corporate governance-related information.

The Investment Community can contact the IR team through the contact details published on the Company's website at [www.oskgroup.com/overview/](http://www.oskgroup.com/overview/) or leave their queries or feedback via the contact form on the Group's website or by sending us an email to [ir@oskgroup.com](mailto:ir@oskgroup.com).

# SHARE PRICE AND VOLUME TRADED IN YEAR 2017



|   | Jan      | Feb      | Mar      | Apr      | May      | Jun      | Jul      | Aug      | Sep      | Oct      | Nov      | Dec      |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| <b>Closing Price (RM)<sup>(1)</sup></b> | 0.93     | 0.96     | 1.05     | 1.05     | 1.11     | 1.08     | 1.07     | 1.07     | 1.07     | 1.05     | 1.08     | 1.07     |
| <b>Volume ('000)</b>                    | 7,561    | 37,638   | 44,988   | 30,217   | 31,221   | 9,792    | 6,584    | 16,469   | 12,320   | 10,165   | 16,407   | 8,850    |
| <b>FTSE BM KLCI Index</b>               | 1,671.54 | 1,693.77 | 1,740.09 | 1,768.06 | 1,765.87 | 1,763.67 | 1,760.03 | 1,773.16 | 1,755.58 | 1,747.92 | 1,717.86 | 1,796.81 |
| <b>BMPI</b>                             | 1,170.77 | 1,226.49 | 1,304.03 | 1,312.23 | 1,301.76 | 1,299.32 | 1,257.36 | 1,241.01 | 1,249.70 | 1,239.44 | 1,217.19 | 1,226.86 |

Note:

<sup>(1)</sup> The closing price for January 2017 to October 2017 have been adjusted pursuant to the issuance of bonus shares on 29 November 2017 as disclosed in Note 26(b)(ii) to the financial statements.

# WHO WE ARE

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S

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# ABOUT US

**Incorporated as a stockbroking company in 1963, OSK grew to become a regional investment bank under OSK Investment Bank Berhad (“OSKIB”).**

In 1997, OSK diversified into properties through its subsidiary company OSK Property Holdings Berhad (“OSKP”), which was listed on the Kuala Lumpur Stock Exchange (“KLSE” – now known as Bursa Malaysia) in 2002. When OSKIB became a regulated entity by Bank Negara Malaysia in 2007, the shares of OSKP were distributed to the shareholders of OSK to comply with regulatory requirements. The company has since grown to become a multi-award winning developer with residential, township and commercial projects located in strategic growth areas across the country.

In 2012, OSKIB merged with RHB Investment Bank Berhad in a share swap exercise resulting in OSK becoming a major shareholder in RHB Group with a 10% equity interest in RHB Bank Berhad. In 2015, OSKP was merged back into the OSK Group and subsequently delisted from the Main Market of Bursa Malaysia.

In the same merger exercise, PJ Development Holdings Berhad (“PJD”) became part of the OSK Group. PJD was established in 1965 as a plantation and property development company, whereby it was eventually listed on the KLSE in 1974. PJD eventually divested its plantation business and ventured into four key areas of property development, construction, manufacturing of Industrialised Building System (“IBS”) wall panels and cables under the Acotec and Olympic Cable brands respectively, and hospitality under the Swiss-Garden International and SGI Vacation Club brands.

In 2016, OSK increased its shareholdings in PJD to about 97% via an unconditional voluntary take-over offer of all remaining ordinary shares and outstanding warrants in PJD not owned by the Company. Upon completion of the exercise, PJD was delisted from the Main Market of Bursa Malaysia.

Today, OSK Group is a conglomerate with diversified interests in five business sectors.



# ABOUT US

## OUR VISION & MISSION

At OSK, our vision is to be a long-term business builder that delivers superior value to all our internal and external stakeholders.

### SHAREHOLDERS

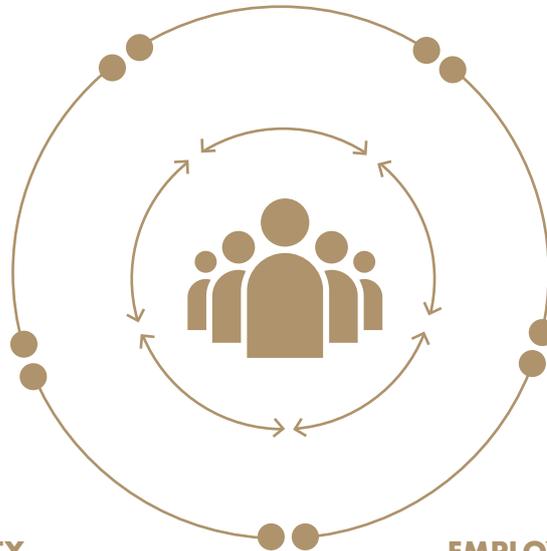
We seek to create long-term value for our shareholders through delivering strong and sustainable returns.

### BUSINESS UNITS

We help our businesses deliver unique and high quality products and services to our customers through the expertise of our business leaders, our willingness to invest in talent, our efficient infrastructure and our effective operational processes.

### BUSINESS PARTNERS

We create and nurture mutually rewarding long-term partnerships with our suppliers, consultants, business associates and customers.



### COMMUNITY

We aim to enrich the lives of the communities in which we operate.

### EMPLOYEES

We aim to be an employer of choice through maintaining a good work culture and adopting a genuine interest in the long-term career development of our employees.

# ABOUT US

## OUR VALUES

We aim to achieve our vision by embracing these values in our daily work.



### EXCELLENCE

We make decisions and formulate strategies based on objective facts. We try our best to have a thorough understanding of our businesses and the markets in which we operate so that we make decisions that are well thought-through.

We adopt high standards in all that we do so that our businesses consistently deliver high quality products and services.



### INTEGRITY

We are dedicated to building strong relationships that are mutually beneficial to all our stakeholders and us. Even in the most challenging situations, we behave in a professional and ethical manner.



### FORWARD THINKING

We adopt a long-term view of our businesses and the markets that we operate in, and we are conscious of the long-term effects of the decisions we make.



### PEOPLE DRIVEN

Our people are the ones who power the organisation. As such, we try our best to recruit, groom and retain people who have good character, are committed to the organisation and are highly skilled in their areas of expertise.



### HUMILITY & RESPECT

In all our internal and external dealings, we seek to create an environment of mutual respect through demonstrating humility, appreciation and cooperation.



# CORPORATE INFORMATION

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## BOARD OF DIRECTORS

**Tan Sri Ong Leong Huat @ Wong Joo Hwa**  
Executive Chairman

**Ong Ju Yan**  
Group Managing Director

**Ong Ju Xing**  
Deputy Group Managing Director

**Dato' Saiful Bahri bin Zainuddin**  
Executive Director

**Foo San Kan**  
Senior Independent Non-Executive Director

**Tan Sri Datin Paduka Siti Sa'diah binti  
Sheikh Bakir**  
Independent Non-Executive Director

**Dato' Abdul Majit bin Ahmad Khan**  
Independent Non-Executive Director

**Dato' Thanarajasingam Subramaniam**  
Independent Non-Executive Director

**Nik Mohamed Sharifidin B N M Din**  
Independent Non-Executive Director

**Ong Yee Ching**  
Non-Independent Non-Executive Director

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## KEY SENIOR MANAGEMENT

**Tan Sri Ong Leong Huat @ Wong Joo Hwa**  
Executive Chairman

**Ong Ju Yan**  
Group Managing Director

**Ong Ju Xing**  
Deputy Group Managing Director

**Dato' Saiful Bahri bin Zainuddin**  
Executive Director

**Puan Sri Khor Chai Moi**  
Executive Director, PJ Development Holdings Berhad

**Ong Ghee Bin**  
Chief Executive Officer, Property

**Wong Kit Yin, Caroline**  
Chief Executive Officer, Property Investment

**Chow Hock Kin**  
Director, Capital Financing

**Ng Lee Huat, John**  
Acting Chief Executive Officer/Chief Operating Officer,  
Construction

**Yeat Siew Hong**  
Chief Executive Officer, Cables

**Tan Kheak Chun**  
Chief Executive Officer, Industrialised Building System

**Ang Beng Teik, Ricky**  
Chief Executive Officer, Hotels

**Ting Chun Hong, Ivan**  
Chief Executive Officer, Vacation Club

**Ng Lai Ping**  
Group Chief Financial Officer

**Woon Chong Boon**  
Chief Operating Officer/Head of Corporate Strategy &  
Planning

**Mak Pick Wan, Chris**  
Chief Information Officer

**Young Tat Yong**  
Chief Internal Auditor

**Fong Gook Pheng, Margaret**  
Head, Group Human Resources

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# CORPORATE INFORMATION

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## AUDIT COMMITTEE

Foo San Kan – *Chairman*  
Dato' Abdul Majit bin Ahmad Khan  
Dato' Thanarajasingam Subramaniam  
Ong Yee Ching

## RISK MANAGEMENT COMMITTEE

Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir  
– *Chairman*  
Foo San Kan  
Dato' Abdul Majit bin Ahmad Khan

## NOMINATION AND REMUNERATION COMMITTEE

Foo San Kan – *Chairman*  
Dato' Abdul Majit bin Ahmad Khan  
Dato' Thanarajasingam Subramaniam

## COMPANY SECRETARIES

Chua Siew Chuan (MAICSA 0777689)  
Chin Mun Yee (MAICSA 7019243)

## AUDITORS

BDO (AF: 0206)  
Level 8, BDO @ Menara CenTARa  
360 Jalan Tuanku Abdul Rahman  
50100 Kuala Lumpur

## PRINCIPAL BANKERS

Bangkok Bank Berhad  
Bank of China (Malaysia) Berhad  
CIMB Bank Berhad  
Industrial and Commercial Bank of China (Malaysia) Berhad  
Malayan Banking Berhad  
OCBC Bank (Malaysia) Berhad  
Public Bank Berhad  
RHB Bank Berhad  
Standard Chartered Bank Malaysia Berhad  
United Overseas Bank (Malaysia) Berhad

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## SOLICITORS

Cheang & Ariff  
Lee Hishammuddin Allen & Gledhill  
Raslan Loong, Shen & Eow

## REGISTRAR

Securities Services (Holdings) Sdn. Bhd.  
Level 7, Menara Milenium  
Jalan Damanlela, Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Tel. No.: (603) 2084 9000  
Fax No.: (603) 2094 9940

## REGISTERED OFFICE

21st Floor, Plaza OSK  
Jalan Ampang  
50450 Kuala Lumpur  
Tel. No.: (603) 2166 6225  
Fax No.: (603) 2026 6331

## PRINCIPAL BUSINESS ADDRESS

7th Floor, Plaza OSK  
Jalan Ampang  
50450 Kuala Lumpur  
Tel. No.: (603) 2166 6225  
Fax No.: (603) 2166 6220

## STOCK EXCHANGE LISTING

Main Market, Bursa Malaysia Securities Berhad

## STOCK NAME AND STOCK CODE

OSK, 5053

## ISIN CODE

MYL505300003

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## CORPORATE INFORMATION

### PRINCIPAL BUSINESS ADDRESSES BY SEGMENT

#### PROPERTY SEGMENT

##### Property Development

OSK Property Holdings Berhad  
7th Floor, Plaza OSK  
Jalan Ampang  
50450 Kuala Lumpur  
Tel. No. : (603) 2161 3322  
Fax No. : (603) 2161 3327  
www.oskproperty.com.my

Yarra Park City Pty Ltd  
Level 2, 99 Queensbridge St  
Melbourne, VIC 3006  
Tel. No. : (61) 3 9686 5566  
Fax No. : (61) 3 9686 5544  
www.melbournesquare.com.au

##### Sales Galleries

OSK Property Sales Gallery  
Melbourne Square, Gravitas & You City  
Lot G32 & 33, Ground Floor  
Atria Shopping Gallery  
Jalan SS22/23, Damansara Jaya  
47400 Petaling Jaya  
Selangor  
Tel. No. : (603) 7733 1231  
www.melbournesquare.com.au  
www.gravitas.my  
www.youcity.com.my

Bandar Puteri Jaya & Hill Park  
No 1A, Jalan Puteri Heights 1/1  
Bandar Puteri Jaya  
08000 Sungai Petani  
Kedah  
Tel. No. : (604) 425 1818  
Fax No. : (604) 425 8030  
www.bandarputerijaya.com.my

Harbour Place Sales Gallery  
Lot 2449 & 2450  
Jalan Chain Ferry  
Seberang Perai Utara  
12100 Butterworth  
Penang  
Tel. No. : (604) 332 1188  
Fax No. : (604) 332 3128  
www.luminari.com.my

Iringan Bayu Sales Gallery  
Persiaran Iringan Bayu 3  
Iringan Bayu  
70300 Seremban  
Negeri Sembilan  
Tel. No. : (606) 601 8858  
www.iringanbayu.com.my

Pan'gaea Show Village  
Persiaran Bestari, Cyber 11  
63000 Cyberjaya  
Selangor  
Tel. No. : (603) 8318 6366  
www.pangaea.com.my

Ryan & Miho Sales Gallery  
9-P1 Block A, Jaya One  
72A Jalan Universiti  
46200 Petaling Jaya  
Selangor  
Tel. No. : (603) 7955 9888  
Tel. No. : (6012) 356 8311  
www.ryanmiho.com.my

TimurBay Kuantan Sales Gallery  
Jalan Kuantan-Kemaman  
Mukim Sungai Karang  
26100, Balok, Kuantan  
Pahang  
Tel. No. : (609) 544 8833  
www.timurbay.com

Windmill Upon Hills Sales Gallery  
B-P7 & B-P8  
Jalan Permai Genting  
Permai Avenue  
Genting Highlands  
69000 Bentong  
Pahang  
Tel. No. : (603) 6100 2339  
Fax No. : (603) 6100 2337  
www.windmilluponhills.com

Melbourne Square Sales Gallery  
93-119 Kavanagh St  
Southbank, VIC 3006  
www.melbournesquare.com.au

##### Property Investment and Management

Atria Shopping Gallery  
F45A, Level 1  
Atria Shopping Gallery  
Jalan SS 22/23  
Damansara Jaya  
47400 Petaling Jaya  
Selangor  
Tel. No. : (603) 7733 5156  
Fax No. : (603) 7733 5157  
www.atria.com.my

Faber Towers  
Lot 207, Level 2, Faber Towers  
Jalan Desa Bahagia, Taman Desa  
58100 Kuala Lumpur  
Tel. No. : (603) 7980 1311  
Fax No. : (603) 7980 1310  
www.fabertowers.com.my

Plaza OSK  
18th Floor, Plaza OSK  
Jalan Ampang  
50450 Kuala Lumpur  
Tel. No. : (603) 2161 5712  
Fax No. : (603) 2162 5703

# CORPORATE INFORMATION

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## PRINCIPAL BUSINESS ADDRESSES BY SEGMENT (CONT'D)

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### FINANCIAL SERVICES SEGMENT

#### Capital Financing

OSK Capital Sdn. Bhd.  
9th Floor, Plaza OSK  
Jalan Ampang  
50450 Kuala Lumpur  
Tel. No. : (603) 2168 8212  
Fax No. : (603) 2161 0813

### CONSTRUCTION SEGMENT

PJD Construction Sdn. Bhd.  
Lot No. 1705 - 1708  
Level 17, Tower 2, Faber Towers  
Jalan Desa Bahagia, Taman Desa  
58100 Kuala Lumpur  
Tel. No. : (603) 7989 1663  
Fax No. : (603) 7989 1662  
www.pjdc.com.my

### INDUSTRIES SEGMENT

#### Cables

Malaysia Factory  
Olympic Cable Company Sdn. Bhd.  
Lot PT 2126-2131, Jalan PK1  
Taman Perindustrian Krubong  
75250 Melaka  
Tel. No. : (606) 337 3088/3090  
Fax No. : (606) 337 3099  
www.olympic-cable.com.my

Vietnam Factory  
OVI Cables (Vietnam) Co. Ltd  
Lot E-4A1-CN & Lot E-4B-CN  
My Phuoc 2 Industrial Park  
Street NA2, Ben Cat Town  
Binh Duong Province, Vietnam  
Tel. No. : (84)(0650) 3553 683/684  
Fax No. : (84)(0650) 3553 685  
www.ovicables.com

Marketing & Sales Office  
Olympic Cable Company Sdn. Bhd.  
Lot 2008, Level 20, Tower 2  
Faber Towers, Jalan Desa Bahagia  
Taman Desa, 58100 Kuala Lumpur  
Tel. No. : (603) 7989 1700  
Fax No. : (603) 7989 1701

#### Industrialised Building System

Acotec Sdn. Bhd.  
Level 20, Faber Towers Two  
Jalan Desa Bahagia, Taman Desa  
58100 Kuala Lumpur  
Tel. No. : (603) 7988 0031  
Fax No. : (603) 7988 0021  
www.acotec.com.my

Sales Office  
Northern Region  
No. 2746 (1st Floor)  
Jalan Chain Ferry  
Taman Inderawasih  
13600 Prai, Penang  
Tel. No. : (604) 398 9733  
Fax No. : (604) 398 1733

Sales Office  
Southern Region  
No. 02-11, Blok 4  
Danga Bay, Jalan Skudai  
80200 Johor Bahru  
Johor  
Tel. No. : (607) 244 2447  
Fax No. : (607) 244 6588

Factory  
Central Region  
Lot C38, Block C  
Kawasan Nilai Industrial  
71800 Nilai, Negeri Sembilan  
Tel. No. : (606) 799 4184/4186  
Fax No. : (606) 799 4182

Factory  
Northern Region  
76 Km, Butterworth-Ipoh  
Main Trunk Road  
P.O.Box 9, Taiping  
Perak 34007  
Tel. No. : (605) 891 5770/5772  
Fax No. : (604) 891 5769

Factory  
Southern Region  
Lot PTB 12090-1298  
Jalan Tun Mutahir 5  
Kawasan Perindustrial  
Bandar Tenggara  
81000 Kulai, Johor  
Tel. No. : (607) 896 5730/5731  
Fax No. : (607) 896 6958

## CORPORATE INFORMATION

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### PRINCIPAL BUSINESS ADDRESSES BY SEGMENT (CONT'D)

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#### HOSPITALITY SEGMENT

##### Hotels and Resorts

Swiss-Garden International Hotels,  
Resorts and Inns  
20th Floor, Plaza OSK  
Jalan Ampang  
50450 Kuala Lumpur  
Tel. No. : (603) 9078 2688  
Fax No. : (603) 9078 2600  
www.swissgarden.com

Swiss-Garden Hotel & Residences  
Kuala Lumpur  
117, Jalan Pudu  
55100 Kuala Lumpur  
Tel. No. : (603) 2141 3333  
Fax No. : (603) 2141 5555

D'Majestic Place by Swiss-Garden  
Kuala Lumpur  
376, Jalan Pudu  
55100 Kuala Lumpur  
Tel. No. : (603) 2148 9988  
Fax No. : (603) 2148 3888

Swiss-Inn Chinatown Kuala Lumpur  
62, Jalan Sultan  
50000 Kuala Lumpur  
Tel. No. : (603) 2072 3333  
Fax No. : (603) 2715 2021

Swiss-Garden Hotel Malacca  
T2-4 The Shore @ Melaka River  
Jalan Persisiran Bunga Raya  
75300, Melaka Tengah  
Melaka  
Tel. No. : (606) 288 3131  
Fax No. : (606) 288 3377

Swiss-Garden Beach Resort Kuantan  
2656-2657, Mukim Sungai Karang  
Balok Beach, 26100 Beserah, Kuantan  
Pahang  
Tel. No. : (609) 548 8288  
KL Sales Office: (603) 9078 2633  
Fax No. : (609) 544 9555  
KL Sales Office: (603) 9078 2655

Swiss-Garden Resort Residences Kuantan  
Jalan Kuantan-Kemaman  
Mukim Sungai Karang  
26100 Beserah, Kuantan  
Pahang  
Tel. No. : (609) 518 2888  
KL Sales Office : (603) 9078 2633  
Fax No. : (609) 518 2999  
KL Sales Office : (603) 9078 2655

Swiss-Garden Beach Resort Damai Laut  
Persiaran Swiss-Garden  
Jalan Damai Laut  
Off Jalan Teluk Senangin  
32200 Lumut, Perak  
Tel. No. : (605) 684 3333  
KL Sales Office: (603) 9078 2611  
Fax No. : (605) 618 3388  
KL Sales Office: (603) 9078 2622

Damai Laut Golf & Country Club  
Hala Damai 2, Jalan Damai Laut  
Off Jalan Teluk Senangin  
32200 Lumut, Perak  
Tel. No. : (605) 685 9333  
KL Sales Office: (603) 9078 2611

Swiss-Inn Sungai Petani  
No.1, Jalan Pahlawan  
08000 Sungai Petani  
Kedah  
Tel. No. : (604) 422  
3333/2454/2664  
Fax No. : (604) 423 3423  
Fax No. : (604) 422 4473

Swiss-Inn Johor Bahru  
Lot 512, Jalan Syed Mohd Mufti  
80000 Johor Bahru  
Johor  
Tel. No. : (607) 218 3333  
Fax No. : (607) 218 3334

##### Vacation Club

SGI Vacation Club Berhad  
S-7-01 & S-7-02  
Swiss Garden Residences  
No 2A, Jalan Galloway  
50150 Kuala Lumpur  
Tel. No. : (603) 2788 6688  
Fax No. : (603) 2788 6689  
www.sjivacationclub.com

# GROUP BUSINESS ACTIVITIES



## PROPERTY

- Property Development
- Property Investment and Management

# OSK



## INDUSTRIES

- Cables
- Industrialised Building System (IBS)



## FINANCIAL SERVICES

- Capital Financing
- Investment Holding



## CONSTRUCTION



## HOSPITALITY

- Hotels and Resorts
- Vacation Club



# CORPORATE STRUCTURE

AS AT 5 MARCH 2018

## OSK OSK Holdings Berhad

### SUBSIDIARY COMPANIES



(JV) Joint venture  
(ASC) Associate Company

## ASSOCIATE COMPANIES

**RHB Bank Berhad**  
10.13%

**RHB Capital Berhad**  
(in Members' Voluntary Winding Up)  
10.13%

|   |  |  |   |
|---|--|--|---|
| <ul style="list-style-type: none"> <li>Harbour Place Management Services Sdn. Bhd. <b>100%</b></li> <li>HTR Management Services Sdn. Bhd. <b>100%</b></li> <li>Kota Mulia Sdn. Bhd. <b>100%</b></li> <li> <ul style="list-style-type: none"> <li>PJD Highland Resort Sdn. Bhd. <b>100%</b></li> <li>PTC Management Services Sdn. Bhd. <b>100%</b></li> </ul> </li> <li>Swiss-Garden Hotel Management Sdn. Bhd. <b>100%</b></li> <li>Swiss-Garden International Sdn. Bhd. <b>100%</b></li> <li> <ul style="list-style-type: none"> <li>Swiss-Garden International Limited [British Virgin Islands] <b>100%</b></li> <li>Swiss-Garden International Hotels &amp; Resorts (Australia) Pty. Ltd. [Australia] <b>100%</b></li> </ul> </li> <li>Superville Sdn. Bhd. <b>100%</b></li> <li>Olympic Properties Sdn. Bhd. <b>100%</b></li> </ul> | <ul style="list-style-type: none"> <li>OCC Cables Berhad <b>100%</b></li> <li> <ul style="list-style-type: none"> <li>Olympic Cable Company Sdn. Bhd. <b>100%</b></li> <li>OVI Cables (Vietnam) Co., Ltd. [Vietnam] <b>100%</b></li> </ul> </li> <li>PJ Exim Sdn. Bhd. <b>100%</b></li> <li>Pengerang Jaya Pte. Ltd. [Singapore] <b>100%</b></li> <li> <ul style="list-style-type: none"> <li>P.J. (A) Pty. Limited [Australia] <b>100%</b></li> <li> <ul style="list-style-type: none"> <li>Yarra Park City Pty. Limited (ASC) [Australia] <b>38.25%</b> <b>12.75%</b></li> <li>Equity &amp; Property Investment Corporation Pty. Limited (ASC) [Australia] <b>27.40%</b></li> </ul> </li> </ul> </li> <li>PJD Central Sdn. Bhd. <b>100%</b></li> <li>PJD Construction Sdn. Bhd. <b>100%</b></li> <li> <ul style="list-style-type: none"> <li>PJDC International Sdn. Bhd. <b>100%</b></li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>Putri Kulai Sdn. Bhd. <b>100%</b></li> <li>Swiss-Garden Rewards Sdn. Bhd. <b>100%</b></li> <li>PKM Management Services Sdn. Bhd. <b>100%</b></li> <li>PJD Hartamas Sdn. Bhd. <b>100%</b></li> <li> <ul style="list-style-type: none"> <li>Agile PJD Development Sdn. Bhd. (ASC) <b>30%</b></li> </ul> </li> <li>PJD Hotels Sdn. Bhd. <b>100%</b></li> <li> <ul style="list-style-type: none"> <li>Damai Laut Golf Resort Sdn. Bhd. <b>99%</b></li> <li>MM Hotels Sdn. Bhd. <b>100%</b></li> <li>Swiss-Garden Management Services Sdn. Bhd. <b>100%</b></li> </ul> </li> <li>PJD Land Sdn. Bhd. <b>100%</b></li> <li>PJD Landmarks Sdn. Bhd. <b>100%</b></li> <li>PJD Management Services Sdn. Bhd. <b>100%</b></li> </ul> | <ul style="list-style-type: none"> <li>PJD Pravest Sdn. Bhd. <b>100%</b></li> <li>PJD Properties Management Sdn. Bhd. <b>100%</b></li> <li>PJD Realty Sdn. Bhd. <b>100%</b></li> <li>PJD Regency Sdn. Bhd. <b>100%</b></li> <li>PJD Sejahtera Sdn. Bhd. <b>100%</b></li> <li>SGI Vacation Club Berhad <b>100%</b></li> <li>Vibrant Practice Sdn. Bhd. <b>100%</b></li> <li>Swiss Inn JB Sdn. Bhd. <b>100%</b></li> <li>PJD Eastern Land Sdn. Bhd. <b>100%</b></li> <li>PJ Equity Sdn. Bhd. <b>100%</b></li> </ul> |
|---|--|--|---|

# DIRECTORS' PROFILE

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## TAN SRI ONG LEONG HUAT @ WONG JOO HWA

Executive Chairman

---

Tan Sri Ong Leong Huat @ Wong Joo Hwa ("Tan Sri Ong"), aged 73, male, a Malaysian, is the Executive Chairman of the Company. He was first appointed to the Board of the Company on 21 November 1990. He was the former Group Managing Director/Chief Executive Officer of the Company and was re-designated as a Non-Independent Non-Executive Director on 4 May 2007. Tan Sri Ong was then re-designated as the Chief Executive Officer/Group Managing Director on 9 November 2012 and re-designated as Executive Chairman on 19 April 2017. He is also a Key Senior Management of the Company.

He holds a Capital Markets and Services Representative's licence issued by the Securities Commission of Malaysia under the Capital Markets and Services Act, 2007 for dealing in securities. Tan Sri Ong was a Director of MESDAQ from July 1999 to March 2002, a member of the Capital Market Advisory Council appointed by the Securities Commission Malaysia in 2004 to advise on issues relating to the implementation of the Capital Market Master Plan. He was previously a member of the Securities Market Consultative Panel of Bursa Malaysia.

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### HE WAS PREVIOUSLY A MEMBER OF THE SECURITIES MARKET CONSULTATIVE PANEL OF BURSA MALAYSIA

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For over seventeen (17) years since 1969, he was attached to a leading financial institution where he last held the position of Senior General Manager. He was the Managing Director/Chief Executive Officer of OSK Securities Berhad (which was later known as OSK Investment Bank Berhad) from July 1985 to January 2007 and was thereafter appointed as the Group Managing Director/Chief Executive Officer of OSK Investment Bank Berhad. He was then re-designated as a Non-Independent Non-Executive Director of OSK Investment Bank Berhad (which was later known as OSKIB Sdn. Bhd.) on 18 January 2011, a position he held until 30 April 2013. He was appointed as a Non-Independent Non-Executive Director of OSK Ventures International Berhad from December 2003 to April 2010 and re-appointed as a Non-Independent Non-Executive Director from February 2013 to April 2017.

Tan Sri Ong is also the Chairman of PJ Development Holdings Berhad, the Managing Director/Chief Executive Officer of OSK Property Holdings Berhad, a Non-Independent Non-Executive Director of RHB Bank Berhad and RHB Investment Bank Berhad, a Trustee of OSK Foundation and a Director of KE-ZAN Holdings Berhad.

Tan Sri Ong is the father of Mr. Ong Ju Yan, the Group Managing Director of the Company, Mr. Ong Ju Xing, the Deputy Group Managing Director of the Company and Ms. Ong Yee Ching, the Non-Independent Non-Executive Director of the Company. He has no conflict of interest other than those disclosed under Additional Disclosures Section (Recurrent Related Party Transactions and Material Contracts) of this Annual Report. He has no conviction for any offences within the past five (5) years other than traffic offences, if any.

Tan Sri Ong attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2017.

## DIRECTORS' PROFILE

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### ONG JU YAN

Group Managing Director

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Ong Ju Yan ("Mr. Ong"), aged 38, male, a Malaysian, was appointed to the Board of the Company on 9 October 2015 as the Deputy Group Managing Director and was re-designated as Group Managing Director on 19 April 2017. He is also a Key Senior Management of the Company.

Mr. Ong graduated with a Bachelor of Arts in Economics from Yale University in 2001 and currently serves as Yale's Alumni Schools Committee Director for Malaysia.

Mr. Ong has over 14 years of experience in financial services, having worked in Citibank Malaysia and Morgan Stanley in New York, Hong Kong and Singapore. In 2004, he joined OSK Investment Bank Berhad ("OSKIB") in Malaysia where he last held the position of Chief Operating Officer and Head of Investment Banking. He was a key senior management team member who helped to build up OSKIB's regional business through acquisitions and aggressive organic growth throughout ASEAN and in Hong Kong. Following the disposal of OSKIB by OSK Holdings Berhad to RHB Capital Berhad in November 2012, Mr. Ong joined RHB Investment Bank Berhad as Executive Director and Head of Group Corporate and Investment Banking Services, where he managed the investment banking origination and wholesale equities businesses until April 2015.

Mr. Ong is also an Executive Director of PJ Development Holdings Berhad and OSK Property Holdings Berhad and a Director of KE-ZAN Holdings Berhad, OCC Cables Berhad and SGI Vacation Club Berhad.

Mr. Ong is the son of Tan Sri Ong Leong Huat @ Wong Joo Hwa, the Executive Chairman and a major shareholder of the Company. He is also the brother of Mr. Ong Ju Xing, the Deputy Group Managing Director of the Company and Ms. Ong Yee Ching, the Non-Independent Non-Executive Director of the Company. He has no conflict of interest with the Company other than those disclosed under Additional Disclosures Section (Recurrent Related Party Transactions and Material Contracts) of this Annual Report. He has no conviction for any offences within the past five (5) years other than traffic offences, if any.

Mr. Ong attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2017.

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**HE WAS A KEY SENIOR  
MANAGEMENT TEAM MEMBER  
WHO HELPED TO BUILD UP  
OSKIB'S REGIONAL BUSINESS  
THROUGH ACQUISITIONS  
AND AGGRESSIVE ORGANIC  
GROWTH THROUGHOUT  
ASEAN AND IN HONG KONG**

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## DIRECTORS' PROFILE

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### ONG JU XING

Deputy Group Managing Director

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Ong Ju Xing ("Mr. Ong"), aged 33, male, a Malaysian, was appointed to the Board of the Company on 9 October 2015 as an Executive Director and was re-designated as the Deputy Group Managing Director on 19 April 2017. He is also a Key Senior Management of the Company.

Mr. Ong holds a Bachelor of Science in Business Management from University of London, United Kingdom and a Master of Philosophy in Land Economy from University of Cambridge, United Kingdom.

Mr. Ong has worked with multinational corporations across a variety of industries namely corporate restructuring with Ernst & Young, consumer banking with HSBC, investment banking with Credit Suisse and management consulting with Accenture. His experience in the various fields expands to management consulting in the process and systems re-engineering of financial institutions, real estate investment banking, private fund raising, REITS IPO, financial valuation, modelling and analysis, personal financial services, banking product development and management as well as corporate restructuring advisory services.

Since 2009, Mr. Ong has been instrumental to the development and achievements of OSK Property. He continues to provide strategic leadership and helm the overall property and construction pillars for the Group. Mr. Ong is also an Executive Director of PJ Development Holdings Berhad and OSK Property Holdings Berhad and a Director of KE-ZAN Holdings Berhad.

Mr. Ong is the son of Tan Sri Ong Leong Huat @ Wong Joo Hwa, the Executive Chairman and a major shareholder of the Company. He is also the brother of Mr. Ong Ju Yan, the Group Managing Director of the Company and Ms. Ong Yee Ching, the Non-Independent Non-Executive Director of the Company. He has no conflict of interest with the Company other than those disclosed under Additional Disclosures Section (Recurrent Related Party Transactions and Material Contracts) of this Annual Report. He has no conviction for any offences within the past five (5) years other than traffic offences, if any.

Mr. Ong attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2017.

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**MR. ONG HAS WORKED  
WITH MULTINATIONAL  
CORPORATIONS ACROSS A  
VARIETY OF INDUSTRIES**

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## DIRECTORS' PROFILE

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### DATO' SAIFUL BAHRI BIN ZAINUDDIN

Executive Director

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Dato' Saiful Bahri bin Zainuddin ("Dato' Saiful Bahri"), aged 56, male, a Malaysian, was appointed to the Board of the Company on 9 October 2015 as an Executive Director. He is also a Key Senior Management of the Company.

He graduated with a Bachelor of Science degree in Economics & Finance from Western Michigan University, United States of America in 1985, and has attended the Global Leadership Development Programme at Stanford University, United States of America.

Currently, Dato' Saiful Bahri's other directorships are a Board Member of the Securities Industry Dispute Resolution Centre ("SIDREC"), Financial Adviser to the State Government of Negeri Sembilan and a member of the Negeri Sembilan State Government Think Tank. In addition, he is an Advisory Council Member of the Secondary Market at Securities Commission Malaysia. In May 2015, he was appointed as a Board Member of Crescent Wealth Asset Management Australia. He is also an investment committee member on Eastspring Asset Management. Since 1 June 2017, he has been appointed as a Director of KAF Investment Bank Berhad.

His previously held positions include Executive Director of Affin Hwang Investment Bank, Executive Director of Affin Holdings, Managing Director of Affin Securities, Executive Director and Executive Director Dealing of Rashid Hussain Securities, and CEO/Executive Director Dealing of Fima Securities Sdn. Bhd. as well as Independent Non-Executive Director of Bursa Malaysia Berhad, an appointment by the Minister of Finance, a Board Member of Bursa Malaysia Securities Berhad and Bursa Malaysia Securities Clearing Sdn. Bhd. He was also attached to the Corporate Planning Division of Heavy Industries Corp. of Malaysia (HICOM).

Dato' Saiful Bahri does not have any family relationship with the other Directors and/or major shareholders of the Company. He has no conflict of interest with the Company other than those disclosed under Additional Disclosures Section (Recurrent Related Party Transactions and Material Contracts) of this Annual Report. He has no conviction for any offences within the past five (5) years other than traffic offences, if any.

Dato' Saiful Bahri attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2017.

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**DATO' SAIFUL BAHRI IS THE  
FINANCIAL ADVISER TO  
THE STATE GOVERNMENT  
OF NEGERI SEMBILAN  
AND A MEMBER OF THE  
NEGERI SEMBILAN STATE  
GOVERNMENT THINK TANK**

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## DIRECTORS' PROFILE

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### FOO SAN KAN

Senior Independent Non-Executive Director

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Foo San Kan ("Mr. Foo"), aged 69, male, a Malaysian, was appointed to the Board of the Company on 2 January 2009 as a Senior Independent Non-Executive Director. He is the Chairman of the Audit Committee and Nomination and Remuneration Committee and a member of the Risk Management Committee of the Company.

Mr. Foo is a Chartered Accountant of the Malaysian Institute of Accountants. He is also a member of the Malaysian Institute of Certified Public Accountants, a Fellow of the Institute of Chartered Accountants in England and Wales as well as the Chartered Tax Institute of Malaysia.

Mr. Foo was the Country Managing Partner of Ernst & Young Malaysia from 1997 to 2002 before he retired as a practicing accountant. He has thirty four (34) years of experience in the accounting profession, the first four (4) years in the United Kingdom and the other thirty (30) years were spent in various positions in Ernst & Young offices in East and West Malaysia.

Since retiring from Ernst & Young Malaysia, Mr. Foo has been active in corporate sector as an independent non-executive director of public companies, mostly as the Chairman of the Audit Committee. One of the noted appointments was as an independent non-executive director of OSK Investment Bank Berhad between 29 January 2007 and 30 April 2013 and was the Chairman of its Board from 29 January 2012 to 30 April 2013 prior to the merger with RHB Investment Bank Berhad.

Mr. Foo is also a Director of Allianz Malaysia Berhad, Allianz Life Insurance Malaysia Berhad, Allianz General Insurance Company (Malaysia) Berhad, RHB Trustees Berhad, Malaysian Trustees Berhad and PJ Development Holdings Berhad.

Mr. Foo does not have any family relationship with the other Directors and/or major shareholders of the Company. He has no conflict of interest with the Company other than those disclosed under Additional Disclosures Section (Recurrent Related Party Transactions and Material Contracts) of this Annual Report. He has no conviction for any offences within the past five (5) years other than traffic offences, if any.

Mr. Foo attended all the (4) Board Meetings of the Company held during the financial year ended 31 December 2017.

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**MR. FOO HAS BEEN ACTIVE  
IN CORPORATE SECTOR AS  
AN INDEPENDENT NON-  
EXECUTIVE DIRECTOR OF PUBLIC  
COMPANIES, MOSTLY AS THE  
CHAIRMAN OF THE AUDIT  
COMMITTEE**

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## DIRECTORS' PROFILE

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### TAN SRI DATIN PADUKA SITI SA'DIAH BINTI SHEIKH BAKIR

Independent Non-Executive Director

---

Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir ("Tan Sri"), aged 65, female, a Malaysian, was appointed to the Board of the Company on 19 April 2016 as an Independent Non-Executive Director. She is a Chairperson of the Risk Management Committee of the Company.

Tan Sri holds a Bachelor of Economics from University of Malaya ("UM") and an MBA from Henley Business School, University of Reading, London, United Kingdom.

Tan Sri was a Non-Independent Non-Executive Director of KPJ Healthcare Berhad ("KPJ") since 1 January 2013. Prior to that, she served as the Managing Director of KPJ from 1 March 1993 until her retirement on 31 December 2012. She had also served as KPJ's Corporate Advisor from 1 January 2013 until 31 December 2014. She is also the Chairman and Pro-Chancellor of KPJ Healthcare University College ("KPJUC") from 1 August 2011 to December 2016.

Her career with Johor Corporation ("JCorp") commenced in 1974 and she has been directly involved in JCorp's Healthcare Division since 1978. She was appointed as the Chief Executive of Kumpulan Perubatan (Johor) Sdn. Bhd. from 1989 until the listing of KPJ in November 1994. Throughout her career in KPJ, Tan Sri is directly involved in developing and implementing the transformational strategies that made KPJ one of the Malaysia's leading private healthcare services provider.

Tan Sri currently sits as a Director of Nationwide Express Berhad and CCM Duopharma Biotech Berhad. She served on the Board of Damansara REIT Managers Sdn Berhad – The Manager for Al-'Aqar Healthcare REIT and Al-Salam REIT, from 2006 until March 2016. Tan Sri was also a Director of KFC (Holdings) Bhd and QSR Brands from 2010 until their privatisation in 2013. She was an Independent Non-Executive Director of Bursa Malaysia Berhad from 2004 to 2012 and a Board member of MATRADE from 1999 to 2010. She was a Director of Kulim (M) Berhad from 2006 until its privatisation in 2016 and was a Director of Chemical Company of Malaysia Berhad from 2014 to 2017.

Committed to promoting excellence in healthcare, Tan Sri is the President of Malaysian Society for Quality in Health ("MSQH"), the national accreditation body for healthcare services, elected since its inception in 1997 to date. Currently, she also sits on many other councils and committees at the national level.

In 2010, Tan Sri was named the "CEO of the year 2009" by the New Straits Times Press and the American Express. She has also received many more awards and accolades from 2011 to 2015, due to her contributions to the healthcare industry in Malaysia.

She launched her biography entitled "Siti Sa'diah: Driven by Vision, Mission and Passion", penned by Professor Rokiah Talib, Penerbitan Universiti Kebangsaan Malaysia in 2013.

Tan Sri is a member of the Academic Committee of the Razak School of Government (RSOG). She was appointed as a Director of University Utara Malaysia ("UUM") in January 2016 and as the Chairman of Board of UUM since June 2016. She is currently the Pro-Chancellor of University Technology Malaysia ("UTM") since 2016.

Tan Sri does not have any family relationship with other Directors and/or major shareholders of the Company. She has no conflict of interest with the Company other than those disclosed under Additional Disclosures Section (Recurrent Related Party Transactions and Material Contracts) of this Annual Report. She has no conviction for any offences within the past five (5) years other than traffic offences, if any.

Tan Sri attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2017.

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**IN 2010, TAN SRI WAS NAMED  
THE "CEO OF THE YEAR 2009" BY  
THE NEW STRAITS TIMES PRESS  
AND THE AMERICAN EXPRESS**

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## DIRECTORS' PROFILE

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### DATO' ABDUL MAJIT BIN AHMAD KHAN

Independent Non-Executive Director

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Dato' Abdul Majit bin Ahmad Khan ("Dato' Abdul Majit"), aged 72, male, a Malaysian, was appointed to the Board of the Company on 2 January 2009 as an Independent Non-Executive Director. He is a member of the Audit Committee, Risk Management Committee and Nomination and Remuneration Committee of the Company.

Dato' Abdul Majit holds a Bachelor of Economics (Honours) from University of Malaya. He served with the government for thirty four (34) years and held various positions in the Prime Minister's Department and the Ministry of Foreign Affairs of Malaysia. His positions provided him with wide exposures in various countries that he served at, such as Laos, Vietnam, USA, Nigeria, Ghana, Cote de Ivoire, Sierra Leone and Cameroon, the Democratic People's Republic of Korea and the People's Republic of China.

In his capacity as the Under Secretary of West Asia and the Organization of Islamic Cooperation ("OIC"), he participated in several Ministerial and prime Ministerial visits to West Asian Countries and OIC Meetings. He was the Director General of the Association of Southeast Asian Nations ("ASEAN") Division of the Ministry of Foreign Affairs, from 1996 until 1998. As Director General of ASEAN Division, he actively participated in the organisation of the 30th ASEAN Ministerial Meeting held in Kuala Lumpur as well as the ASEAN Heads of Summit and the 10+3 Summit Meetings in Malaysia.

In 1998, Dato' Abdul Majit was appointed as the Ambassador of Malaysia to the People's Republic of China until his retirement on 2 January 2005. Currently, he is a Director of Hong Leong Asset Management Berhad, Zecon Berhad, ML Global Berhad and Dutaland Berhad.

Dato' Abdul Majit does not have any family relationship with the other Directors and/or major shareholders of the Company. He has no conflict of interest with the Company other than those disclosed under Additional Disclosures Section (Recurrent Related Party Transactions and Material Contracts) of this Annual Report. He has no conviction for any offences within the past five (5) years other than traffic offences, if any.

Dato' Abdul Majit attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2017.

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**IN 1998, DATO' ABDUL  
MAJIT WAS APPOINTED  
AS THE AMBASSADOR OF  
MALAYSIA TO THE PEOPLE'S  
REPUBLIC OF CHINA**

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## DIRECTORS' PROFILE

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### DATO' THANARAJASINGAM SUBRAMANIAM

Independent Non-Executive Director

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Dato' Thanarajasingam Subramaniam ("Dato' Thanarajasingam"), aged 67, male, a Malaysian, was appointed to the Board of the Company on 19 April 2016 as an Independent Non-Executive Director. He is a member of the Audit Committee and Nomination and Remuneration Committee of the Company.

Dato' Thanarajasingam graduated from University of Malaya with a Bachelor of Arts in 1973 and also holds a Master of Arts from New York University in 1985.

Dato' Thanarajasingam has extensive experience in both the public and private sectors. He has served as a Malaysian diplomat for more than 36 years including as Malaysian Ambassador to Brazil, Venezuela, Suriname and Guyana from 1998 to 2001 and Ambassador to France and Portugal from 2006 to 2010. He was previously the Chief of Staff to the President of the United Nations General Assembly in 1997. After being the Director-General of ASEAN Malaysia, Ministry of Foreign Affairs from 2003 to 2004, he rose to become the Deputy Secretary-General for Multilateral Affairs from 2004 to 2006.

Upon his retirement from the Malaysian Foreign Service in 2010, he became a Director of OSK Investment Bank Berhad from 2010 to 2011. He was also the Malaysian Eminent Person to the ASEAN-India Eminent Persons Group from 2010 to 2012 and also served as Commissioner at the Malaysian Communications and Multimedia Commission from 2010 to 2013.

Currently, he is a Member of Ambassadorial Advisory Panel, InvestKL and MRCB Quill Management Sdn. Bhd.. Dato' Thanarajasingam is also an Independent Non-Executive Director of OSK Ventures International Berhad.

Dato' Thanarajasingam does not have any family relationship with other Directors and/or major shareholders of the Company. He has no conflict of interest with the Company other than those disclosed under Additional Disclosures Section (Recurrent Related Party Transactions and Material Contracts) of this Annual Report. He has no conviction for any offences within the past five (5) years other than traffic offences, if any.

Dato' Thanarajasingam attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2017.

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### DATO' THANARAJASINGAM HAS SERVED AS A MALAYSIAN DIPLOMAT FOR MORE THAN 36 YEARS

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## DIRECTORS' PROFILE

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### ONG YEE CHING

Non-Independent Non-Executive Director

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Ong Yee Ching ("Ms. Ong"), aged 40, female, a Singaporean, was appointed to the Board of the Company on 19 April 2016 as a Non-Independent Non-Executive Director of the Company. She is a member of the Audit Committee of the Company.

Ms. Ong holds a Masters Degree in Commerce, majoring in Finance, from the University of New South Wales, Australia and a Bachelor of Commerce majoring in International Business from Curtin University of Technology, Australia. Ms Ong started her career in KPMG Corporate Finance (Malaysia & Singapore) in 1999 and joined Swiss-Garden International Hotels, Resorts & Inns (Malaysia) in 2005. Ms. Ong joined OCBC Bank (Singapore) in 2007 as an Assistant Vice President in the Bank's Group Investment Division (Corporate Development) till 2009. Ms. Ong is currently the Chief Executive Officer of OSK Foundation and a Director of several private companies.

Ms. Ong is the daughter of Tan Sri Ong Leong Huat @ Wong Joo Hwa, the Executive Chairman and a major shareholder of the Company. She is also the sister of Mr. Ong Ju Yan, the Group Managing Director of the Company and Mr. Ong Ju Xing, the Deputy Group Managing Director of the Company. She has no conflict of interest with the Company other than those disclosed under Additional Disclosures Section (Recurrent Related Party Transactions and Material Contracts) of this Annual Report. She has no conviction for any offences within the past five (5) years other than traffic offences, if any.

Ms. Ong attended all the four (4) Board Meetings of the Company held during the financial year ended 31 December 2017.

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**MS. ONG IS CURRENTLY THE  
CHIEF EXECUTIVE OFFICER OF  
OSK FOUNDATION**

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## DIRECTORS' PROFILE

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### NIK MOHAMED SHARIFIDIN B N M DIN

Independent Non-Executive Director

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Encik Nik Mohamed Sharifidin B N M Din ("En. Nik"), aged 39, male, a Malaysian, is an Independent Non-Executive Director of the Company. He was appointed to the Board of the Company on 24 November 2017.

En. Nik holds a Bachelor of Law / Bachelor of Commerce (Majors in Accounting and Finance) from University of Western Australia and a Masters of Business Administration (Distinction) from INSEAD.

En. Nik comes from a diverse management background. From year 2002 to 2006, he was with Oilfield Pipeline Inspection Malaysia serving in the Corporate Services division and subsequently became the Director of Operations and Marketing. He was involved in general management, with initial focus on back office functions including finance, human resource and legal, and subsequent transition to business development and operations management role.

He was an Engagement Manager for McKinsey & Company Malaysia (and ASEAN) from the year 2008 to 2011 where he led numerous projects on topic of economic and social sector development, focusing on education, tourism and energy industries, for both government and private sector clients.

He then joined Ethos Consulting Malaysia as a Partner and Director from year 2011 to 2016. He assisted to develop value creation strategies for various clients in the petroleum and logistics sector. He supported clients in structuring arrangements for joint-venture or partnerships with third parties, including negotiations of commercial terms, development of strategy and operational responsibilities / organisational structure.

From year 2016 to August 2017, he was the Chief Executive Officer of UNITAR International University. He led the organisation with profit and loss responsibility and aggressive targets. He implemented a back-office merger integration project with another university group. He was involved in operational oversight for key initiatives including introduction of new academic programmes, development and roll-out of student management system, and delivery of online learning to the Malaysian Navy.

En. Nik does not have any family relationship with the other Directors and/or major shareholders of the Company. He has no conflict of interest with the Company other than those disclosed under Additional Disclosures Section (Recurrent Related Party Transactions and Material Contracts) of this Annual Report. He has no conviction for any offences within the past five (5) years other than traffic offences, if any.

En. Nik has not attended any Board Meetings of the Company held during the financial year ended 31 December 2017 since his appointment on 24 November 2017.

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### EN. NIK COMES FROM A DIVERSE MANAGEMENT BACKGROUND

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# RYAN & MIHO

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# PJ SECTION 13

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# EXTENSIVE AMENITIES

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**2.2 ACRES**  
FACILITIES PODIUM



**PRACTICAL  
LAYOUT 2-3  
BEDROOMS**

**LINKED  
BRIDGE TO  
JAYA ONE**





# KEY SENIOR MANAGEMENT'S PROFILE

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**FOR KEY SENIOR MANAGEMENT PROFILES OF TAN SRI ONG LEONG HUAT @ WONG JOO HWA, ONG JU YAN, ONG JU XING AND DATO' SAIFUL BAHRI BIN ZAINUDDIN, KINDLY REFER TO THE DIRECTORS' PROFILE IN THIS ANNUAL REPORT**

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## PUAN SRI KHOR CHAI MOI

Executive Director, PJ Development Holdings Berhad

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Puan Sri Khor Chai Moi ("Puan Sri Khor"), aged 65, female, a Malaysian, is the Executive Director of PJ Development Holdings Berhad.

Puan Sri Khor holds a Master of Business Administration from the University of Hull, United Kingdom and a Bachelor of Business Degree in Accounting from the University of South Queensland, Australia.

Puan Sri Khor brings with her a wealth of experience in the fields of wall panels manufacturing, property development & construction, trading, insurance services and hotel management. She was the Managing Director of Willowglen MSC Berhad until 31 July 2013.

Puan Sri Khor is a Director of OCC Cables Berhad.

Puan Sri Khor is the wife of Tan Sri Ong Leong Huat @ Wong Joo Hwa, the Executive Chairman and a major shareholder of the Company. She is the mother of Mr. Ong Ju Yan, the Group Managing Director of the Company, Mr. Ong Ju Xing, the Deputy Group Managing Director of the Company and Ms. Ong Yee Ching, the Non-Independent Non-Executive Director of the Company.

She has no conflict of interest with the Company other than those disclosed under Additional Disclosures Section (Recurrent Related Party Transactions and Material Contracts) which appears in this Annual Report. She has no conviction for any offences within the past five (5) years other than traffic offences, if any.

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## ONG GHEE BIN

Chief Executive Officer, Property

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Mr. Ong Ghee Bin ("Mr. Ong"), aged 56, male, a Malaysian, was appointed the Director, Projects in July 2015 and appointed as the Chief Executive Officer, Property on 2 November 2015.

Mr. Ong holds a Bachelor of Engineering (Honours) in Civil Engineering from the University of Malaya.

He began his career in a civil and structural consultant engineering firm in 1985 before joining Sunway City Sdn. Bhd. in 1989 as Senior Project Executive. He subsequently rose through the ranks in the organisation over the next 25 years where he held various leadership roles in Property Development including his last held position as the Executive Director for Central Region.

He does not hold any directorship in any public companies.

Mr. Ong does not have any family relationship with the Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five (5) years other than traffic offences, if any.

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## KEY SENIOR MANAGEMENT'S PROFILE

### WONG KIT YIN, CAROLINE

Chief Executive Officer, Property Investment

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Ms. Wong Kit Yin, Caroline ("Ms. Wong"), aged 49, female, a Malaysian, was appointed the Chief Executive Officer, Property Investment on 1 September 2016.

Ms. Wong holds a Bachelor of Accounting (Honours) from Universiti Kebangsaan Malaysia and is a member of the Malaysian Institute of Accountants and Certified Practising Accountants Australia.

Ms. Wong began her career with Arthur Andersen & Co. and subsequently to other companies involved in property development and investment. Prior to joining OSK Property as their Financial Controller in 2010, her last held position was Senior Manager, Corporate Finance in Mah Sing Group Berhad. She brings with her more than 24 years of experience in auditing, accounting and corporate finance.

She does not hold any directorship in any public companies.

Ms. Wong does not have any family relationship with the Directors and/or major shareholders of the Company. She has no conflict of interest with the Company and she has no conviction for any offences within the past five (5) years other than traffic offences, if any.

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### CHOW HOCK KIN

Director, Capital Financing

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Mr. Chow Hock Kin ("Mr. Chow"), aged 57, male, a Malaysian, was appointed the Associate Director of Capital Financing on 1 July 2009 and was subsequently appointed as Director, Capital Financing on 1 January 2012.

Mr. Chow holds a Bachelor of Commerce from James Cook University, Queensland, Australia.

Mr. Chow brings with him over 25 years of practical experience in commercial banking prior to joining the OSK Group.

He does not hold any directorship in any public companies.

Mr. Chow does not have any family relationship with the Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five (5) years other than traffic offences, if any.

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## KEY SENIOR MANAGEMENT'S PROFILE

### NG LEE HUAT, JOHN

Acting Chief Executive Officer /  
Chief Operating Officer, Construction

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Mr. John Ng Lee Huat ("Mr. Ng"), 59, male, a Malaysian, was appointed the Chief Operating Officer of PJD Construction Sdn. Bhd. on 1 January 2017. On 17 October 2017, he was appointed as Acting Chief Executive Officer, Construction and maintained his current role as Chief Operating Officer.

Mr. Ng holds a Certificate in Building Technology from Kolej Tunku Abdul Rahman, Kuala Lumpur.

Mr. Ng began his career in 1980 with Seloga Jaya Sdn. Bhd. He has then joined various construction companies including Taisei Corporation, Monoland Corporation Sdn. Bhd., NCT Building and Civil Engineering Sdn. Bhd. and Ireka Engineering & Construction Sdn. Bhd. where he led the project implementation team in project planning and execution, authority liaison, tendering and contracts management. He has over 30 years of experience in construction industry, covering project development and construction of infrastructure and building projects, airports, data centres and power stations.

He does not hold any directorship in any public companies.

Mr. Ng does not have any family relationship with the Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five (5) years other than traffic offences, if any.

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### YEAT SIEW HONG

Chief Executive Officer, Cables

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Mr. Yeat Siew Hong ("Mr. Yeat"), aged 61, male, a Malaysian, was appointed the Chief Executive Officer of Olympic Cable Company Sdn. Bhd. on 1 December 1997.

Mr. Yeat holds a Bachelor of Science in Chemistry (Honours) from the University of Malaya and has additional qualifications of Associate Diploma from the Incorporated Society of Planters.

Mr. Yeat began his career with Associated Pan Malaysia Cement Sdn. Bhd. and subsequently joined Pamol Plantations Sdn. Bhd., a subsidiary of Unilevers PLC where he last held the position of an Estate Manager. Mr. Yeat joined OCC Cables Berhad, a wholly-owned subsidiary of PJ Development Holdings Berhad in 1991 as the Head of Manufacturing before he assumed his current position in 1997.

He was appointed as a Director of OCC Cables Berhad on 1 October 2009.

Mr. Yeat does not have any family relationship with the Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five (5) years other than traffic offences, if any.

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## KEY SENIOR MANAGEMENT'S PROFILE

### TAN KHEAK CHUN

Chief Executive Officer, Industrialised Building System (IBS)

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Mr. Tan Kheak Chun ("Mr. Tan"), aged 49, male, a Malaysian, was appointed the Chief Operating Officer of Acotec Sdn. Bhd. on 1 May 2008 and was subsequently appointed the Chief Executive Officer on 1 July 2011.

Mr. Tan holds a Bachelor of Science in Finance from the Southeast Missouri State University, Missouri, United States of America.

Mr. Tan began his career with OSK & Partners as a research analyst before joining Dindings Consolidated Group in 1996 where his last held position was as Chief Operating Officer before his appointment at Acotec Sdn. Bhd.. He has vast experience in the sales and marketing of building materials including Acotec, the manufacturer of Integrated Building System (IBS) wall panels.

He does not hold any directorship in any public companies.

Mr. Tan does not have any family relationship with the Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five (5) years other than traffic offences, if any.

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### ANG BENG TEIK, RICKY

Chief Executive Officer, Hotels

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Mr. Ang Beng Teik, Ricky ("Mr. Ang"), aged 51, male, a Malaysian, was appointed the Chief Operating Officer of Swiss-Garden International Sdn. Bhd. on 9 September 2014 and was subsequently appointed as the Chief Executive Officer on 1 December 2015.

Mr. Ang holds a Diploma in Marketing and Certificate in Sales Management from Holmes Commercial Colleges, Melbourne, Australia.

Mr. Ang began his career with the Shangri-La Group before joining Holiday Inn Group as Group Director of Sales in 1995. In his 28-years career in the hospitality industry, Mr. Ang has held various senior management portfolios in both marketing and operations, including board member responsibilities in various hotel chains including the Renaissance Group and the Hotel Equatorial Group. His last held position before joining Swiss-Garden International was as Vice President, Sales and Marketing for the Hotel Equatorial Group.

He does not hold any directorship in any public companies.

Mr. Ang does not have any family relationship with the Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five (5) years other than traffic offences, if any.

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## KEY SENIOR MANAGEMENT'S PROFILE

### TING CHUN HONG, IVAN

Chief Executive Officer, Vacation Club

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Mr. Ting Chun Hong, Ivan ("Mr. Ting"), aged 51, male, a Malaysian, was appointed the Chief Operating Officer of SGI Vacation Club Berhad on 1 January 2013 and was subsequently appointed the Chief Executive Officer on 1 December 2014.

Mr. Ting holds a Master of Business Administration from the University of Southern Queensland, Australia and a Postgraduate Diploma in Business Management from Prime College.

Mr. Ting joined SGI Vacation Club, the vacation club arm of the OSK Group in May 2005. He has over 20 years of vacation club experience in all aspects of the business from sales and marketing to overall operations. He is currently the Vice Chairman of the Malaysian Holiday Timeshare Developers' Federation.

He was appointed as a Director of SGI Vacation Club Berhad on 17 July 2017.

Mr. Ting does not have any family relationship with the Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five (5) years other than traffic offences, if any.

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### NG LAI PING

Group Chief Financial Officer, OSK Group

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Ms. Ng Lai Ping ("Ms. Ng"), aged 48, female, a Malaysian, was appointed the Group Chief Financial Officer of OSK Group on 16 May 2016.

Ms. Ng is a Chartered Accountant and a member of the Malaysian Institute of Accountants, and a Fellow of the Association of Chartered Certified Accountants.

Ms. Ng began her career with Ernst & Young before joining Sunway Berhad Group in 2004 where she held various leadership roles including her last held position as the Deputy Chief Financial Officer of Sunway Berhad in 2016. She brings with her more than 20 years of experience in accounting and auditing, corporate finance and financial management in various industries including property development and investment, construction, building materials and hospitality.

She does not hold any directorship in any public companies.

Ms. Ng does not have any family relationship with the Directors and/or major shareholders of the Company. She has no conflict of interest with the Company and she has no conviction for any offences within the past five (5) years other than traffic offences, if any.

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## KEY SENIOR MANAGEMENT'S PROFILE

### WOON CHONG BOON

Chief Operating Officer, Corporate Strategy & Planning,  
OSK Group

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Mr. Woon Chong Boon ("Mr. Woon"), aged 49, male, a Malaysian, was appointed the Chief Operating Officer, Corporate Strategy and Planning of OSK Group on 7 July 2014.

Mr. Woon holds a Master of Business Administration and a Bachelor of Business Administration from Western Michigan University, Michigan, United States of America.

Mr. Woon began his career with Arthur Andersen & Co. before joining OSK Group in July 2002 where his last held position was Chief Operating Officer/Head of Corporate Strategy and Finance for OSK Investment Bank Berhad. He joined RHB Investment Bank Berhad following the completion of its merger with OSK Investment Bank Berhad in November 2012. He rejoined OSK Group and assumed his current position in July 2014.

He does not hold any directorship in any public companies.

Mr. Woon does not have any family relationship with the Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five (5) years other than traffic offences, if any.

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### MAK PICK WAN, CHRIS

Chief Information Officer, OSK Group

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Ms. Mak Pick Wan, Chris ("Ms. Mak"), aged 52, female, a Malaysian, was appointed the Chief Information Officer of OSK Group in November 2015.

Ms. Mak holds a Bachelor of Science in Computer Science and Mathematics from Campbell University, North Carolina, United States of America.

She brings with her over 26 years of experience in Information Technology (IT) managing various IT infrastructure and system deployment projects.

She does not hold any directorship in any public companies.

Ms. Mak does not have any family relationship with the Directors and/or major shareholders of the Company. She has no conflict of interest with the Company and she has no conviction for any offences within the past five (5) years other than traffic offences, if any.

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## KEY SENIOR MANAGEMENT'S PROFILE

### YOUNG TAT YONG

Chief Internal Auditor, OSK Group

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Mr. Young Tat Yong ("Mr. Young"), aged 60, male, a Malaysian, was appointed the Chief Internal Auditor of OSK Group in 1 April 2016.

Mr. Young is a Chartered Fellow of the Institute of Internal Auditors Malaysia and an associate member of the Chartered Institute of Management Accountants.

Before assuming this position, Mr. Young was the Chief Internal Auditor of PJ Development Holdings Berhad. He was also previously attached to the Hotels Division, where he was responsible for overseeing the overall financial management and corporate strategy for the hotels and resorts. Prior to joining the Group, he had vast experience in both external and internal audit in well-established organisations.

He does not hold any directorship in any public companies.

Mr. Young does not have any family relationship with the Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five (5) years other than traffic offences, if any.

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### FONG GOOK PHENG, MARGARET

Head, Group Human Resources, OSK Group

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Ms. Fong Gook Pheng, Margaret ("Ms. Fong"), aged 59, female, a Malaysian, was appointed the Head, Group Human Resources of OSK Group on 15 January 2016.

Ms. Fong holds a Master in Human Resource Management from Canberra University, Australia and a Degree in Business Administration from Ottawa University, Kansas, United States of America (USA). She also holds three Diplomas from the Life Office Management Association, USA, Institute of Administrative Management, United Kingdom and London Teachers' Training College, UK.

Ms. Fong brings with her more than 30 years of experience in various human capital positions in the food, motor, chemical and insurance industries. In addition, she has seven years of experience in operations encompassing underwriting, customer service, claims and branch operations in a leading insurance company. Her last appointment was General Manager, Human Capital Division with PIDM, a government regulator.

She does not hold any directorship in any public companies.

Ms. Fong does not have any family relationship with the Directors and/or major shareholders of the Company. She has no conflict of interest with the Company and she has no conviction for any offences within the past five (5) years other than traffic offences, if any.

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# FROM OUR LEADERS

A man in a dark suit and blue tie stands in a modern office hallway. He is smiling and looking towards the camera. The background shows a glass-walled office area with a white floor.

**“ Dear Valued Shareholders,**

On behalf of the Board of Directors, it is my pleasure to present to you the OSK Holdings Berhad’s Annual Report for the financial year ended 31 December 2017 (“FY2017”). It is both an honour and a privilege to address the shareholders of the Company for the first time as Executive Chairman.

**”**

# CHAIRMAN'S STATEMENT



Artist's Impression: Melbourne Square

## PERFORMANCE HIGHLIGHT

The Malaysian economy expanded by 5.9% for the year 2017 (2016: 4.2%) while headline inflation averaged at 3.7% (2016: 2.1%) based on the data released by Bank Negara Malaysia on 14 February 2018. The growth was mainly driven by sustained domestic demand and improved external sector. Amidst this positive economic climate, OSK Holdings Berhad ("OSK" or "the Company") and its subsidiaries ("OSK Group" or "the Group") generated revenue of RM1,169.3 million, profit before tax ("PBT") of RM485.2 million, profit after tax ("PAT") of RM403.6 million and profit attributable to Owners of RM400.2 million.

 A detailed discussion of the Company's business and financial performance can be found in the Group Managing Director's Review included in this Annual Report.

## DIVIDEND

I am pleased to announce that for the FY2017, the Board has recommended a total single-tier dividend of 6.0 sen per share, which consists of a single-tier interim dividend of 2.5 sen per share paid on 11 October 2017 and the proposed single-tier final dividend of 3.5 sen per share based on the enlarged share capital after bonus issue of 2,077.2 million shares, which is subject to Shareholders' approval at the forthcoming Annual General Meeting.

 **REVENUE**  
**RM1,169.3**  
**MILLION**

 **PROFIT BEFORE TAX**  
**RM485.2**  
**MILLION**

 **PROFIT AFTER TAX**  
**RM403.6**  
**MILLION**

 **PROFIT ATTRIBUTABLE TO OWNERS**  
**RM400.2**  
**MILLION**

## CHAIRMAN'S STATEMENT



Official Launch of Melbourne Square

### CORPORATE DEVELOPMENTS

On the corporate front, the Company achieved a significant milestone this year by successfully sealing a partnership with the Employees Provident Fund (“EPF”) to develop our maiden overseas project Melbourne Square in Melbourne, Australia. The 5 acres mixed-use development project, located in Southbank, Melbourne has an expected gross development value (“GDV”) of over RM9.0 billion. Melbourne Square comprises four towers of residential apartments, an office tower, a hotel/serviced apartments tower and multiple street-level retail lots across the various components. The project will be developed in 5 stages over 8-10 years.

Through the partnership, EPF owns 49% interest in Yarra Park City Pty. Limited (“YPC”), which holds the development rights for Melbourne Square, whilst the remaining 51% interest in YPC will continue to be held by OSK Group via its subsidiaries and associated companies.

After a series of marketing previews in Malaysia, Hong Kong and China, Melbourne Square was officially launched on 5 October 2017 in Melbourne. To-date, I am proud to share that over 43% of the units have been sold, and another 10% have been reserved. We continue to see good interest in this project and we expect sales to progress in a steady manner. The construction works for the first phase have also begun in November 2017 and are progressing well.

On 14 November 2017, the shareholders of the Company had approved the proposal to undertake a bonus issue of up to 820,311,770 bonus shares on the basis of one (1) bonus share for every two (2) existing ordinary shares in the Company held on the entitlement date. The bonus issue was undertaken to reward the existing shareholders for their continuous support while increasing the capital base of the Company. The Warrants C 2015/2020 (“Warrant C”)’s exercise price was adjusted accordingly from RM1.80 to RM1.20 per Warrants C. The entire exercise was completed on 30 November 2017.

 For more details on these developments, kindly refer to the Group Managing Director’s Review included in this Annual Report.

## CHAIRMAN'S STATEMENT

### RECOGNITION

I am particularly proud to share that during the financial year under review, OSK Property Holdings Berhad ("OSK Property"), under the listing of OSK Holdings Berhad improved its ranking to 16 among the Top 30 developers in the country at The Edge Malaysia Top Property Developers Awards 2017. This accolade was awarded based on quantitative and qualitative attributes from the consumers' perspective. This is a strong testament in support of OSK Property working towards its vision of being a leading integrated property developer in Malaysia.

In recognition of the Group's commitment towards good corporate governance, the Company was once again listed, for the fifth consecutive year, in the Top 100 companies with the best Corporate Governance ("CG") practices in terms of disclosure and transparency based on the ASEAN CG Scorecard Assessment in 2017 by the Minority Shareholder Watchdog Group ("MSWG").

In line with promoting excellence in corporate reporting, the Company also received a Certificate of Merit at the National Annual Corporate Report Awards ("NACRA") 2017 which was jointly organised by Bursa Malaysia Berhad, Malaysian Institute of Accountants and The Malaysian Institute of Certified Public Accountants.

This being the Company's inaugural participation in the Awards, the recognition is a testament to the Group's commitment to communicate with our investors and stakeholders through the publication of timely, accurate and informative annual reports.



OSK Holdings received a Certificate of Merit at the NACRA Awards 2017



**NATIONAL  
ANNUAL  
CORPORATE  
REPORT  
AWARDS  
2017**



**TOP 100  
COMPANIES  
WITH  
THE BEST  
CORPORATE  
GOVERNANCE  
PRACTICES**

## CHAIRMAN'S STATEMENT

### SUSTAINABILITY JOURNEY

Following the launch of our inaugural Sustainability Report in 2016, we have continued to ensure the sustainability of our business while being committed to balancing the interests of all our stakeholders. In line with our sustainability action plan, we have identified the 10 most material sustainability areas to focus on for the Group. We have also identified the Key Performance Indicators ("KPIs") for each of these areas. At the outset, the Group continues to invest in sustainability awareness and education for our employees. We are committed to track our performance against the KPIs identified and we look forward to improve and share further on our sustainability efforts in the years to come.

I am also proud to share the progress of OSK Foundation ("the Foundation"), which was established in May 2015 as the philanthropic arm of the Group. In 2017, the Foundation disbursed approximately RM500,000 to support 30 organisations or causes. Moving forward, we will continue to engage and support initiatives within our focus areas.

One of the highlights for the Foundation in 2017 was the 'Adopt-a-Christmas-tree' campaign which was organised together with Atria Shopping Gallery in December. Buoyed by the spirit of giving in the Christmas season, the campaign successfully raised RM38,000 where 100% of the proceeds were channelled to the 'Empowered2Teach' programme, an Orang Asli pre-school education initiative by SUKA Society which empowers the Orang Asli community to start pre-schools in their villages in order to prepare the young children for formal education.

 You can read more about these efforts in the Sustainability Statement included in this Annual Report or in our Sustainability Report 2017.



**OSK FOUNDATION DISBURSED  
APPROXIMATELY  
RM500,000  
TO SUPPORT 30 ORGANISATIONS**



**ADOPT-A-CHRISTMAS-  
TREE CAMPAIGN  
SUCCESSFULLY RAISED  
RM38,000  
FOR SUKA SOCIETY**



*OSK volunteers teamed up to build a home for an Orang Asli family in Gopeng, Perak*

## CHAIRMAN'S STATEMENT



*Artist's Impression: Pastura, Iringan Bayu*

### ACKNOWLEDGEMENT

Today, OSK is a conglomerate with business interests in five different segments namely Property, Financial Services, Construction, Industries and Hospitality. This is no easy feat and we attribute this success to our hard working and committed employees, guided by the vision and leadership of our experienced management team.

On behalf of the Board of Directors, I wish to extend our gratitude to the Management and employees for dedicating their passion, professionalism and hard work towards another substantial year of progress for OSK Group. To our esteemed stakeholders comprising our shareholders, valued customers, regulators and government authorities, business partners and bankers, we thank you for your continuous and unwavering support to OSK Group.

Also, on behalf of my fellow Directors, I would like to record our appreciation to Dato' Nik Mohamed Din bin Dato' Nik Yusoff, who has retired as Non-Independent Non-Executive Chairman from the Board on 19 April 2017 for his dedicated service and valuable contributions during his impressive tenure with the Group for over 33 years and we wish him all the very best. I also wish to extend a warm welcome to Encik Nik Mohamed Sharifidin B N M Din who joined the Board on 24 November 2017 and we look forward to his insights at our Board deliberations.

Last but not least, I would like to thank all our stakeholders for their continued partnership, support and trust in the Group. I believe OSK Group is well positioned to continue growing our business for the long-term and achieve greater success in the years ahead.

**Tan Sri Ong Leong Huat @ Wong Joo Hwa**  
Executive Chairman





**IRINGAN BAYU**

**FREEHOLD TOWNSHIP**

**GUARDED  
NEIGHBOURHOOD**

**FULLY  
EXTENDED  
SPACE**

PASTURA  
20" X 65"



WITH



**221  
UNITS**



**22 ACRES VERDANT  
CENTRAL PARK**

# GROUP MANAGING DIRECTOR'S REVIEW

For the financial year ended 31 December 2017 ("FY2017"), the Company and its subsidiary companies ("the Group") achieved profit before tax ("PBT") of RM485.2 million on the back of revenue of RM1,169.3 million amidst a stronger economic climate in Malaysia. Notwithstanding that, the property market continued to remain soft in FY2017. The highlight for the Group in FY2017 was the launch of the Group's maiden project in Melbourne, Australia, in a joint venture partnership with Employees Provident Fund ("EPF"). The development, Melbourne Square, marked the Group's first foray into property development overseas.

## FINANCIAL PERFORMANCE

Being a conglomerate with diversified business activities, the Group conducts its businesses across 5 business segments, namely Property (Development and Investment), Financial Services, Construction, Industries (Cables and Industrialised Building System ("IBS")) and Hospitality (Hotels and Resorts and Vacation Club) with operations in Malaysia, Australia and Vietnam.

The table below summarises the Group's earnings and key financial position for the financial year ended 31 December 2016 ("FY2016") and FY2017:

| RM' million   | Property (Development & Investment) | Financial Services (Capital Financing) | Construction | Industries (Cables & IBS) | Hospitality (Hotels and Resorts & Vacation Club) | Financial Services (Investment Holding) | Total   |
|---------------|-------------------------------------|--|--------------|---------------------------|--|---|---------|
| <b>FY2017</b> |                                     |  |              |                           |  |   |         |
| Revenue       | 688.8                               | 48.3                                   | 30.3         | 289.3                     | 106.6  | 6.0                                     | 1,169.3 |
| PBT           | 131.4                               | 32.2                                   | 12.0         | 25.6                      | (11.2)   | 295.2*                                  | 485.2   |
| <b>FY2016</b> |                                     |  |              |                           |  |   |         |
| Revenue       | 824.8                               | 44.1                                   | 13.7         | 298.3                     | 120.7  | 4.1                                     | 1,305.7 |
| PBT           | 200.5                               | 28.6                                   | 7.1          | 33.4                      | (23.4)   | 75.2                                    | 321.4   |

\* Included one-off gain on deemed disposal of RM177.6 million.

## Key Financial Position RM' million

|  | FY2017  | FY2016  |   | Variance |
|--|---------|---------|---|----------|
| Shareholders' funds                      | 4,538.7 | 4,300.5 | + | 238.2    |
| Total equity                             | 4,606.9 | 4,442.9 | + | 164.0    |
| Borrowings and medium term notes         | 2,266.9 | 2,230.9 | + | 36.0     |
| Cash, bank balances and short term funds | 424.7   | 418.5   | + | 6.2      |
| Net gearing (times)                      | 0.40    | 0.41    | - | 0.01     |
| Net assets per share (RM)                | 2.19    | 2.07    | + | 0.12     |
| Share price as at 31 December (RM)       | 1.07    | 0.93    | + | 0.14     |
| Earnings per share (sen)                 | 19.27   | 11.90   | + | 7.37     |

## GROUP MANAGING DIRECTOR'S REVIEW



*A brand new partnership with EPF*

The shareholders' funds as at 31 December 2017 stood at RM4.5 billion, an increase of RM238.2 million (5.5%) from the previous financial year. The Group maintained net borrowings of RM1.8 billion and a manageable gearing ratio of 0.40 times.

For FY2017, the Board has recommended a total single-tier dividend of 6.0 sen per share. This comprises a single-tier interim dividend of 2.5 sen per share paid on 11 October 2017 and the proposed single-tier final dividend of 3.5 sen per share, based on the enlarged share capital after bonus issue of 2,077.2 million, subject to Shareholders' approval in the forthcoming Annual General Meeting.

In addition to the dividend paid, as an additional reward to the existing shareholders of the Company while at the same time enhancing the Company's capital base, the Company issued 692,397,056 new ordinary shares to its existing Shareholders pursuant to the bonus issue of shares on the basis of one (1) bonus share for every two (2) existing ordinary shares held and 118,856,788 additional Warrants C 2015/2020 were issued to the existing warrant holders arising from the adjustment pursuant to the bonus issue. The bonus issue of new ordinary shares was by way of utilising the credit amount in the share premium account and retained profits. The new ordinary shares and Warrants C 2015/2020 issued were listed on Bursa Malaysia on 30 November 2017.

### CORPORATE DEVELOPMENTS

#### Joint Venture partnership with EPF

On 5 April 2017, the Group's subsidiary company, PJ Development Holdings Berhad ("PJD") entered into a Share Sale Agreement with the EPF for the disposal of 100 ordinary shares representing 100% equity interest in Yarra Development Holdings (Australia) Sdn. Bhd. ("YDH"), a wholly owned subsidiary company of PJD. Yarra Australia Development Pty. Ltd. has on the even date entered into a Share Subscription Agreement with Yarra Park City Pty. Limited. ("YPC"), a 81.85% owned subsidiary company of P.J. (A) Pty. Limited to subscribe for 110,490,197 ordinary shares in YPC. The foregoing transactions which were successfully completed on 7 August 2017 marked the entry of EPF as a joint venture partner (owning equity interest of 49.00%) with the Group to undertake the integrated development of Melbourne Square, which comprises residential and commercial towers, a hotel and a retail precinct on approximately 5 acres of land in Melbourne, Australia.

## GROUP MANAGING DIRECTOR'S REVIEW



Ong Ju Xing, OSK's Deputy Group Managing Director receiving the WCES Lifetime Achievement Award on behalf of Tan Sri Ong Leong Huat



OSK Foundation and Atria's 'Adopt-a-Christmas-tree' campaign entered into the Malaysia Book of Records

### Acquisition of shares in PJD

Further to the Unconditional Voluntary Take-Over Offer to acquire the remaining ordinary shares and warrants in PJD which was completed in 2016, during the year, the Company acquired additional ordinary shares of PJD from the open market amounting to 2,964,880 ordinary shares at RM4.5 million. Accordingly, the Company's effective interest in ordinary shares of PJD increased from 96.42% to 96.93% as at the end of FY2017.

### Awards and Accolades

The Group received various awards and accolades across our various business segments and some notable recognitions are as follows:

#### Leadership

- Tan Sri Ong Leong Huat, Executive Chairman – Lifetime Achievement Award for Leadership in Banking and Financial Services industry at the 9th World Chinese Economic Summit ("WCES") 2017, held in Hong Kong.

#### OSK Holdings Berhad

- Top 100 companies with the best Corporate Governance ("CG") practices in terms of disclosure and transparency based on the ASEAN CG Scorecard Assessment in 2017 by the Minority Shareholder Watchdog Group ("MSWG").
- Certificate of Merit at the National Annual Corporate Report Awards (NACRA) 2017 organised by the Malaysia Institute of Accountants, Bursa Malaysia Berhad and The Malaysia Institute of Certified Public Accountants.

#### OSK Property

- No. 16 in Top 30 Developers in the Country at The Edge Malaysia Top Property Developers Awards 2017.
- Property Excellence Award at the Sin Chew Business Excellence Awards 2017.

#### Atria Shopping Gallery

- Category A Silver Award in the Best Experiential Marketing Award 2017 by Malaysia Shopping Malls Association.
- Most Number of Christmas Trees Displayed in a Shopping Mall by the Malaysia Book of Records.

#### Swiss-Garden International

- Top 3 Most Improved Golf Course Malaysia for Damai Laut Golf & Country Club by ParGolf People's Choice Awards 2017.
- Top 3 Most Scenic Golf Course Malaysia for Damai Laut Golf & Country Club by ParGolf People's Choice Awards 2017.

#### SGI Vacation Club

- Guest Review Award 2017 for SGI Vacation Club Melaka by Booking.com.
- Interval International Select Resort 2017 for Swiss-Garden Beach Resort Kuantan by Interval International.

# GROUP MANAGING DIRECTOR'S REVIEW

## SEGMENTAL BUSINESS REVIEW

### Property

#### Property Development Division

[www.oskproperty.com.my](http://www.oskproperty.com.my)

The Property Development Division achieved a revenue of RM650.3 million and PBT of RM55.3 million for FY2017 (Revenue of RM780.1 million and PBT of RM121.6 million for FY 2016). Despite the continuing challenging operating environment, the Property Development Division recorded a commendable total effective sales of RM955.8 million from projects in Malaysia and Australia. The Group's unbilled sales stood at RM1.1 billion as at 31 December 2017.

The Group's Property Development Division will continue to deliver value to its customers via timely delivery and quality products, in line with the brand promise of OSK Property.

During the year, the Group launched its maiden overseas development project, Melbourne Square, in Melbourne, Australia. Melbourne Square will be an iconic mixed-use development comprising residential, retail, office and hotel components strategically located in Southbank, within walking distance from Crown Casino, Melbourne Convention and Exhibition Center and the Flinders Street Railway Station.

Phase 1 of Melbourne Square was previewed in Malaysia, Hong Kong and China in the second quarter of 2017 and was officially launched in Melbourne in October 2017. Boasting a total estimated gross development value of approximately AUD900 million (approximately RM2.8 billion), Phase 1 comprises two residential towers (East Tower and West Tower) delivering 1,043 apartments, as well as essential amenities including a beautiful urban park, a full-line supermarket, a childcare facility, restaurants and cafés, and a comprehensive set of residential amenities. Since its launch, the Project has achieved an encouraging take-up rate of close to 50%, from both local and international purchasers.

On the local front, the Group launched RM379.7 million worth of properties in 2017 compared to RM1,075.2 million in 2016, taking a cautious approach in view of the continuing soft property market. In 4Q17, we launched Tower 1 of Ryan & Miho in the matured neighbourhood of Section 13, Petaling Jaya [www.ryanandmiho.com](http://www.ryanandmiho.com) comprising 542 units of serviced apartments on a 5.6-acre piece of land. Ryan & Miho is strategically located next to Jaya One, surrounded by lifestyle amenities and conveniences. The development features two distinctive facilities personified by Ryan (A Turkish Hammam) & Miho (A Hot-bath resembling the Japanese Onsen experience), with 2.2 acres of lush greenery. Ryan & Miho has achieved more than 30% take-up rate since its launch.



Artist's Impression: Melbourne Square

## GROUP MANAGING DIRECTOR'S REVIEW



Artist's Impression: Ryan & Miho

The revenue and earnings for the year were generated mainly from our on-going projects including Solstice in Cyberjaya [www.pangaea.com.my](http://www.pangaea.com.my), Emira in Shah Alam [www.emira.com.my](http://www.emira.com.my), Windmill Upon Hills in Genting Permai [www.windmilluponhills.com](http://www.windmilluponhills.com), TimurBay Seafront Residence in Kuantan [www.timurbay.com](http://www.timurbay.com), Louvre, Bandar Puteri Jaya in Sg. Petani [www.bandarputerijaya.com.my/louvre](http://www.bandarputerijaya.com.my/louvre), Luminari, Harbour Place in Butterworth [www.luminari.com.my](http://www.luminari.com.my) and our joint venture project, Agile Mont Kiara in Mont Kiara [www.agile.mont-kiara.com](http://www.agile.mont-kiara.com). Apart from the on-going projects, vigorous efforts were taken to sell the completed unsold stocks comprising mainly Gravitas in Shah Alam, Woodsbury in Butterworth and Bandar Puteri Jaya (Casa Lily II, Carissa, Zarya II, Carissa Special, Roseville and Fairfield Villas) in Sungai Petani.

OSK Property has also successfully handed over 2,330 homes during the year with the completion of You Vista in Cheras, The Vale II in Sutera Damansara, Eclipse in Cyberjaya, Woodsbury in Butterworth and Roseville and Fairfield Villas in Bandar Puteri Jaya.

For the financial year ending 31 December 2018 ("FY2018"), we target to launch 2 projects, namely Pastura Terrace Homes and Astera Terrace Homes, located at our Iringan Bayu Township in Seremban and Hika in Cheras with a combined gross development value of RM623.3 million.

The first phase, Pastura Terrace Homes, comprises 2-storey landed homes with a practical and functional layout at an affordable price range. [www.iringanbayu.com.my](http://www.iringanbayu.com.my) Iringan Bayu is a 770-acre township designed to be a place where residents can enjoy suburban serenity with urban design and comfort. A guarded neighbourhood, Iringan Bayu will also feature a 22-acre park – making it one of the largest recreational parks in Seremban.

Hika in Cheras will be the final phase of our freehold development in You City, Cheras following the completion of You Vista and You Residence. Hika will feature retail space and serviced apartments with the Taman Suntex MRT station right at its doorstep. It is well connected to major highways and with a dedicated ramp from Jalan You City.

We took the opportunity during the soft property market to improve our operational efficiency. Some of these areas include improving our project management function, increasing the efficiency of the layout of our properties, standardising the design of certain components and increasing the use of industrialised building system in our projects. In this regard, we collaborated with and tapped on the expertise of our consultants and construction division to drive the needed improvements.

Apart from the above, to ensure the sustainability of our business, we are on the look out to add to our existing landbank of close to 2,100 acres in strategic locations with focus in the Klang Valley for outright acquisitions or joint ventures with land owners.

## GROUP MANAGING DIRECTOR'S REVIEW

### Property Investment Division

Our Property Investment Division's portfolio comprises a total of over 1.2 million square feet of net lettable area of commercial and retail space in Malaysia. This includes Atria Shopping Gallery  [www.atria.com.my](http://www.atria.com.my) ("ASG"), in Damansara Jaya, Petaling Jaya, Plaza OSK in Jalan Ampang, Kuala Lumpur and Faber Towers in Taman Desa, Kuala Lumpur.

Positioned as a neighbourhood mall in the heart of Damansara Jaya, ASG has a total net lettable area of 458,000 square feet and is 94% tenanted. ASG offers shoppers over 186 stores of retail, food and beverage and entertainment options. Key tenants include Village Grocer, Mango, Dynasty Dragon, CHI Fitness, Jungle Gym, Sports Direct and Book Garden by Sinaran. The mall hosted a variety of events throughout the year including a Chinese Calligraphy competition, Atria Makan Fun Run, Atria Shopping Hunt, E.X.O. Concert ticket launch, Milo Breakfast Day Run Race Kit collection, Adopt-a-Christmas-tree, International Cat Show and many more. The variety of retail offerings and events held has increased the footfall into the mall by 7% from 2016.

As part of our commitment to give back to the community, ASG partnered with Alzheimer's Disease Foundation Malaysia ("ADFM") in an effort to raise awareness and reduce the stigma and social isolation that is often associated with dementia. Arising thereof, The Atria-ADFM Community Corner, the first dementia-friendly community corner in Malaysia was launched in September 2017.

Our headquarters, Plaza OSK has offices and banking halls with a total net lettable area of 236,000 square feet. As at 31 December 2017, it has an occupancy rate of 84%. Faber Towers comprise 2 office towers and a retail podium with a total net lettable area of 481,000 square feet. Faber Towers completed its refurbishment at the end of the financial year ended 31 December 2015 ("FY2015") and has an occupancy rate of 70% as at 31 December 2017.

Competition from the retail sector remained intense with the rising number of retail space offerings, changing trends to online commerce and declining consumer spending. The occupancy at offices also continued to face challenges due to oversupply of office space in the Klang Valley.

However, we continue to carry out events at our mall to attract footfall and provide services to the community via our "Stay Active" events where we offer free dance or exercise classes. Regular engagement with tenants were carried out to establish long-term collaborative partnerships. In the quest to provide improved office facilities, Faber Towers is currently undergoing its second phase of renovations which includes upgrading all the lifts with enhanced security features. The upgrading works is expected to complete by end of FY2018.



Atria's Makan Fun Run attracted more than 1,000 participants

## GROUP MANAGING DIRECTOR'S REVIEW



*The Group's financial services segment includes its capital financing business and a 10.13% equity interest in RHB Bank Berhad*

### Financial Services

[www.oskgroup.com/businesses](http://www.oskgroup.com/businesses)

The Capital Financing Division registered a revenue of RM48.3 million and PBT of RM32.2 million (Revenue of RM44.1 million and PBT of RM28.6 million in FY2016). The improved performance was in line with the increase in loan disbursement resulting in the expansion of the financing portfolio from RM350 million to RM510 million as at 31 December 2017.

The Capital Financing Division will continue to grow its loan portfolio with a focus on niche markets and in the short term corporate and personal loan segments. The Division observes strict lending discipline and therefore, risks associated with financing requests are carefully studied and assessed to ensure that adequate security are obtained before loan disbursements are made. The Division has monitoring procedures in place to closely track the credit positions of our borrowers.

Aside from the Capital Financing Division, the Company maintained its equity interest of 10.13% in RHB Bank Berhad ("RHB"). The investment generated a cash inflow to the Group through dividends declared and paid by RHB amounting to RM48.7 million (FY2016: RM57.7 million) and accounted for share of profit of RM178.2 million (FY2016: RM149.6 million).

The investment in RHB remains a long-term investment of the Group and its contribution to the Group will depend on the financial performance of RHB.

### Construction

[www.pjdc.com.my](http://www.pjdc.com.my)

PJD Construction Sdn. Bhd. ("PJDC"), our Construction Division, contributed revenue of RM30.3 million and PBT of RM12.0 million (Revenue of RM13.7 million and PBT of RM7.1 million in FY2016) which was mainly from the work progress of its on-going projects.



*Ongoing construction of TimurBay Seafrost Residences in Kuantan*

In FY2017, PJDC has successfully secured and commenced work on Iringan Bayu in Seremban with total contracts worth approximately RM7.2 million. The outstanding construction order book as at 31 December 2017 of RM346 million mainly comprises building projects for the Property Division of the Group. These projects include Emira in Shah Alam, Timurbay Seafrost Residence in Kuantan and Windmill Upon Hills in Genting Permai. During the year, PJDC completed and handed over Woodsbury, a residential project in Butterworth and Iringan Bayu Sales Gallery, a sales gallery in Seremban.

The construction industry faces continuous challenges from rising material costs and a heavy reliance on foreign workers. PJDC has taken several measures to improve its internal efficiencies and quality of services. This includes nurturing and strengthening the capabilities of our people through structured training and development, investing in system formwork, using more precast materials and upgrading our existing fleet of plant and machineries to avoid unnecessary downtime.

Our Management places a high importance on safety at our sites with the objective of preventing accidents, occupational illnesses and hazards to our employees and the greater public. Checks are regularly conducted at project sites to ensure practices at sites comply with the occupational health and safety procedures. As a testament to the focus on safety, PJDC recently received a 5-Star Safety and Health Assessment System in Construction ("SHASSIC") score of 88% from Construction Industry Development Board ("CIDB") Malaysia for its development of Rimbun Sanctuary at Bukit Jelutong L2 by Sime Darby Property.

PJDC will continue to leverage on the Group's projects and build its reputation in the construction industry. For growth and sustainability, PJDC will continue to bid for internal and external construction contracts. Leveraging on the property development projects of the Group, the Division works closely with the Property Division at the planning stage to provide its expertise on construction and its associated cost while at the same time building up its capabilities as a design and build contractor.

## GROUP MANAGING DIRECTOR'S REVIEW



Olympic Cable's factory is located in Melaka



Acotec's factories are located in Negeri Sembilan, Perak and Johor

### Industries

Our Industries Segment includes a power cable manufacturing business under Olympic Cable Company Sdn. Bhd. ("Olympic Cable") and Industrialised Building System ("IBS") wall panel manufacturing business under Acotec Sdn. Bhd. ("Acotec"). In FY2017, the Division reported a combined revenue of RM289.3 million and PBT of RM25.6 million (Revenue of RM298.3 million and PBT of RM33.4 million in FY2016).

### Cables Division

 [www.olympic-cable.com.my](http://www.olympic-cable.com.my)

Olympic Cable has built its reputation as a world class cable manufacturer in Malaysia through certification of its products via ISO 9001 standard quality management system in the financial year 1998 and certification by Loss Prevention Certification Board ("LPCB") in financial year 2012.

Olympic Cable's factory in Melaka manufactures a wide range of power cables for utilities, road and rail infrastructure, buildings as well as the oil and gas sector. The range of products include housing wires, aluminium and copper low voltage cables, aluminium and copper medium voltage cables, low and medium voltage aerial bundled cables, transmission cables, fire resistant and flame retardant cables and various specialised cables designed for the oil and gas industry.

In order to ensure a steady pipeline of orders, sales and marketing activities were focused on securing major infrastructure and iconic building projects either through direct distribution or through collaboration with dealers and distribution partners. At the factory front, Olympic Cable strives to enhance its profitability through continuous improvement of production efficiency by minimising wastage and enhancing quality control and production planning.

### IBS Division

 [www.acotec.com.my](http://www.acotec.com.my)

Acotec focuses on wall panel manufacturing, which is an IBS core component for buildings. Its products can be used for facade walls and to partition walls. Acotec's production plants are strategically located at Nilai in Negeri Sembilan, Taiping in Perak and Bandar Tenggara in Johor to serve customers in the Central, Northern and Southern regions of Peninsular Malaysia respectively. Acotec's IBS wall panels are designed to be light-weight and complies with the necessary fire rating, thermal resistance and sound insulation requirements. Our IBS wall panels are environmentally friendly and allow for speedy and easy installation at work sites.

Acotec supplies wall panel products to property and infrastructure projects in Malaysia and Singapore. During the year, its revenue decreased by 30% against FY2016 due to the delay in the commencement of property projects which were not replaced in time by new orders.

The Government's proposal to make IBS compulsory for the construction industry through the legislation of law will augur well for the Division. In the meantime, Acotec seeks to maintain a balanced order book from different sectors including overseas markets.

## GROUP MANAGING DIRECTOR'S REVIEW



*Swiss-Garden Beach Resort Damai Laut features a new Wet Side Mini Water Theme Park*

### Hospitality

Our Hospitality Segment comprises the Hotels and Resorts Division namely the Swiss-Garden International Hotels, Resorts & Inns and the Vacation Club Division under SGI Vacation Club.

### Hotels and Resorts Division

[www.swissgarden.com](http://www.swissgarden.com)

Swiss-Garden International Hotels, Resorts & Inns currently manages and operates an 18-hole Golf Course along with 11 hotels, resorts and serviced apartments in Malaysia and Australia with a total operating inventory of over 2,100 rooms. During the year, excluding the provision for impairment of assets amounting to RM1.9 million in FY2017 and RM10.4 million in FY2016, the Hotels and Resorts Division showed lower losses as well as signs of turning into profitability arising from fruitful sales and marketing activities and cost optimisation. Our latest hotel Swiss-Inn Johor Bahru, which is just into its second year of operations showed encouraging results by recording positive earnings before depreciation and interest on the back of an increased revenue of 14%.

In May 2017, Swiss-Garden International Sdn. Bhd. was certified with the ISO 9001:2015 Quality Management System for the Provision of Hotel Management Services in the areas of Human Resource, Procurement, Finance, Sales, Marketing, Marketing Communication, Reservations, IT, Operations Oversight. The Certification is a testament towards our vision to be the preferred Hotel Management Partner.

Swiss-Garden Beach Resort Damai Laut [www.swissgarden.com/hotels/sgrdl](http://www.swissgarden.com/hotels/sgrdl) organised a 9km "Charity Fun Run" in conjunction with the Visit Perak Year 2017. All proceeds from the event were channelled to Pantai Hospital Manjung's Charity Fund. The resort added two new attractions in the last quarter of FY2017; The Young Citizens of the World Club - an interactive kids club and the Wet Side Mini Water Theme Park that is made up of a collection of five pools with six waterslides.

## GROUP MANAGING DIRECTOR'S REVIEW

The inaugural Damai Laut Golf Series 2017 was successfully organised by Damai Laut Golf & Country Club. The tournament comprised of 6 legs and culminated in a Grand Final in December 2017. The 16th Swiss-Garden Cup 2017, a two-day golf tournament was held in December 2017 and attracted 52 players competing for the coveted Swiss-Garden Cup Trophy. Damai Laut Golf & Country Club was also the venue for the PGM Eurasia Perak Championship in November 2017.

Swiss-Garden Hotel Kuala Lumpur [www.swissgarden.com/hotels/sghkl](http://www.swissgarden.com/hotels/sghkl) was selected as one of the official hotel providers for the 29th Southeast Asian Games ("SEA Games") and was the official accommodation for the Laos contingent. Besides the SEA Games, Swiss-Garden Kuala Lumpur was also the official hotel for the World Chinese Basketball tournament, held in November 2017; and for the One Championship Mix Martial Arts tournament that was held twice in FY2017. In November 2017, Swiss-Garden Kuala Lumpur co-sponsored the hosting of a gala dinner charity event, themed as "Nostalgia Nasi Lemak" with the Malaysia Aids Foundation ("MAF").

Swiss-Garden Beach Resort Kuantan [www.swissgarden.com/hotels/sgrk](http://www.swissgarden.com/hotels/sgrk) hosted The World Assembly of Muslim Youth ("WAMY") conference in February 2017. In November 2017, Swiss-Garden Beach Resort Kuantan was the host venue for the 4 x 4 Wheel Drives' Rainforest Challenge ("RFC") and garnered extensive media coverage throughout the duration of the event.

The industry will continue to be disrupted by new hotels and the availability of serviced apartments through unregulated accommodation sharing platforms. The Division seeks to differentiate itself by striving to improve our service levels and provide memorable guest experiences during their stay at our hotels. Recognising the need to refresh and elevate our properties in order to remain competitive, some of the hotel rooms and meeting halls at Swiss-Garden Hotel Kuala Lumpur, Swiss-Garden Damai Laut, Swiss-Garden Kuantan, Swiss-Inn Sungai Petani and Swiss-Inn Kuala Lumpur have been earmarked for upgrading and refurbishment.



*Damai Laut Golf & Country Club won two awards at the ParGolf People's Choice Awards*

## GROUP MANAGING DIRECTOR'S REVIEW



*SGI Vacation Club Melaka pays homage to the Baba-Nyonya heritage in its furnishing*

### Vacation Club Division

[www.sgivacationclub.com](http://www.sgivacationclub.com)

For FY2017, SGI Vacation Club ("SGI VC") maintained its strategic focus to increase our market share through continuous enhancement of members' vacation experience. The Division continues to maintain our leading position in the Vacation Club industry by striving to provide quality vacation programmes and services to our members.

SGI VC recorded 1,561 new membership for FY2017, a decline from 2,108 new members in FY2016 as consumers became cautious on spending due to the softer consumer sentiment. However, the Division will continue with our plans to grow the business by building a higher membership base through the launch of a new programme, targeted in second quarter of FY2018, that was carefully developed to capture a wider group of consumers. SGI VC also managed its operating cost by improving internal processes which included restructuring internal operations to achieve optimal operating efficiency.

In FY2017, various types of activities and initiatives were introduced to enhance customers' experience including introducing various outdoor activities at our poolside and playground, particularly at the Swiss-Court Holiday Apartments, Damai Laut. To promote higher reservations during the off-peak period, members were given options for upgrades to larger rooms or extended room nights at selected destinations.

Moving forward, SGI VC will continue to expand its sales and marketing efforts through the implementation of a new scheme and introduce more initiatives and attractive activities for SGI VC members.

**Ong Ju Yan**  
Group Managing Director



# OUR SUSTAINABILITY JOURNEY

# COMMUNICATION WITH STAKEHOLDERS

Engagement with our stakeholders is a vital process in driving sustainability at OSK as it enables us to balance the Group's priorities with the expectations of our shareholders, business partners, suppliers, employees, communities and others.

We continued to engage with our key stakeholders throughout 2017 via targeted sessions at the various locations where we operate. In addition, we also utilised other channels such as social media, market research and roadshows to meet our diverse stakeholders and seek their feedback, as summarised in the table below:

| STAKEHOLDER GROUP                                       | ENGAGEMENT METHODS  | OSK'S STANCE  | AREAS OF INTEREST  |
|---|---|---|--|
| <b>Business and Industry Partners</b>                   | <ul style="list-style-type: none"> <li>Annual and sustainability reports</li> <li>Consultation on industry matters</li> <li>Corporate presentation</li> <li>Events and roadshows</li> <li>Forums and dialogues</li> <li>Membership in associations</li> </ul>                   | Together with our industry peers, OSK is committed to advancing the industry through active participation in the marketplace and sharing updates on our progress, challenges and other developments.                    | <ul style="list-style-type: none"> <li>Industry best practices</li> <li>Innovation that advances the industry</li> <li>New business opportunities</li> <li>OSK's position within the industry</li> </ul> |
| <b>Community</b>  | <ul style="list-style-type: none"> <li>Community engagement activities</li> <li>Community partnership</li> <li>Social media tools</li> <li>Website, catalogues and brochures</li> </ul>   | OSK is an integrated part of society and we understand that our business operations have an impact on the community. We are committed to our role as a contributor and enabler for the communities in which we operate. | <ul style="list-style-type: none"> <li>Charity and giving</li> <li>Impact of operations on community</li> <li>Local community development</li> <li>Staying connected with the company</li> </ul>         |
| <b>Customers including Tenants, Shoppers and Guests</b> | <ul style="list-style-type: none"> <li>Events and roadshows</li> <li>Feedback channels</li> <li>Loyalty programmes</li> <li>Market research</li> <li>Meetings</li> <li>Social media tools</li> <li>Website, catalogues and brochures</li> </ul>                                 | Relationships and trust are the foundation of everything we do. OSK envisions being the partner of its customers and maintaining a long-term perspective of business operations.  | <ul style="list-style-type: none"> <li>Brand reputation</li> <li>Confidence and trust in the Company</li> <li>Pleasant experience</li> <li>Value for money</li> </ul>                                    |
| <b>Employees</b>  | <ul style="list-style-type: none"> <li>Annual dinner</li> <li>Employee engagement survey</li> <li>Employee volunteering</li> <li>Internal employee portal</li> <li>Internal engagement activities</li> <li>Training and development</li> <li>Whistle-blowing channel</li> </ul> | OSK is committed to providing an engaging, inclusive and stimulating work environment that encourages quality performance, high employee satisfaction and loyalty.  | <ul style="list-style-type: none"> <li>Attractive remuneration</li> <li>Career development</li> <li>Work-life balance</li> </ul>   |

## COMMUNICATION WITH STAKEHOLDERS

| STAKEHOLDER GROUP                 | ENGAGEMENT METHODS  | OSK'S STANCE   | AREAS OF INTEREST  |
|-----------------------------------|---|--|--|
| <b>Government and Regulators</b>  | <ul style="list-style-type: none"> <li>Formal meetings</li> <li>Performance reports</li> </ul>  | Each subsidiary is responsible to comply with all relevant regulations. We support the Government's initiatives and place great emphasis on being an exemplary corporate citizen.  | <ul style="list-style-type: none"> <li>Compliance</li> <li>Contributions to the economy, local community and nation-building</li> </ul>  |
| <b>Media</b>                      | <ul style="list-style-type: none"> <li>Events and launches</li> <li>Media networking sessions</li> <li>Media visits</li> </ul>  | Delivering the right message to the media is key especially at corporate events and launches where we disseminate first-hand project information.  | <ul style="list-style-type: none"> <li>Corporate updates</li> <li>Events</li> <li>Upcoming developments</li> </ul>   |
| <b>Shareholders and Investors</b> | <ul style="list-style-type: none"> <li>Annual general meetings</li> <li>Annual and sustainability reports</li> <li>Bursa announcements</li> <li>Investor relations ("IR") meetings or conference calls</li> <li>Quarterly financial reports</li> <li>Shareholder updates</li> </ul> | OSK's overall goal is to create sustainable shareholder value while fulfilling the expectations of other stakeholders. A strong focus on financial performance, risk management and internal control is instrumental in achieving this goal. | <ul style="list-style-type: none"> <li>Brand reputation</li> <li>Future competence</li> <li>Long-term relationship development</li> <li>OSK's position within the industry</li> <li>Positive investment growth</li> <li>Risk management</li> </ul> |
| <b>Supply Chain Partners</b>      | <ul style="list-style-type: none"> <li>Satisfaction survey</li> <li>Supplier audits</li> <li>Supplier events</li> </ul>   | OSK works across its value chain to minimise risks, maximise future opportunities and ensure sustainable economic growth.  | <ul style="list-style-type: none"> <li>Fair procurement</li> <li>Staying connected with the Company</li> <li>Support of local suppliers and local produce</li> </ul>   |

# SUSTAINABILITY STATEMENT

**OSK Holdings Berhad ("OSK" or "the Company") has published the OSK Sustainability Report 2017, the second edition of its comprehensive disclosure and reporting of the Company and its subsidiaries ("OSK Group" or "the Group")'s on-going journey to embed sustainability into every fabric of our business operations and corporate activities.**

The full report outlines OSK's plans and performance in managing sustainability in the key areas of Economic, Environmental, Social, Governance and Community.

*This Sustainability Statement summarises the salient points and features selected extracts from the full report. For further details, please refer to our Sustainability Report 2017.*

## JOURNEY TOWARDS SUSTAINABILITY

OSK's aspiration is to embed sustainability as a way of life for the entire Group. The eventual goal is for sustainability to become a seamless consideration in everything we do, without any need for a separate agenda or effort to ensure its inclusion.

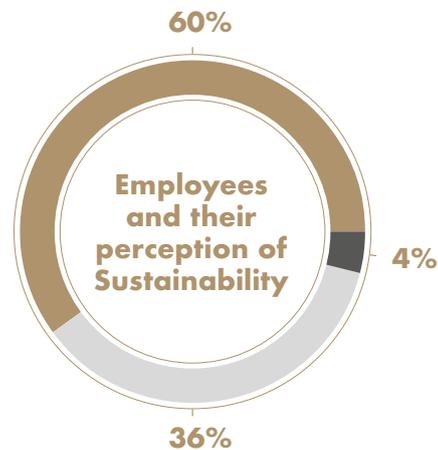
At this stage, our journey towards sustainability has only just begun. Like any major initiative, this will be an on-going and long-term undertaking which involves the transformation of people and processes as well as corporate culture and business strategy.

Currently, we are working to overcome a few challenges in our bid to embed sustainability throughout the Group through:

- Intensifying awareness campaigns to cultivate a broader understanding of sustainability to include its relevance and impact on the economic, social, governance and community aspects, beyond just the environment;
- Reducing indifference by explaining that implementing and practising sustainability goes beyond mere compliance; and
- Highlighting the long-term benefits of sustainability practices to business and corporate growth.

In this regard, OSK has been engaging our stakeholders throughout 2017 via several channels as detailed in the preceding 'Communication with Stakeholders' section of this Annual Report.

Our campaign to educate employees included a teaser survey entitled 'Sustainability & Me' to better understand the internal perception of sustainability. The results were promising, judging from the significant proportion of respondents who viewed sustainability through a wider context beyond merely environmental considerations, as shown in the infographic below.



- 60% of OSKians thought it had to do with lifestyle choices such as changing our mindset, knowledge and way of living.
- 36% of OSKians thought it had to do with the environment such as adopting recycling and managing our resources responsibly.
- 4% of OSKians thought it had to do with the economy or the way we manage our business and its impacts.

**"Sustainability is where one's existence harmonises oneself with the environmental, cultural, economic, and social surrounding."**

During the year in review, OSK continued to build on the efforts of the previous year which had established the Group's Sustainability Policy, created a Governance Structure and identified and selected the 10 most material areas of sustainability for OSK and its stakeholders.

You can read more about these items in our Sustainability Report 2017.

# SUSTAINABILITY STATEMENT

## CONSOLIDATING MATERIALITY MATTERS

Materiality matters are those areas or aspects deemed important to both the company and others involved or impacted by the company's operations. In the first sustainability report of 2016, OSK conducted a materiality study which involved the Group's stakeholders as well the Board and senior management. Through this exercise, 10 material items were identified for the Group based on the consideration of their importance to both OSK and our stakeholders as well as on their degree of impact on the Group's areas of business.

In 2017, the materiality matters were reviewed by the Chief Sustainability Officer and Sustainability Working Group ("SWG"), who found that the materiality matrix and findings from the previous year are still relevant to the Group since our business portfolio remained essentially the same as the previous year.

Subsequently, OSK's SWG developed an Action Plan along with the respective business and functional divisions to focus on these priority aspects:

- Identify the relevant business/functional owners for each sustainability area;
- Discuss and formulate relevant Key Performance Indicators ("KPIs");
- Identify a suitable tracking mechanism and source of data collection;
- Propose the overall plan to Group Management Risk Committee for approval and adoption, followed by the Board for notation;
- Implementation and tracking of KPIs; and
- Report KPIs and results (where available) in the 2017 Sustainability Report.

The following KPIs have been set for the 10 most material matters.  Please refer to the Sustainability Report 2017 for more details on this section.

## KPIs FOR THE 10 MOST MATERIAL MATTERS

| MATERIAL MATTER                 | OWNER                  | KPI   | TARGET   | ACHIEVEMENT   |
|---------------------------------|------------------------|---|--|---|
| <b>ECONOMIC</b>                 |                        |   |  |   |
| Economic & Business Performance | All                    | No. of initiatives taken to contribute to local economy/community               | Min. 3 initiatives per year                              | <ol style="list-style-type: none"> <li>1. OSK Foundation disbursed approximately RM500,000 in 2017.</li> <li>2. Handover of first batch of PR1MA housing in Bandar Puteri Jaya.</li> <li>3. Building of a new market and community hall in Taman Suntex.</li> </ol> |
| <b>ENVIRONMENT</b>              |                        |   |  |   |
| Waste Management                | All                    | No. of waste management initiatives or campaigns conducted                      | Min. 2 initiatives per year                              | <ol style="list-style-type: none"> <li>1. Green Jeans Project</li> <li>2. 3R Practices</li> </ol>   |
| <b>SOCIAL</b>                   |                        |   |  |   |
| Employee Engagement             | Human Resources ("HR") | % of employee satisfaction score  | To benchmark against the Global Engagement Index ("GEI") | The Group achieved an overall employee satisfaction score of 78.3% vs. the average GEI for Asia of 59.0%.   |
| Occupational Safety & Health    | Construction           | No. of initiatives conducted to cultivate a health and safety awareness culture | Min. 2 initiatives per year                              | PJD Construction Sdn. Bhd. ("PJDC") conducted 237 toolbox meetings and 31 on-the-job trainings across their sites in 2017.  |

## SUSTAINABILITY STATEMENT

### KPIs FOR THE 10 MOST MATERIAL MATTERS (CONT'D)

| MATERIAL MATTER               | OWNER                               | KPI  | TARGETS   | ACHIEVEMENT   |
|-------------------------------|-------------------------------------|--|---|---|
| Public & Customer Safety      | Property Investment & Hotels        | Timely maintenance of public facilities calculated by no. of major breakdowns (requiring specialist/service provider actions) per year | To achieve score of 3 (out of 5) for the allowable no. of major breakdowns per year                                 | For 2017, we focused on deliberating the most appropriate KPI to adopt for this material area. Implementation and reporting will be done in 2018.   |
| Training & Career Development | HR                                  | % of training satisfaction score   | To achieve an average satisfaction score of 75%   | The Group achieved an average score of 85% for training satisfaction.   |
| Quality                       | Property Development                | Quality Assessment System for Building Construction Works ("QLASSIC") score for development projects                                   | To achieve an average score of 69.4% based on the average quality assessment score for PR1MA and non-PR1MA projects | OSK Property Holdings Berhad ("OSKP") achieved an average score of 69.5% for its 2017 projects.   |
| GOVERNANCE                    |                                     |  |   |   |
| Business Ethics               | Company Secretarial ("Co-Sec")/ All | No. of initiatives taken to enhance business ethics practices  | Min. 3 initiatives per year   | <ol style="list-style-type: none"> <li>1. Formulation of internal fraud and Personal Data Protection policies.</li> <li>2. Enhancement of whistleblowing and information technology ("IT") policies.</li> <li>3. Cascading of the above policies to all employees via townhall meetings and employee portal.</li> </ol> |
| Risk Management               | Risk Management                     | No. of initiatives conducted to cultivate a positive risk management culture   | Min. 2 initiatives per year   | <ol style="list-style-type: none"> <li>1. Review of risk profiles on a quarterly basis.</li> <li>2. Introduction of incident management policy.</li> </ol>  |
| Transparency                  | Co-Sec                              | Maintain good Corporate Governance ("CG") practices and disclosure   | To be listed in the MSWG Top 100 Companies for Overall CG & Performance   | OSK was listed in the said listing for 2017.  |

Where possible, we are currently working with the respective business and functional divisions to establish processes and gather baseline data that will allow us to benchmark our future performance in these areas. In some cases, we are finalising the mechanism and metrics in order to start tracking the results from 2018 onwards.

## SUSTAINABILITY STATEMENT



### ECONOMIC

**The economic dimension is an essential component of corporate sustainability for very valid reasons. A business does not thrive in isolation as it is a vital component in an ecosystem that directly supports tens of thousands and indirectly hundreds of thousands of livelihoods.**

As a publiclisted company, OSK is responsible for the financial wellbeing of its management and employees, the asset security of its shareholders and is a significant source of business for its partners, associates and suppliers.

This impact cuts across many different economic sectors and business segments since OSK has diversified interests in property development and investment, financial services, construction, industries and hospitality.

OSK continuously seeks opportunities to invest in projects as well as initiatives that will enhance the social and economic infrastructure and elevate community living:

#### o PRIMA

OSK Property's 1Malaysia People's Housing (PRIMA) development at Bandar Puteri Jaya in Sungai Petani has become our first such project since the introduction of this range of affordable homes by the Malaysian Government in 2012. Prime Minister Dato' Sri Mohd Najib Tun Razak visited our project in January 2017 and presented mock keys to 10 house owners.

Other community development initiatives include Melbourne Square in Australia and Taman Suintex in Selangor.



Dato' Sri Mohd Najib Tun Razak with PRIMA house owners at Bandar Puteri Jaya

#### o Giving Priority to Local Hiring

OSK seeks to hire local employees to fill job openings where possible. We would only recruit externally in the event that any particular skills or experiences are not available in the country. OSK believes local recruitment offers much significant benefits especially with regards to easier assimilation into the work culture and understanding the needs of the local community. During the year, OSK participated in several job fairs and student engagement programmes in a bid to attract future talents to the Company and Group.

#### o Developing a Sustainable Supply Chain

We are committed to supporting local businesses and helping them grow even as we grow our own business. A strong local supply chain is vital as it keeps value within the local community. Our procurement activities promote the use of local suppliers and we encourage our subsidiaries to do likewise.

#### o Advancing the Industry

OSK has a considerable presence in associations where we contribute to thought leadership for industry advancement as well as other issues such as sustainable development. We constantly engage with our industry partners on best practices and a range of activities.

# SUSTAINABILITY STATEMENT



**OSK remains committed to minimising the environmental impact from our activities in order to safeguard the future for generations to come.**

## ENVIRONMENT

Our efforts to ensure sustainability in this area cuts across two dimensions: the first being the causative effects of activities in our business segments of Property, Construction and Industries; and the second being our proactive measures to promote and encourage green considerations within the organisation.

### o Green Buildings

OSK has been increasingly involved in more green projects in property development and construction. Our recent projects featured eco-construction materials and methods aimed at reducing the environmental impact of buildings. These projects included Atria Shopping Gallery in Damansara Jaya, USJ One in Subang Jaya, You City in Cheras and Woodsbury Suites in Butterworth.

OSKP is committed to meeting the requirements of the Green Building Index (“GBI”) for the mandated developments. In Malaysia, GBI is the environmental rating system for buildings developed and audited by the Malaysian Institute of Architects (“PAM”) and the Association of Consulting Engineers Malaysia (“ACEM”).

### o Industrialised Building System (“IBS”)

As we move toward efficient and sustainable methods, OSKP is making progress in adopting IBS in its development projects in line with the Government’s efforts to promote the use of IBS. Through our IBS division, Acotec, OSK has also successfully implemented numerous IBS projects throughout Malaysia and Singapore.

### o Green Practices

OSK has introduced a number of internal guidelines on the use of energy and other resources as part of our on-going campaign to promote environmentally friendly practices in the workplace, especially in the areas of energy and water consumption.

### o Waste Management

We practise the 3R principles of ‘reduce’, ‘reuse’ and ‘recycle’ at OSK, its subsidiaries and properties. Where possible, we eliminate or reduce the use of disposable resources, promote recycling at all premises and encourage the systematic approach to using and reusing materials over their entire life cycles.

### o Climate Change

OSK understands the impact of climate change and supports initiatives related to this phenomenon. Atria Shopping Gallery took part in the annual Earth Hour in March by switching off non-essential lights at its façade and centre court for an hour. To promote awareness of Earth Hour and the consequences of climate change, the mall also held various activities for patrons including a DIY Upcycling Contest, Earth Hour Family Zumba and Earth Hour Q&A. An Earth Hour educational poster was also posted on our employee portal to educate employees on this initiative.

# SUSTAINABILITY STATEMENT



## SOCIAL

**OSK believes that efforts to build sustainability must first be founded on sustaining the ability of its workforce and the loyalty of its consumers. Five social aspects are among the 10 most material matters to the Group and its stakeholders.**

### • Employee Engagement

At OSK, we value input from our employees on a broad range of issues from their professional wellbeing to market assessment and corporate direction. As part of efforts to consistently engage with our employees, OSK carries out various surveys throughout the year. The results were reviewed by management, further explored in focus group sessions and incorporated into action plans for the year ahead. In 2017, our group-wide engagement index was 78.3% (2016: 72.9%).

During the year in review, we held several activities for management and staff to interact in less formal settings in order to 'break the ice' and foster better working relations. We also encourage our subsidiaries to organise their own internal events to foster an inclusive and engaged workforce.

### o OSK Group Annual Dinner

OSK employees came together to celebrate a night full of exciting activities during the 'Where Broadway Meets Hollywood' themed annual dinner event which included a photo booth, best dressed awards, lucky draw and talent show by OSK employees.



*Discovering hidden talents amongst our employees*

### o Employee Movie Nights

Several employee outings were organised during which OSK employees were treated to their favourite movies including 'Beauty and The Beast', 'Justice League' and 'Star Wars: The Last Jedi'.



*All ready for some 'Justice League' action*

### • Training & Career Development

OSK places a premium on developing the capabilities of our employees as the most valuable resource of the Company and Group. In 2017, we continued to invest in training and other learning initiatives for our employees in order to better prepare them to meet the demands of the workplace.

#### Employee Training 2017

|                                    |        |
|------------------------------------|--------|
| Employee participation in training | 2,928  |
| Total number of training hours     | 16,199 |

We also completed the Group's leadership competency framework and used the leadership competencies as the basis to design our new employee development programme and existing learning and development interventions.

# SUSTAINABILITY STATEMENT

## SOCIAL (CONT'D)

- **Diversity & Inclusion**

OSK is committed to creating an environment that appreciates individuality and diversity. The Company believes a wide band of inclusion helps to foster nation building and create a harmonious and productive environment at the workplace. We implemented our Employee Diversity and Inclusion Strategy in order to shape our employee composition to be as representative as possible of the consumer communities where we have a presence.

- **Occupational Health and Safety**

OSK and its subsidiaries adopt safe and healthy practices, which are benchmarked against the relevant legislation and regulations. These include the Occupational Health and Safety Management Systems, Occupational Safety and Health Act and the Factories and Machinery Act. We held several safety awareness programmes focused on different health topics and distributed safety awareness bulletins and articles to our employees via the employee portal.

- **OSK Health Week**

Wellbeing at work is increasingly recognised as an important part of our health and safety responsibilities. As part of the week-long OSK Health Week programme, OSK held free health screenings, a blood donation drive and health talk with the support from National Cancer Society Malaysia, National Blood Bank and Blue Cap Movement in Plaza OSK.



*Health Week programme promotes health awareness among employees*

- **Activ@Work Challenge 2017**

After the 3-month challenge, OSK came in at ninth placing under the Small category for the Activ@Work Challenge 2017 organised by PERKESO and BookDoc. The mobile app-based challenge required users to monitor their steps to earn points and collect rewards. Throughout the campaign, the programme also fostered teamwork as it encouraged participating employees to go for group jogs around the nearby KLCC park on a weekly basis.



*Activ@Work Challenge promoted teamwork*

- **Public & Customer Safety**

The wellbeing of our customers is always a priority at OSK, which has multiple points of contact with the public being the owner and operator of Atria Shopping Gallery ("Atria") and the Swiss-Garden chain of hotels, resorts and residences.

At Atria, the mall was designed with safety and convenience in mind to ensure all patrons can enjoy a hassle-free shopping and dining experience. For example, Atria features amenities for the disabled, which includes dedicated parking bays and ramps for easy access. Likewise, it also offers designated single female drivers parking lots in the immediate vicinity to mall entrances in addition to panic buttons and signage promoting escalator safety.

# SUSTAINABILITY STATEMENT

## SOCIAL (CONT'D)

Similarly, all Swiss-Garden hotels, resorts and residences prioritise the safety and comfort of our guests and visitors. The lifts in the city hotels require key card access, ensuring our hotel guests are the only visitors who are able to gain entry onto their respective floors. All our hotels are installed with CCTV cameras in strategic locations while our security personnel conduct 24-hour patrolling of the premises.



OSK prioritises the wellbeing and safety of our customers

- **Quality**

OSK is committed to ensuring the quality and reliability in everything we do, from the property products we develop and manage, to the goods we manufacture, as well as the financial and hospitality services we provide. Our quality assurance is reflected by the various ISO certifications awarded to the Company and its subsidiaries.

OSKP's construction works adhere to the Quality Assessment System for Building Construction Works ("QLASSIC") standards, certified by the Construction Industry Development Board Malaysia ("CIDB").

In the case of SGI, the hotel chain achieved a new milestone in 2017 with the ISO 9001:2015 Certification for the provision of hotel management services which encompasses human resources, procurement, finance, sales, marketing, marketing communications, reservations, IT and operations.



Over and above these 5 most material matters, OSK is fully committed to operating in an ethical and responsible manner. As a conglomerate operating in diverse businesses, the Company is committed to protect our employees' rights and provide a workplace that is safe, healthy and secure. OSK is committed to respecting labour rights principles in accordance with the relevant Malaysia labour laws.



OSK takes pride in everything we do

## SUSTAINABILITY STATEMENT



### GOVERNANCE

**OSK understands that good governance is the glue that keeps our business and corporate approaches moving in a unified direction while at the same time guiding our professional conduct and responsible behaviour. Towards this end, we comply with all legislation and regulations on corporate governance.**

During the year in review, OSK was listed for the fifth consecutive year in the Top 100 companies with the best Corporate Governance (“CG”) practices in terms of disclosure and transparency based on the ASEAN CG Scorecard Assessment in 2017 by the Minority Shareholder Watchdog Group. OSK’s most material matters include 3 items under the governance dimension.

- **Business Ethics**

OSK sets out to conduct its business activities with integrity guided by sound business ethics. We practise a zero tolerance policy towards any conflict of interest, bribery, graft and other behaviour that could tarnish our reputation as an ethical and responsible business entity and organisation.

- **Balancing Risks and Opportunities**

OSK views risk management as a process to balance potential gains from business opportunities against the risk of committing resources as well as the impact on society and the environment. In 2017, the Group also introduced an Incident Management Policy which outlines the incident classification and establishes the approach and strategy in handling incidents that occur in the Group. The policy also aims to ensure that incidents are managed properly and that the information is flowed through to the necessary parties for proper action.

- **Ensuring Transparent Decisions and Actions**

We view transparency as a critical factor in inspiring, unifying and motivating our employees to achieve the Company’s aspirations. In line with this, the Group promotes whistleblowing to ensure our business and employees stay within the boundaries of ethical and professional behaviour.

In addition, the Group also introduced an internal fraud policy to all employees. This policy aims to provide a clear definition of fraud and provide guidance to the employees as to the actions to be taken when they suspect fraudulent and/or dishonest activities within the Group.



*OSK is committed to adopting the highest standards of corporate governance in our business*

## SUSTAINABILITY STATEMENT



### COMMUNITY

**OSK is a firm believer in the power of empowerment and it is this mindset that defines our approach to community outreach. Our community programmes extend beyond corporate social responsibility (“CSR”) as they are planned and implemented to enable the Group to grow together with the communities in which we operate.**

OSK commits to a wide range of CSR initiatives: from our contribution to the sustainability of disadvantaged communities; preparing the youth for better access to education; providing opportunities to marginalised groups; and giving aid to natural disaster victims.

We are guided by our commitment to uplift communities and also to promote volunteerism amongst our employees.

#### OSK Foundation

The OSK Foundation (“OSKF”) is the philanthropic arm of the OSK Group, dedicated to consolidate and further improve OSK’s ongoing commitment to contribute to the wellbeing of deserving communities. Every year, OSK allocates up to 0.5% of its net profit to the Foundation. In 2017, the Foundation disbursed approximately RM500,000 to support 30 organisations or causes.

The Foundation’s Board of Trustees is chaired by Tan Sri Ong Leong Huat and include notable corporate leaders namely; Tan Sri Azlan Zainol, Chairman of RHB Bank Berhad and Tan Sri Dato’ Dr. Michael Yeoh, CEO and Director of the Asian Strategy and Leadership Institute.

**OSK**  
**FOUNDATION**  
*Gives Back*

#### Gifts of Hope

The Gifts of Hope programme was formulated to give OSK employees the opportunity to give back to society and encourage them to participate in volunteer activities. Under this programme, OSK employees or donors help to fulfil wishes of beneficiaries from selected homes or organisations through a ‘Wish Board’ displayed at the Plaza OSK lobby in the weeks leading up to major festive seasons. It is run in conjunction with the 4 major festivals; Chinese New Year, Hari Raya, Deepavali and Christmas.

#### OSKians Visit the Elderly

In conjunction with the Chinese New Year festivities, a group of OSKians visited the elderly at Pusat Penjagaan Warga Emas Chan in Setapak. OSKF also made a contribution towards the operational expenses of the home. Prior to the visit, a friendly announcement was made to OSKians through our employee portal seeking for their contribution in kind. The list of items was also displayed at the lobby of Plaza OSK to amplify the donation drive. Staying true to the corporate values and generosity of OSKians, we managed to collect RM1,600 worth of daily necessities, which were donated to the home including rice, cooking oil, laundry liquid detergent, biscuits and other personal toiletries.



*OSKF reaches out to the less fortunate through Gifts of Hope*

## SUSTAINABILITY STATEMENT

### COMMUNITY (CONT'D)

#### Community Highlights

##### o 'Adopt-a-Christmas-tree' Campaign

OSKF together with Atria Shopping Gallery organised the 'Adopt-a-Christmas-tree' campaign where members of the public donated RM200 for a Christmas tree and decorated the Christmas trees based on their own creativity. A total of RM38,000 was raised through this campaign and 100% of the proceeds was channelled to the 'Empowered2Teach' programme by SUKA Society.

This campaign was successfully entered into the Malaysia Book of Records by registering the 'Most Number of Christmas Trees Displayed in a Shopping Mall'.

Empowered2Teach is a programme by SUKA Society which aims to empower the indigenous community to start their own pre-school classes by equipping them with the materials and training for the teachers. This programme also endeavours to prepare the pre-schoolers with the basic foundation needed to work towards completing their formal education.



Representatives from OSKF and Atria Shopping Gallery presented a mock cheque to Anderson Selvasegaram, Executive Director of SUKA Society

##### o Makin Yakin Camp

OSKF partnered with Makin Yakin to organise an all-girls 3D2N camp in Semenyih for 30 youths from the underprivileged community in Selayang. These girls who mainly come from broken homes or single parent families do not have many opportunities to attend such training programmes. The camp focused on raising the girls' confidence through discovering and understanding their unique personalities, sharpening their emotional quotient ("EQ") and managing money matters.



Makin Yakin Camp gave the opportunity for young girls to unlock their potential and understand money matters

##### o Scholarships for TAR UC Students

OSKF awarded full scholarships to 4 engineering students from Tunku Abdul Rahman University College ("TAR UC") during the year in review. The scholarships cover the students' tuition fees and provides them with a monthly living allowance for the duration of their course. In return, the students are required to perform at least 20 hours of community service for each semester in line with the Foundation's principle of creating value to the community.



TAR UC students with their scholarships

## SUSTAINABILITY STATEMENT

### COMMUNITY (CONT'D)

#### o Atria-ADFM Community Corner

Atria in collaboration with Alzheimer's Disease Foundation Malaysia ("ADFM") launched the 'Remember Me' campaign and the first dementia-friendly community corner in Malaysia known as the Atria-ADFM Community Corner in conjunction with World Alzheimer's Month 2017. Intended to generate greater awareness on the subject of dementia, the annual campaign in September highlights the importance of early detection, diagnosis and management of the medical condition.



Atria-ADFM Community Corner, the first dementia-friendly community corner in Malaysia

#### o Building Homes for the Orang Asli

Some 35 volunteers from OSKP built a new home in only three days for an Orang Asli family in Kg. Ulu Jeruntum, Gopeng, Perak. The construction was funded by OSK Foundation in collaboration with EPIC Homes, a social enterprise focusing on the welfare of the Orang Asli community.



OSKP collaborated with EPIC Homes to build a comfortable home for Mr. Bah Mat and his family of seven

#### o Providing Flood Relief

OSKF and OSKP swung into action to aid victims of the devastating floods that inundated part of Penang and Kedah in November 2017. Led by our Executive Chairman, Tan Sri Ong Leong Huat, donations in cash and kind were channelled to the victims via the Federation of Chinese Associations Malaysia, Malaysia Red Crescent Penang and the Sungai Petani Recovery Committee.



OSK extended assistance to the flood victims in Penang and Kedah

#### o Bursa Bull Charge

OSK employees took part in the Bursa Bull Charge to raise money for charity. Organised by Bursa Malaysia, the charity run has supported causes including promoting economic sustainability among disadvantaged communities, support for entrepreneurs and the improvement of financial literacy.



OSK employees gave a bullish run at the Bursa Bull Charge

## SUSTAINABILITY STATEMENT

### WAY FORWARD

**The drive towards sustainability is gaining momentum at OSK with the Sustainability Working Group helping efforts to integrate sustainability across the Group.**

**At this stage, the main challenge continues to be creating more awareness and getting the relevant support from all parties concerned on the importance of sustainability and its critical role in growing our Company and Group in the long run.**

**Our journey towards sustainability has been steady and at times, a little challenging due to the wide reach and ever-evolving nature of sustainability. Nevertheless, we understand that this will be a fulfilling journey.**



# OUR COMMITMENT TO GOVERNANCE



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of OSK Holdings Berhad (“the Company”) recognises and subscribes to the importance of the principles set out in the Malaysian Code on Corporate Governance (“MCCG”) which has come into force in April 2017. The Board remains committed in ensuring the highest standards of corporate governance in the Company as well as its subsidiaries (“the Group”) and would strive to continuously improve on its governance processes and structures towards enhancing long-term shareholder value.

The Board views corporate governance as synonymous with the following three (3) principles under the MCCG:

- A. Board leadership and effectiveness;
- B. Effective audit and risk management; and
- C. Integrity in corporate reporting and meaningful relationship with stakeholders.

The Board is pleased to provide this Statement, which outlines the main corporate governance practices applying the above three (3) principles under MCCG that were in place throughout the financial year. This Statement is also prepared in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Bursa LR”) and it is to be read together with the Corporate Governance Report 2017 of the Company which is available on Bursa Securities’ website at [www.bursamalaysia.com/market/](http://www.bursamalaysia.com/market/) and the Company’s website at [www.oskgroup.com/corporate-announcements/](http://www.oskgroup.com/corporate-announcements/).

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

### a) Board Leadership

The Company is led by a dynamic and experienced Board, with high personal integrity, business acumen and management skills, which is primarily entrusted with the responsibility of charting the direction of the Group.

The Board is responsible for the stewardship of the business and affairs of the Group on behalf of the shareholders with a view of enhancing their long-term value. The Board is responsible for establishing corporate goals and providing the strategic direction for the Group. The Board also plays a critical role in ensuring that sound and prudent policies and practices are in place and performs an oversight role in the management of the Group’s businesses.

The major responsibilities of the Board are outlined in the Board’s Terms of Reference (“TOR”) and Board Charter. In 2017, the Board has discharged its key fiduciary duties, leadership functions and responsibilities, as follows:

#### - **Review and approve the strategies, business plans and policies**

The Board plays a key and active role in the formulation and development of the Company’s strategies. It has, through the Group Executive Committee, put in place an annual strategy planning process, whereby the Chief Executive Officer or Head of business and functional divisions present their recommended strategies, proposed business plans and budgets for the following 3 years to the Group Executive Committee. The Group Executive Committee will review, deliberate and challenge Management’s views and assumptions to deliver the best outcome prior to presenting the same to the Board for approval.

The Management presented its 2017 Budget for Board’s approval at the Board meeting held in February 2017. The Board deliberated the 2017 Budget based on the current and foreseeable market environment and discussed in detail prior to approval at the meeting.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### a) Board Leadership (Cont'd)

- **Oversee the conduct of the Company's business to evaluate whether the business is being properly managed and sustained**

In discharging its responsibilities, the Management updated the Board on the key or major developments, achievements and challenges faced by the Group at the Board meeting. The Board deliberated on these matters in depth and provided their feedback and guidance before decision was made in the same meeting.

- **Ensure competent management and succession planning**

The Board, through the Nomination and Remuneration Committee ("NRC"), is responsible in ensuring that there is an orderly succession planning within the Group. The TOR of the NRC outlines its responsibilities on selection and assessment of Directors and Key Senior Management. The NRC is responsible for reviewing candidates for Key Senior Management positions based on their profiles, professional qualification, experience and other core competencies.

In 2017, after having assessed and considered the candidate's background, professional qualification, knowledge, integrity and competencies, as well as independence, the NRC recommended the proposed appointment of an Independent Non-Executive Director and the Board subsequently approved the recommendation.

- **Ensure establishment of sound risk management framework**

The Board oversees the risk management framework of the Group through the Risk Management Committee ("RMC"). The RMC advises the Board on key risk areas and the adequacy and integrity of the risk management framework within the Group.

 Details of the RMC and the Company's risk management framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

- **Review the adequacy and integrity of the Company's internal control system**

The Board is responsible for the adequacy and integrity of the Company's internal control system.  Details pertaining to the Company's internal control system are available in the Statement on Risk Management and Internal Control of this Annual Report.

### b) Chairman of the Board

Tan Sri Ong Leong Huat @ Wong Joo Hwa is the Executive Chairman of the Company who is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.

 The profile of the Executive Chairman is set out in the Directors' Profile of this Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### b) Chairman of the Board (Cont'd)

The Chairman's responsibilities include:

- leading the Board in setting the values and standards of the Company including good corporate governance;
- facilitating the effective contributions of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors; and
- managing the business of the Board by, amongst others, setting the Board agenda, leading Board meetings and discussions and ensuring sufficient time is allowed for the discussion of complex or contentious issues.

The Chairman ensures that unless consensus is obtained, every Board resolution is put to vote to allow the will of the majority to prevail and that Executive Directors look beyond their executive functions and accept their full share of responsibility as a director, especially on governance.

The Chairman chairs all Board meetings and drives discussions towards consensus, where possible. The Chairman also chairs shareholders' meetings.

The roles of the Chairman are mentioned in details in the Board Charter which is made available on the Company's website at [www.oskgroup.com/corporate-governance/](http://www.oskgroup.com/corporate-governance/).

### c) Separation in the Roles of Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer ("CEO") are held by different individuals. At present, Tan Sri Ong Leong Huat @ Wong Joo Hwa is the Executive Chairman and Ong Ju Yan is the Group Managing Director ("GMD").

 The profiles of the Executive Chairman and GMD are set out in the Directors' Profile of this Annual Report.

The Board recognises the importance of having a clear separation of responsibilities of the Chairman and the CEO/GMD to promote accountability, ensure appropriate balance of roles, facilitate division of responsibilities between them and no one individual can influence the Board's discussions and decision making. The established roles and responsibilities of the Chairman are distinct and separate from the roles and responsibilities of the CEO/GMD. The segregation between the duties and responsibilities of the Chairman and the CEO/GMD ensures an appropriate balance of roles, responsibilities and accountability at Board level. The roles of the Chairman and the CEO/GMD are mentioned in details in the Board Charter which is made available on the Company's website at [www.oskgroup.com/corporate-governance/](http://www.oskgroup.com/corporate-governance/).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### d) Company Secretaries

The Board is supported by suitably qualified, experienced and competent Company Secretaries.

The Company Secretaries are responsible for ensuring that the Board procedures are followed, and the applicable rules and regulations for the conduct of the affairs of the Board are complied with. The Company Secretaries also advise the Board on issues relating to the Company's Articles of Association, corporate governance best practices, and compliance with laws, rules and regulatory requirements.

The Company Secretaries organise, attend and ensure that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory records of the Company.

The Code of Ethics for Company Secretaries in place ensures that the Company Secretaries appointed have the relevant experiences and skills.

The Code of Ethics for Company Secretaries and the details of roles and responsibilities of Company Secretaries can be found in the Board Charter which is available on the Company's website at [www.oskgroup.com/corporate-governance/](http://www.oskgroup.com/corporate-governance/).

### e) Information and Support for Directors

The quality of information supplied to the Board is important as it leads to good decision-making. In order to monitor the Company's performance against its strategic objectives, the Board is provided with both financial and non-financial information, which includes, among others:

- strategy and budget for the year;
- quarterly performance reports of the Group;
- investments, acquisitions and disposal of major/material assets;
- major operational and financial issues;
- internal restructuring exercises;
- risks related to its investments and businesses; and
- manpower and human resources matters.

To ensure that the Board receives information in a timely manner, the notices of meetings are sent to the Directors at least seven (7) days in advance and the meeting papers are delivered at least three (3) days before the meeting. This provides the Board with sufficient time to go through the meeting papers, seek any clarification that they may need from Management, consult the Company Secretaries or independent advisers before the meeting, if necessary, and to raise important issues during the meeting. Meeting agendas are sequenced taking into consideration the complexity of the proposals and whether there are items for approval, discussion or notation by the Board in order for Board meetings to be more effective and to enable in-depth deliberations of matters. All proceedings of meetings including issues raised, deliberations and decisions of the Board, including the Directors who abstained from deliberating or voting, are properly minuted and filed in the statutory records of the Company by the Company Secretaries. The minutes of meetings are circulated in a timely manner upon conclusion of the meetings.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### e) Information and Support for Directors (Cont'd)

As the Group's quarterly results is one of the regular scheduled matters which are tabled to the Board for approval at the quarterly Board meetings, notices on the closed periods for dealings in the securities of the Company are circulated to all Directors and principal officers who are deemed to be privy to any sensitive information and knowledge in advance of whenever the closed period is applicable based on the targeted date of announcement of the quarterly results of the Group.

The Board has unrestricted access to the Company's information and receives regular information updates from the Management. Corporate announcements released to Bursa Securities are sent to all the Directors on the same day of release.

Board members have complete and unhindered access to the Senior Management and Company Secretaries at all times. Senior Management personnel are invited to attend Board meetings to report to the Board on matters relating to their areas of responsibility, to brief and provide details to the Directors on recommendations or reports submitted to the Board. The Board may consult with other employees of the Group and seek additional information, where necessary. Likewise, the Directors also have access to independent professional advice whenever such services are needed to assist them in carrying out their duties at the Company's expense.

The Board may conduct or direct any investigation to fulfill its responsibilities and may retain, at the Company's expense (where appropriate), any legal, accounting or other services that it considers necessary to perform its duties.

#### f) Board Charter

The Board has established a Board Charter to ensure that all Board members are aware of their fiduciary duties and responsibilities, various legislations and regulations affecting their conduct, the need for safeguarding the interests of the shareholders, customers and other stakeholders and that highest standards of corporate governance are applied in all their dealings in respect and on behalf of the Company. The respective roles and responsibilities of the Board, Board Committees, individual Directors and Management as well as the issues and decisions reserved for the Board are clearly identified in the Board Charter. The Board Charter also serves as a primary reference and induction literature, providing insights to prospective and existing Board members.

The Board will review the Board Charter from time to time to ensure its applicability to the Company's current situation. The Board Charter was first adopted in year 2013 and, together with all related TORs, Codes and Policies, have been reviewed and updated in February 2018 to ensure its consistency with the Board's objectives, all applicable laws, rules and regulations as well as best practices.

The Board Charter is available on the Company's website at [www.oskgroup.com/corporate-governance/](http://www.oskgroup.com/corporate-governance/).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### g) Board Delegation

The Board is responsible for the oversight and overall management of the Company. The Board reserves certain powers for itself and delegates certain matters, such as the day-to-day management of the Company to the Executive Chairman, GMD, Deputy Group Managing Director ("Deputy GMD") as well as Executive Director of the Company. Such delegations are subject to strict approving authority limits. These are matters pertaining to:

- recurring revenue expenditures (within the ordinary course of business);
- other non-recurring expenditures;
- capital expenditures;
- investments and disposal of securities/properties;
- inter-company loans and advances;
- corporate guarantees/other commitments;
- bank loans; and
- investments in subsidiary or associated companies.

The Board has established the Group Executive Committee and it is empowered to exercise the powers and duties delegated by the Board. Its main role is to implement the policy decisions of the Board. The TOR of the Group Executive Committee is available on the Company's website at [www.oskgroup.com/corporate-governance/](http://www.oskgroup.com/corporate-governance/).

The Group Executive Committee has established the following management committees for each business division. The main role of these management committees are to ensure that business strategies, daily business and operational functions of the business divisions of the enlarged Group are carried out efficiently and effectively and that the requirements of good corporate governance practices are observed at all times:

- Property Management Committee
- Property Investment Management Committee
- Tender Committee
- Land Acquisition Committee
- Capital Financing Management Committee
- Construction Management Committee
- Cables Management Committee
- IBS Management Committee
- Hotels Management Committee
- Vacation Club Management Committee

The Board has delegated specific responsibilities to the following Board Committees and adopted TORs setting out the matters relevant to the composition, responsibilities and administration of these Committees:

- Audit Committee ("AC");
- Risk Management Committee ("RMC"); and
- NRC.  
(collectively referred to as "Board Committees")

The Board receives reports of the proceedings and deliberations of the Board Committees where the Chairmen of the Board Committees report to the Board on the key issues deliberated and outcome of the Board Committees meetings. Minutes of the Board Committees meetings are presented to the Board for notation and endorsement.

The TOR of the Board Committees, being appendices of the Board Charter, are available on the Company's website at [www.oskgroup.com/corporate-governance/](http://www.oskgroup.com/corporate-governance/).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### h) Code of Conduct and Ethics and Whistleblowing Policy

In ensuring that all the Directors possess integrity and good character, the Company has adopted the Code of Conduct and Ethics for its Directors.

The Code of Conduct and Business Ethics which promotes good business conduct with highest principles of moral behavior and integrity, was adopted in February 2018. This Code of Conduct and Business Ethics applies to all Directors and employees of the Group and replaced the existing Code of Conduct and Ethics for Directors. The Code of Conduct and Business Ethics is available on the Company's website at [www.oskgroup.com/corporate-governance/](http://www.oskgroup.com/corporate-governance/).

#### i) Promote Sustainability

The Board has adopted the updated Sustainability Policy which sets out the objectives and strategies in which the Company addresses sustainability matters, with the aim of building a business that is sustainable and delivers value to all our stakeholders including shareholders, employees, customers, suppliers, business partners, and the wider community. The Sustainability Policy is available on the Company's website at [www.oskgroup.com/corporate-governance/](http://www.oskgroup.com/corporate-governance/).

 Details of the Group's sustainability initiatives can be found in the Sustainability Statement included in this Annual Report or in our Sustainability Report 2017, which is also available on the Company's website.

#### j) Board Composition and Presence of Independent Directors on the Board

The Group is led by an experienced and competent Board with different expertise.

There are ten (10) members of the Board, comprising one (1) Executive Chairman, one (1) GMD, one (1) Deputy GMD, one (1) Executive Director, one (1) Non-Independent Non-Executive Director and five (5) Independent Non-Executive Directors. The Independent Non-Executive Directors make up more than one third of the membership of the Board and is in compliance with the Bursa LR.

The Independent Directors currently make up half of the memberships of the Board. The Board views the number of its Independent Directors as adequate to provide the necessary check and balance to the Board's decision-making process. The Independent Non-Executive Directors have fulfilled their role as Independent Directors through objective participation in Board deliberations and the exercise of unbiased and independent judgement.

The Board deems its composition as appropriate in terms of its membership and size. There is a good mix of skills and core competencies in the current Board membership. The Board is well represented by individuals with diverse professional backgrounds and experience in the areas of finance, accounting, economics and law, as well as capital markets services.

 The profiles of the Directors are set out in the Directors' Profiles of this Annual Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### k) Tenure of Independent Directors

The Board has not developed a policy which limits the tenure of its Independent Directors to nine (9) years. However, the Board is mindful that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years and upon completion of nine (9) years, to re-designate the director as Non-Independent Director if he or she continues to serve on the Board pursuant to MCCG. However, if the Board intends to retain an Independent Director beyond nine (9) years, the Company should justify and seek shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12) year, the Board should seek shareholders' approval through a two-tier voting process and the manner to obtain the shareholders' approval on the resolution shall follow the recommendation of MCCG.

The Board further recognises that the tenure is not the absolute indicator of a Director's independence and objectivity wherein the spirit, intention, purpose and attitude, background and current activities should also be considered.

The independence of Directors is measured based on the criteria prescribed under the Bursa LR in which a Director should be independent and free from any business or other relationship that could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company. The Independent Directors, in addition to the compliance of criteria as set out under the Bursa LR, declare that they will continue to bring independent and objective judgement to the Board during the review of Directors' independence. The said review is part of the annual assessment carried out by the NRC.

Mr Foo San Kan and Dato' Abdul Majit bin Ahmad Khan, being two (2) of the Independent Directors of the Company, have served on the Board for more than nine (9) years. They have expressed their intention to retire at the conclusion of the Twenty-Eighth ("28th") Annual General Meeting ("AGM"). Hence, they will retain office until the close of the 28th AGM.

#### l) Diversity on Board and in Senior Management

The Board is committed to workplace diversity, which includes but is not limited to gender, age, ethnicity, and cultural background. The Board is also committed to Board diversity including the representation of women in the composition of the Board of the Company and at Senior Management level of the Group through adoption of the Diversity Policy.

The Board views that the employees and Board diversity is important to facilitate the decision making process by harnessing different insights and perspectives.

The current diversity in gender, ethnicity and age of the Board and Senior Management are as follows:

|                                | Race/Ethnicity |         |        | Age Group |       |       |       |       | Gender |        |
|--------------------------------|----------------|---------|--------|-----------|-------|-------|-------|-------|--------|--------|
|                                | Malay          | Chinese | Indian | 30-39     | 40-49 | 50-59 | 60-69 | 70-79 | Male   | Female |
| Number of Directors            | 4              | 5       | 1      | 3         | 1     | 1     | 3     | 2     | 8      | 2      |
| Senior Management <sup>^</sup> | 1              | 17      | 0      | 2         | 3     | 9     | 3     | 1     | 13     | 5      |

Note :

<sup>^</sup> includes four (4) Executive Directors

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I) Diversity on Board and in Senior Management (Cont'd)

The Board, through the NRC, will conduct all Board appointment processes in a manner that promotes gender diversity. Presently, there are two (2) female Directors who have been appointed to the Board, representing 20% women participation on the Board and there are five (5) female employees, representing approximately 28% women participation on Senior Management level.

The Board, assisted by the Management, is responsible for developing strategies to meet the following objectives of the Diversity Policy, and monitoring the progress of achieving the objectives through the monitoring, evaluation and reporting mechanisms:

- a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
- a workplace culture characterised by inclusive practices and behaviours for the benefit of all employees;
- improved employment and career development opportunities for women;
- a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and
- awareness in all employees of their rights and responsibilities with regard to fairness, equity and respect for all aspects of diversity.

The Group's diversity strategies include:

- recruiting from a diverse pool of candidates for all positions, including Senior Management and the various subsidiary companies' boards. This may include sourcing from a directors' registry and open advertisements or the use of independent search firms;
- reviewing succession plans to ensure an appropriate focus on diversity;
- identifying specific factors to take into account the recruitment and selection processes to encourage diversity;
- developing programmes to develop a broader pool of skilled and experienced senior management and Board candidates, which includes workplace development programmes, mentoring programmes and targeted training and development; and
- any other strategies the Board develops from time to time.

The Diversity Policy is available on the Company's website at [www.oskgroup.com/corporate-governance/](http://www.oskgroup.com/corporate-governance/).

The Group's commitment to promote "Diversity at Work" is further reflected in its Sustainability Report 2017, which is available on the Company's website at [www.oskgroup.com/corporate-announcements/](http://www.oskgroup.com/corporate-announcements/).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### m) Appointment and Assessment of Directors

The Board has established the NRC with the specific responsibility for selecting and assessing Directors and Key Senior Management. It has the duty to strengthen the composition with boardroom diversity, appropriate mix of skills, succession planning and skills development to ensure sustainability of the Company and of the Group. Its responsibilities include screening, evaluating and recommending to the Board suitable candidates for appointment as Directors as well as filling vacancies in Board Committees.

The NRC comprises exclusively of Independent Non-Executive Directors and the Chairman of the NRC is Mr. Foo San Kan, the Senior Independent Director. The profile of Mr. Foo San Kan can be found in the Directors' Profile of this Annual Report.

In pursuit of the Diversity Policy, the NRC is mindful of its responsibilities to conduct all Board appointment processes in a manner that promotes diversity while taking into account suitability for the role, Board balance and composition, the required mix of skills, the candidates' background, knowledge, integrity, competency, experience and potential contribution to the Group, and additionally, in the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidates' independence, which would be relevant to enhance the composition of the Board.

In respect of the appointment of Directors, the Company practises a clear and transparent nomination process which involves the following five (5) stages:

- Stage 1: Identification of candidates
- Stage 2: Evaluation of suitability of candidates
- Stage 3: Meeting up with candidates
- Stage 4: Final deliberation by the NRC
- Stage 5: Recommendation to the Board

Identification of candidates for the appointment of Directors is facilitated through recommendations from the Directors, Management or external parties including the Company's contacts in related industries, finance, legal and accounting professions.

The appointment of Encik Nik Mohamed Sharifidin B N M Din ("Encik Nik Mohamed Sharifidin") on 24 November 2017 followed the above nomination process. The appointment was reviewed and recommended by the NRC after having reviewed the skillset, expertise and experience possessed by the aforesaid Director. The appointment was also part of the succession planning for the forthcoming retirement of Independent Directors who have served for more than nine (9) years and at the same time strengthening the existing composition of the Board.

The Company also adopted 'Fit and Proper' standards for Directors in ensuring that the Directors are of high calibre, possess sound judgement, high integrity and credibility on a continuing basis. The 'Fit and Proper' standards is available on the Company's website at [www.oskgroup.com/corporate-governance/](http://www.oskgroup.com/corporate-governance/).

The NRC has a formal assessment mechanism in place to assess on an annual basis, the effectiveness of the Board Committees, the Board as a whole and the contribution of each individual Director, including the independence of the Independent Non-Executive Directors.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### m) Appointment and Assessment of Directors (Cont'd)

The annual assessment criteria of the Board, Board Committees and individual Directors have been updated and are aligned with the practices of the MCCG. The areas covered in the assessment criteria are as follows:

| Evaluation           | Assessment Criteria  |
|----------------------|--|
| Board                | Board mix and composition, understand the Group's mission, succession planning and development, risk and internal control oversight, effectiveness and communication |
| Board Committees     | Composition, effectiveness, support, contribution and communication  |
| Individual Directors | Competency, contribution and performance, preparation for Board meetings and time commitment   |

The NRC has conducted the annual assessment on the following areas:

- the Board's effectiveness as a whole;
- the performance of the Board Committees;
- the peer performance assessment of each individual Director;
- the overall composition of the Board in terms of the appropriate size, mix of skills, experience and core competencies and the balance between Executive Directors, Non-Executive Directors and Independent Directors;
- the independence of the Independent Directors;
- the performance of Directors who will be retiring at the 28th AGM of the Company prior to recommending them for the Board's approval;
- the diversity of the Board and workforce composition in terms of gender, ethnicity, age and nationality;
- the training programmes attended by the Directors during the financial year; and
- the performance of the Group Chief Financial Officer ("Group CFO"), who is primarily responsible for the management of the financial affairs of the Company pursuant to paragraph 2.20A of Bursa LR and agreed that she has the character, experience, integrity, competence and time to effectively discharge her role as the Group CFO.

Following the annual review, the NRC agreed that the Board as a whole, the Board Committees and each individual Director had performed well and effectively and the overall composition of the Board in terms of size, mix of skills, experience, core competencies and the balance between the Executive Directors, Non-Executive Directors and Independent Directors, was appropriate. The Independent Directors had also fulfilled their independent role in corporate accountability through their objective participation in Board deliberations during Board meetings. In addition, the NRC obtained the annual declaration of independence from the Independent Directors confirming their independent status pursuant to the Bursa LR. Post evaluation, each Board member is provided with his/her individual peer average score against the average score of overall performance assessment of all Directors and comments, if any, for personal information and further development.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### n) Re-election and Re-appointment of Directors

The Articles of Association of the Company ("Articles of Association") provides that all Directors who have been appointed by the Board are subject to re-election by shareholders at the First AGM. The Articles of Association also provides that one-third (1/3) (or nearest to one-third (1/3), if the number is not three (3) or a multiple of three (3)) of the Directors to retire by rotation at every AGM. All Directors are subject to retirement at an interval of at least once in every three (3) years.

The performance of the Directors who are subject to re-election and re-appointment at the AGM will be assessed by the NRC whereupon their recommendations will be submitted to the Board for consideration and thereafter for recommendation to the shareholders for approval at the forthcoming AGM.

The Directors who are standing for re-election and re-appointment at the forthcoming 28th AGM of the Company to be held on 24 May 2018 are as stated in the Notice of the 28th AGM.

#### o) Remuneration of Directors and Key Senior Management Employees

The NRC is also responsible for developing a formal and transparent policy and framework on the remuneration of the Directors (including that of the Executive Directors) for recommendation with appropriate remuneration packages to attract and retain the right person for approval by the Board. In determining the level and make-up of the Director's remuneration, the NRC is guided by the Remuneration Policy to consider among others, the following:

- Ensure the remuneration supports the Group's objective, culture and strategy;
- Remuneration and employment conditions of the industry and market as a whole;
- The Group's performance;
- Individual's performance against established criteria and performance related elements, his or her responsibility and accountability;
- The remuneration for Non-Executive Directors must be in line to the level of contribution, taking into account factors such as effort and time spent and the responsibilities entrusted;
- The remuneration for each Board member to be based on level of expertise, knowledge and experience; and
- The policy to cover directors' fee, salaries, allowances, bonuses, options and benefits-in-kind and termination/retirement benefits.

The Remuneration Policy is available on the Company's website at [www.oskgroup.com/corporate-governance/](http://www.oskgroup.com/corporate-governance/).

The NRC carries out an annual review of the Directors' remuneration whereupon recommendations are submitted to the Board for approval. Such annual reviews shall ensure that the remuneration package of the Directors remains sufficiently attractive to attract and retain Directors.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### o) Remuneration of Directors and Key Senior Management Employees (Cont'd)

For the Non-Executive Directors, the level of remuneration generally reflects the experience and level of responsibilities undertaken. They are paid with a basic fee as ordinary remuneration, a sum based on their responsibility in Board Committees, meeting allowance and reimbursement of reasonable expenses incurred in the course of their duties to ensure the remuneration and incentives for Independent Directors do not conflict with their obligations to bring objectivity and independent judgement on matters discussed at board meetings.

The proposed annual fee for the Non-Executive Directors is RM60,000 each, with an additional fee of RM10,000 to be payable to the Chairman of the AC and RM5,000 each to be payable to the Chairman of the RMC and NRC.

The proposed Directors' fees and benefits for the financial year 2017 will be tabled at the forthcoming 28th AGM for the approval of the shareholders.

Executive Directors are not entitled to the above director's fee nor are they entitled to receive any meeting allowance for Board or Board Committees meetings that they attend.

For the Executive Directors, the component parts of remuneration are structured so as to link rewards to corporate and individual performance. The current remuneration packages of the Executive Directors include a monthly salary and benefits-in-kind/emoluments such as company car, drivers, travel allowance and other components.

In addition to the above, the Directors are provided with the Directors & Officers ("D&O") insurance in respect of any liabilities arising from acts committed in their capacity as D&O of the Group. However, the said insurance policy does not indemnify a Director or principal officer if he/she is proven to have acted negligently fraudulently or dishonestly, or in breach of his/her duty or trust.

The Executive Directors do not participate in decisions with regard to their own remuneration. The remuneration package for Executive Directors is determined by the Board as a whole following the relevant recommendations made by the NRC, with the Executive Directors concerned abstaining from deliberations and voting on their own remuneration.

 The details of the Directors' remuneration for the financial year ended 31 December 2017 are set out in the Audited Financial Statements of this Annual Report.

The top 5 Senior Management of the Company whose total remuneration (including benefits-in-kind and other emoluments) falls within the following bands are as follows:

#### 2017

|                               |   |
|-------------------------------|---|
| RM1,200,001 up to RM1,250,000 | 1 |
| RM1,400,001 up to RM1,450,000 | 2 |
| RM1,550,001 up to RM1,600,000 | 1 |
| RM3,500,001 up to RM3,550,000 | 1 |
| Total:                        | 5 |

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### p) Directors' Time Commitment

The Directors are required to notify the Chairman before accepting any new directorships and to indicate the time expected to be spent on the new appointment. In any given circumstances, in accordance with the Bursa LR, the Directors are expected to serve in not more than five (5) listed issuers.

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities. All Directors had attended 100% of the total number of the Board of Directors' meetings held in 2017.

The Directors' attendance for meetings of the Board and Board Committees are disclosed in the subsequent subsection.

#### q) Board and Board Committees Meetings' Attendance

The Board meets at least four (4) times a year, with additional meetings for particular matters convened as and when necessary.

All Directors have complied with the minimum requirements on attendance at Board meetings as stipulated in the Bursa LR (minimum 50% attendance).

The Board meetings for each of the financial year are scheduled before the end of the preceding financial year. This is to allow the Directors to organise and plan their activities ahead of time and to ensure that they are able to attend all Board meetings that are scheduled for the forthcoming year.

All Directors have participated fully in discussions during Board meetings. All Directors are free to express their views and opinions during Board meetings. In arriving at Board decisions, the will of the majority prevails at all times.

The Directors also observe the requirement that they do not participate in the deliberations on matters of which they have a material personal interest, and abstain from voting on such matters.

The Directors are aware that they must notify the other Board members of their interest in contracts that is in conflict, or appears to be in conflict with the interest of the Company by disclosing the nature and extent of their interest during such Board meetings or as soon as practicable after they become aware of the conflict of interest.

The Board's decisions are recorded accurately in the meeting minutes and the draft minutes of meetings are made available to all Board members before the confirmation of minutes at the next meeting.

Additionally, in between Board meetings, the Directors also approved various matters requiring the sanction of the Board by way of circular resolutions.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### q) Board and Board Committees Meetings' Attendance (Cont'd)

The details of the Directors' attendance at the Board and Board Committees meetings during the financial year are as follows:

| Name of Directors  | Attendance of Meetings |     |     |     |
|--|------------------------|-----|-----|-----|
|  | Board                  | RMC | NRC | AC  |
| 1. Dato' Nik Mohamed Din bin Datuk Nik Yusoff (retired on 19 April 2017)       | 1/1                    | -   | -   | -   |
| 2. Tan Sri Ong Leong Huat @ Wong Joo Hwa                                       | 4/4                    | -   | -   | -   |
| 3. Ong Ju Yan  | 4/4                    | -   | -   | -   |
| 4. Ong Ju Xing   | 4/4                    | -   | -   | -   |
| 5. Dato' Saiful Bahri bin Zainuddin  | 4/4                    | -   | -   | -   |
| 6. Ong Yee Ching (appointed as AC member on 21 February 2017)                  | 4/4                    | -   | -   | 3/3 |
| 7. Foo San Kan   | 4/4                    | 4/4 | 2/2 | 4/4 |
| 8. Dato' Abdul Majit bin Ahmad Khan  | 4/4                    | 4/4 | 2/2 | 4/4 |
| 9. Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir                        | 4/4                    | 4/4 | -   | -   |
| 10. Dato' Thanarajasingam Subramaniam  | 4/4                    | -   | 2/2 | 4/4 |
| 11. Encik Nik Mohamed Sharifidin (appointed as a Director on 24 November 2017) | -                      | -   | -   | -   |

#### r) Continuing Education of Directors

All the Directors of the Company have completed the Mandatory Accreditation Programme (MAP) prescribed by Bursa Securities for directors of public listed issuers except for Encik Nik Mohamed Sharifidin, an Independent Non-Executive Director who was appointed to the Board on 24 November 2017. Encik Nik Mohamed Sharifidin has registered for the MAP which is scheduled to be held in March 2018.

Directors' training is an on-going process as the Directors recognise the need to continually develop and refresh their skills and knowledge and to update themselves on the developments in the related industry and business landscape. A dedicated training budget is allocated every year for Directors' continuing education.

The Board via the NRC has in place an annual assessment of training needs of each Director. During the financial year under review, the NRC reviewed the training programme attended by the Directors during the financial year and concluded that all trainings attended were relevant and would serve to enhance their effectiveness in the Board.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### r) Continuing Education of Directors (Cont'd)

All the Directors have attended trainings during the financial year ended 31 December 2017. The training programmes, seminars and forums attended by each Director are as follows:

| Name                                     | Training   |
|--|--|
| Tan Sri Ong Leong Huat @<br>Wong Joo Hwa | Briefing on Blockchain Technology and Potential Use Cases in Financial Services<br><br>Annual Palm & Lauric Oils Conference & Exhibition<br><br>Talk Arbitration: The Process and Pitfalls<br><br>Exclusive Workshop for Nomination Committee and Members: Board Selection - Engagement with Potential Directors |
| Ong Ju Yan                               | Senior Manager Focus Group<br><br>OSK Group-KPMG Risk Management Training<br><br>HICAP UPDATE & AOCAP COMBO  |
| Ong Ju Xing                              | Senior Manager Focus Group<br><br>OSK Group-KPMG Risk Management Training<br><br>Talk Arbitration: The Process and Pitfalls<br><br>Global Transformation Forum<br><br>Senior Management Targeted Selection Refresher   |
| Dato' Saiful Bahri bin<br>Zainuddin      | OSK Group-KPMG Risk Management Training<br><br>POC 2017: 28th Annual Palm & Lauric Oils Conference & Exhibition<br><br>Global Emerging Markets Regulatory Conference 2017 & Launch of The International Organization of Securities Commissions (IOSCO) Asia Pacific Hub  |
| Ong Yee Ching                            | OSK Group-KPMG Risk Management Training<br><br>SID Directors' Conference 2017<br><br>Non-Profit Directors Programme: (Module 3) Board Dynamics & Evaluation  |

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### r) Continuing Education of Directors (Cont'd)

| Name   | Training   |
|--|--|
| Foo San Kan  | OSK Group-KPMG Risk Management Training<br><br>Focus Group Session on the Proposed Revision of the Corporate Governance Guide<br><br>2017 IAIS Annual Conference<br><br>Companies Act 2016 and Malaysian Code on Corporate Governance 2017<br><br>Key Disclosure Obligations of a Listed Company by Chee Kai Mun   |
| Dato' Abdul Majit bin Ahmad Khan                     | OSK Group-KPMG Risk Management Training  |
| Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir | OSK Group-KPMG Risk Management Training<br><br>Case Study Workshop for Independent Directors<br><br>Companies Act 2016 and Malaysian Code on Corporate Governance 2017   |
| Dato' Thanarajasingam Subramaniam                    | OSK Group-KPMG Risk Management Training<br><br>The Ethical Challenge: Building the Culture of Professionalism and Integrity<br><br>Global Business Insight Series - Innovation in the Financial Sector: Where the world will be, How to Get There<br><br>Case Study Workshop for Independent Directors<br><br>Companies Act 2016 and Malaysian Code on Corporate Governance 2017 |

The Directors will continue to participate in other training programmes to keep abreast with latest developments in the capital markets, relevant changes in laws and regulations and corporate governance matters, from time to time.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

### a) Audit Committee

The AC was established by the Board to provide independent oversight on the Company's internal and external audit functions, financial reporting and internal control systems, and to ensure checks and balances within the Company.

The AC comprising exclusively Non-Executive Directors with four (4) members, majority of whom are Independent Directors, is chaired by an Independent Director.

To ensure the overall effectiveness and independence of the AC, the positions of the Chairman of the Board and Chairman of AC are held by different persons. The Chairman of the Board is currently resumed by Tan Sri Ong Leong Huat @ Wong Joo Hwa whilst the Chairman of AC is currently resumed by Mr. Foo San Kan.

In February 2018, the AC has adopted its TOR with updates which include the requirement of appointment of a former key audit partner as a member of AC shall observe a cooling-off period of at least two (2) years before being appointed as a member of AC.

The updated TOR of AC is available on the Company's website at [www.oskgroup.com/corporate-governance/](http://www.oskgroup.com/corporate-governance/).

 The composition and details of the key activities carried out by the AC during the year are set out in the AC Report of this Annual Report.

### b) Financial Reporting

The Board is responsible for presenting a balanced, clear and meaningful assessment of the Group's financial positions and prospects to the shareholders, investors and regulatory authorities. The quarterly results and annual financial statements are reviewed by the AC and recommended to the Board for approval before public release via Bursa Securities' website. The AC also reviews the appropriateness of accounting policies of the Company and Group and the changes to these policies as well as ensures the financial statements comply with the applicable accounting standards and other regulatory requirements.

 The Statement of Responsibility by Directors in respect of the preparation of the annual audited financial statements is set out in this Annual Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

#### c) Relationship with External Auditors and Its Independence

The Board has established formal and transparent relationships with the external auditors through the AC. The AC meets with the external auditors to discuss and review the audit plan, audit findings and the Group's financial statements. The external auditors met with the AC twice during the year without the presence of the Management. In addition, the external auditors are invited to attend the AGM and are available to answer shareholders' questions relating to the audited financial statements.

The AC is responsible to review the adequacy of the audit scope, functions and resources of the external auditors to carry out their duties according to the annual audit plan.

The AC conducted an annual assessment of the suitability and independence of the external auditors, Messrs. BDO, in respect of the financial year under review. The AC was satisfied with the performance and independence of the External Auditors as well as the fulfillment of criteria based on several factors, including independence of the external auditors, quality of audit review procedures and adequacy of the firm's expertise and its resources to carry out the audit work that they were tasked with, as set out in the Policy and Guidelines on the Performance Evaluation of External Auditors.

The AC has carefully considered the non-audit fees provided during the year by the external auditors and was satisfied that the provision of the non-audit services during the year by the external auditors does not compromise the auditors' independence.

The details of audit/non-audit fees paid/payable to the external auditors are set out below:

| <b>2017</b>  | <b>Group<br/>RM'000</b> | <b>Company<br/>RM'000</b> |
|--|-------------------------|---------------------------|
| Audit fees paid/payable to external auditors   | 542                     | 53                        |
| Non-audit fees paid/payable to external auditors                                     |                         |                           |
| - Review of Statement on Risk Management and Internal Control                        | 10                      | 10                        |
| - Reporting accountants' report on proforma financial statements and prospectus      | 8                       | -                         |
| - Review of Housing Development Accounts   | 20                      | -                         |
| - Review of financial information for six months financial period ended 30 June 2017 | 60                      | 7                         |

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

#### c) Relationship with External Auditors and Its Independence (Cont'd)

In addition, the AC obtained written assurance from the external auditors confirming that they are independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Board approved the recommendation of the AC for the shareholders' approval to be sought at the forthcoming AGM of the Company on the re-appointment of Messrs. BDO as the external auditors for the financial year ending 31 December 2018.

#### d) Related Party Transactions

All related party transactions are presented to the AC on a quarterly basis. This includes the utilisation of the recurrent related parties transactions ("RRPT") mandate and/or where applicable, new RRPT for the AC's review.

 Details of these transactions are set out under the Additional Disclosures and the Notes to Audited Financial Statements of this Annual Report.

Based on the actual value transacted of the RRPT from the date of the shareholders' mandate obtained at the AGM in the previous year until 5 March 2018, the latest practicable date, none of the actual aggregate value of transaction has exceeded 10% or more of the estimated amount under the shareholders' mandate.

#### e) Risk Management and Internal Control

The Board acknowledges its responsibilities in setting up and maintaining a sound risk management framework and effective internal control system. In achieving this, the Board ensures that principal risks in the Group are identified, measured and managed with appropriate internal control system, and that the effectiveness, adequacy and integrity of the internal control system is reviewed on an ongoing basis.

The Board recognises that some risks cannot be eliminated completely. Nevertheless, with the implementation of an effective system of risk management and internal control, it provides a reasonable but not absolute assurance against material misstatements of financial and management information and records, and/or against any material financial losses or fraud.

The Statement on Risk Management and Internal Control, which provides an overview of the state of risk management and internal control within the Group, is set out in the Statement on Risk Management and Internal Control included in this Annual Report.

The RMC was established by the Board to assist the Board in identifying, assessing and managing, monitoring and controlling the risks in areas that are applicable to the Company's business and ensure that the risk management process is in place and functioning effectively (i.e. Strategic, Financial and Operational).

The TOR of the RMC is available on the Company's website at  [www.oskgroup.com/corporate-governance/](http://www.oskgroup.com/corporate-governance/).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### a) Effective Communication with Stakeholders

The Board recognises the importance of timely and high quality disclosure as a key component to uphold the principles and best practices of corporate governance for the Group. As such, maintaining an effective communication policy between members of the public and the Company is important to build trust and understanding between the Company and its stakeholders.

The Company has adopted a Corporate Disclosure Policy and Procedures, which is applicable to the Board and all employees of the Group, in handling and disclosing material information to the shareholders and the investing public. The Board has established a Group Corporate Disclosure Committee to oversee the implementation of and adherence to the Corporate Disclosure Policy and Procedures.

The following communication channels are mainly used by the Company to disseminate information on a timely basis to the shareholders and the investing public:

- i) Annual General Meeting which is an important forum for shareholders to engage with the Directors and Senior Management of the Company;
- ii) The Annual Report communicates comprehensive information on the businesses, financial results and key activities undertaken by the Group;
- iii) Quarterly announcements and corporate disclosures to Bursa Securities are available on the website [www.bursamalaysia.com/market/](http://www.bursamalaysia.com/market/) as well as on the Company's website [www.oskgroup.com/corporate-announcements/](http://www.oskgroup.com/corporate-announcements/);
- iv) Press releases, and investor and analyst briefings provide up-to-date information on the Group's key corporate initiatives and new product and service launches, if any; and
- v) The Company's website [www.oskgroup.com](http://www.oskgroup.com) provides corporate information of the Group, where information on the Company's announcements and financial information can be accessed.

A dedicated section for Corporate Governance has been set up on the Company's website at [www.oskgroup.com/corporate-governance/](http://www.oskgroup.com/corporate-governance/), wherein a copy of the Board Charter, Sustainability Policy and summary of the Whistleblowing Policy and Procedure of the Company are made available.

Where possible and applicable, the Group provides additional disclosures on a voluntary basis. The Board believes that on-going communication with shareholders is vital to shareholders and investors to make informed investment decisions.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### b) Investors Relations

The Board recognises that effective and timely communication of information related to the Company's business strategies, financial performance and business initiatives are essential in maintaining good relationship with investors. Other than the Company's website [www.oskgroup.com](http://www.oskgroup.com) which provides comprehensive, accurate and timely corporate information to the general investing public, Mr. Woon Chong Boon has been identified to address enquiries from the shareholders, investors and the general public.  The profile of Mr. Woon Chong Boon, who is the Chief Operating Officer/ Head of Corporate Strategy & Planning, is set out in the Key Senior Management Profiles of this Annual Report.

Mr. Foo San Kan has been identified by the Board as the Senior Independent Non-Executive Director of the Company to whom concerns of the shareholders and other stakeholders may be conveyed.  The profile of Mr. Foo is set out in the Directors' Profiles of this Annual Report.

In 2017, the Senior Management of the Company hosted several meetings and/or tele-conferences with key institutional shareholders as well as fund managers and analysts to update them on significant developments with regards to the Company's strategies and performance. The Company also participated in the Credit Suisse' Malaysia Property Day, held in Shangri-La Hotel Kuala Lumpur on 13 September 2017.

The Board is committed to enhance and improve its investor relations' initiatives in the coming years and to continue hosting dialogues with the shareholders, institutional investors and key stakeholders.

In addition to the above, shareholders and investors can enquire about investor relations matters via the dedicated email address which is made available on the Company's website at [www.oskgroup.com/overview/](http://www.oskgroup.com/overview/).

#### c) Conduct of General Meeting

The AGM has been the main forum for shareholders to engage with the Board and Senior Management of the Company to facilitate greater understanding of the Company's business, governance and performance.

In addition to the 21 days' Notice of AGM pursuant to Bursa LR, this Annual Report, which contains the Notice of AGM, is sent to shareholders at least 28 days prior to the date of the meeting in order to give sufficient time to shareholders to consider the resolutions that will be discussed and decided at the AGM. The Notice of AGM, which sets out the businesses to be transacted at the AGM, is also published in a major local newspaper. At the AGM, Senior Management makes a representation on the financial performance of the Group for the preceding financial year.

Shareholders are provided with ample time during the Question & Answer Session at the AGMs. The Chairman of the Board, Chairman of Board Committees and other Directors attend the AGM and provide meaningful response to shareholders' questions during the meeting.

Pursuant to Bursa LR, any resolution set out in the notice of any general meeting, or in any notice of resolution which may be properly moved and is intended to be moved at any general meeting, is voted by poll. The Company shall be conducting poll voting for all resolutions set out in the Notice of the 28th AGM.

The Company provides facilities for poll voting via electronic means to expedite verification and counting of votes, reduce administrative cost and paper work and remove the need for physical ballot papers.

This Statement was approved by the Board of Directors of the Company on 28 February 2018.

# AUDIT COMMITTEE REPORT

## AUDIT COMMITTEE REPORT

The Audit Committee ("Committee") was established by the Board of Directors to assist them to carry out their responsibilities. The Committee is guided by its Terms of Reference ("TOR") which sets out the authority, duties and functions of the Committee. The TOR is published on the Company's website at [www.oskgroup.com/corporate-governance](http://www.oskgroup.com/corporate-governance).

The Committee is pleased to present its Report for the financial year ended 31 December 2017 ("FY2017").

## COMPOSITION

The Committee comprises four (4) members all of whom are Non-Executive Directors, with a majority of them being independent Directors. This meets the requirements of Paragraph 15.09(1)(2) of the Bursa Malaysia Listing Requirements ("Listing Requirements").

The Committee consists of the following members:

| Name of Director                  | Designation | Directorship                              |
|-----------------------------------|-------------|---|
| Foo San Kan                       | Chairman    | Senior Independent Non-Executive Director |
| Dato' Abdul Majit bin Ahmad Khan  | Member      | Independent Non-Executive Director        |
| Dato' Thanarajasingam Subramaniam | Member      | Independent Non-Executive Director        |
| Ong Yee Ching*                    | Member      | Non-Independent Non-Executive Director    |

Note:

\* Ong Yee Ching was appointed as a member of the Committee with effect from 21 February 2017.

The Chairman of the Committee is not the Chairman of the Board. This is in line with Practice 8.1 under the new Malaysian Code on Corporate Governance ("MCCG").

## ATTENDANCE OF MEETINGS

During the FY2017, the Committee held a total of four (4) meetings. The details of attendance of the Committee members are as follows:

| Name                              | 83 <sup>rd</sup> ACM<br>20.02.2017 | 84 <sup>th</sup> ACM<br>25.05.2017 | 85 <sup>th</sup> ACM<br>21.08.2017 | 86 <sup>th</sup> ACM<br>20.11.2017 | Attendance<br>(%) |
|-----------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|-------------------|
| Foo San Kan                       | √                                  | √                                  | √                                  | √                                  | 4/4 (100%)        |
| Dato' Abdul Majit bin Ahmad Khan  | √                                  | √                                  | √                                  | √                                  | 4/4 (100%)        |
| Dato' Thanarajasingam Subramaniam | √                                  | √                                  | √                                  | √                                  | 4/4 (100%)        |
| Ong Yee Ching                     | N/A                                | √                                  | √                                  | √                                  | 3/3 (100%)        |

The Committee meetings were also attended by the Group Chief Financial Officer, the Financial Controller, the Head of Internal Audit, senior representatives of the external auditors and the Company Secretary.

The Company Secretary is responsible for coordinating administrative details such as calling for meetings and keeping the minutes. Minutes of each meeting were recorded and tabled for confirmation at the next following Committee's meeting and subsequently presented to the Board for notation. The extract of matters requiring actions were distributed to relevant attendees and members of the Committee.

# AUDIT COMMITTEE REPORT

## SUMMARY OF WORK OF THE COMMITTEE

During the financial year under review, the following were the activities of the Committee:

### Internal Audit

1. Considered and approved the risk based internal audit plan for the Company and the Group for FY2017, to cover the risk areas that have been identified in the audit plan;
2. Reviewed and discussed the internal audit reports and directed that corrective actions be taken to rectify the weaknesses highlighted in the internal audit reports;
3. Received regular communication from the Head of Group Internal Audit on the internal audit activities and performance relative to its plan and on matters related to its manpower;
4. Reviewed the effectiveness of the audit process, the adequacy and competency of the internal audit function, the resource requirements actual versus planned for the year, and assessed the performance of the overall Internal Audit function; and
5. Held a private session with the Head of Group Internal Audit in February 2017 without the presence of the Management.

### Financial Reporting

1. Reviewed the quarterly financial results and announcements as well as the year end financial statements of the Group and ensured that the financial reporting and disclosure requirements had been complied with before recommending them to the Board for approval, focusing particularly on:-
  - any changes in or implementation of accounting policies and practices;
  - significant adjustment arising from the audit, if any;
  - the going concern assumption;
  - significant and unusual events; and
  - compliance with accounting standards and other legal requirements;
2. Discussed with Management, amongst others, the accounting principles and standards that were applied and critical judgement exercised, if any that may affect the financial results; and
3. Confirmed with Management and the external auditors that the Group's and the Company's audited financial statements have been prepared in compliance with applicable Financial Reporting Standards.

### External Audit

1. Reviewed the Audit Completion Report from the external auditors for the financial year ended 31 December 2016;
2. Reviewed the report from the external auditors for the six months financial period ended 30 June 2017. Reviewed and discussed the management letter for improvement arising from the review;
3. Reviewed the audit plan for the financial year ending 31 December 2017 from the external auditors to discuss their audit approach, significant audit areas, engagement team, key dates and deliverables, and updates on financial reporting, legal and changes to listed issuers' reporting requirements prior to the commencement of their annual audit;
4. Reviewed the annual audited financial statements of the Company and the Group for the financial year ended 31 December 2016 prior to submission to the Board for approval;
5. Reviewed and discussed the key audit and accounting matters highlighted by the external auditors including internal control matters and recommendations made by them on their evaluation of the system of internal control and the Management's comments;

# AUDIT COMMITTEE REPORT

## SUMMARY OF ACTIVITIES (CONT'D)

### External Audit (Cont'd)

6. Assessed the performance of the external auditors, including their suitability, objectivity and independence, in accordance with the Policy and Guidelines on the Performance Evaluation of External Auditors on an annual basis. The external auditors provided an annual confirmation of their independence in accordance with the terms of all professional and regulatory requirements. Pursuant to the Policy, the engagement and concurring partners responsible for the Group audit are rotated at least every five (5) financial years. Following the review of the external auditors' effectiveness and independence, the Committee is satisfied with the performance and the audit independence of the external auditors.

Accordingly, it was recommended to the Board for their re-appointment. A resolution for their re-appointment was tabled for approval at the 27th Annual General Meeting held on 19 April 2017 and was approved by the shareholders; and

7. Held two private sessions with the external auditors in February 2017 and August 2017 without the presence of the Management. There were no major concerns from the external auditors and they conveyed that they had been receiving full cooperation from the Management and staff.

### Whistleblowing and Investigation

1. Reviewed and approved the revised Whistleblowing Policy and new Fraud Policy and recommended the same to the Board for approval; and
2. Reviewed reports of whistleblowing cases and fraud investigations that were carried out during the year arising from the whistleblowers' reports or from works carried out by the internal auditors.

### Risk Management and Internal Control

Reviewed the Statement on Risk Management and Internal Control for inclusion in the 2016 Annual Report pursuant to Paragraph 15.26(b) of the Listing Requirements and recommended to the Board for approval.

### Related Party Transactions

Reviewed the related party transactions entered into by the Group and any conflict of interest situation that may arise within the Group on quarterly basis, including any transaction, procedure or course of conduct that raises questions of management integrity as well as to ensure that the transactions are fair and reasonable, and are not to the detriment of the minority shareholders.

## INTERNAL AUDIT FUNCTION AND ITS SUMMARY OF WORK

The Internal Audit function is carried out by the Group Internal Audit Department ("GIAD") which is responsible for the overall internal audit activities of the Group. The Internal Audit function is independent of the activities and operations of the Group. During the financial year under review, the GIAD operated with a total manpower of 18 staff including the Head of the GIAD and all of them were also free from any relationships or conflicts of interest. The Head of the GIAD reports directly to the Committee.

OSK Holdings Berhad is a corporate member of the Institute of Internal Auditors ("IIA") Malaysia. All internal auditors had signed a statement on their employment that they will apply and uphold the principles as set forth in the IIA's Code of Ethics when conducting internal audit services. The GIAD is guided by the International Standards for the Professional Practice of Internal Auditing.

The GIAD assists the Committee in discharging its duties and responsibilities to provide reasonable assurance on the adequacy and effectiveness of the system of risk management and internal control by conducting independent, regular and systematic review of the internal control processes in addressing the risks identified and that established policies and procedures, applicable laws and regulations are complied with.

# AUDIT COMMITTEE REPORT

## INTERNAL AUDIT FUNCTION AND ITS SUMMARY OF WORK (CONT'D)

A risk based audit plan for the year was presented to the Committee for discussion and approval. The audit plan prioritised the audit review according to the Group's objectives, key risks and core/priority areas and also covered the review of the adequacy of operational and accounting controls, compliance with applicable laws and regulations, established policies and procedures as well as governance processes.

During the FY2017, the GIAD conducted audits of operations under the various business divisions and corporate functions. Key areas covered were:

- Project management
- Construction management
- Project accounting
- Sales administration
- Customer service and defects rectification
- Hotels, resorts and golf club operations
- Vacation club member services and management of rooms inventory
- Production management
- Purchasing, receiving and inventory control
- Safety and security
- Fixed asset management
- Property investment
- Shopping Mall operations
- Capital financing
- Building management services
- Car park operations
- Sales and marketing
- Leasing operations
- Credit control
- Tenancy management
- Group IT review on access security, network and server management, backup and service support.
- Group IT review on software development process, programme change/maintenance management and vendor management
- Hotel IT systems access management, server security and backup
- Harvesting, weeding and manuring operations at oil palm plantation
- Payment process, accounts payable, bank reconciliations and general accounting control
- Related Party and Recurrent Related Party Transactions monitoring, reporting and disclosure
- Regulatory compliances

On a quarterly basis, the GIAD submits audit reports and the status of the internal audit plan for review and approval by the Committee. The audit reports contain findings and recommendations for corrective measures on risks or internal control weaknesses identified, if any, for implementation by Management. Internal audit also conducts follow-up audit to ensure that Management has taken actions to rectify and correct deficient conditions and improve control processes. The Committee monitors and reviews the effectiveness of the internal audit activities thereby ensuring that these activities contribute to the ongoing effectiveness of the system of internal control.

During the year, the GIAD proposed a Fraud Policy and a revised Whistleblowing Policy which were approved by the Committee and recommended to the Board for approval and was implemented in the Group.

The total payroll and related costs incurred for the internal audit function of the Group for the FY2017 amounted to RM1,938,958. Overall, the AC is satisfied with the performance of the Internal Audit function.

## PERFORMANCE OF THE COMMITTEE

The performance of the Committee was assessed annually through self-evaluation and the Nomination and Remuneration Committee reviewed the results of such assessments. During the FY2017, the Board is satisfied that the Committee has discharged its statutory duties and responsibilities in accordance with the TOR of the Committee.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

**The Board of Directors (“the Board”) is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control of OSK Holdings Berhad (“OSK” or “the Company”) and its subsidiaries (“OSK Group” or “the Group”) for the financial year under review.**

**The objective of establishing a sound risk management framework and an adequate and effective system of internal control is to safeguard shareholders’ investment and the Group’s assets, as promoted by the Malaysian Code on Corporate Governance.**

## **THE BOARD’S RESPONSIBILITY:**

The Board is committed to ensure the effectiveness of risk management and internal control systems by continuously reviewing the adequacy of controls and integrity of the Group’s systems. The Board also acknowledges that the Group’s risk management and internal control systems are designed to mitigate risks threatening the achievement of the Group’s business and corporate objectives and that the systems in place can provide only reasonable but not absolute assurance against material misstatement or losses.

The Group has in place an on-going process of identifying, evaluating, monitoring, managing and mitigating risks. The Management assists the Board in the implementation of frameworks, policies and procedures on risk and control by identifying risks, assessing the potential impact, and mitigating the risks through suitable internal controls. This process is actively reviewed by the Board.

## **MANAGEMENT’S ROLE:**

Management is responsible to assist the Board in implementing the risk management process to ensure that it is in place and functioning. The Management also ensures that the risk management framework is embedded and consistently adopted throughout the Group and is within the parameters established by the Board and Oversight Board Committee. In this regard the Group Managing Director and Group Management Risk Committee (“GMRC”), have given their assurance that the risk management and internal controls of the Group are in place, adequate and effective.

## **INTERNAL AUDIT’S ROLE:**

Internal auditing is an independent, objective assurance and consulting activity designed to improve and add value to the Company’s operations. The internal auditors review and ensure the adequacy and the integrity of the internal control system, assess compliance with applicable laws and regulations, ascertain compliance with policies and procedures and make appropriate recommendations in improving the internal control and governance processes in the Group.

The internal auditors report directly to the Audit Committee of the Group. The Audit Committee monitors and reviews the effectiveness of the internal audit activities and that actions have been taken by Management to correct the deficient conditions and improve control processes highlighted by the internal auditors, thereby contributing to the ongoing effectiveness of the system of internal control.

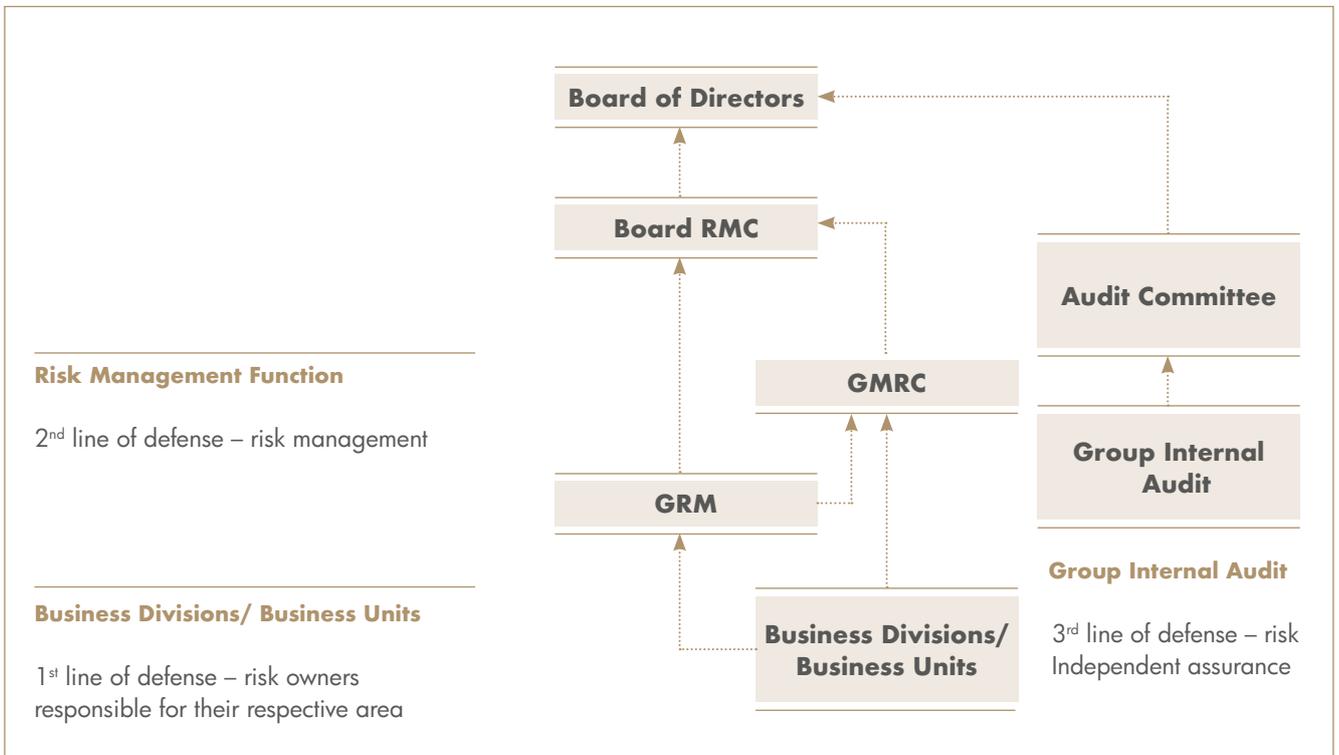
# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## RISK MANAGEMENT’S ROLE:

The Group’s risk management function is benchmarked against the ISO31000:2009 Risk Management – Principles and Guidelines to embed Enterprise Risk Management (“ERM”) into activities and processes of the Group. Risk Management enable the Group to identify, assess and mitigate risks systematically through the following:

- Ascertain functional responsibilities and accountabilities within committees and sub-committees work group for management of risks;
- Establish a Risk Management Framework that sets risk appetite and risk tolerance based on measurable parameters related to critical risks that may impact the strategy, performance and reputation of the Group;
- Ascertain risk strategies which are in line with the risk appetite and tolerance of the Group; and
- Allocate adequate resources and training to provide overall risk management support.

The Group adopts the Three Lines of Defense (“3LOD”) model in implementing the Risk Management. The 3LOD defines the responsibilities and accountability of risk management across the Group.

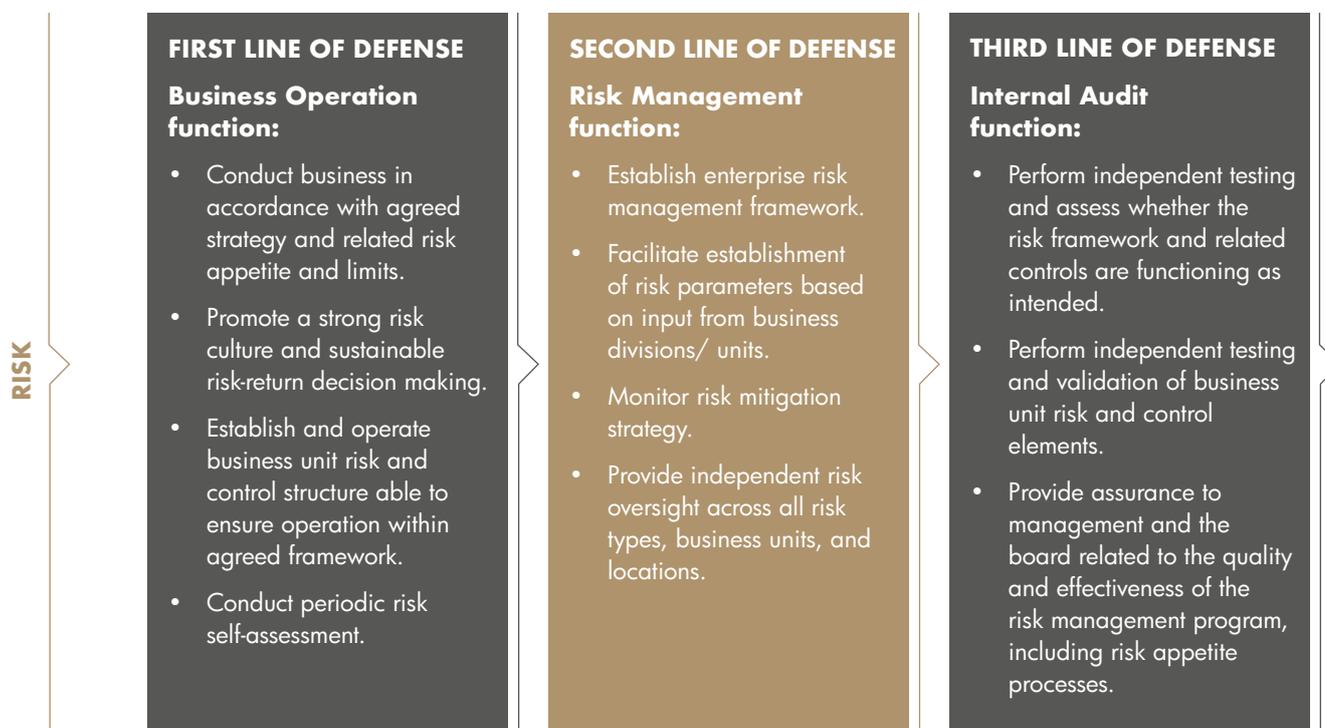


- RMC** – Risk Management Committee
- GMRC** – Group Management Risk Committee
- GRM** – Group Risk Management

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### RISK MANAGEMENT'S ROLE (CONT'D):

#### Our Approach to Providing Deliverables of the Highest Quality



Continuous risk assessment is fundamental to the Group's risk management process. Operating subsidiaries are tasked with reporting major risks on a quarterly basis to management as it aims for a holistic approach towards risk management. The respective operating subsidiaries being risk owners of their immediate sphere are responsible to develop the appropriate response strategies to mitigate the risks.

In providing assurance to the Board on the Group's adequacy and effectiveness of risk management, Group Risk Management ("GRM"), continues to review and enhance the quarterly risk templates in identifying and mitigating all major risks of the operating subsidiaries under the Group.

The quarterly risks from all operating subsidiaries highlighting major risks and mitigation controls carried out in the respective division committee meetings and the consolidated risk cards are updated in the GMRC meetings. The Board of Directors meet and deliberate on these risks identified quarterly while ad-hoc or new critical risks are escalated to the Board immediately for deliberation.

### RISK MONITORING & REPORTING

We determine our risks based on the assessment of the operation environment and nature of our property, construction, hospitality, industries and financial services businesses. The identified risks are closely monitored and managed to ensure mitigation plans are in place.

In providing assurance to the Board on the Group's adequacy and effectiveness of risk management, GRM, under the purview of GMRC, actively monitors the Group's portfolio of major risks via the Risk Control Self-Assessment ("RCSA") approach. The quarterly risk reports from all Business Divisions are consolidated and updated to GMRC and RMC, highlighting all risks and mitigating controls carried out by the respective Business Divisions. These were presented to the Board where internal controls and risk mitigation strategies were highlighted.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### RISK MONITORING & REPORTING (CONT'D)

The Board will meet and deliberate on the top risks identified quarterly. Ad-hoc or new critical risks are escalated to the Board immediately for deliberation. Significant issues arising from changes in business environment are reviewed continuously to ensure minimal impact to the Group. GRM is accountable for effectiveness of the risk management framework and is independently distinguished from risk owners - the respective heads of operating subsidiaries being such person with vital insight of respective businesses and able to actively influence the identified risks through decisions and actions.

For the financial year under review, GRM has identified the following key risks for the Group. These were presented to the Board where internal controls and risk mitigation strategies were highlighted:

| Key Risk Profiles   | Effect on us   | Our Mitigation Strategies  |
|---|--|--|
| <b>Softening Market Demand</b>                                    | The risk arising from the weak macroeconomic environment that have an adverse impact on the Group's revenue.           | This is an inherent risk. To mitigate, the Management conducts market studies to identify and understand the demand appetite of customers to ensure products and services are competitive.   |
| <b>Project Delivery Risk</b>                                      | The risk associated with potential weak services to customers as well as late deliverables of product or services.     | This is an actively managed operation risk. To ensure all product and services meets with expectations, quality checks and controls are performed and delivery timeline monitored. The 2 pillars that support these initiatives are; competent team of professionals and effective operational procedures. |
| <b>Changes in regulatory requirements and government policies</b> | Risk that some changes may negatively impact the Group's operating environment and possibly our financial performance. | In response to this risk, management actively monitors changes in the legal and regulatory requirements to adapt and adopt to ensure compliance.   |
| <b>IT and Cyber Security</b>                                      | Potential risk of security breach or loss of critical information.   | To mitigate these risks, the Management has established policies and guidelines on IT security while also performing periodic reviews to uncover and strengthen vulnerable areas.<br><br>We also constantly update and upgrade our software to strengthen areas vulnerable to attacks.                     |
| <b>Reputation Risk</b>  | Potential risk arising from negative news or events that may have an adverse effect on the Group's reputation.         | The Group established policies and operation guidelines to ensure consistency in deliverables and corporate communication. Mitigating controls for this risk include monitoring of various forms of media.   |

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTERNAL CONTROL

The Group's internal control system comprises the whole network of systems established in the Group to provide reasonable assurance that the following organisational objectives will be achieved:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

The components of internal control such as control environment, risk assessment, control activities, information and communication and monitoring, work to support the organisation's mission, strategies and related business objectives.

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

- A conducive control environment established by the Board and Senior Management with strong corporate culture that embrace excellence, humility and respect, forward thinking, integrity and people driven values. The Board demonstrates independence from Management and exercises oversight of the development and performance of internal controls by approving policies and monitoring business performance while individuals are held accountable for their internal control responsibilities in their pursuit of business objectives;
- Clear Group organisation's structure that is aligned with the business and operational requirements, defined lines of responsibilities and appropriate levels of delegation;
- Delegation of specific responsibilities to Board Committees, each with its defined terms of reference and responsibilities approved by the Board. These committees have the authority to examine all matters within their scope and report back to the Board with their recommendations;
- Annual business plans and operating budgets are prepared by business and operating units and approved by the Board. Actual performances and significant variances against budget are monitored on an ongoing basis;
- Board meetings are held at least once a quarter with a formal agenda. In addition, regular management and operation meetings are conducted by Senior Management such as the Group Executive Management and the Management Committees;
- Documented policies, procedures and operations manuals for key aspects of the businesses are available and are revised and updated as and when required. Besides this, limits of Approving Authorities ("AA") have been established and approved by the Board. This provides a sound framework of authority and accountability within the Group and facilitates proper corporate decision-making at the appropriate level in the Group's hierarchy. Such AA list is subject to periodic review with the necessary approval obtained;
- A Whistleblowing policy is in place to provide appropriate communication channels to facilitate whistleblowing in a confidential manner by any employee or member of the public to raise concern on any suspected/known improper conduct that he/she may observe to the Chairman of the Audit Committee or to the whistleblowing coordinator. The policy also provides clarity of oversight and responsibilities of the whistleblowing process, the reporting channels, protection and confidentiality afforded to the whistleblower. Investigations are conducted by independent personnel on the whistleblowing reports received and reported to the right level of authority for decision and action;

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### INTERNAL CONTROL (CONT'D)

- Establishment of effective segregation of duties via independent checks, review and reconciliation activities to prevent and detect human errors, fraud and abuses;
- Establishment of IT Policy to govern IT related activities and all aspects of Group-owned equipment, network infrastructure, software applications, access and information provided to the employees of the Group;
- The GMRC oversees the activities of senior management in managing the risks relating to their business or functions and ensure that the Enterprise Risk Management Framework ("ERMF") for managing risks is in place and functioning effectively. Quarterly meetings are held to review the significant risks that are reported and updated, the ranking of the risks and the mitigating actions taken by the Management;
- The Internal Audit function monitors compliance with the Group's policies and procedures and applicable laws and regulations, and provides independent assurance on the adequacy and effectiveness of the risk management and internal control system by conducting regular audits and continuous assessment. Significant audit findings and recommendations for corrective actions and improvement are highlighted to Senior Management and the Audit Committee. Audit follow-up is carried out to ensure the implementation of corrective action plans in a timely manner.

### THE BOARD'S STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

As the Group operates in a dynamic business environment, the Board is committed to maintaining a sound system of risk management and internal control and believes that with such a system in place, a balanced achievement of its business objectives and operational efficiency can be attained.

The Board has reviewed the system of risk management and internal control operating for the year under review and believes that, up to the date of issuance of this statement, it is effective and adequate to safeguard our shareholders' investment and the Group's assets and meet the requirements of regulators and the interests of employees. The Board has also received assurance from the Board Risk Management Committee ("BRMC"), GMRC and Group Managing Director that the Group's risk management and internal control system is, in all material aspects, effective and adequate throughout the year under review.

The Group will continue to identify, evaluate and monitor all major risks as well as strive to improve and enhance the existing risk management and internal control systems. This Statement on Risk Management and Internal Control does not cover joint ventures and associated companies where the risk management and internal control systems of such companies are managed by the respective Management teams.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the external auditors had reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide ("AAPG") 3 Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group. Based on the procedures performed, nothing had come to their attention that caused them to believe that the Statement on Risk Management and Internal Control set out above was not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issues, nor was factually inaccurate.

# ENTERPRISE RISK MANAGEMENT FRAMEWORK

## Overview Of Enterprise Risk Management Framework (“ERMF”)

The ERMF is consistent with the ISO 31000 Risk Management Principles and guidelines, which is designed to establish the context for an embedded ERM into key departments and business processes of the Group. The ERMF key elements being:

- a) Business Objectives: The Group’s objectives are part of the core of the ERMF. Risk Management design and function to assist achieving key business objectives;
- b) Risk Strategy: This reflects the Board’s expectations on the amount of risk that OSK is willing to take in pursuing its strategic objectives;
- c) Risk Culture: The collection of behaviours, values, and beliefs displayed by OSK leaders and staff that shape the organisation’s approach to risk appetite, risk taking and attitude towards the management of risk; and
- d) Governance: OSK has a governance structure tasked with overseeing the effectiveness of the ERMF.

## ERMF in Practise

ERMF sets the tone of the Group’s approach to enterprise risk management practises. In providing assurance to the Board on the Group’s adequacy and effectiveness of risk management, Group Risk Management (“GRM”), under the purview of Group Management Risk Committee (“GMRC”), actively monitors the Group’s portfolio of risks with the following objectives:

- a) Assure - Provide assurance to the Board that a firm and sound risk management and internal control systems are in place and to meet any requirements of regulatory bodies;
- b) Guide - Provide guiding risk management principles to Heads of Business Divisions to govern the actions of risk identification and assessment;
- c) Monitor - To ensure the risk management processes are applied systematically across the Group to identify, assess, treat and manage risks that threaten resources or the achievement of the organisation’s objectives; and
- d) Strategies - Provide Management with a summary of key risks that may affect the respective Business Divisions and to ensure these risks are adequately managed; and to report on the group risk exposures and mitigation plans.

In identifying risks, the Group uses the Risk Control Self-Assessment (“RCSA”) methodology to build a structured, consistent and complete risk identification exercise across the business areas of the Group. The RCSA is a depository of all risks that the Group faces and used in generating an enterprise view of the Group operational risk profile.

The RCSA risk card is assigned a risk title with the corresponding related industry, risk description, operation environment and respective risk owners. Based on the risk identified, risk exposure measured in terms of impact and likelihood is used to produce Gross risk rating. Subsequently, risk mitigation measures are directed towards reducing the severity of gross risk identified through development and implementation of various forms of internal controls to reach the Residual risk rating. The Group uses risk mitigation strategies to manage identified risks. The Group has five (5) core response strategies for risk management.

# ENTERPRISE RISK MANAGEMENT FRAMEWORK

## Risk Treatment Strategies:

- a) **Avoid:** Risk exposure shall be rejected entirely, as the potential return does not commensurate with the downside exposure;
- b) **Retain:** Risk exposure shall be accepted. The potential return is viewed as desirable and the downside exposure shall be mitigated with change mitigation where risk exposure shall be maintained but with enhancements to mitigations (e.g. internal controls);
- c) **Reduce:** Risk exposure shall be reduced through new or enhanced mitigation (e.g. contingency plan, contractual agreement to share risks, etc.);
- d) **Transfer:** Risk exposure transfers systematically to other parties not within the Group (e.g. through insurance policies or outsourcing arrangements on certain tasks or processes); and
- e) **Exploit:** A calculated and well-planned strategy to increase the risk exposure with mitigation plan with anticipation of upside return.

The quarterly risk reports from all Business Divisions are consolidated and updated to GMRC and Board Risk Management Committee ("BRMC"), highlighting all risks and mitigating controls carried out by the respective Business Divisions. Heads of departments at business units are responsible to communicate directly with the GRM on changes to the status of key risks under their purview as well as ensuring that their risk profiles presented to the GMRC/BRMC/Board are accurate and complete. The BRMC, GMRC and GRM are also responsible to ensure that an effective communications strategy is in place to provide common education and awareness of Group's ERMF to all employees.

## Key Risk Components in the ERMF

The Group identified major risk areas of concern and mitigating actions were undertaken within appropriate timeframes. Some of the key risks components in the ERMF have been summarised in the table below.

| Risk Component   | Descriptions  |
|------------------|---|
| <b>Strategic</b> | <p>Risks that are associated with the competitive positioning of the business and the Group ability to respond in a timely manner to changes in the competitive landscape.</p> <p>Strategic risk comprises broad risk classes and it's complemented with the ability for the Group business is going to compete, what its goals and what policies needed to carry out those goals and the combination of the goals for which the Group is striving and the means by which it is seeking to get there.</p> <p>To mitigate such risk the Group has various measures put in place, including the following:</p> <ul style="list-style-type: none"><li>• Conduct studies on market demand and sustainability of business together with review of investment portfolio. Annual business plans are approved by Management with mid-year review on business performance; and</li><li>• Financial budgets are approved by Group Executive Committee and Board of Directors.</li></ul> |

# ENTERPRISE RISK MANAGEMENT FRAMEWORK

## Key Risk Components in the ERMF (Cont'd)

| Risk Component     | Descriptions   |
|--------------------|--|
| <b>Operational</b> | <p>The risk of loss, resulting from inadequate or failed internal processes, people and systems or from external events. This includes compliance with legal and regulatory risk, including adherence to internal policies and industry standards. Operational risks for the Group also include other classes of risk such as project management, customer deliverables, industrial product development and regulatory compliance.</p> <p>Within the Group business division, Property and Industries divisions contribute a significant amount towards the revenue. Hence, project management and costing controls are important to ensure consistent quality, project delivery on timely manner and to mitigate such risks, the business division carries out the following measures:</p> <ul style="list-style-type: none"> <li>• Project planning inputs being provided by various departments and consultants (e.g. Project Department, Finance, Quantity Surveyor and Architect);</li> <li>• Internal audit function to assess effectiveness of internal controls;</li> <li>• Reviews of work performed by Senior's within the Department. Periodic monitoring and meetings with contractors on work, challenger and progress of projects;</li> <li>• Non-performing contractors removed from the approved vendor list; and</li> <li>• Stringent quality checks at production lines.</li> </ul>  |
| <b>Financial</b>   | <p>Financial risks are mainly quantitative risks that includes Credit Risk and Market Risk. Financial risks may be aggregated to determine a mathematical measure or an amount of money that the Group may gain or lose with a direct impact on the economic value of the Company.</p> <p>Credit Risks arise from the inability to recover debts in a timely manner which may affect OSK Group profitability, cash flows and funding.</p> <p>Market Risks refer to the risks resulting from economic and regulatory conditions and the inherent cyclical nature of OSK Group business. In addition to the above, the Group manages its operating cash flows and the availability of funding to meet its financial obligations within the agreed timeline, particularly the appropriate matching of payables with receivables to generate adequate funds for working capital purposes. In mitigating the risk mentioned, Group Finance carries out the following measures:</p> <ul style="list-style-type: none"> <li>• Finance personnel monitor cash flow and overall debt portfolio in terms of tenure, rates and security with close assistance and advice from bankers. Conserve cash flow with cost containment measures implemented. Projects will only be launched after thorough feasibility studies and market research are conducted;</li> <li>• Rapport with key bankers is maintained, e.g. invitation to functions is made, site visits are arranged and frequent meetings are held to update bankers on operational and financial condition of OSKH; and</li> <li>• Off-loading of non-core assets and completed unsold development properties.</li> </ul> |

## Conclusion

ERMF is the key pillar to create a risk culture for the organisation. Besides that, ERMF is to ensure that all risks faced by the Group are identified, monitored, and adequately managed. In assisting to inculcate a desirable risk culture, BRMC and the Management is responsible to ensure that an effective communications strategy is in place to provide common education, knowledge and awareness of the Group's risks management to all employees. The framework also ensures that risk management is embedded and consistently practised at all levels with the aim of facilitating a reasonable accurate perception of acceptable risks by all employees of the Group.

# ADDITIONAL DISCLOSURES

## RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

In accordance with prescribed thresholds under paragraph 10.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), details of the OSK Holdings Berhad ("OSK" or "the Company") Group's recurrent related party transactions made during the financial year ended 31 December 2017 pursuant to the shareholders' mandate obtained are as follows:

| Name of Company/<br>Group Involved | Nature of Transaction   | Name of Related Party | Relationship with OSK – Interested Directors, Major Shareholders and Persons Connected | Actual Value (RM) |
|------------------------------------|---|-----------------------|--|-------------------|
| OSK Group                          | Provision of construction works for property development, ancillary infrastructure works and related services                                 | DCSB Group            | TSO, PSK, OJY, OJX, OYC, OYM, OSKE, LMSB (See Note 1)                                  | 7,346,665         |
| OSK Group                          | Project management fee  | NTSB                  | TSO, PSK, OJY, OJX, OYC, OSKE, LMSB, JBPSB (See Note 2)                                | 1,050,000         |
| OSK Group                          | Purchase of Supervisory Control and Data Acquisition ("SCADA") system, information technology services, security system and smart home system | WMSC Group            | TSO, PSK, OJY, OJX, OYC, OYM, OSKVI, OSKTV, OSKVE, OSKE, LMSB, WAC, SW (See Note 3)    | 84,655            |

### Notes:

The following disclosure is extracted from the Circular to Shareholders dated 23 March 2017:

- (1) Tan Sri Ong Leong Huat @ Wong Joo Hwa ("TSO") is a Major Shareholder and the Chief Executive Officer/Group Managing Director of OSK. Tan Sri Ong is a major shareholder of Dindings Consolidated Sdn. Bhd. ("DCSB"). He is the spouse of Puan Sri Khor Chai Moi ("Puan Sri Khor" or "PSK") and the father of Mr. Ong Ju Yan ("OJY"), Mr. Ong Ju Xing ("OJX"), Ms. Ong Yee Ching ("OYC") and Ms. Ong Yee Min ("OYM").

Puan Sri Khor is a Major Shareholder of OSK. Puan Sri Khor is a director and major shareholder of DCSB. She is the spouse of Tan Sri Ong and the mother of OJY, OJX, OYC and OYM.

## ADDITIONAL DISCLOSURES

OJY is the Deputy Group Managing Director of OSK. OJY is the son of Tan Sri Ong and Puan Sri Khor and the brother of OJX, OYC and OYM.

OJX is an Executive Director of OSK. OJX is the son of Tan Sri Ong and Puan Sri Khor and the brother of OJY, OYC and OYM.

OYC is the Non-Independent Non-Executive Director of OSK. OYC is the daughter of Tan Sri Ong and Puan Sri Khor and the sister of OJY, OYM and OJX.

OYM is a director of DCSB. OYM is the daughter of Tan Sri Ong and Puan Sri Khor and the sister of OJY, OYC and OJX.

OSK Equity Holdings Sdn. Bhd. ("OSKE") is a Major Shareholder of OSK. Tan Sri Ong and Puan Sri Khor are directors of OSKE and Tan Sri Ong is a major shareholder of OSKE.

Land Management Sdn. Bhd. ("LMSB") is a Major Shareholder of OSK. Puan Sri Khor, OYC and OJX are directors of LMSB while Tan Sri Ong and Puan Sri Khor are major shareholders of LMSB.

The principal activities of DCSB are investment holding and property development.

- (2) Tan Sri Ong is a Major Shareholder and the Chief Executive Officer/Group Managing Director of OSK. He is a director of Nova Terrace Sdn. Bhd. ("NTSB"). He is the spouse of Puan Sri Khor and the father of OJY, OJX and OYC.

Puan Sri Khor is a Major Shareholder of OSK. She is a director of NTSB. Puan Sri Khor is the spouse of Tan Sri Ong and the mother of OJY, OJX and OYC.

OJY is the Deputy Group Managing Director of OSK. OJY is the son of Tan Sri Ong and Puan Sri Khor and the brother of OYC and OJX.

OJX is an Executive Director of OSK, and a director of NTSB. OJX is the son of Tan Sri Ong and Puan Sri Khor and the brother of OJY and OYC.

OYC is the Non-Independent Non-Executive Director of OSK. OYC is the daughter of Tan Sri Ong and Puan Sri Khor and the sister of OJY and OJX.

OSKE is a Major Shareholder of OSK. Tan Sri Ong and Puan Sri Khor are directors of OSKE and Tan Sri Ong is a major shareholder of OSKE.

LMSB is a Major Shareholder of OSK. Puan Sri Khor, OYC and OJX are directors of LMSB while Tan Sri Ong and Puan Sri Khor are major shareholders of LMSB.

JB Properties Sdn. Bhd. ("JBPSB") is the holding company of NTSB. Puan Sri Khor and OYC are the directors of JBPSB while Puan Sri Khor and OJX are major shareholders of JBPSB.

The principal activities of NTSB are investment holding and letting of properties.

## ADDITIONAL DISCLOSURES

- (3) Tan Sri Ong is a Major Shareholder and the Chief Executive Officer/Group Managing Director of OSK. Tan Sri Ong is also the Non-Independent Non-Executive Director of OSK Ventures International Berhad (“OSKVI”) and a major shareholder of OSKVI and Willowglen MSC Berhad (“WMSC”). He is the spouse of Puan Sri Khor and the father of OJY, OJX, OYC and OYM, and brother of Wong Ah Chiew (“WAC”).

Puan Sri Khor is a Major Shareholder of OSK. Puan Sri Khor is the spouse of Tan Sri Ong and the mother of OJY, OJX, OYC and OYM.

OJY is the Deputy Group Managing Director of OSK. OJY is the son of Tan Sri Ong and Puan Sri Khor and the brother of OJX, OYC and OYM.

OJX is an Executive Director of OSK. OJX is the son of Tan Sri Ong and Puan Sri Khor and the brother of OJY, OYC and OYM.

OYC is a Non-Independent Non-Executive Director of OSK. OYC is the daughter of Tan Sri Ong and Puan Sri Khor and the sister of OJY, OJX and OYM.

OYM is an Executive Director of OSKVI. She is the daughter of Tan Sri Ong and Puan Sri Khor and the sister of OJY, OJX and OYC.

OSKE is a major shareholder of OSK, OSKVI and WMSC. Tan Sri Ong and Puan Sri Khor are directors of OSKE and Tan Sri Ong is a major shareholder of OSKE.

OSKVI is a major shareholder of WMSC and the holding company of OSKTV and OSKVE.

OSK Technology Ventures Sdn. Bhd. (“OSKTV”), a wholly-owned subsidiary of OSKVI, is a major shareholder of WMSC. Tan Sri Ong and OYM are directors of OSKTV.

OSK Ventures Equities Sdn. Bhd. (“OSKVE”), a wholly-owned subsidiary of OSKVI, is a shareholder of WMSC. Tan Sri Ong and OYM are directors of OSKVE.

LMSB is a Major Shareholder of OSK and a shareholder of WMSC. Puan Sri Khor, OYC and OJX are directors of LMSB while Tan Sri Ong and Puan Sri Khor are major shareholders of LMSB.

WAC is the Group Managing Director and a major shareholder of WMSC. He is the father of SW and brother of Tan Sri Ong.

Simon Wong Chu Keong (“SW”) is an Executive Director and a major shareholder of WMSC. He is the son of WAC and also nephew of Tan Sri Ong.

The principal activities of WMSC are research, development and supply of computer-based control systems.

## MATERIAL CONTRACTS INVOLVING THE INTERESTS OF THE DIRECTORS, CHIEF EXECUTIVE WHO IS NOT A DIRECTOR OR MAJOR SHAREHOLDERS

There were no material contracts entered into by the Company or its subsidiary companies involving the interests of the Directors, Chief Executive who is not a Director or major shareholders in the financial year ended 31 December 2017.

# STATEMENT OF RESPONSIBILITY BY DIRECTORS

## IN RESPECT OF THE PREPARATION OF THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the annual audited financial statements of the Group and the Company are drawn up in accordance with the requirements of the applicable approved Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards issued by the International Accounting Standards Board, the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group and the Company are prepared with reasonable accuracy from the accounting records of the Group and the Company so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2017, and of the results of their operations and cash flows for the year ended on that date.

In preparing the annual audited financial statements, the Directors have applied the appropriate and relevant accounting policies on a consistent basis; made judgements and estimates that are reasonable and prudent; and prepared the annual audited financial statements on a going concern basis.

The Directors are also responsible for taking reasonable steps to preserve the interest of stakeholders and to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

# FINANCIAL STATEMENTS

|                                  |            |                                    |            |
|----------------------------------|------------|------------------------------------|------------|
| Directors' Report                | <b>130</b> | Statements of Comprehensive Income | <b>147</b> |
| Statement by Directors           | <b>138</b> | Statements of Changes in Equity    | <b>148</b> |
| Statutory Declaration            | <b>138</b> | Statements of Cash Flows           | <b>151</b> |
| Independent Auditors' Report     | <b>139</b> | Notes to the Financial Statements  | <b>155</b> |
| Statements of Financial Position | <b>144</b> |                                    |            |
| Statements of Profit or Loss     | <b>146</b> |                                    |            |



# DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2017.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiary companies, associated companies and a joint venture are described in Notes 6 and 7 to the financial statements respectively. There have been no significant changes in the nature of these principal activities during the year.

## PROFIT AFTER TAX

|                                   | <b>Group<br/>RM'000</b> | <b>Company<br/>RM'000</b> |
|-----------------------------------|-------------------------|---------------------------|
| Profit after tax attributable to: |                         |                           |
| Owners of the Company             | 400,219                 | 139,724                   |
| Non-controlling interests         | 3,387                   | -                         |
|                                   | <hr/> 403,606           | <hr/> 139,724             |

## RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the year have been disclosed in the financial statements.

## DIVIDENDS

Dividends declared and paid by the Company since the end of the previous year are as follows:

|  | <b>RM'000</b> |
|--|---------------|
| (a) A single-tier final dividend of 5.0 sen per ordinary share in respect of the preceding year ended 31 December 2016 was paid on 11 May 2017 | 69,240        |
| (b) A single-tier interim dividend of 2.5 sen per ordinary share for the current year ended 31 December 2017 was paid on 11 October 2017       | 34,620        |
|  | <hr/> 103,860 |

The Board of Directors recommends a single-tier final dividend of 3.5 sen per share amounting to approximately RM72.70 million, based on the number of outstanding shares in issue at the end of the year, for the year ended 31 December 2017. The proposed dividend is subject to Shareholders' approval at the forthcoming Annual General Meeting. The entitlement date for the final dividend shall be determined by the Board of Directors. The financial statements for the current year do not reflect this proposed final dividend. Such dividend will be accounted for in the Shareholders' equity as an appropriation of retained profits in the year ending 31 December 2018 when approved by Shareholders.

# DIRECTORS' REPORT

## ULTIMATE HOLDING COMPANY

OSK Equity Holdings Sdn. Bhd., a company incorporated in Malaysia, is regarded by the Directors as the Company's ultimate holding company.

## SUBSIDIARY COMPANIES

The details of subsidiary companies are disclosed in Note 6 to the financial statements.

For the year ended 31 December 2017, the auditors' report on the financial statements of all the subsidiary companies are not qualified.

None of the subsidiary companies hold any shares in the holding company or in other related corporations.

## DIRECTORS

The Directors of the Company who have held office during the year are:

Tan Sri Ong Leong Huat @ Wong Joo Hwa\*

Ong Ju Yan\*

Ong Ju Xing\*

Dato' Saiful Bahri bin Zainuddin\*

Foo San Kan\*

Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir

Dato' Abdul Majit bin Ahmad Khan

Dato' Thanarajasingam Subramaniam

Ong Yee Ching

Nik Mohamed Sharifidin B N M Din

- appointed on 24 November 2017

Dato' Nik Mohamed Din bin Datuk Nik Yusoff

- retired on 19 April 2017

\* Who is also Director of the subsidiary company(ies)

During the period commencing from the end of the year and ending on the date of this report, there were no changes in the directorship of the Company.

## DIRECTORS' REPORT

### LIST OF DIRECTORS OF THE SUBSIDIARY COMPANIES

The Directors of the subsidiary companies who have held office during the year are:

|                               |                                |
|-------------------------------|--------------------------------|
| Ang Beng Teik                 |                                |
| Chow Hock Kin                 |                                |
| Dato' Mohd Daud bin Samsuddin |                                |
| Eng Kim Haw                   |                                |
| Estrop Evon Agnes             |                                |
| Mohamed Nazari bin Noordin    |                                |
| Noriza Binti Shahadan         |                                |
| Ong Ghee Bin                  |                                |
| Puan Sri Khor Chai Moi        |                                |
| Siew Kem Kem                  |                                |
| Terence Vincent Slattery      |                                |
| Wong Chong Shee               |                                |
| Yeap Siew Hong                |                                |
| Tan Kheak Chun                | - appointed on 21 March 2017   |
| Fan Pui Chin                  | - appointed on 17 July 2017    |
| Ting Chun Hong                | - appointed on 17 July 2017    |
| Dato' Abdul Rahman bin Yusof  | - retired on 18 April 2017     |
| Dr. Ngo Get Ping              | - retired on 18 April 2017     |
| Yap Yoon Kong                 | - retired on 18 April 2017     |
| Wu Yau Wah                    | - resigned on 31 March 2017    |
| Chan Feoi Chun                | - resigned on 17 July 2017     |
| Young Tat Yong                | - resigned on 17 July 2017     |
| Chia Peng Hai                 | - resigned on 21 November 2017 |

The Directors of the subsidiary companies who have held office during the period commencing from the end of the year and ending on the date of this report are:

|              |                               |
|--------------|-------------------------------|
| Ng Lee Huat  | - appointed on 2 January 2018 |
| Wong Kit Yin | - appointed on 2 January 2018 |

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS

Neither at the end of the year, nor at any time during the year, did there subsist any arrangement to which the Company was a party, being arrangements with the objects 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.

According to the Register of Directors' Shareholdings, the Directors in office at the end of the year who have interests in the shares and warrants of the Company and of its related corporations during the year were as follows:

#### The Company

|                        | Number of ordinary shares |             |                             |                    | As at<br>31.12.2017 |
|------------------------|---------------------------|-------------|-----------------------------|--------------------|---------------------|
|                        | As at<br>1.1.2017         | Bonus Issue | Transferred In<br>/Acquired | Transferred<br>Out |                     |
| <b>Direct interest</b> |                           |             |                             |                    |                     |
| Tan Sri Ong Leong Huat |                           |             |                             |                    |                     |
| @ Wong Joo Hwa         | 90,457,319                | 45,228,659  | -                           | -                  | 135,685,978         |
| Ong Ju Yan             | 8,491,700                 | 8,245,850   | 8,000,000 #                 | -                  | 24,737,550          |
| Ong Ju Xing            | 8,722,930                 | 7,361,465   | 6,000,000 #                 | -                  | 22,084,395          |
| Ong Yee Ching          | 2,444,793                 | 4,222,396   | 6,000,000 #                 | -                  | 12,667,189          |

|                          |                            |             |               |                |                              |
|--------------------------|----------------------------|-------------|---------------|----------------|------------------------------|
| <b>Indirect interest</b> |                            |             |               |                |                              |
| Tan Sri Ong Leong Huat   |                            |             |               |                |                              |
| @ Wong Joo Hwa           | 709,482,516 <sup>(1)</sup> | 344,741,256 | 13,277,800 ^# | (32,000,000) # | 1,035,501,572 <sup>(1)</sup> |
| Ong Ju Yan               | 1,645,134 <sup>(2)</sup>   | 822,567     | -             | -              | 2,467,701 <sup>(2)</sup>     |
| Ong Ju Xing              | 3,068,708 <sup>(3)</sup>   | 1,534,354   | -             | -              | 4,603,062 <sup>(3)</sup>     |
| Ong Yee Ching            | 192,187 <sup>(2)</sup>     | 96,093      | -             | -              | 288,280 <sup>(2)</sup>       |

|                        | Number of Warrants C 2015/2020 |               |          |          | As at<br>31.12.2017 |
|------------------------|--------------------------------|---------------|----------|----------|---------------------|
|                        | As at<br>1.1.2017              | Bonus Issue * | Acquired | Disposed |                     |
| <b>Direct interest</b> |                                |               |          |          |                     |
| Tan Sri Ong Leong Huat |                                |               |          |          |                     |
| @ Wong Joo Hwa         | 2,050,000                      | 1,025,000     | -        | -        | 3,075,000           |
| Ong Ju Yan             | 805,557                        | 402,778       | -        | -        | 1,208,335           |
| Ong Ju Xing            | 141,207                        | 70,603        | -        | -        | 211,810             |
| Ong Yee Ching          | 295,260                        | 147,630       | -        | -        | 442,890             |

|                          |                            |            |   |   |                            |
|--------------------------|----------------------------|------------|---|---|----------------------------|
| <b>Indirect interest</b> |                            |            |   |   |                            |
| Tan Sri Ong Leong Huat   |                            |            |   |   |                            |
| @ Wong Joo Hwa           | 101,999,720 <sup>(4)</sup> | 50,999,858 | - | - | 152,999,578 <sup>(4)</sup> |
| Ong Ju Yan               | 177,533 <sup>(2)</sup>     | 88,766     | - | - | 266,299 <sup>(2)</sup>     |
| Ong Yee Ching            | 48,046 <sup>(2)</sup>      | 24,023     | - | - | 72,069 <sup>(2)</sup>      |

Each Warrants C 2015/2020 entitles the registered holder to subscribe for 1 new ordinary share in the Company at an exercise price of RM1.20 per share, at any time between the date of issue on 23 July 2015 and the expiry date of 22 July 2020.

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS (CONT'D)

#### Related corporations

##### (a) Ultimate holding company

#### OSK Equity Holdings Sdn. Bhd.

|  | As at<br>1.1.2017 | Number of ordinary shares |          | As at<br>31.12.2017 |
|--|-------------------|---------------------------|----------|---------------------|
|  |                   | Acquired                  | Disposed |                     |
| <b>Direct interest</b>                   |                   |                           |          |                     |
| Tan Sri Ong Leong Huat<br>@ Wong Joo Hwa | 99,999            | -                         | -        | 99,999              |

##### (b) Subsidiary companies

#### PJ Development Holdings Berhad

|  | As at<br>1.1.2017          | Number of ordinary shares |          | As at<br>31.12.2017        |
|--|----------------------------|---------------------------|----------|----------------------------|
|  |                            | Acquired                  | Disposed |                            |
| <b>Indirect interest</b>                 |                            |                           |          |                            |
| Tan Sri Ong Leong Huat<br>@ Wong Joo Hwa | 505,295,613 <sup>(5)</sup> | 2,964,880                 | -        | 508,260,493 <sup>(5)</sup> |

|  | As at<br>1.1.2017          | Number of Warrants C 2010/2020 |          | As at<br>31.12.2017        |
|--|----------------------------|--------------------------------|----------|----------------------------|
|  |                            | Acquired                       | Disposed |                            |
| <b>Indirect interest</b>                 |                            |                                |          |                            |
| Tan Sri Ong Leong Huat<br>@ Wong Joo Hwa | 127,841,913 <sup>(5)</sup> | 1,497,083                      | -        | 129,338,996 <sup>(5)</sup> |

#### OSK Property Holdings Berhad

|  | As at<br>1.1.2017          | Number of ordinary shares |          | As at<br>31.12.2017        |
|--|----------------------------|---------------------------|----------|----------------------------|
|  |                            | Acquired                  | Disposed |                            |
| <b>Indirect interest</b>                 |                            |                           |          |                            |
| Tan Sri Ong Leong Huat<br>@ Wong Joo Hwa | 327,767,145 <sup>(5)</sup> | 17,870,378                | -        | 345,637,523 <sup>(5)</sup> |

|  | As at<br>1.1.2017         | Number of Warrants C 2012/2017 |              | As at<br>31.12.2017 |
|--|---------------------------|--------------------------------|--------------|---------------------|
|  |                           | Acquired                       | Exercised    |                     |
| <b>Indirect interest</b>                 |                           |                                |              |                     |
| Tan Sri Ong Leong Huat<br>@ Wong Joo Hwa | 17,870,378 <sup>(5)</sup> | -                              | (17,870,378) | -                   |

# DIRECTORS' REPORT

## DIRECTORS' INTERESTS (CONT'D)

- (1) Deemed interested pursuant to Section 8 of the Companies Act 2016 ("CA2016") by virtue of his substantial shareholdings in Dindings Consolidated Sdn. Bhd., Land Management Sdn. Bhd. and OSK Equity Holdings Sdn. Bhd. and disclosure made pursuant to Section 59(11)(c) of CA2016 in relation to interests held by his spouse and children.
- (2) Disclosure made pursuant to Section 59(11)(c) of CA2016 in relation to interests held by their spouse.
- (3) Deemed interested pursuant to Section 8 of CA2016 by virtue of his substantial shareholdings in Ladang Setia Sdn. Bhd. and disclosure made pursuant to Section 59(11)(c) of CA2016 in relation to interests held by his spouse.
- (4) Deemed interested pursuant to Section 8 of CA2016 by virtue of his substantial shareholdings in Land Management Sdn. Bhd. and OSK Equity Holdings Sdn. Bhd. and disclosure made pursuant to Section 59(11)(c) of CA2016 in relation to interests held by his spouse and children.
- (5) Deemed interested pursuant to Section 8 of CA2016 by virtue of Tan Sri Ong Leong Huat @ Wong Joo Hwa's substantial shareholdings in OSK Holdings Berhad.
- # Puan Sri Khor Chai Moi, who is the spouse of Tan Sri Ong Leong Huat @ Wong Joo Hwa, transferred her shares to her children that includes Ong Ju Yan, Ong Ju Xing and Ong Yee Ching who are the Directors of the Company as well as Ong Yin Suen and Ong Yee Min who are indirect interest of Tan Sri Ong Leong Huat @ Wong Joo Hwa.
- ^ Includes acquisition of 1,277,800 shares by OSK Equity Holdings Sdn. Bhd. and Land Management Sdn. Bhd..
- \* Additional Warrants C 2015/2020 issued pursuant to the Bonus Issue as disclosed in Note 26(c) to the financial statements.

Tan Sri Ong Leong Huat @ Wong Joo Hwa, by virtue of his interest in the Company, is also deemed to have an interest in the shares of all the subsidiary companies to the extent the Company has an interest.

Other than as disclosed above, the other Directors in office at the end of the year did not hold any shares or warrants in the Company or its related corporations.

## REMUNERATION OF DIRECTORS OF THE COMPANY

The details of remuneration of Directors of the Company are disclosed in Note 38(a) and (b) to the financial statements.

## INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company provides an insurance cover for the Directors and officers of the Company and its subsidiary companies. The total amount of insurance premium paid by the Company for the year was RM77,000 only.

## OTHER BENEFITS OF THE DIRECTORS OF THE COMPANY

Since the end of the previous year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements or the fixed salary of full time employees of certain subsidiary companies of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 38(d) to the financial statements.

## **DIRECTORS' REPORT**

### **BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amounts written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

### **CURRENT ASSETS**

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps to ensure that any current assets other than debts, which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

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

### **METHOD OF VALUATION OF ASSETS OR LIABILITIES**

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

### **CONTINGENT AND OTHER LIABILITIES**

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the year, other than those arising in the normal course of business of the Group and of the Company.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the year which, in the opinion of the Directors, will or may affect the ability of the Group or of the Company to meet their obligations 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 which would render any amount stated in the financial statements misleading.

### **ITEMS OF UNUSUAL NATURE**

In the opinion of the Directors:

- (a) the results of the operations of the Group and of the Company during the year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the year in which this report is made.

## **DIRECTORS' REPORT**

### **ISSUE OF SHARES AND DEBENTURES**

The details of new shares and warrants issued during the year are disclosed in Note 26 to the financial statements.

There were no new issue of debentures during the year.

### **OPTIONS TO TAKE UP UNISSUED SHARES OF THE COMPANY**

The details of Warrants C 2015/2020 are disclosed in Note 26(c) to the financial statements.

There were no new options granted during the year to take up unissued shares of the Company.

### **TREASURY SHARES**

The details of treasury shares are disclosed in Note 27 to the financial statements.

### **SIGNIFICANT EVENTS**

The significant events are disclosed in Note 41 to the financial statements.

### **MATERIAL SUBSEQUENT EVENTS**

The material subsequent events are disclosed in Note 42 to the financial statements.

### **AUDITORS' REMUNERATION**

The details of auditors' remuneration are disclosed in Note 32 to the financial statements.

### **AUDITORS**

The auditors, BDO, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 8 March 2018.



**Tan Sri Ong Leong Huat @ Wong Joo Hwa**

Kuala Lumpur, Malaysia  
8 March 2018



**Ong Ju Yan**

# STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Sri Ong Leong Huat @ Wong Joo Hwa and Ong Ju Yan, being two of the Directors of OSK Holdings Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 144 to 286 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of the results and the cash flows of the Group and of the Company for the year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 8 March 2018.

**Tan Sri Ong Leong Huat @ Wong Joo Hwa**

**Ong Ju Yan**

Kuala Lumpur, Malaysia  
8 March 2018

# STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Ng Lai Ping, being the officer primarily responsible for the financial management of OSK Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 144 to 286 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by  
the above named Ng Lai Ping  
at Kuala Lumpur in the Federal Territory  
on 8 March 2018

Before me,

Commissioner for Oaths  
Kuala Lumpur, Malaysia  
8 March 2018



**Ng Lai Ping**

102 & 104 1st FLOOR BANGUNAN  
PERSATUAN YAP SELANGOR  
JALAN TUN HS LEH  
50000 KUALA LUMPUR

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF OSK HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of OSK Holdings Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 144 to 286.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence and Other Ethical Responsibilities

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF OSK HOLDINGS BERHAD**  
(INCORPORATED IN MALAYSIA)

**Key Audit Matters (Cont'd)**

**Key Audit Matters for the Group**

**1 Property development revenue and profit recognition**

Revenue from property development during the year as disclosed in Note 29 to the financial statements amounted to RM628.2 million.

Property development revenue and profit recognition involves significant judgements in estimating the stage of completion of property development activities and assessing the forecast costs to completion.

In estimating the total costs to completion, the Group considers the completeness and accuracy of its costs estimation, including its obligations to contract variations, claims and cost contingencies. The total cost to complete including sub-contractor costs, can vary with market conditions and may also be differently forecasted due to unforeseen events during construction.

***Audit procedures***

Our audit procedures included the following:

- (a) tested the Group's controls by verifying approvals over budgets setting and authorising and recording of costs;
- (b) assessed management's estimate on budgeted costs to be incurred by comparing historical budgets to actual costs incurred;
- (c) recomputed stage of completion determined by management for revenue recognition based on verified actual costs incurred to-date and budgeted costs; and
- (d) assessed estimated total costs to completion through enquiries with operational and financial personnel of the Group and verified documentation to support the cost estimates.

**2 Impairment of trade receivables**

As at 31 December 2017, trade receivables that had been past due but not impaired were RM91.5 million. The details of trade receivables have been disclosed in Note 13 to the financial statements.

Management recognised impairment losses on trade receivables based on specific known facts or circumstances or abilities of customers to pay.

Assessing recoverability of trade receivables including review of credit worthiness and past collection history of receivables involves significant management judgement.

Significant management judgement is also required to estimate the realisation amount when determining the level of impairment loss required.

**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF OSK HOLDINGS BERHAD**  
(INCORPORATED IN MALAYSIA)

**Key Audit Matters (Cont'd)**

**Key Audit Matters for the Group (Cont'd)**

**2 Impairment of trade receivables (Cont'd)**

***Audit procedures***

Our audit procedures included the following:

- (a) assessed recoverability of debts that were past due but not impaired with reference to the past historical repayment trends, customers credit profiles, post year end cash receipts and including discussion with management to enquire the status of attempts by management to recoup the amounts outstanding;
- (b) challenged management's assessment that no further impairment loss was required based on analysis of customer credit worthiness, past historical repayment trends and expectation of repayment patterns; and
- (c) evaluated management's assessment on the likelihood that property buyers securing loans subsequent to the end of the reporting period by inspecting the relevant correspondences and reports.

**Key Audit Matters for the Company**

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

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

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

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

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

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

**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF OSK HOLDINGS BERHAD**  
**(INCORPORATED IN MALAYSIA)**

**Responsibilities of 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 MFRSs, IFRSs 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 ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF OSK HOLDINGS BERHAD  
(INCORPORATED IN MALAYSIA)**

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

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (Cont'd)

- (e) 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.
- (f) 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 Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our 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 also report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

**Other Matters**

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



**BDO**  
AF: 0206  
Chartered Accountants



**Law Kian Huat**  
2855/06/18 (J)  
Chartered Accountant

Kuala Lumpur  
8 March 2018

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2017

|  | Note | Group            |                  | Company          |                  |
|--|------|------------------|------------------|------------------|------------------|
|  |      | 2017<br>RM'000   | 2016<br>RM'000   | 2017<br>RM'000   | 2016<br>RM'000   |
| <b>ASSETS:</b>   |      |                  |                  |                  |                  |
| <b>Non-current</b>   |      |                  |                  |                  |                  |
| Property, plant and equipment                              | 4    | 752,444          | 778,257          | 1,138            | 187              |
| Investment properties                                      | 5    | 712,943          | 649,780          | -                | -                |
| Investments in subsidiary companies                        | 6    | -                | -                | 1,829,830        | 1,690,646        |
| Investments in associated companies<br>and a joint venture | 7    | 3,443,134        | 2,896,737        | 2,225,185        | 2,225,185        |
| Intangible assets  | 8    | 1,726            | 2,156            | 262              | 205              |
| Inventories  | 9    | 815,175          | 1,161,723        | -                | -                |
| Deferred tax assets  | 10   | 74,018           | 100,883          | 1,322            | 1,237            |
| Available-for-sale securities                              | 11   | -                | 954              | -                | -                |
| Capital financing  | 12   | 151,850          | 35,250           | -                | -                |
| Trade receivables  | 13   | 30,170           | 39,969           | -                | -                |
| Other assets   | 14   | 5,357            | 4,102            | -                | -                |
|  |      | 5,986,817        | 5,669,811        | 4,057,737        | 3,917,460        |
| <b>Current</b>   |      |                  |                  |                  |                  |
| Inventories  | 9    | 561,557          | 551,603          | -                | -                |
| Capital financing  | 12   | 361,040          | 316,063          | -                | -                |
| Trade receivables and contract assets                      | 13   | 405,278          | 563,578          | -                | -                |
| Other assets   | 14   | 78,388           | 115,120          | 587              | 152              |
| Biological assets  | 15   | 80               | 145              | -                | -                |
| Amounts due from subsidiary<br>companies                   | 16   | -                | -                | 206,390          | 201,463          |
| Tax recoverable  |      | 54,151           | 47,308           | 2,699            | 2,505            |
| Derivative assets  | 17   | 17,742           | 35,871           | 64,670           | 81,788           |
| Securities at fair value through<br>profit or loss         | 18   | 299              | 199              | 299              | 199              |
| Cash, bank balances and<br>short term funds                | 19   | 424,676          | 418,452          | 7,393            | 4,168            |
|  |      | 1,903,211        | 2,048,339        | 282,038          | 290,275          |
| Non-current assets held for sale                           | 20   | 12,641           | 8,000            | -                | -                |
|  |      | 1,915,852        | 2,056,339        | 282,038          | 290,275          |
| <b>TOTAL ASSETS</b>  |      | <b>7,902,669</b> | <b>7,726,150</b> | <b>4,339,775</b> | <b>4,207,735</b> |

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

|  | Note | Group            |                  | Company          |                  |
|--|------|------------------|------------------|------------------|------------------|
|  |      | 2017<br>RM'000   | 2016<br>RM'000   | 2017<br>RM'000   | 2016<br>RM'000   |
| <b>LIABILITIES:</b>  |      |                  |                  |                  |                  |
| <b>Non-current</b>   |      |                  |                  |                  |                  |
| Medium term notes  | 21   | 774,717          | 837,604          | 774,717          | 837,604          |
| Borrowings   | 22   | 608,282          | 773,027          | 149,377          | 185,676          |
| Deferred income  | 23   | 152,943          | 159,099          | -                | -                |
| Trade payables   | 24   | 24,455           | 34,915           | -                | -                |
| Other liabilities  | 25   | -                | 6,085            | -                | -                |
| Deferred tax liabilities   | 10   | 143,120          | 156,916          | -                | -                |
|  |      | 1,703,517        | 1,967,646        | 924,094          | 1,023,280        |
| <b>Current</b>   |      |                  |                  |                  |                  |
| Medium term notes  | 21   | 63,493           | -                | 63,493           | -                |
| Borrowings   | 22   | 820,424          | 620,263          | 67,304           | 6,054            |
| Deferred income  | 23   | 10,740           | 5,057            | -                | -                |
| Trade payables and contract liabilities                              | 24   | 224,553          | 267,824          | -                | -                |
| Tax payable  |      | 4,796            | 6,854            | -                | -                |
| Other liabilities  | 25   | 468,222          | 415,616          | 7,630            | 6,806            |
| Amounts due to subsidiary companies                                  | 16   | -                | -                | 245,179          | 175,406          |
|  |      | 1,592,228        | 1,315,614        | 383,606          | 188,266          |
| <b>TOTAL LIABILITIES</b>   |      | <b>3,295,745</b> | <b>3,283,260</b> | <b>1,307,700</b> | <b>1,211,546</b> |
| <b>NET ASSETS</b>  |      | <b>4,606,924</b> | <b>4,442,890</b> | <b>3,032,075</b> | <b>2,996,189</b> |
| <b>EQUITY:</b>   |      |                  |                  |                  |                  |
| Share capital  | 26   | 2,095,310        | 1,402,891        | 2,095,310        | 1,402,891        |
| Treasury shares, at cost   | 27   | (30,237)         | (30,237)         | (30,237)         | (30,237)         |
|  |      | 2,065,073        | 1,372,654        | 2,065,073        | 1,372,654        |
| Reserves   | 28   | 2,473,617        | 2,927,856        | 967,002          | 1,623,535        |
| Issued capital and reserves attributable to<br>Owners of the Company |      | 4,538,690        | 4,300,510        | 3,032,075        | 2,996,189        |
| Non-controlling interests  | 6(c) | 68,234           | 142,380          | -                | -                |
| <b>TOTAL EQUITY</b>  |      | <b>4,606,924</b> | <b>4,442,890</b> | <b>3,032,075</b> | <b>2,996,189</b> |

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

# STATEMENTS OF PROFIT OR LOSS

## FOR THE YEAR ENDED 31 DECEMBER 2017

|   | Note | Group               |                     | Company             |                     |
|---|------|---------------------|---------------------|---------------------|---------------------|
|   |      | 2017<br>RM'000      | 2016<br>RM'000      | 2017<br>RM'000      | 2016<br>RM'000      |
| Revenue   | 29   | 1,169,279           | 1,305,671           | 206,652             | 341,343             |
| Cost of sales   | 30   | (865,652)           | (904,777)           | (228)               | (357)               |
| Gross profit  |      | 303,627             | 400,894             | 206,424             | 340,986             |
| Other income  | 31   | 281,544             | 98,687              | 20,164              | 18,515              |
| Administrative expenses   | 32   | (197,578)           | (227,533)           | (24,234)            | (21,474)            |
| Other expenses  | 33   | (12,076)            | (21,512)            | -                   | (49,453)            |
| Finance costs   | 34   | 375,517<br>(72,803) | 250,536<br>(77,681) | 202,354<br>(62,305) | 288,574<br>(58,319) |
| Share of results of associated companies<br>and a joint venture, net of tax |      | 302,714             | 172,855             | 140,049             | 230,255             |
|   |      | 182,466             | 148,558             | -                   | -                   |
| <b>Profit before tax</b>  |      | 485,180             | 321,413             | 140,049             | 230,255             |
| Tax (expense)/income  | 35   | (81,574)            | (69,385)            | (325)               | 1,026               |
| <b>Profit after tax</b>   |      | 403,606             | 252,028             | 139,724             | 231,281             |
| <b>Profit attributable to:</b>  |      |                     |                     |                     |                     |
| Owners of the Company   |      | 400,219             | 247,273             | 139,724             | 231,281             |
| Non-controlling interests   | 6(c) | 3,387               | 4,755               | -                   | -                   |
|   |      | 403,606             | 252,028             | 139,724             | 231,281             |
| <b>Earnings per share attributable<br/>to Owners of the Company (sen):</b>  |      |                     |                     |                     |                     |
| Basic   | 36   | 19.27               | 11.90*              |                     |                     |
| Diluted   | 36   | 19.27               | 11.90*              |                     |                     |

\* The earnings per share have been restated pursuant to the issuance of bonus shares as disclosed in Note 26(b)(ii).

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

# STATEMENTS OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 31 DECEMBER 2017

|  | Note     | Group          |                | Company        |                |
|--|----------|----------------|----------------|----------------|----------------|
|  |          | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>Profit after tax</b>  |          | 403,606        | 252,028        | 139,724        | 231,281        |
| <b>Other comprehensive income/(loss) for the year, net of income tax</b>                 |          |                |                |                |                |
| <u>Items that may be reclassified subsequently to profit or loss:</u>                    |          |                |                |                |                |
| Fair value gain/(loss) on:   |          |                |                |                |                |
| - Available-for-sale securities  |          | -              | 72             | -              | -              |
| - Cash flow hedge  | 17(b)(i) | (349)          | (637)          | -              | -              |
| Foreign currency translation   |          | 17,377         | 16,346         | -              | -              |
| Share of other comprehensive (loss)/income and reserves of associated companies:         |          |                |                |                |                |
| - Foreign exchange reserves  |          | (54,032)       | 14,474         | -              | -              |
| - Other reserves   |          | 19,862         | (5,297)        | -              | -              |
| <u>Reclassification of (gains)/losses to profit or loss:</u>                             |          |                |                |                |                |
| Fair value of available-for-sale securities reclassified to profit or loss upon disposal |          | (88)           | -              | -              | -              |
| Foreign currency translation reclassified to profit or loss upon:                        |          |                |                |                |                |
| - Deemed disposal of a subsidiary company  | 6(b)(v)  | (40,599)       | -              | -              | -              |
| - Disposal of subsidiary companies   |          | -              | 2,621          | -              | -              |
| - Striking off of subsidiary companies   |          | (1,745)        | -              | -              | -              |
| <b>Total other comprehensive (loss)/income for the year, net of income tax</b>           |          | (59,574)       | 27,579         | -              | -              |
| <b>Total comprehensive income</b>  |          | 344,032        | 279,607        | 139,724        | 231,281        |
| <b>Total comprehensive income attributable to:</b>                                       |          |                |                |                |                |
| Owners of the Company  |          | 337,553        | 271,433        | 139,724        | 231,281        |
| Non-controlling interests  |          | 6,479          | 8,174          | -              | -              |
|  |          | 344,032        | 279,607        | 139,724        | 231,281        |

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

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 DECEMBER 2017

### GROUP

#### Attributable to Owners of the Company

| Note   | Share capital (Note 26) RM'000 | Treasury shares (Note 27) RM'000 | Share premium (Note 28) RM'000 | Available-for-sale reserve (Note 28) RM'000 | Revaluation reserve (Note 28) RM'000 | Foreign exchange reserves (Note 28) RM'000 | Hedging reserve (Note 28) RM'000 | Other reserves (Note 28) RM'000 | Retained profits RM'000 | Total RM'000 | Non-controlling interests [Note 6(c)] RM'000 | Total equity RM'000 |
|--|--------------------------------|----------------------------------|--------------------------------|---|--------------------------------------|--|----------------------------------|---------------------------------|-------------------------|--------------|--|---------------------|
| <b>As at 1 January 2017</b>  | 1,402,891                      | (30,237)                         | 336,481                        | 64  | 76,321                               | 125,095                                    | 253                              | (15,752)                        | 2,405,394               | 4,300,510    | 1,42,380                                     | 4,442,890           |
| Profit after tax   | -                              | -                                | -                              | -   | -                                    | -  | -                                | -                               | 400,219                 | 400,219      | 3,387  | 403,606             |
| Other comprehensive (loss)/income  | -                              | -                                | -                              | (64)  | -                                    | (82,126)                                   | (338)                            | 19,862                          | -                       | (62,666)     | 3,092  | (59,574)            |
| Total comprehensive (loss)/income  | -                              | -                                | -                              | (64)  | -                                    | (82,126)                                   | (338)                            | 19,862                          | 400,219                 | 337,553      | 6,479  | 344,032             |
| Dividends paid to:   | -                              | -                                | -                              | -   | -                                    | -  | -                                | -                               | (103,860)               | (103,860)    | -  | (103,860)           |
| - Owners of the Company  | -                              | -                                | -                              | -   | -                                    | -  | -                                | -                               | -                       | -            | (1,190)                                      | (1,190)             |
| - Non-controlling interests  | -                              | -                                | -                              | -   | -                                    | -  | -                                | -                               | -                       | -            | -  | -                   |
| Shares issued pursuant to:   | 692,397                        | -                                | (336,481)*                     | -   | -                                    | -  | -                                | -                               | (355,916)               | -            | -  | -                   |
| - Bonus issue  | 22                             | -                                | -                              | -   | -                                    | -  | -                                | -                               | -                       | 22           | -  | 22                  |
| - Exercise of Warrants C 2015/2020   | -                              | -                                | -                              | -   | -                                    | -  | -                                | -                               | -                       | -            | -  | -                   |
| Total contribution by and distributions to Owners  | 692,419                        | -                                | (336,481)                      | -   | -                                    | -  | -                                | -                               | (459,776)               | (103,838)    | (1,190)                                      | (105,028)           |
| Acquisition of additional interests in subsidiary companies from non-controlling interests:  | -                              | -                                | -                              | -   | -                                    | -  | -                                | -                               | -                       | -            | (10,116)                                     | (10,116)            |
| - Accretion of equity interests  | -                              | -                                | -                              | -   | -                                    | -  | -                                | -                               | 5,668                   | 5,668        | -  | 5,668               |
| - Gain on acquisitions   | -                              | -                                | -                              | -   | -                                    | -  | -                                | -                               | -                       | -            | -  | -                   |
| Exercise of warrants in subsidiary companies:  | -                              | -                                | -                              | -   | -                                    | -  | -                                | -                               | -                       | -            | 540  | 540                 |
| - Shares issued by subsidiary companies  | -                              | -                                | -                              | -   | -                                    | -  | -                                | -                               | -                       | -            | -  | -                   |
| - Effects of dilution of interests in subsidiary companies   | -                              | -                                | -                              | -   | -                                    | -  | -                                | -                               | (455)                   | (455)        | 455  | -                   |
| Effects of acquisitions of warrants in a subsidiary company  | -                              | -                                | -                              | -   | -                                    | -  | -                                | -                               | (749)                   | (749)        | -  | (749)               |
| Effect of deemed disposal of a subsidiary company  | -                              | -                                | -                              | -   | -                                    | -  | -                                | -                               | -                       | -            | (70,314)                                     | (70,314)            |
| Accretion of interests in a subsidiary company of an associated company  | -                              | -                                | -                              | -   | -                                    | -  | -                                | -                               | 1                       | 1            | -  | 1                   |
| Total changes in ownership interest in subsidiary companies  | -                              | -                                | -                              | -   | -                                    | -  | -                                | -                               | 4,465                   | 4,465        | (79,435)                                     | (74,970)            |
| Total transactions with Owners in their capacity as Owners   | 692,419                        | -                                | (336,481)                      | -   | -                                    | -  | -                                | -                               | (455,311)               | (99,373)     | (80,625)                                     | (179,998)           |
| Reserve reclassified to retained profits upon disposal of investment properties which recognised as property, plant and equipment previously | -                              | -                                | -                              | -   | (12,870)                             | -  | -                                | -                               | 12,870                  | -            | -  | -                   |
| <b>As at 31 December 2017</b>  | 2,095,310                      | (30,237)                         | -                              | -   | 63,451                               | 42,969                                     | (85)                             | 4,110                           | 2,363,172               | 4,538,690    | 68,234                                       | 4,606,924           |

\* Upon the commencement of the Companies Act 2016 ("CA2016") on 31 January 2017, the amount standing to the credit of the Company's share premium becomes part of the Company's share capital pursuant to Section 618(2) of the CA2016. The Company may use the credit amount of the share premium within twenty-four months in accordance with Section 74 of the CA2016. On 29 November 2017, the Company has fully utilised the credit amount of RM336.5 million in the share premium account as part of the issuance of bonus shares.

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

### GROUP

#### Attributable to Owners of the Company

| Note  | Share capital (Note 26) RM'000 | Treasury shares (Note 27) RM'000 | Share premium (Note 28) RM'000 | Available-for-sale reserve (Note 28) RM'000 | Revaluation reserve (Note 28) RM'000 | Foreign exchange reserves (Note 28) RM'000 | Hedging reserve (Note 28) RM'000 | Other reserves (Note 28) RM'000 | Retained profits RM'000 | Total RM'000 | Non-controlling interests [Note 6(c)] RM'000 | Total equity RM'000 |
|---|--------------------------------|----------------------------------|--------------------------------|---|--------------------------------------|--|----------------------------------|---------------------------------|-------------------------|--------------|--|---------------------|
| <b>As at 1 January 2016</b>   | 1,402,891                      | (30,234)                         | 336,481                        | -   | 76,321                               | 96,133                                     | 824                              | (10,455)                        | 2,222,071               | 4,094,032    | 213,662                                      | 4,307,694           |
| Profit after tax  | -                              | -                                | -                              | -   | -                                    | -  | -                                | -                               | 247,273                 | 247,273      | 4,755  | 252,028             |
| Other comprehensive income/(loss)   | -                              | -                                | -                              | 64  | -                                    | 29,964                                     | (571)                            | (5,297)                         | -                       | 24,160       | 3,419  | 27,579              |
| Total comprehensive income/(loss)   | -                              | -                                | -                              | 64  | -                                    | 29,964                                     | (571)                            | (5,297)                         | 247,273                 | 271,433      | 8,174  | 279,607             |
| Dividends paid to:<br>- Owners of the Company   | -                              | -                                | -                              | -   | -                                    | -  | -                                | -                               | (69,240)                | (69,240)     | -  | (69,240)            |
| - Non-controlling interests   | -                              | -                                | -                              | -   | -                                    | -  | -                                | -                               | -                       | -            | (3,205)                                      | (3,205)             |
| Share buybacks by the Company   | -                              | (3)                              | -                              | -   | -                                    | -  | -                                | -                               | -                       | (3)          | -  | (3)                 |
| Shares issued pursuant to exercise of Warrants C 2015/2020*   | -                              | -                                | -                              | -   | -                                    | -  | -                                | -                               | -                       | -            | -  | -                   |
| Total contribution by and distributions to Owners   | -                              | (3)                              | -                              | -   | -                                    | -  | -                                | -                               | (69,240)                | (69,243)     | (3,205)                                      | (72,448)            |
| Acquisition of additional interests in subsidiary companies   | -                              | -                                | -                              | -   | -                                    | -  | -                                | -                               | -                       | -            | (88,703)                                     | (88,703)            |
| in non-controlling interests:   | -                              | -                                | -                              | -   | -                                    | -  | -                                | -                               | -                       | -            | -  | 32,668              |
| - Accretion of equity interests   | -                              | -                                | -                              | -   | -                                    | -  | -                                | -                               | 32,668                  | 32,668       | -  | -                   |
| - Gain on acquisitions  | -                              | -                                | -                              | -   | -                                    | -  | -                                | -                               | -                       | -            | -  | -                   |
| Exercise of warrants in subsidiary companies:   | -                              | -                                | -                              | -   | -                                    | -  | -                                | -                               | -                       | -            | 410  | 410                 |
| - Shares issued by subsidiary companies   | -                              | -                                | -                              | -   | -                                    | -  | -                                | -                               | -                       | -            | -  | -                   |
| - Effects of dilution of interests in subsidiary companies  | -                              | -                                | -                              | -   | -                                    | -  | -                                | -                               | (508)                   | (508)        | 508  | -                   |
| Effects of acquisitions of warrants in subsidiary companies   | -                              | -                                | -                              | -   | -                                    | -  | -                                | -                               | (16,304)                | (16,304)     | -  | (16,304)            |
| Effects of accretion of equity interest via preference shares capital reduction in a subsidiary company | -                              | -                                | -                              | -   | -                                    | (1,002)                                    | -                                | -                               | (10,532)                | (11,534)     | 11,534                                       | -                   |
| Dilution of interests in a subsidiary company of an associated company                                  | -                              | -                                | -                              | -   | -                                    | -  | -                                | -                               | (34)                    | (34)         | -  | (34)                |
| Total changes in ownership interest in subsidiary companies   | -                              | -                                | -                              | -   | (1,002)                              | -  | -                                | -                               | 5,290                   | 4,288        | (76,251)                                     | (71,963)            |
| Total transactions with Owners in their capacity as Owners  | -                              | (3)                              | -                              | -   | -                                    | (1,002)                                    | -                                | -                               | (63,950)                | (64,955)     | (79,456)                                     | (144,411)           |
| <b>As at 31 December 2016</b>   | 1,402,891                      | (30,237)                         | 336,481                        | 64  | 76,321                               | 125,095                                    | 253                              | (15,752)                        | 2,405,394               | 4,300,510    | 142,380                                      | 4,442,890           |

\* 80 units ordinary shares issued.

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**COMPANY**

|  | Note      | Distributable                        |  |                                      | Total equity<br>RM'000 |                            |
|--|-----------|--------------------------------------|--|--------------------------------------|------------------------|----------------------------|
|  |           | Share capital<br>(Note 26)<br>RM'000 | Treasury shares<br>(Note 27)<br>RM'000 | Share premium<br>(Note 28)<br>RM'000 |                        | Retained profits<br>RM'000 |
| <b>As at 1 January 2017</b>                                    |           | 1,402,891                            | (30,237)                               | 336,481                              | 1,287,054              | 2,996,189                  |
| Profit after tax/<br>Total comprehensive income                |           | -                                    | -                                      | -                                    | 139,724                | 139,724                    |
| Dividends paid to Owners of<br>the Company                     | 37(a)     | -                                    | -                                      | -                                    | (103,860)              | (103,860)                  |
| Share issued pursuant to:                                      |           |                                      |  |                                      |                        |                            |
| - Bonus Issue  | 26(b)(ii) | 692,397                              | -                                      | (336,481)#                           | (355,916)              | -                          |
| - Exercise of Warrants C 2015/2020                             | 26(c)     | 22                                   | -                                      | -                                    | -                      | 22                         |
| Total contribution by and distributions<br>to Owners           |           | 692,419                              | -                                      | (336,481)                            | (459,776)              | (103,838)                  |
| <b>As at 31 December 2017</b>                                  |           | 2,095,310                            | (30,237)                               | -                                    | 967,002                | 3,032,075                  |
| <b>As at 1 January 2016</b>                                    |           | 1,402,891                            | (30,234)                               | 336,481                              | 1,125,013              | 2,834,151                  |
| Profit after tax/<br>Total comprehensive income                |           | -                                    | -                                      | -                                    | 231,281                | 231,281                    |
| Dividends paid to Owners of<br>the Company                     | 37(a)     | -                                    | -                                      | -                                    | (69,240)               | (69,240)                   |
| Share buybacks by the Company                                  | 27(b)     | -                                    | (3)                                    | -                                    | -                      | (3)                        |
| Shares issued pursuant to exercise of<br>Warrants C 2015/2020* | 26(c)     | -                                    | -                                      | -                                    | -                      | -                          |
| Total contribution by and distributions<br>to Owners           |           | -                                    | (3)                                    | -                                    | (69,240)               | (69,243)                   |
| <b>As at 31 December 2016</b>                                  |           | 1,402,891                            | (30,237)                               | 336,481                              | 1,287,054              | 2,996,189                  |

\* 80 units ordinary shares issued.

# Upon the commencement of the Companies Act 2016 ("CA2016") on 31 January 2017, the amount standing to the credit of the Company's share premium becomes part of the Company's share capital pursuant to Section 618(2) of the CA2016. The Company may use the credit amount of the share premium within twenty-four months in accordance with Section 74 of the CA2016. On 29 November 2017, the Company has fully utilised the credit amount of RM336.5 million in the share premium account as part of the issuance of bonus shares.

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

# STATEMENTS OF CASH FLOWS

## FOR THE YEAR ENDED 31 DECEMBER 2017

|  | Note    | Group          |                | Company        |                |
|--|---------|----------------|----------------|----------------|----------------|
|  |         | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                  |         |                |                |                |                |
| Profit before tax  |         | 485,180        | 321,413        | 140,049        | 230,255        |
| Add/(Less) non-cash and non-operating items:                 |         |                |                |                |                |
| Amortisation of finance cost                                 |         | 1,194          | 1,332          | 1,194          | 1,332          |
| Depreciation and amortisation                                |         | 29,260         | 29,345         | 102            | 16             |
| Dividend income  |         | (67)           | (53)           | (196,733)      | (340,564)      |
| Expenses incurred on borrowings and medium term notes        |         | -              | 83             | -              | 83             |
| Funds distribution income                                    |         | (5,716)        | (2,737)        | (235)          | (440)          |
| (Gain)/Loss on disposals of:                                 |         |                |                |                |                |
| - available-for-sale securities                              |         | (355)          | -              | -              | -              |
| - club membership  |         | 51             | 12             | -              | -              |
| - investment properties                                      |         | (4,868)        | (5,997)        | -              | -              |
| - investments in subsidiary companies                        |         | -              | 2,589          | -              | -              |
| - plant and equipment  |         | (139)          | (91)           | -              | -              |
| Gain on deemed disposal of a subsidiary company              | 6(b)(v) | (177,612)      | -              | -              | -              |
| Impairment loss on:  |         |                |                |                |                |
| - infrastructure development costs                           | 4       | 10             | 10,436         | -              | -              |
| - investment in a subsidiary company                         | 6       | -              | -              | -              | 49,448         |
| - property, plant and equipment                              | 4       | 2,051          | -              | -              | -              |
| Interest income  |         | (52,885)       | (46,967)       | (10,328)       | (967)          |
| Interest expense   |         | 87,220         | 89,455         | 62,305         | 58,319         |
| Loss/(Gain) on fair valuation of:                            |         |                |                |                |                |
| - biological assets  | 15      | 65             | (110)          | -              | -              |
| - derivative assets  |         | -              | -              | -              | (3,825)        |
| - investment properties                                      | 5       | (53,127)       | (55,984)       | -              | -              |
| - retention sums   |         | (3,058)        | (3,137)        | -              | -              |
| - securities at fair value through profit or loss            |         | (100)          | 5              | (100)          | 5              |
| Loss/(Gain) on foreign exchange translations                 |         | 1,895          | (323)          | -              | -              |
| Recovery of bad debts of capital financing                   |         | (1,639)        | (2)            | -              | -              |
| Share of results of associated companies and a joint venture |         | (182,466)      | (148,558)      | -              | -              |
| Sub-total carried forward                                    |         | 124,894        | 190,711        | (3,746)        | (6,338)        |

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

|  | Note      | Group          |                | Company        |                |
|--|-----------|----------------|----------------|----------------|----------------|
|  |           | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)</b>                                 |           |                |                |                |                |
| Sub-total brought forward<br>(Write back of)/Allowance for impairment loss (net) on: |           | 124,894        | 190,711        | (3,746)        | (6,338)        |
| - capital financing  | 12        | (4,163)        | (3,605)        | -              | -              |
| - trade and other receivables  | 13,14     | (447)          | 2,947          | -              | -              |
| Write off of:  |           |                |                |                |                |
| - bad debts on trade and other receivables   |           | 1,597          | 466            | -              | -              |
| - club membership  | 8(c)      | 132            | -              | -              | -              |
| - plant and equipment  | 4(b)(iii) | 376            | 485            | -              | -              |
| - software licences  | 8(b)      | 40             | 1              | -              | -              |
| Operating profit/(loss) before working capital changes                               |           | 122,429        | 191,005        | (3,746)        | (6,338)        |
| <b>(Increase)/Decrease in operating assets:</b>                                      |           |                |                |                |                |
| Inventories  |           | (218,098)      | (55,852)       | -              | -              |
| Capital financing  |           | (155,776)      | 34,413         | -              | -              |
| Trade receivables and contract assets  |           | 176,954        | 217,872        | -              | -              |
| Other receivables  |           | 32,762         | (5,543)        | (435)          | 22,264         |
| <b>(Decrease)/Increase in operating liabilities:</b>                                 |           |                |                |                |                |
| Deferred income  |           | (473)          | (10,271)       | -              | -              |
| Trade payables and contract liabilities  |           | (47,748)       | (260,069)      | -              | -              |
| Other liabilities  |           | 160,600        | 131,198        | 824            | 2,004          |
| <b>Cash generated from/(used in) operations</b>                                      |           | 70,650         | 242,753        | (3,357)        | 17,930         |
| Interest received  |           | 52,885         | 46,967         | -              | -              |
| Interest paid  |           | (30,388)       | (37,608)       | -              | -              |
| Income tax paid  |           | (79,332)       | (106,054)      | (663)          | (1,813)        |
| Refund of income tax   |           | 815            | 5,686          | 59             | -              |
| <b>Net cash generated from/(used in) operating activities</b>                        |           | 14,630         | 151,744        | (3,961)        | 16,117         |

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

|  | Note    | Group          |                 | Company        |                |
|--|---------|----------------|-----------------|----------------|----------------|
|  |         | 2017<br>RM'000 | 2016<br>RM'000  | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                        |         |                |                 |                |                |
| Acquisitions of additional:  |         |                |                 |                |                |
| - shares in subsidiary companies                                   |         | -              | -               | (116,870)      | -              |
| - shares in subsidiary companies<br>from non-controlling interests | 6(b)(i) | (4,447)        | (56,035)        | (4,447)        | (56,035)       |
| - warrants in subsidiary companies                                 | 6(b)(i) | (749)          | (16,304)        | (749)          | (16,304)       |
| (Advance to)/Repayment from:                                       |         |                |                 |                |                |
| - an associated company  |         | (1,216)        | (2,452)         | -              | -              |
| - subsidiary companies   |         | -              | -               | 64,847         | (242,302)      |
| Dividends received   |         | 48,808         | 57,733          | 196,733        | 385,040        |
| Expenditure incurred on investment<br>properties                   | 5       | (14,536)       | (53,054)        | -              | -              |
| Funds distribution income received                                 |         | 5,716          | 2,737           | 235            | 440            |
| Interest received  |         | -              | -               | 10,328         | 967            |
| Net cash outflow upon deemed disposal<br>of a subsidiary company   | 6(b)(v) | (3,646)        | -               | -              | -              |
| Net cash outflow upon disposal<br>of subsidiary companies          |         | -              | (9)             | -              | -              |
| Proceeds from disposals of:  |         |                |                 |                |                |
| - available-for-sale securities                                    |         | 1,221          | -               | -              | -              |
| - club membership  |         | 17             | 4               | -              | -              |
| - investment properties  |         | 17,368         | 32,697          | -              | -              |
| - plant and equipment  |         | 222            | 495             | -              | -              |
| Purchase of:   |         |                |                 |                |                |
| - club membership  | 8(c)    | -              | (216)           | -              | -              |
| - property, plant and equipment                                    | 4       | (26,198)       | (21,240)        | (1,041)        | (183)          |
| - software licences  | 8(b)    | (171)          | (216)           | (69)           | (48)           |
| - trademarks   |         | -              | (1)             | -              | (1)            |
| Share buybacks by the Company                                      | 27      | -              | (3)             | -              | (3)            |
| <b>Net cash generated from/(used in)<br/>investing activities</b>  |         | <b>22,389</b>  | <b>(55,864)</b> | <b>148,967</b> | <b>71,571</b>  |

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

|   | Note  | Group           |                  | Company          |                 |
|---|-------|-----------------|------------------|------------------|-----------------|
|   |       | 2017<br>RM'000  | 2016<br>RM'000   | 2017<br>RM'000   | 2016<br>RM'000  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |       |                 |                  |                  |                 |
| Dividends paid to:  |       |                 |                  |                  |                 |
| - Owners of the Company                                       | 37(a) | (103,860)       | (69,240)         | (103,860)        | (69,240)        |
| - non-controlling interests                                   |       | (1,190)         | (3,205)          | -                | -               |
| Drawdown of loans   |       | 276,978         | 154,679          | -                | -               |
| Drawdown/(Repayment) of revolving credits - net               |       | 132,130         | (31,011)         | 35,000           | -               |
| Expenses incurred on borrowings and medium term notes         |       | -               | (83)             | -                | (83)            |
| Interest paid   |       | (72,803)        | (77,681)         | (62,208)         | (58,275)        |
| Proceeds from:  |       |                 |                  |                  |                 |
| - exercise of warrants of subsidiary companies                |       | 562             | 410              | 22               | -               |
| - issuance of medium term notes                               | 21(b) | -               | 190,113          | -                | 190,113         |
| Redemption of medium term notes                               | 21(b) | -               | (100,000)        | -                | (100,000)       |
| Repayment of loans  |       | (250,662)       | (192,926)        | (10,735)         | (62,500)        |
| <b>Net cash used in financing activities</b>                  |       | <b>(18,845)</b> | <b>(128,944)</b> | <b>(141,781)</b> | <b>(99,985)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   |       | <b>18,174</b>   | <b>(33,064)</b>  | <b>3,225</b>     | <b>(12,297)</b> |
| Effects of exchange rate changes                              |       | (12,412)        | (122)            | -                | -               |
| <b>Cash and cash equivalents at the beginning of the year</b> |       | <b>418,396</b>  | <b>451,582</b>   | <b>4,168</b>     | <b>16,465</b>   |
| <b>Cash and cash equivalents at the end of the year</b>       |       | <b>424,158</b>  | <b>418,396</b>   | <b>7,393</b>     | <b>4,168</b>    |
| <b>Cash and cash equivalents comprised:</b>                   |       |                 |                  |                  |                 |
| Cash, bank balances and short term funds                      | 19    | 424,676         | 418,452          | 7,393            | 4,168           |
| Bank overdrafts   | 22    | (518)           | (56)             | -                | -               |
|   |       | <b>424,158</b>  | <b>418,396</b>   | <b>7,393</b>     | <b>4,168</b>    |

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2017

### 1. GENERAL INFORMATION

The Company is a public company limited by shares, incorporated under the Companies Act, 1965 (which had been superseded by Companies Act 2016 ("CA2016")), domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office of the Company is located at 21st Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur while the principal place of business of the Company is located at 7th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur.

The Company is an investment holding company. The principal activities of the subsidiary companies, associated companies and a joint venture are described in Notes 6 and 7 respectively. There have been no significant changes in the nature of these principal activities during the year.

OSK Equity Holdings Sdn. Bhd., a company incorporated in Malaysia, is regarded by the Directors as the Company's ultimate holding company.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 8 March 2018.

### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared on a historical cost convention, other than investment properties, available-for-sale securities, biological assets, derivative assets and securities at fair value through profit or loss which are measured at their fair values. The financial statements are presented in Ringgit Malaysia ("RM") which is also the functional currency of the Company and all values are rounded to the nearest thousand (RM'000), unless otherwise indicated. 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 ("IFRSs") and the requirements of the CA2016 in Malaysia. During the year, the Group and the Company adopted applicable MFRSs and amendments to MFRSs and CA2016 as disclosed in Notes 46 and 47 respectively.

### 3. SEGMENT INFORMATION

The Group's businesses are organised into five major business segments based on products and services, which are regularly provided to and reviewed by the chief operating decision makers comprising of the Board of Directors and senior management of the Group:

#### Property

- |   |   |
|---|---|
| (i) Property Development                | - Property development of residential and commercial properties for sale as well as provision of project management services. |
| (ii) Property Investment and Management | - Management and letting of properties, contributing rental yield and appreciation of properties.                             |

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

### 3. SEGMENT INFORMATION (CONT'D)

The Group's businesses are organised into five major business segments based on products and services, which are regularly provided to and reviewed by the chief operating decision makers comprising of the Board of Directors and senior management of the Group: (Cont'd)

Construction - Building construction works.

#### Industries

(i) Cables - Manufacturing and trading of power cables and wires.

(ii) Industrialised Building System ("IBS") - Manufacturing and sale of IBS concrete wall panels and trading of building materials.

#### Hospitality

(i) Hotels and Resorts - Management of hotels, resorts including golf course operations.

(ii) Vacation Club - Management of vacation timeshare membership scheme.

#### Financial Services and Investment Holding

(i) Capital Financing - Capital financing activities, generating interest, fee and related income.

(ii) Investment Holding - Investing activities and other insignificant business segment, where investments contribute dividend income and interest income as well as sharing of results of the investee companies.

The Group monitors the operating results of its business segments separately for the purpose of making decision about resources allocation and performance assessment. Business segment performance is evaluated based on operating profit or loss which in certain aspects is measured differently from profits or loss in the consolidated financial statements. The Group income taxes are not allocated to operating segment.

Business segment revenue and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The inter-segment transactions have been entered into, at arms-length, at terms mutually agreed between the segments and have been eliminated to arrive at the Group's results. During the year, there is no single external customers amount to 10 percent or more of the Group's revenue.

Basis of segmentation and related measurement of segment revenue, results, total assets and liabilities have no material change, other than certain comparative figures have been reclassified to conform with current year's presentation to reflect its nature of business activities involved. Such reclassifications merely improve disclosure of business performance and do not have financial impact to the Group.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**3. SEGMENT INFORMATION (CONT'D)**

**(a) Business segment analysis:**

**2017**

|  | <b>Property<br/>RM'000</b> | <b>Construction<br/>RM'000</b> | <b>Industries<br/>RM'000</b> | <b>Hospitality<br/>RM'000</b> | <b>Financial<br/>Services &amp;<br/>Investment<br/>Holding<br/>RM'000</b> | <b>Consolidated<br/>RM'000</b> |
|--|----------------------------|--------------------------------|------------------------------|-------------------------------|---|--------------------------------|
| <b>Revenue</b>   |                            |                                |                              |                               |   |                                |
| Total revenue  | 691,584                    | 309,324                        | 294,293                      | 107,325                       | 654,192   | 2,056,718                      |
| Inter-segment revenue  | (2,769)                    | (279,025)                      | (5,023)                      | (690)                         | (27,505)  | (315,012)                      |
| Dividends from:  |                            |                                |                              |                               |   |                                |
| - subsidiary companies                                       | -                          | -                              | -                            | -                             | (523,686)   | (523,686)                      |
| - an associated company                                      | -                          | -                              | -                            | -                             | (48,741)  | (48,741)                       |
| Revenue from external parties                                | 688,815                    | 30,299                         | 289,270                      | 106,635                       | 54,260  | 1,169,279                      |
| <b>Results</b>   |                            |                                |                              |                               |   |                                |
| Segment profit/(loss)  | 127,214                    | 16,826                         | 25,593                       | (11,178)                      | 153,225   | 311,680                        |
| Share of results of associated companies and a joint venture | 4,221                      | -                              | -                            | -                             | 178,245   | 182,466                        |
|  | 131,435                    | 16,826                         | 25,593                       | (11,178)                      | 331,470   | 494,146                        |
| Inter-segments eliminations                                  | -                          | (4,846)                        | -                            | -                             | (4,120)   | (8,966)                        |
| <b>Profit/(Loss) before tax</b>                              | 131,435                    | 11,980                         | 25,593                       | (11,178)                      | 327,350   | 485,180                        |
| Tax expense  |                            |                                |                              |                               |   | (81,574)                       |
| <b>Profit after tax</b>                                      |                            |                                |                              |                               |   | 403,606                        |
| <b>Included in the results are:</b>                          |                            |                                |                              |                               |   |                                |
| Amortisation of finance cost                                 | -                          | -                              | -                            | -                             | (1,194)   | (1,194)                        |
| Depreciation and amortisation                                | (5,317)                    | (1,124)                        | (6,053)                      | (14,898)                      | (1,868)   | (29,260)                       |
| Dividend income  | -                          | -                              | -                            | -                             | 67  | 67                             |
| Finance costs  | (13,172)                   | -                              | (1,514)                      | (3,719)                       | (54,398)  | (72,803)                       |
| Funds distribution income                                    | 3,824                      | 418                            | 79                           | -                             | 1,395   | 5,716                          |
| Funding costs  | -                          | -                              | -                            | -                             | (14,417)  | (14,417)                       |
| Interest income  | 7,774                      | 190                            | 162                          | 2,633                         | 42,126  | 52,885                         |
| Gain on deemed disposal of a subsidiary company              | -                          | -                              | -                            | -                             | 177,612   | 177,612                        |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**3. SEGMENT INFORMATION (CONT'D)**

**(a) Business segment analysis: (Cont'd)**

**2017**

|  | <b>Property<br/>RM'000</b> | <b>Construction<br/>RM'000</b> | <b>Industries<br/>RM'000</b> | <b>Hospitality<br/>RM'000</b> | <b>Financial<br/>Services &amp;<br/>Investment<br/>Holding<br/>RM'000</b> | <b>Consolidated<br/>RM'000</b> |
|--|----------------------------|--------------------------------|------------------------------|-------------------------------|---|--------------------------------|
| <b>Included in the results are:<br/>(Cont'd)</b>           |                            |                                |                              |                               |   |                                |
| Gain/(Loss) on disposal of:                                |                            |                                |                              |                               |   |                                |
| - available-for-sale securities                            | -                          | -                              | -                            | -                             | 355   | 355                            |
| - club membership  | (51)                       | -                              | -                            | -                             | -   | (51)                           |
| - investment properties                                    | 4,868                      | -                              | -                            | -                             | -   | 4,868                          |
| - plant and equipment                                      | 140                        | 2                              | 15                           | (18)                          | -   | 139                            |
| (Loss)/Gain on fair valuation of:                          |                            |                                |                              |                               |   |                                |
| - biological assets  | -                          | -                              | -                            | -                             | (65)  | (65)                           |
| - investment properties                                    | 53,127                     | -                              | -                            | -                             | -   | 53,127                         |
| - retention sums   | 3,058                      | -                              | -                            | -                             | -   | 3,058                          |
| - securities at fair value through profit or loss          | -                          | -                              | -                            | -                             | 100   | 100                            |
| (Loss)/Gain on foreign exchange translations               | -                          | -                              | (153)                        | 131                           | (1,873)   | (1,895)                        |
| Recovery of bad debts of capital financing                 | -                          | -                              | -                            | -                             | 1,639   | 1,639                          |
| Write back of/ (Allowance for) impairment losses (net) on: |                            |                                |                              |                               |   |                                |
| - capital financing  | -                          | -                              | -                            | -                             | 4,163   | 4,163                          |
| - infrastructure development costs                         | -                          | -                              | -                            | (10)                          | -   | (10)                           |
| - property, plant and equipment                            | -                          | -                              | (200)                        | (1,851)                       | -   | (2,051)                        |
| - trade and other receivables                              | 255                        | (1)                            | 355                          | (162)                         | -   | 447                            |
| Write off of:  |                            |                                |                              |                               |   |                                |
| - bad debts on trade and other receivables                 | (1,547)                    | (1)                            | -                            | (40)                          | (9)   | (1,597)                        |
| - club membership  | (132)                      | -                              | -                            | -                             | -   | (132)                          |
| - plant and equipment                                      | (3)                        | (60)                           | (1)                          | (185)                         | (127)   | (376)                          |
| - software licences  | (40)                       | -                              | -                            | -                             | -   | (40)                           |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**3. SEGMENT INFORMATION (CONT'D)**

**(a) Business segment analysis: (Cont'd)**

**2017**

|   | <b>Property<br/>RM'000</b> | <b>Construction<br/>RM'000</b> | <b>Industries<br/>RM'000</b> | <b>Hospitality<br/>RM'000</b> | <b>Financial<br/>Services &amp;<br/>Investment<br/>Holding<br/>RM'000</b> | <b>Consolidated<br/>RM'000</b> |
|---|----------------------------|--------------------------------|------------------------------|-------------------------------|---|--------------------------------|
| <b>Assets</b>   |                            |                                |                              |                               |   |                                |
| Tangible assets   | 2,926,574                  | 76,992                         | 216,400                      | 502,916                       | 606,758   | 4,329,640                      |
| Intangible assets                                       | 531                        | -                              | -                            | -                             | 1,195   | 1,726                          |
|   | 2,927,105                  | 76,992                         | 216,400                      | 502,916                       | 607,953   | 4,331,366                      |
| Investments in associated companies and a joint venture | 529,358                    | -                              | -                            | -                             | 2,913,776   | 3,443,134                      |
| Segment assets  | 3,456,463                  | 76,992                         | 216,400                      | 502,916                       | 3,521,729   | 7,774,500                      |
| Deferred tax assets and tax recoverable                 |                            |                                |                              |                               |   | 128,169                        |
| Total assets  |                            |                                |                              |                               |   | 7,902,669                      |
| <b>Liabilities</b>                                      |                            |                                |                              |                               |   |                                |
| Segment liabilities                                     | 1,235,556                  | 137,885                        | 45,986                       | 269,768                       | 1,458,634   | 3,147,829                      |
| Deferred tax liabilities and tax payable                |                            |                                |                              |                               |   | 147,916                        |
| Total liabilities                                       |                            |                                |                              |                               |   | 3,295,745                      |
| <b>Other information</b>                                |                            |                                |                              |                               |   |                                |
| Expenditure capitalised under:                          |                            |                                |                              |                               |   |                                |
| Property, plant and equipment                           | 2,423                      | 7,758                          | 1,563                        | 12,913                        | 1,541   | 26,198                         |
| Investment properties                                   | 14,536                     | -                              | -                            | -                             | -   | 14,536                         |
| Intangible assets                                       | 47                         | -                              | -                            | -                             | 124   | 171                            |
|   | 17,006                     | 7,758                          | 1,563                        | 12,913                        | 1,665   | 40,905                         |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**3. SEGMENT INFORMATION (CONT'D)**

**(a) Business segment analysis: (Cont'd)**

**2016**

|  | <b>Property<br/>RM'000</b> | <b>Construction<br/>RM'000</b> | <b>Industries<br/>RM'000</b> | <b>Hospitality<br/>RM'000</b> | <b>Financial<br/>Services &amp;<br/>Investment<br/>Holding<br/>RM'000</b> | <b>Consolidated<br/>RM'000</b> |
|--|----------------------------|--------------------------------|------------------------------|-------------------------------|---|--------------------------------|
| <b>Revenue</b>   |                            |                                |                              |                               |   |                                |
| Total revenue  | 828,328                    | 187,519                        | 298,837                      | 121,183                       | 690,748   | 2,126,615                      |
| Inter-segment revenue  | (3,505)                    | (173,797)                      | (557)                        | (466)                         | (22,694)  | (201,019)                      |
| Dividends from:  |                            |                                |                              |                               |   |                                |
| - subsidiary companies                                       | -                          | -                              | -                            | -                             | (562,245)   | (562,245)                      |
| - an associated company                                      | -                          | -                              | -                            | -                             | (57,680)  | (57,680)                       |
| Revenue from external parties                                | 824,823                    | 13,722                         | 298,280                      | 120,717                       | 48,129  | 1,305,671                      |
| <b>Results</b>   |                            |                                |                              |                               |   |                                |
| Segment profit/(loss)  | 201,558                    | 9,238                          | 33,447                       | (23,444)                      | (42,844)  | 177,955                        |
| Share of results of associated companies and a joint venture | (1,029)                    | -                              | -                            | -                             | 149,587   | 148,558                        |
|  | 200,529                    | 9,238                          | 33,447                       | (23,444)                      | 106,743   | 326,513                        |
| Inter-segments eliminations                                  | -                          | (2,160)                        | -                            | -                             | (2,940)   | (5,100)                        |
| <b>Profit/(Loss) before tax</b>                              | 200,529                    | 7,078                          | 33,447                       | (23,444)                      | 103,803   | 321,413                        |
| Tax expense  |                            |                                |                              |                               |   | (69,385)                       |
| <b>Profit after tax</b>                                      |                            |                                |                              |                               |   | 252,028                        |
| <b>Included in the results are:</b>                          |                            |                                |                              |                               |   |                                |
| Amortisation of finance cost                                 | -                          | -                              | -                            | -                             | (1,332)   | (1,332)                        |
| Depreciation and amortisation                                | (5,242)                    | (1,601)                        | (5,742)                      | (14,547)                      | (2,213)   | (29,345)                       |
| Dividend income  | -                          | -                              | -                            | -                             | 53  | 53                             |
| Finance costs  | (16,965)                   | -                              | (599)                        | (3,654)                       | (56,463)  | (77,681)                       |
| Funds distribution income                                    | 608                        | 464                            | 79                           | -                             | 1,586   | 2,737                          |
| Funding costs  | -                          | -                              | -                            | -                             | (11,774)  | (11,774)                       |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**3. SEGMENT INFORMATION (CONT'D)**

**(a) Business segment analysis: (Cont'd)**

**2016**

|  | <b>Property<br/>RM'000</b> | <b>Construction<br/>RM'000</b> | <b>Industries<br/>RM'000</b> | <b>Hospitality<br/>RM'000</b> | <b>Financial<br/>Services &amp;<br/>Investment<br/>Holding<br/>RM'000</b> | <b>Consolidated<br/>RM'000</b> |
|--|----------------------------|--------------------------------|------------------------------|-------------------------------|---|--------------------------------|
| <b>Included in the results are: (Cont'd)</b>               |                            |                                |                              |                               |   |                                |
| Gain/(Loss) on fair valuation of:                          |                            |                                |                              |                               |   |                                |
| - biological assets  | -                          | -                              | -                            | -                             | 110   | 110                            |
| - investment properties                                    | 55,984                     | -                              | -                            | -                             | -   | 55,984                         |
| - retention sums   | 3,137                      | -                              | -                            | -                             | -   | 3,137                          |
| - securities at fair value through profit or loss          | -                          | -                              | -                            | -                             | (5)   | (5)                            |
| (Loss)/Gain on disposal of:                                |                            |                                |                              |                               |   |                                |
| - club membership  | (12)                       | -                              | -                            | -                             | -   | (12)                           |
| - investment properties                                    | 5,997                      | -                              | -                            | -                             | -   | 5,997                          |
| - investments in subsidiary companies                      | -                          | (2,589)                        | -                            | -                             | -   | (2,589)                        |
| - plant and equipment                                      | (44)                       | 31                             | 119                          | (15)                          | -   | 91                             |
| (Loss)/Gain on foreign exchange translations               | -                          | -                              | (63)                         | 221                           | 165   | 323                            |
| Interest income  | 10,706                     | 285                            | 164                          | 1,711                         | 34,101  | 46,967                         |
| Recovery of bad debts of capital financing                 | -                          | -                              | -                            | -                             | 2   | 2                              |
| Write back of/ (Allowance for) impairment losses (net) on: |                            |                                |                              |                               |   |                                |
| - capital financing  | -                          | -                              | -                            | -                             | 3,605   | 3,605                          |
| - infrastructure development costs                         | -                          | -                              | -                            | (10,436)                      | -   | (10,436)                       |
| - trade and other receivables                              | (559)                      | -                              | (1,817)                      | (449)                         | (122)   | (2,947)                        |
| Write off of:  |                            |                                |                              |                               |   |                                |
| - bad debts on trade and other receivables                 | (1)                        | -                              | (174)                        | (291)                         | -   | (466)                          |
| - intangible assets  | (1)                        | -                              | -                            | -                             | -   | (1)                            |
| - plant and equipment                                      | (326)                      | (45)                           | (1)                          | (113)                         | -   | (485)                          |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**3. SEGMENT INFORMATION (CONT'D)**

**(a) Business segment analysis: (Cont'd)**

**2016**

|  | <b>Property<br/>RM'000</b> | <b>Construction<br/>RM'000</b> | <b>Industries<br/>RM'000</b> | <b>Hospitality<br/>RM'000</b> | <b>Financial<br/>Services &amp;<br/>Investment<br/>Holding<br/>RM'000</b> | <b>Consolidated<br/>RM'000</b> |
|--|----------------------------|--------------------------------|------------------------------|-------------------------------|---|--------------------------------|
| <b>Assets</b>  |                            |                                |                              |                               |   |                                |
| Tangible assets  | 3,406,175                  | 108,207                        | 224,247                      | 500,937                       | 439,500   | 4,679,066                      |
| Intangible assets  | 886                        | -                              | -                            | -                             | 1,270   | 2,156                          |
|  | <u>3,407,061</u>           | <u>108,207</u>                 | <u>224,247</u>               | <u>500,937</u>                | <u>440,770</u>  | <u>4,681,222</u>               |
| Investments in<br>associated<br>companies and<br>a joint venture | 105,982                    | -                              | -                            | -                             | 2,790,755   | 2,896,737                      |
| Segment assets   | <u>3,513,043</u>           | <u>108,207</u>                 | <u>224,247</u>               | <u>500,937</u>                | <u>3,231,525</u>  | <u>7,577,959</u>               |
| Deferred tax assets<br>and tax recoverable                       |                            |                                |                              |                               |   | <u>148,191</u>                 |
| Total assets   |                            |                                |                              |                               |   | <u>7,726,150</u>               |
| <b>Liabilities</b>   |                            |                                |                              |                               |   |                                |
| Segment liabilities  | <u>1,277,903</u>           | <u>130,001</u>                 | <u>41,672</u>                | <u>261,687</u>                | <u>1,408,227</u>  | <u>3,119,490</u>               |
| Deferred tax liabilities<br>and tax payable                      |                            |                                |                              |                               |   | <u>163,770</u>                 |
| Total liabilities  |                            |                                |                              |                               |   | <u>3,283,260</u>               |
| <b>Other information</b>   |                            |                                |                              |                               |   |                                |
| Expenditure<br>capitalised under:                                |                            |                                |                              |                               |   |                                |
| Property, plant and<br>equipment                                 | 4,587                      | 2,699                          | 4,701                        | 8,216                         | 1,037   | 21,240                         |
| Investment properties  | 53,054                     | -                              | -                            | -                             | -   | 53,054                         |
| Intangible assets  | 337                        | -                              | -                            | -                             | 96  | 433                            |
|  | <u>57,978</u>              | <u>2,699</u>                   | <u>4,701</u>                 | <u>8,216</u>                  | <u>1,133</u>  | <u>74,727</u>                  |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**3. SEGMENT INFORMATION (CONT'D)**

**(b) Geographical segments analysis:**

The Group's operations are mainly based in Malaysia and Australia. Other geographical segments mainly include Singapore, Vietnam and British Virgin Islands (2016: Singapore, Thailand, Vietnam and British Virgin Islands). In presenting information on the basis of geographical areas, segment performance is based on the geographical location of customers.

| <b>2017</b>                    | <b>Malaysia<br/>RM'000</b> | <b>Australia<br/>RM'000</b> | <b>Others<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--------------------------------|----------------------------|-----------------------------|--------------------------|-------------------------|
| Revenue                        | 1,133,665                  | 3,405                       | 32,209                   | 1,169,279               |
| Profit/(Loss) before tax       | 496,981                    | (10,656)                    | (1,145)                  | 485,180                 |
| Non-current assets *           | 2,276,540                  | -                           | 5,748                    | 2,282,288               |
| Expenditure capitalised under: |                            |                             |                          |                         |
| Property, plant and equipment  | 25,182                     | 1,008                       | 8                        | 26,198                  |
| Investment properties          | 14,536                     | -                           | -                        | 14,536                  |
| Intangible assets              | 171                        | -                           | -                        | 171                     |
|                                | 39,889                     | 1,008                       | 8                        | 40,905                  |
| <b>2016</b>                    |                            |                             |                          |                         |
| Revenue                        | 1,272,749                  | 3,652                       | 29,270                   | 1,305,671               |
| Profit/(Loss) before tax       | 325,722                    | (4,575)                     | 266                      | 321,413                 |
| Non-current assets *           | 2,044,409                  | 540,616                     | 6,891                    | 2,591,916               |
| Expenditure capitalised under: |                            |                             |                          |                         |
| Property, plant and equipment  | 20,693                     | 494                         | 53                       | 21,240                  |
| Investment properties          | 53,054                     | -                           | -                        | 53,054                  |
| Intangible assets              | 433                        | -                           | -                        | 433                     |
|                                | 74,180                     | 494                         | 53                       | 74,727                  |

\* The non-current assets excluding financial instruments, deferred tax assets, and investments in associated companies and a joint venture are presented based on the geographical location of the assets.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**4. PROPERTY, PLANT AND EQUIPMENT**

**Group**

**2017**

|  | As at<br>1.1.2017<br>RM'000 | Additions<br>RM'000 | Disposals<br>RM'000 | Write off<br>[Note 4(b)(iii)]<br>RM'000 | Deemed<br>disposal of a<br>subsidiary<br>company<br>[Note 6(b)(v)]<br>RM'000 | Re-<br>classifications<br>RM'000 | Foreign<br>exchange<br>differences<br>RM'000 | Transfer to<br>non-current<br>assets held<br>for sale<br>[Note 4(b)(vi)]<br>RM'000 | As at<br>31.12.2017<br>RM'000 |
|--|-----------------------------|---------------------|---------------------|---|--|----------------------------------|--|--|-------------------------------|
| <b>At cost</b>                             |                             |                     |                     |   |  |                                  |  |  |                               |
| Freehold land                              | 169,654                     | -                   | -                   | -                                       | -  | -                                | (157)  | (6,416)  | 163,081                       |
| Buildings on<br>freehold land              | 137,703                     | 1,474               | -                   | -                                       | -  | -                                | -  | -  | 139,177                       |
| Golf course on<br>freehold land            | 17,879                      | -                   | -                   | -                                       | -  | -                                | -  | -  | 17,879                        |
| Hotel properties<br>on freehold land       | 257,010                     | 796                 | -                   | -                                       | -  | -                                | (152)  | (6,182)  | 251,472                       |
| Hotel properties on<br>leasehold land      | 84,564                      | 1,892               | -                   | -                                       | -  | -                                | -  | -  | 86,456                        |
| Long term leasehold<br>land and buildings  | 90,228                      | 32                  | -                   | -                                       | -  | 215                              | -  | -  | 90,475                        |
| Short term leasehold<br>land and buildings | 13,969                      | -                   | -                   | -                                       | -  | -                                | (659)  | -  | 13,310                        |
| Jetty and<br>infrastructure                | 38,179                      | 10                  | -                   | -                                       | -  | -                                | -  | -  | 38,189                        |
| Plant and machinery                        | 124,030                     | 7,564               | (65)                | -                                       | -  | 1,337                            | (358)  | -  | 132,508                       |
| Motor vehicles                             |                             |                     |                     |   |  |                                  |  |  |                               |
| and boats                                  | 17,357                      | 1,280               | (1,626)             | (91)                                    | -  | -                                | (37)   | -  | 16,883                        |
| Office equipment                           | 16,198                      | 1,649               | (49)                | (71)                                    | -  | -                                | (4)  | (37)   | 17,686                        |
| Furniture, fittings<br>and equipment       | 122,346                     | 9,647               | (522)               | (1,038)                                 | (1,174)  | 1,111                            | (39)   | (2,467)  | 127,864                       |
| Construction-in-<br>progress               | 5,717                       | 1,303               | -                   | (127)                                   | -  | (2,663)                          | -  | -  | 4,230                         |
| Office renovation                          | 635                         | 273                 | (55)                | -                                       | -  | -                                | -  | -  | 853                           |
| Bearer plants                              | 17,490                      | 278                 | -                   | -                                       | -  | -                                | -  | -  | 17,768                        |
|  | 1,112,959                   | 26,198              | (2,317)             | (1,327)                                 | (1,174)  | -                                | (1,406)                                      | (15,102)   | 1,117,831                     |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

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

**Group (Cont'd)**

**2017**

|  | As at<br>1.1.2017<br>RM'000 | Charge<br>for the<br>year<br>[Note 4(b)(ii)]<br>RM'000 | Disposals<br>[Note 4(b)(iii)]<br>RM'000 | Write off<br>[Note 6(b)(v)]<br>RM'000 | Deemed<br>disposal of a<br>subsidiary<br>company<br>[Note 6(b)(v)]<br>RM'000 | Foreign<br>exchange<br>differences<br>RM'000 | Transfer to<br>non-current<br>assets held<br>for sale<br>[Note 4(b)(vi)]<br>RM'000 | As at<br>31.12.2017<br>RM'000 |
|--|-----------------------------|--|---|---------------------------------------|--|--|--|-------------------------------|
| <b>Accumulated depreciation</b>            |                             |  |   |                                       |  |  |  |                               |
| Buildings on freehold land                 | 12,970                      | 2,959  | -                                       | -                                     | -  | -  | -  | 15,929                        |
| Hotel properties on freehold land          | 43,188                      | 5,936  | -                                       | -                                     | -  | (32)   | (1,215)  | 47,877                        |
| Hotel properties on leasehold land         | 19,647                      | 1,894  | -                                       | -                                     | -  | -  | -  | 21,541                        |
| Long term leasehold land<br>and buildings  | 14,510                      | 1,164  | -                                       | -                                     | -  | -  | -  | 15,674                        |
| Short term leasehold land<br>and buildings | 2,813                       | 396  | -                                       | -                                     | -  | (115)  | -  | 3,094                         |
| Jetty and infrastructure                   | 29,863                      | -  | -                                       | -                                     | -  | -  | -  | 29,863                        |
| Plant and machinery                        | 90,175                      | 10,360   | (52)                                    | -                                     | -  | (303)  | -  | 100,180                       |
| Motor vehicles and boats                   | 10,455                      | 2,004  | (1,536)                                 | (34)                                  | -  | (26)   | -  | 10,863                        |
| Office equipment                           | 11,530                      | 1,566  | (43)                                    | (54)                                  | -  | (3)  | (28)   | 12,968                        |
| Furniture, fittings and equipment          | 87,825                      | 7,701  | (460)                                   | (789)                                 | (91)   | (41)   | (1,218)  | 92,927                        |
| Office renovation                          | 215                         | 51   | (53)                                    | -                                     | -  | -  | -  | 213                           |
| Bearer plants                              | 1,075                       | 686  | -                                       | -                                     | -  | -  | -  | 1,761                         |
|  | 324,266                     | 34,717   | (2,144)                                 | (877)                                 | (91)   | (520)  | (2,461)  | 352,890                       |

| As at<br>1.1.2017<br>RM'000 | Made during<br>the year<br>[Note 4(b)(iv)]<br>RM'000 | As at<br>31.12.2017<br>RM'000 |
|-----------------------------|--|-------------------------------|
| -                           | 200  | 200                           |
| -                           | 1,851  | 1,851                         |
| 8,316                       | 10   | 8,326                         |
| 2,120                       | -  | 2,120                         |
| 10,436                      | 2,061  | 12,497                        |

**Accumulated impairment**

|                                   |       |       |
|-----------------------------------|-------|-------|
| Buildings on freehold land        | 200   | 200   |
| Hotel properties on freehold land | 1,851 | 1,851 |
| Jetty and infrastructure          | 10    | 8,326 |
| Construction-in-progress          | -     | 2,120 |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

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

**Group (Cont'd)**

**2016**

|   | As at<br>1.1.2016 |        | Additions |         | Disposals |        | Write off<br>[Note 4(b)(iii)] |        | Reclassifications |        | Foreign<br>exchange<br>differences |         | As at<br>31.12.2016 |        |
|---|-------------------|--------|-----------|---------|-----------|--------|-------------------------------|--------|-------------------|--------|------------------------------------|---------|---------------------|--------|
|   | RM'000            | RM'000 | RM'000    | RM'000  | RM'000    | RM'000 | RM'000                        | RM'000 | RM'000            | RM'000 | RM'000                             | RM'000  | RM'000              | RM'000 |
| <b>At cost</b>                          |                   |        |           |         |           |        |                               |        |                   |        |                                    |         |                     |        |
| Freehold land                           | 169,375           | -      | -         | -       | -         | -      | -                             | -      | -                 | -      | 279                                | 169,654 |                     |        |
| Buildings on freehold land              | 135,653           | 1,990  | (100)     | -       | 160       | -      | -                             | -      | -                 | -      | -                                  | 137,703 |                     |        |
| Golf course on freehold land            | 17,879            | -      | -         | -       | -         | -      | -                             | -      | -                 | -      | -                                  | 17,879  |                     |        |
| Hotel properties on freehold land       | 227,233           | 510    | -         | -       | 28,998    | -      | -                             | -      | -                 | -      | 269                                | 257,010 |                     |        |
| Hotel properties on leasehold land      | 84,448            | 116    | -         | -       | -         | -      | -                             | -      | -                 | -      | -                                  | 84,564  |                     |        |
| Long term leasehold land and buildings  | 85,058            | 328    | -         | -       | 4,842     | -      | -                             | -      | -                 | -      | -                                  | 90,228  |                     |        |
| Short term leasehold land and buildings | 13,699            | 16     | -         | -       | -         | -      | -                             | -      | -                 | 254    | -                                  | 13,969  |                     |        |
| Jetty and infrastructure                | 38,179            | -      | -         | -       | -         | -      | -                             | -      | -                 | -      | -                                  | 38,179  |                     |        |
| Plant and machinery                     | 113,700           | 3,376  | (1,730)   | (812)   | 9,359     | -      | -                             | -      | -                 | 137    | 124,030                            |         |                     |        |
| Motor vehicles and boats                | 16,083            | 2,204  | (685)     | (259)   | -         | -      | -                             | -      | -                 | 14     | 17,357                             |         |                     |        |
| Office equipment                        | 14,343            | 2,003  | (10)      | (141)   | -         | -      | -                             | -      | -                 | 3      | 16,198                             |         |                     |        |
| Furniture, fittings and equipment       | 116,145           | 7,491  | (370)     | (5,427) | 4,421     | -      | -                             | -      | -                 | 86     | 122,346                            |         |                     |        |
| Construction-in-progress                | 50,633            | 2,895  | -         | (31)    | (47,780)  | -      | -                             | -      | -                 | -      | -                                  | 5,717   |                     |        |
| Office renovation                       | 706               | 84     | (21)      | (134)   | -         | -      | -                             | -      | -                 | -      | -                                  | 635     |                     |        |
| Bearer plants                           | 17,263            | 227    | -         | -       | -         | -      | -                             | -      | -                 | -      | -                                  | 17,490  |                     |        |
|   | 1,100,397         | 21,240 | (2,916)   | (6,804) | -         | -      | -                             | -      | -                 | 1,042  | 1,112,959                          |         |                     |        |



**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

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

**Group (Cont'd)**

|  | <b>As at<br/>31.12.2017<br/>RM'000</b> | <b>As at<br/>31.12.2016<br/>RM'000</b> |
|--|--|--|
| <b>Net carrying amount</b>                         |  |  |
| Freehold land                                      | 163,081                                | 169,654                                |
| Buildings on freehold land                         | 123,048                                | 124,733                                |
| Golf course on freehold land                       | 17,879                                 | 17,879                                 |
| Hotel properties on freehold land                  | 201,744                                | 213,822                                |
| Hotel properties on leasehold land                 | 64,915                                 | 64,917                                 |
| Long term leasehold land and buildings             | 74,801                                 | 75,718                                 |
| Short term leasehold land and buildings            | 10,216                                 | 11,156                                 |
| Jetty and infrastructure                           | -                                      | -                                      |
| Plant and machinery                                | 32,328                                 | 33,855                                 |
| Motor vehicles and boats                           | 6,020                                  | 6,902                                  |
| Office equipment                                   | 4,718                                  | 4,668                                  |
| Furniture, fittings and equipment                  | 34,937                                 | 34,521                                 |
| Construction-in-progress                           | 2,110                                  | 3,597                                  |
| Office renovation                                  | 640                                    | 420                                    |
| Bearer plants                                      | 16,007                                 | 16,415                                 |
|  | 752,444                                | 778,257                                |
| Net carrying amount analysed by business segments: |  |  |
| Property   | 179,648                                | 183,472                                |
| Construction                                       | 13,580                                 | 12,841                                 |
| Industries   | 81,423                                 | 86,736                                 |
| Hospitality  | 421,530                                | 438,596                                |
| Financial services and investment holding          | 56,263                                 | 56,612                                 |
|  | 752,444                                | 778,257                                |

**Company**

**2017**

|                        | <b>As at<br/>1.1.2017<br/>RM'000</b> | <b>Additions<br/>RM'000</b> | <b>As at<br/>31.12.2017<br/>RM'000</b> |
|------------------------|--------------------------------------|-----------------------------|--|
| <b>At cost</b>         |                                      |                             |  |
| Furniture and fittings | -                                    | 21                          | 21                                     |
| Motor vehicle          | -                                    | 464                         | 464                                    |
| Office equipment       | 123                                  | 278                         | 401                                    |
| Office renovation      | 84                                   | 273                         | 357                                    |
| Plant and machinery    | -                                    | 5                           | 5                                      |
|                        | 207                                  | 1,041                       | 1,248                                  |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

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

**Company (Cont'd)**

**2017**

|                                 | <b>As at<br/>1.1.2017</b> | <b>Charge for<br/>the year<br/>[Note 4(b)(ii)]</b> | <b>As at<br/>31.12.2017</b> |
|---------------------------------|---------------------------|--|-----------------------------|
|                                 | <b>RM'000</b>             | <b>RM'000</b>                                      | <b>RM'000</b>               |
| <b>Accumulated depreciation</b> |                           |  |                             |
| Furniture and fittings          | -                         | 3  | 3                           |
| Motor vehicle                   | -                         | 5  | 5                           |
| Office equipment                | 18                        | 62   | 80                          |
| Office renovation               | 2                         | 19   | 21                          |
| Plant and machinery             | -                         | 1  | 1                           |
|                                 | <b>20</b>                 | <b>90</b>  | <b>110</b>                  |

**2016**

|                                 | <b>As at<br/>1.1.2016</b> | <b>Additions</b> | <b>Charge for<br/>the year<br/>[Note 4(b)(ii)]</b> | <b>As at<br/>31.12.2016</b> |
|---------------------------------|---------------------------|------------------|--|-----------------------------|
|                                 | <b>RM'000</b>             | <b>RM'000</b>    | <b>RM'000</b>                                      | <b>RM'000</b>               |
| <b>At cost</b>                  |                           |                  |  |                             |
| Office equipment                | 24                        | 99               | -  | 123                         |
| Office renovation               | -                         | 84               | -  | 84                          |
|                                 | <b>24</b>                 | <b>183</b>       | <b>-</b>   | <b>207</b>                  |
| <b>Accumulated depreciation</b> |                           |                  |  |                             |
| Office equipment                | 7                         | -                | 11   | 18                          |
| Office renovation               | -                         | -                | 2  | 2                           |
|                                 | <b>7</b>                  | <b>-</b>         | <b>13</b>  | <b>20</b>                   |

|                            | <b>As at<br/>31.12.2017</b> | <b>As at<br/>31.12.2016</b> |
|----------------------------|-----------------------------|-----------------------------|
|                            | <b>RM'000</b>               | <b>RM'000</b>               |
| <b>Net carrying amount</b> |                             |                             |
| Furniture and fittings     | 18                          | -                           |
| Motor vehicle              | 459                         | -                           |
| Office equipment           | 321                         | 105                         |
| Office renovation          | 336                         | 82                          |
| Plant and machinery        | 4                           | -                           |
|                            | <b>1,138</b>                | <b>187</b>                  |

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

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

##### (a) Recognition, measurement and significant judgement

Property, plant and equipment are initially measured at cost and subsequently at cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land and golf course on freehold land are not depreciated. Construction-in-progress is not depreciated until such time when the asset is available for use.

Depreciation is calculated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life. The estimated useful life represent common life expectancies applied in the industry within which the Group and the Company operate. The principal depreciation periods and annual rates used are as follows:

|   | Years   | Percentage (%) |
|---|---------|----------------|
| Buildings on freehold land              | 50      | 2              |
| Hotel properties on freehold land       | 50      | 2              |
| Hotel properties on leasehold land      | 43      | 2              |
| Long term leasehold land and buildings  | 50 - 98 | 1 - 2          |
| Short term leasehold land and buildings | 24 - 47 | 2 - 4          |
| Jetty and infrastructure                | 50      | 2              |
| Plant and machinery                     | 5 - 10  | 10 - 20        |
| Motor vehicles and boats                | 5 - 7   | 15 - 20        |
| Office equipment                        | 5 - 7   | 15 - 20        |
| Furniture, fittings and equipment       | 5 - 10  | 10 - 20        |
| Office renovation                       | 10      | 10             |
| Bearer plants                           | 22      | 5              |

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

At the end of the year, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

The Group has assessed and classified land use rights of the Group as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights as finance lease in accordance with MFRS 117 Leases.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

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

**(b) Other information**

**(i) Assets pledged as security**

Property, plant and equipment of certain subsidiary companies with the following carrying amounts are pledged to licensed financial institutions for credit facilities granted to the subsidiary companies as disclosed in Note 22(b):

|                                     | <b>Group</b>  |               |
|-------------------------------------|---------------|---------------|
|                                     | <b>2017</b>   | <b>2016</b>   |
|                                     | <b>RM'000</b> | <b>RM'000</b> |
| Freehold land and buildings         | 57,074        | 21,610        |
| Freehold land and hotel properties  | 171,723       | 176,637       |
| Other property, plant and equipment | -             | 808           |
|                                     | 228,797       | 199,055       |

**(ii) Depreciation charge**

The total depreciation charge for the year is recognised and classified as follows:

|   | <b>Note</b> | <b>Group</b>  |               | <b>Company</b> |               |
|---|-------------|---------------|---------------|----------------|---------------|
|   |             | <b>2017</b>   | <b>2016</b>   | <b>2017</b>    | <b>2016</b>   |
|   |             | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>  | <b>RM'000</b> |
| Recognised in profit or loss:   |             |               |               |                |               |
| - Cost of sales   | 30(b)       | 5,160         | 4,890         | -              | -             |
| - Administrative expenses   | 32          | 23,739        | 24,111        | 90             | 13            |
| Capitalised in assets:  |             |               |               |                |               |
| - Contract assets and liabilities in relation to construction contracts | 13(b)(iii)  | 5,818         | 5,748         | -              | -             |
|   |             | 34,717        | 34,749        | 90             | 13            |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

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

**(b) Other information (Cont'd)**

**(iii) Write off**

The plant and equipment written off for the year is recognised and classified as follows:

|   | Note       | 2017<br>RM'000 | Group<br>2016<br>RM'000 |
|---|------------|----------------|-------------------------|
| Cost  |            | 1,327          | 6,804                   |
| Accumulated depreciation  |            | (877)          | (6,253)                 |
| Net carrying amount   |            | 450            | 551                     |
| Recognised in profit or loss:   |            |                |                         |
| - Other expenses  | 33         | 376            | 485                     |
| Capitalised in assets:  |            |                |                         |
| - Contract assets and liabilities in relation to construction contracts | 13(b)(iii) | 74             | 66                      |
|   |            | 450            | 551                     |

**(iv) Impairment**

Total impairment losses recognised for the year are as follows:

|                                   | Note | 2017<br>RM'000 | Group<br>2016<br>RM'000 |
|-----------------------------------|------|----------------|-------------------------|
| Buildings on freehold land        | *    | 200            | -                       |
| Hotel properties on freehold land | *    | 1,851          | -                       |
| Jetty and infrastructure          | ^    | 10             | 8,316                   |
| Construction-in-progress          | ^    | -              | 2,120                   |
|                                   | 33   | 2,061          | 10,436                  |

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

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

##### (b) Other information (Cont'd)

##### (iv) Impairment (Cont'd)

\* In accordance with the accounting policies, the Group assesses whether the carrying amount of the assets is fully recoverable. The impairment were made to the building and hotel property as the carrying amount exceeds the recoverable amount.

^ Pursuant to the agreement dated 27 March 2013, entered between Damai Laut Golf Resort Sdn. Bhd. and Perak State Government for the proposed development of a sea villa on seabed with 20.23 hectare at Mukim Lumut, Daerah Manjung, Perak, the Group has capitalised RM10.4 million in respect of the infrastructure development costs. As the agreement expired on 26 March 2016, the infrastructure development costs was considered irrevocable at the end of the previous year and impairment on the entire sum has been made accordingly.

##### (v) Changes in estimates

During the year, the Group conducted an operational efficiency review on its assets and revised the estimated useful life of certain assets after reassessing those assets' estimated useful life. The revision in estimate has been applied prospectively with effect from 1 January 2017. The effect of the above revision on depreciation charge in current year is not material.

##### (vi) Transfer of asset

The property, plant and equipment transferred to non-current assets held for sale is as follows:

|                          | Note | Group<br>2017<br>RM'000 | Group<br>2016<br>RM'000 |
|--------------------------|------|-------------------------|-------------------------|
| Cost                     |      | 15,102                  | -                       |
| Accumulated depreciation |      | (2,461)                 | -                       |
| Net carrying amount      | 20   | 12,641                  | -                       |

##### (vii) Others

During the year, a motor vehicle with carrying amount of RM90,000 was awarded to a long service Director as recognition of his past contributions to the Group.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**5. INVESTMENT PROPERTIES**

|  | Note | Group          |                |
|--|------|----------------|----------------|
|  |      | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>Investment properties, at fair value</b>            |      |                |                |
| At the beginning of the year                           |      | 631,610        | 567,866        |
| Classified as non-current assets held for sale         | 20   | -              | (8,000)        |
| Disposals  |      | (4,500)        | (21,600)       |
| Expenditure incurred                                   | (c)  | 14,498         | 37,360         |
| Gain on fair valuation recognised in profit or loss    | 31   | 53,127         | 55,984         |
| At the end of the year                                 |      | 694,735        | 631,610        |
| <b>Investment property under construction, at cost</b> |      |                |                |
| At the beginning of the year                           |      | 18,170         | 2,476          |
| Expenditure incurred                                   | (c)  | 38             | 15,694         |
| At the end of the year                                 |      | 18,208         | 18,170         |
|  |      | 712,943        | 649,780        |

**(a) Recognition and measurement**

Investment properties, principally comprise properties held for rental yields or capital appreciation or both and are not occupied by the Group.

Investment properties are initially measured at cost, the fair value of consideration paid, including related transaction costs and subsequently carried at fair value.

Investment property under construction is measured at fair value if the fair value is considered reliable, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, it is measured at cost until either the fair value becomes reliably determinable or construction is completed, whichever is earlier.

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

Gains or losses arising from changes in the fair values of investment properties are recognised in the profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognised in profit or loss in the year of retirement or disposal.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 5. INVESTMENT PROPERTIES (CONT'D)

##### (b) Fair value measurement and significant judgement

###### (i) Valuation process overview

The Group's investment properties are valued by independent professionally qualified valuers who hold recognised relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. The management team reviewed and discussed the valuations, including valuation processes, performed by the independent valuers for financial reporting purposes. Below are the key review processes carried out each year:

- (1) Verification of all major inputs to the independent valuation report;
- (2) Assessment of property valuation movements when compared to the prior year valuation report; and
- (3) Discussions with the independent valuer.

###### (ii) Valuation techniques adopted

Pursuant to MFRS 13 Fair Value Measurement, the Group establishes a fair value hierarchy that is categorised into three levels of inputs to valuation techniques which are used to measure fair value. The carrying amount of the investment properties categorised into the fair value hierarchy are as follow:

|   | <b>Group</b>  |               |
|---|---------------|---------------|
|   | <b>2017</b>   | <b>2016</b>   |
|   | <b>RM'000</b> | <b>RM'000</b> |
| (1) There is no investment properties categorised under Level 1, using unadjusted active market price of identified assets.   | -             | -             |
| (2) Investment properties included in Level 2, valuation techniques for which all inputs that have a significant effect on the recorded fair values are observable for the asset, using the market approach (comparison approach) which uses observable inputs (including prices and other relevant information generated by market transactions involving identical or comparable/similar properties). | 353,382       | 297,873       |
| (3) Investment properties included in Level 3, valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data for the asset, using investment, residual and income capitalisation approaches based on inputs which are not observable market data.  | 359,561       | 351,907       |
|   | 712,943       | 649,780       |

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 5. INVESTMENT PROPERTIES (CONT'D)

##### (b) Fair value measurement and significant judgement (Cont'd)

###### (ii) Valuation techniques adopted (Cont'd)

The Group engaged independent valuation specialists to determine fair values of the investment properties. The fair value was determined using income capitalisation method and/or comparison method.

By using income capitalisation method, the comparison method is used as a check. Income capitalisation method of valuation entails determining the net annual income by deducting the annual outgoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of investment to arrive at the market value. The key inputs for valuation techniques include:

- (1) Estimated rental/income : based on income and period of the existing lease agreement
- (2) Term rate : capitalisation rate for term of lease based on current rate of return of the properties in market
- (3) Reversion rate : capitalisation rate for perpetuity based on current rate of return of the properties in market
- (4) Void allowance : based on the current occupancy rate in the market according to the type and location of the properties

Those inputs are unobservable, any significant change in the inputs might result in a significantly higher or lower fair value measurement. In such, the increase/(decrease) in the estimated rental/income would result in a higher/(lower) fair value of the investment property. The higher/(lower) term rate, reversion rate or void allowance would otherwise will result in lower/(higher) fair value of the investment property.

The comparison method analyses recent transactions and asking price of similar properties in the larger locality with applicable adjustments made for differences in location, size and etc.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**5. INVESTMENT PROPERTIES (CONT'D)**

**(b) Fair value measurement and significant judgement (Cont'd)**

**(iii) Fair value reconciliation of investment properties measured at Level 3**

| <b>Group</b>                                 | <b>Office buildings<br/>RM'000</b> | <b>Shopping mall,<br/>supermarket<br/>premises and<br/>car park<br/>RM'000</b> | <b>Others<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|------------------------------------|--|--------------------------|-------------------------|
| <b>2017</b>                                  |                                    |  |                          |                         |
| At the beginning of the year                 | -                                  | 344,469  | 7,438                    | 351,907                 |
| Expenditure incurred                         | -                                  | 14,188   | 13                       | 14,201                  |
| Loss on fair valuation                       | -                                  | (7,188)  | -                        | (7,188)                 |
| Transfer from level 2                        | -                                  | 641  | -                        | 641                     |
| At the end of the year                       | -                                  | 352,110  | 7,451                    | 359,561                 |
| <b>2016</b>                                  |                                    |  |                          |                         |
| At the beginning of the year                 | 8,000                              | 329,643  | 7,438                    | 345,081                 |
| Expenditure incurred                         | -                                  | 32,052   | -                        | 32,052                  |
| Gain on fair valuation                       | -                                  | 54,154   | -                        | 54,154                  |
| Transfer to non-current assets held for sale | (8,000)                            | -  | -                        | (8,000)                 |
| Car park transfer to Level 2                 | -                                  | (71,380)   | -                        | (71,380)                |
| At the end of the year                       | -                                  | 344,469  | 7,438                    | 351,907                 |

Valuation techniques used and key inputs for valuation on the investment properties measured at Level 3 are described below:

| <b>Property category</b> | <b>Valuation technique</b>   | <b>Significant unobservable inputs</b> | <b>Group</b>  |               |
|--------------------------|------------------------------|--|---------------|---------------|
|                          |                              |  | <b>2017</b>   | <b>2016</b>   |
| Shopping mall            | Income Capitalisation method | Estimated net income (RM'000)          | 22,000        | 19,928        |
|                          |                              | Term rate                              | 6.00%         | 6.00%         |
|                          |                              | Reversion rate                         | 7.00%         | 7.00%         |
|                          |                              | Void allowances                        | 12.00%        | 15.00%        |
| Supermarket premises     | Income Capitalisation method | Estimated rental (RM'000)              | 7,386         | 7,386         |
|                          |                              | Term rate                              | 5.75% - 7.00% | 5.75% - 7.00% |
|                          |                              | Reversion rate                         | 7.25% - 8.00% | 7.25% - 8.00% |
|                          |                              | Void allowances                        | 5.00%         | 5.00%         |
| Others                   | Income Capitalisation method | Estimated rental (RM'000)              | 265           | 265           |
|                          |                              | Term rate                              | 5.75%         | 5.75%         |
|                          |                              | Reversion rate                         | 7.25%         | 7.25%         |
|                          |                              | Discount rate                          | 4.87%         | 4.87%         |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**5. INVESTMENT PROPERTIES (CONT'D)**

**(c) Other information**

(i) Investment properties at fair value

The investment properties of the Group comprise shopping mall, supermarket premises, office buildings, shop offices, commercial units, residential units and car parks. The expenditure incurred under investment properties during the year mainly represented additional costs incurred for the existing investment properties. Rental income and direct expenses arising from investment properties during the year are as follows:

|                                    | <b>Group</b>  |               |
|------------------------------------|---------------|---------------|
|                                    | <b>2017</b>   | <b>2016</b>   |
|                                    | <b>RM'000</b> | <b>RM'000</b> |
| Rental income generated            | 30,152        | 33,057        |
| Direct expenses - Income generated | 14,674        | 12,828        |

(ii) Investment property under construction, at cost

Investment properties under construction consist of expenditure incurred for the planned building on freehold land. In previous year, the expenditure incurred for investment properties under construction mainly represented charge paid for office building plot ratio.

(iii) Investment properties pledged as security

Investment properties of certain subsidiary companies with a carrying amount of RM409.6 million (2016: RM406.8 million) are pledged to licensed financial institutions for the credit facilities granted to certain subsidiary companies [Note 22(b)].

(iv) The Group has no restriction on the realisability of its investment properties and no contracted obligations to purchase, construct or development investment property or for repairs, maintenance or enhancement.

(v) Others

During the year, a subsidiary company disposed off certain non-core properties and recognised a total gains of RM4.9 million (2016: RM6.0 million) (Note 31).

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**6. INVESTMENTS IN SUBSIDIARY COMPANIES**

|   | Note | Company        |                |
|---|------|----------------|----------------|
|   |      | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>Quoted shares in Malaysia</b>  |      |                |                |
| <b>At cost</b>  |      |                |                |
| At the beginning of the year  |      | -              | 698,265        |
| Acquisition of additional equity interests  |      | -              | 55,440         |
| Reclassification to unquoted shares upon delisting  |      | -              | (753,705)      |
| At the end of the year  |      | -              | -              |
| <b>Unquoted shares in Malaysia</b>  |      |                |                |
| <b>At cost</b>  |      |                |                |
| At the beginning of the year  |      | 1,772,832      | 1,018,532      |
| Acquisition of additional equity interests  |      | 139,184        | 595            |
| Reclassification from quoted shares upon delisting  |      | -              | 753,705        |
| At the end of the year  |      | 1,912,016      | 1,772,832      |
| <b>Accumulated impairment loss</b>  |      |                |                |
| At the beginning of the year  |      | (97,977)       | (48,529)       |
| Allowance made  | 33   | -              | (49,448)       |
| At the end of the year  |      | (97,977)       | (97,977)       |
|   |      | 1,814,039      | 1,674,855      |
| Fair value of financial guarantee given to financial institutions for credit facilities granted to certain subsidiary companies |      | 15,791         | 15,791         |
|   |      | 1,829,830      | 1,690,646      |

**(a) Recognition, measurement and significant judgement**

Subsidiary companies are all entities, including structured entities, over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Investments in subsidiary companies are stated at cost which is measured at the fair value of consideration paid and subsequently carried at cost less accumulated impairment loss, if any.

The Company reviews the investments in subsidiary companies for impairment when there is an indication of impairment at the end of the year. The recoverable amounts of the investments in subsidiary companies are assessed by reference to the fair value less cost to sell of the underlying assets or value-in-use of subsidiary companies.

In previous year, due to the disposal of non-core investment properties, the recoverable amount determined based on the projected cash flows was lower than the carrying amount of the investment in a subsidiary company, KE-ZAN Holdings Berhad, the Company made an impairment loss of RM49.4 million. There was no material financial effect to the Group.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)**

**(b) Changes in Group's composition**

**(i) Acquisitions of additional equity interests from non-controlling interests of PJ Development Holdings Berhad ("PJD")**

From 1 January 2017 to 28 February 2017, pursuant to the Notice to Holder Who Has Not Accepted the Voluntary Take-Over Offer dated 4 October 2016, the Company further acquired the following ordinary shares and warrants of PJD:

|                                   | <b>Shares</b> | <b>Warrants C</b> |
|-----------------------------------|---------------|-------------------|
| Number of units                   | 2,156,000     | 1,498,083         |
| Average price per unit (RM)       | 1.50          | 0.50              |
| Total purchase consideration (RM) | 3,234,000     | 749,042           |

Arising from the above, the Company's effective interest in ordinary shares and warrants of PJD increased from 96.42% to 96.83% and from 90.60% to 91.67% respectively.

There were no acquisitions of ordinary shares and warrants of PJD in March 2017. From 1 April 2017 to 31 December 2017, the Company further acquired the following ordinary shares of PJD from open market:

|                                   | <b>Shares</b> |
|-----------------------------------|---------------|
| Number of units                   | 808,880       |
| Average price per unit (RM)       | 1.50          |
| Total purchase consideration (RM) | 1,213,320     |

The acquisitions of additional equity interests from non-controlling interests of PJD have the following effects to the Group:

|   | <b>RM'000</b>  |
|---|----------------|
| Net assets acquired from non-controlling interests                | (7,219)        |
| Gains on consolidation recognised in equity                       | 2,772          |
| Cash outflow on acquisitions of additional ordinary shares in PJD | (4,447)        |
| Cash outflow on acquisitions of additional warrants in PJD        | (749)          |
|   | <u>(5,196)</u> |

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2017

### 6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

#### (b) Changes in Group's composition (Cont'd)

##### (ii) Issuance of 309,499 PJD's ordinary shares pursuant to conversion of PJD's Warrants C

From 11 May 2017 to 31 December 2017, PJD, a subsidiary company of the Company, issued 309,499 new ordinary shares for cash pursuant to the exercise of warrants at an exercise price of RM1.00 cash for the equivalent numbers by the registered holders.

Accordingly, the Company's effective interest in PJD's ordinary shares and warrants increased from 96.83% to 96.93% and from 91.67% to 91.87% respectively.

##### (iii) Incorporation of Yarra Development Holdings (Australia) Sdn. Bhd. ("YDH")

On 28 March 2017, PJD incorporated a wholly-owned subsidiary company, YDH, with an issued and paid up capital of RM100 comprising of 100 ordinary shares.

##### (iv) Incorporation of Yarra Australia Development Pty. Ltd. ("YAD")

On 29 March 2017, YDH incorporated a wholly-owned subsidiary company, YAD, with an issued and paid up capital of AUD10 comprising of 10 ordinary shares.

##### (v) Share Sale Agreement entered by PJD and Employees Provident Fund Board ("EPF") and Share Subscription Agreement entered by YAD and Yarra Park City Pty. Ltd. ("YPC")

On 5 April 2017, PJD entered into a Share Sale Agreement with EPF for the disposal of 100 ordinary shares representing 100% equity interest in YDH, a wholly-owned subsidiary company of PJD, which in turn is a subsidiary company of the Company, for a total cash consideration of RM100 ("Disposal of YDH").

On even date, YAD has entered into a Share Subscription Agreement with YPC, a 81.85% owned subsidiary company of P.J. (A) Pty. Limited, which is a subsidiary company of PJD, which in turn a 79.26% owned subsidiary company of the Company, to subscribe for 110,490,197 ordinary shares in the YPC at AUD154.0 million ("Base Subscription Amount"), which may be adjusted to include an amount or amounts (if any) of up to (in aggregate) AUD21.0 million ("Contingent Amount") in accordance with the Subscription Agreement, which representing 49.00% of the entire enlarged paid-up share capital of the YPC ("Share Subscription").

On 7 August 2017, the Disposal of YDH was duly completed.

On 8 August 2017, the Share Subscription was duly completed.

The Disposal of YDH has no material impact to the Group. The Share Subscription by YAD resulted in a dilution (or deemed disposal) of the Group's effective interest in YPC from 79.30% to 40.44% and the Group accounts for it as an associated company as disclosed in Note 7. The gain on deemed disposal comprised the difference between the fair value of interest retained in YPC and the carrying amount of investment in YPC as well as realisation of foreign exchange reserve.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)**

**(b) Changes in Group's composition (Cont'd)**

**(v) Share Sale Agreement entered by PJD and Employees Provident Fund Board ("EPF") and Share Subscription Agreement entered by YAD and Yarra Park City Pty. Ltd. ("YPC") (Cont'd)**

The Share Subscription by YAD in YPC resulted in a deemed disposal of YPC which was completed on 8 August 2017, the date control of YPC passed to the acquirer.

The values of assets and liabilities of YPC recorded in the consolidated financial statements as at 8 August 2017 are as follow:

|  | <b>Note</b> | <b>RM'000</b>        |
|--|-------------|----------------------|
| Equipment  | 4           | 1,083                |
| Inventories  | 9           | 598,201              |
| Deferred tax assets  | 10          | 1,330                |
| Other receivables, deposits and prepayments                    |             | 1,413                |
| Cash and short-term funds                                      |             | 2,960                |
| Borrowings   |             | (106,606)            |
| Trade payables   |             | (5,855)              |
| Amount due to related companies                                |             | (106,642)            |
| Other payables, deposits and accruals                          |             | (7,643)              |
| Net assets   |             | 378,241              |
| Non-controlling interest                                       |             | (70,314)             |
| Realisation of foreign exchange reserve                        |             | (40,599)             |
| Capitalised as investment in an associated company             |             | 267,328              |
| Gain on deemed disposal of a subsidiary company at Group level | 31          | (445,626)<br>177,612 |
| Expenses incurred upon deemed disposal                         |             | (686)                |
| Cash balances of a subsidiary company deemed disposed          |             | (2,960)              |
| Net cash outflow from deemed disposal of a subsidiary company  |             | (3,646)              |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)**

**(b) Changes in Group's composition (Cont'd)**

**(v) Share Sale Agreement entered by PJD and Employees Provident Fund Board ("EPF") and Share Subscription Agreement entered by YAD and Yarra Park City Pty. Ltd. ("YPC") (Cont'd)**

Gain on the deemed disposal of YPC, including realisation of foreign exchange gain based on a prevailing foreign exchange rate on 8 August 2017, on the Group's financial statements:

|  | <b>RM'000</b> |
|--|---------------|
| Fair value of investment in an associated company recognised upon change of status from a subsidiary company (Deemed disposal) | 445,626       |
| Less: Cost of investment in a subsidiary company   | (267,046)     |
| Less: Expenses incurred on deemed disposal   | (686)         |
| <hr/>  |               |
| Gain on deemed disposal of a subsidiary company at a subsidiary company level  | 177,894       |
| Pre-acquisition reserves recognised upon acquisition   | 2,087         |
| Post-acquisition reserves recognised up to the date of deemed disposal   | (109,626)     |
| Realisation of foreign exchange reserve  | 40,599        |
| Excess of fair value over carrying amount of the remaining equity stake (gain on dilution of equity interest)                  | 66,658        |
| <hr/>  |               |
| Gain on deemed disposal of a subsidiary company at Group level   | 177,612       |

As at 31 December 2017, the Group's effective interest in YPC increased from 40.44% to 40.46% due to the changes of interest in PJD as disclosed in 6(b)(i) and (ii).

**(vi) Striking off of Olympic Cable (Singapore) Pte. Ltd. ("OCS")**

On 4 July 2017, OCS, a wholly-owned subsidiary company of Olympic Cable Company Sdn. Bhd., which is a wholly-owned subsidiary company of PJD, which in turn is a subsidiary company of the Company, has been struck off from the register under the Singapore Companies Act (Chapter 50) by application to the Accounting and Corporate Regulatory Authority of Singapore. The striking off of OCS did not have any material financial effect to the Group.

**(vii) Striking off of Swiss-Garden Rewards (Singapore) Pte. Ltd. ("SGRS")**

On 7 August 2017, SGRS, a wholly-owned subsidiary company of Swiss-Garden Rewards Sdn. Bhd., which is a wholly-owned subsidiary company of PJD, which in turn is a subsidiary company of the Company has been struck off from the register under the Singapore Companies Act (Chapter 50) by application to the Accounting and Corporate Regulatory Authority of Singapore. The striking off did not have any material financial effect to the Group.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **31 DECEMBER 2017**

#### **6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)**

##### **(b) Changes in Group's composition (Cont'd)**

###### **(viii) Issuance of 18,101,311 OSK Property Holdings Berhad's ("OSKP") ordinary shares pursuant to exercise of OSKP's Warrants C**

From 1 July 2017 to 28 August 2017, OSKP issued 18,101,311 new ordinary shares for cash pursuant to the exercise of warrants at exercise price of RM1.00 each for the equivalent numbers by the Company and the registered holders of 17,870,378 and 230,933 respectively.

Arising from the above, the Company's effective interest in ordinary shares of OSKP decreased from 99.99% to 99.93%.

The remaining OSKP's Warrants C of 801,350 units have expired on 28 August 2017.

###### **(ix) Subscription of redeemable preference shares and ordinary shares in OSK Realty Sdn. Bhd. ("OSKR")**

On 27 February 2017, the Company subscribed for 75,000,000 redeemable preference shares in OSKR, a wholly-owned subsidiary company of the Company, for a cash consideration of RM75,000,000.

On 16 October 2017, the Company subscribed for 24,000,000 new ordinary shares in OSKR for a cash consideration of RM24,000,000.

The issued and paid up ordinary share capital of OSKR was increased from RM150,000,000 to RM174,000,000. The equity interest in OSKR remained at 100%.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)**

**(c) Subsidiary companies with non-controlling interests**

The subsidiary companies of the Group that have non-controlling interests that are material to the Group:

|  | <b>OSKP<br/>Group<br/>RM'000</b> | <b>PJD<br/>Group<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|----------------------------------|---------------------------------|-------------------------|
| <b>2017</b>  |                                  |                                 |                         |
| Proportion of ownership interest held by non-controlling interests | 0.07%                            | 3.07%                           |                         |
| Accumulated non-controlling interests                              | 25,025                           | 43,209                          | 68,234                  |
| (Loss)/Profit attributable to non-controlling interests            | (1,488)                          | 4,875                           | 3,387                   |
| Dividend paid to non-controlling interests of OSKP/PJD             | -                                | -                               | -                       |
| <b>2016</b>  |                                  |                                 |                         |
| Proportion of ownership interest held by non-controlling interests | 0.01%                            | 3.58%                           |                         |
| Accumulated non-controlling interests                              | 29,172                           | 113,208                         | 142,380                 |
| Profit attributable to non-controlling interests                   | 3,842                            | 913                             | 4,755                   |
| Dividend paid to non-controlling interests of OSKP/PJD             | 686                              | -                               | 686                     |

There were significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiary companies with material non-controlling interests.

The above information is presented based on the financial statements of subsidiary groups before accounting for fair value adjustments upon both entities being acquired and intercompany transactions elimination.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)**

**(c) Subsidiary companies with non-controlling interests (Cont'd)**

Summarised financial information of the subsidiary companies have non-controlling interests are set out below:

**2017**

|   | <b>OSKP<br/>Group<br/>RM'000</b> | <b>PJD<br/>Group<br/>RM'000</b> |
|---|----------------------------------|---------------------------------|
| <u>Aggregated assets and liabilities (100%)</u>                 |                                  |                                 |
| Current assets  | 549,971                          | 987,087                         |
| Non-current assets  | 810,804                          | 1,208,899                       |
| <b>Total assets</b>   | <b>1,360,775</b>                 | <b>2,195,986</b>                |
| <u>Aggregated liabilities (100%)</u>                            |                                  |                                 |
| Current liabilities   | (430,647)                        | (546,940)                       |
| Non-current liabilities   | (320,095)                        | (356,528)                       |
| <b>Total liabilities</b>  | <b>(750,742)</b>                 | <b>(903,468)</b>                |
| <b>Net assets</b>   | <b>610,033</b>                   | <b>1,292,518</b>                |
| <u>Aggregated results (100%)</u>                                |                                  |                                 |
| Revenue   | 388,986                          | 794,974                         |
| Profit for the year   | 4,378                            | 198,032                         |
| Other comprehensive loss  | -                                | (64,706)                        |
| <b>Total comprehensive income</b>                               | <b>4,378</b>                     | <b>133,326</b>                  |
| Profit/(Loss) attributable to:                                  |                                  |                                 |
| - owners of OSKP/PJD  | 5,847                            | 199,522                         |
| - non-controlling interests of OSKP/PJD                         | (1,469)                          | (1,490)                         |
|   | <b>4,378</b>                     | <b>198,032</b>                  |
| Total comprehensive income/(loss) attributable to:              |                                  |                                 |
| - owners of OSKP/PJD  | 5,847                            | 131,385                         |
| - non-controlling interests of OSKP/PJD                         | (1,469)                          | 1,941                           |
|   | <b>4,378</b>                     | <b>133,326</b>                  |
| <u>Aggregated cash flows (100%)</u>                             |                                  |                                 |
| Net cash generated from/(used in)                               |                                  |                                 |
| - operating activities  | 72,581                           | 83,075                          |
| - investing activities  | (15,474)                         | (33,797)                        |
| - financing activities  | 5,661                            | (92,184)                        |
| <b>Net increase/(decrease) in cash<br/>and cash equivalents</b> | <b>62,768</b>                    | <b>(42,906)</b>                 |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)**

**(c) Subsidiary companies with non-controlling interests (Cont'd)**

Summarised financial information of the subsidiary companies have non-controlling interests are set out below: (Cont'd)

**2016**

|  | <b>OSKP<br/>Group<br/>RM'000</b> | <b>PJD<br/>Group<br/>RM'000</b> |
|--|----------------------------------|---------------------------------|
| <u>Aggregated assets and liabilities (100%)</u>      |                                  |                                 |
| Current assets                                       | 710,231                          | 1,004,448                       |
| Non-current assets                                   | 651,857                          | 1,339,933                       |
| Total assets   | 1,362,088                        | 2,344,381                       |
| <u>Aggregated liabilities (100%)</u>                 |                                  |                                 |
| Current liabilities                                  | (465,286)                        | (476,440)                       |
| Non-current liabilities                              | (241,098)                        | (602,673)                       |
| Total liabilities                                    | (706,384)                        | (1,079,113)                     |
| Net assets   | 655,704                          | 1,265,268                       |
| <u>Aggregated results (100%)</u>                     |                                  |                                 |
| Revenue  | 564,019                          | 727,241                         |
| Profit/(Loss) for the year                           | 23,674                           | (6,797)                         |
| Other comprehensive income                           | -                                | 18,402                          |
| Total comprehensive income                           | 23,674                           | 11,605                          |
| Profit/(Loss) attributable to:                       |                                  |                                 |
| - owners of OSKP/PJD                                 | 19,834                           | (6,859)                         |
| - non-controlling interests of OSKP/PJD              | 3,840                            | 62                              |
|  | 23,674                           | (6,797)                         |
| Total comprehensive income attributable to:          |                                  |                                 |
| - owners of OSKP/PJD                                 | 19,834                           | 8,714                           |
| - non-controlling interests of OSKP/PJD              | 3,840                            | 2,891                           |
|  | 23,674                           | 11,605                          |
| <u>Aggregated cash flows (100%)</u>                  |                                  |                                 |
| Net cash (used in)/generated from:                   |                                  |                                 |
| - operating activities                               | (8,111)                          | 60,451                          |
| - investing activities                               | (38,223)                         | (6,546)                         |
| - financing activities                               | (64,715)                         | (16,171)                        |
| Net (decrease)/increase in cash and cash equivalents | (111,049)                        | 37,734                          |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)**

**(d) List of subsidiary companies**

Subsidiary companies of the Company which have the same financial year ended 31 December are as follows:

| Name of companies   | Principal place of business/<br>Country of incorporation | Principal activities   | Effective proportion of ownership interest |           |
|---|--|--|--|-----------|
|   |  |  | 2017<br>%                                  | 2016<br>% |
| OSK Capital Sdn. Bhd.   | Malaysia   | Capital financing business   | 100.00                                     | 100.00    |
| OSK Realty Sdn. Bhd.  | Malaysia   | Property investment and letting of commercial properties                     | 100.00                                     | 100.00    |
| KE-ZAN Holdings Berhad  | Malaysia   | Property investment and letting of commercial properties                     | 100.00                                     | 100.00    |
| OSK Capital Management Sdn. Bhd.                                  | Malaysia   | Provision of treasury management services                                    | 100.00                                     | 100.00    |
| OSK Management Services Sdn. Bhd. (f.k.a. OSK Ventures Sdn. Bhd.) | Malaysia   | Provision of management services   | 100.00                                     | 100.00    |
| OSK Property Holdings Berhad                                      | Malaysia   | Investment holding   | 99.93<br>Note 6(b)(viii)                   | 99.99     |
| PJ Development Holdings Berhad                                    | Malaysia   | Investment holding, property investment and provision of management services | 96.93<br>Note 6(b)(ii)                     | 96.42     |
| <b>Subsidiary companies of OSK Property Holdings Berhad</b>       |  |  |  |           |
| Aspect Synergy Sdn. Bhd.  | Malaysia   | Property development   | 99.93                                      | 99.99     |
| Aspect Potential Sdn. Bhd.  | Malaysia   | Property development   | 99.93                                      | 99.99     |
| Atria Damansara Sdn. Bhd.   | Malaysia   | Property investment and development  | 99.93                                      | 99.99     |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)**

**(d) List of subsidiary companies (Cont'd)**

| Name of companies  | Principal place of business/<br>Country of incorporation | Principal activities  | Effective proportion of ownership interest |           |
|--|--|---|--|-----------|
|  |  |   | 2017<br>%                                  | 2016<br>% |
| <b>Subsidiary companies of OSK Property Holdings Berhad (Cont'd)</b> |  |   |  |           |
| Atria Shopping Gallery Sdn. Bhd.                                     | Malaysia   | Mall management and operations  | 99.93                                      | 99.99     |
| Atria Parking Management Sdn. Bhd.                                   | Malaysia   | Car park management and operations  | 99.93                                      | 99.99     |
| Country Wheels Sdn. Bhd.   | Malaysia   | Property development  | 50.97                                      | 50.99     |
| Dikir Dagang Sdn. Bhd.   | Malaysia   | Property development  | 99.93                                      | 99.99     |
| Dikir Venture Sdn. Bhd.  | Malaysia   | Property development  | 99.93                                      | 99.99     |
| Jelang Vista Sdn. Bhd.   | Malaysia   | Property development  | 99.93                                      | 99.99     |
| OSK Properties Sdn. Bhd.   | Malaysia   | Property development, investment and sale of oil palm fresh fruit bunches | 99.93                                      | 99.99     |
| OSK Properties (Seremban) Sdn. Bhd.                                  | Malaysia   | Property development  | 99.93                                      | 99.99     |
| OSK Properties Management Sdn. Bhd.                                  | Malaysia   | Property management   | 99.93                                      | 99.99     |
| OSKP Facilities Management Sdn. Bhd.                                 | Malaysia   | Property management   | 99.93                                      | 99.99     |
| Perspektif Vista Sdn. Bhd.   | Malaysia   | Property development  | 99.93                                      | 99.99     |
| Perspektif Pertama Sdn. Bhd.   | Malaysia   | Property development  | 99.93                                      | 99.99     |
| Pine Avenue Sdn. Bhd.  | Malaysia   | Property management and development                                       | 99.93                                      | 99.99     |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)**

**(d) List of subsidiary companies (Cont'd)**

| Name of companies  | Principal place<br>of business/<br>Country of<br>incorporation | Principal activities  | Effective proportion<br>of ownership interest |           |
|--|--|---|---|-----------|
|  |  |   | 2017<br>%                                     | 2016<br>% |
| <b>Subsidiary companies of<br/>OSK Property Holdings<br/>Berhad (Cont'd)</b> |  |   |   |           |
| Ribuan Ekuiti Sdn. Bhd.  | Malaysia   | Property development  | 99.93   | 99.99     |
| Rimulia Sdn. Bhd.  | Malaysia   | Property development  | 54.96   | 54.99     |
| Potensi Rajawali Sdn. Bhd.   | Malaysia   | Property development  | 99.93   | 99.99     |
| Semponia Sdn. Bhd.   | Malaysia   | Property development  | 50.97   | 50.99     |
| Warisan Rajawali Sdn. Bhd.   | Malaysia   | Property development  | 99.93   | 99.99     |
| Wawasan Rajawali Sdn. Bhd.   | Malaysia   | Property development  | 99.93   | 99.99     |
| <b>Subsidiary companies of<br/>PJ Development<br/>Holdings Berhad</b>        |  |   |   |           |
| Aco Built System<br>Sdn. Bhd.  | Malaysia   | Installation of concrete<br>wall panels   | 96.93   | 96.42     |
| Acotec Sdn. Bhd.   | Malaysia   | Manufacturing and<br>sale of concrete wall<br>panels and trading of<br>building materials | 96.93   | 96.42     |
| <i>Subsidiary companies<br/>of Acotec Sdn. Bhd.</i>                          |  |   |   |           |
| Acotec-Concrete<br>Products Sdn. Bhd.  | Malaysia   | Property investment<br>and rental services  | 96.93   | 96.42     |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)**

**(d) List of subsidiary companies (Cont'd)**

| Name of companies  | Principal place<br>of business/<br>Country of<br>incorporation | Principal activities  | Effective proportion<br>of ownership interest<br>2017<br>% | 2016<br>% |
|--|--|---|--|-----------|
| <b>Subsidiary companies of<br/>PJ Development<br/>Holdings Berhad<br/>(Cont'd)</b> |  |   |  |           |
| <i>Subsidiary companies<br/>of Acotec Sdn. Bhd.<br/>(Cont'd)</i>                   |  |   |  |           |
| PJD Concrete Land (JB)<br>Sdn. Bhd.  | Malaysia   | Property investment   | 96.93  | 96.42     |
| PJD Concrete Land<br>(South) Sdn. Bhd.   | Malaysia   | Property investment   | 96.93  | 96.42     |
| Ancient Capital Sdn. Bhd.  | Malaysia   | Dormant   | 96.93  | 96.42     |
| Bindev Sdn. Bhd.   | Malaysia   | Property development  | 96.93  | 96.42     |
| Bunga Development<br>Sdn. Bhd.   | Malaysia   | Property development  | 96.93  | 96.42     |
| <i>Subsidiary company<br/>of Bunga Development<br/>Sdn. Bhd.</i>                   |  |   |  |           |
| Kulai Management<br>Services Sdn. Bhd.   | Malaysia   | Provision of property<br>management services                    | 96.93  | 96.42     |
| DLHA Management<br>Services Sdn. Bhd.  | Malaysia   | Investment holding  | 96.93  | 96.42     |
| Eframe Sdn. Bhd.   | Malaysia   | Software consultancy,<br>product development<br>and maintenance | 96.93  | 96.42     |
| Eframe Solutions Sdn. Bhd.   | Malaysia   | Software consultancy,<br>product development<br>and maintenance | 96.93  | 96.42     |
| Harbour Place Management<br>Services Sdn. Bhd.                                     | Malaysia   | Provision of property<br>management services                    | 96.93  | 96.42     |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)**

**(d) List of subsidiary companies (Cont'd)**

| Name of companies  | Principal place of business/<br>Country of incorporation | Principal activities                             | Effective proportion of ownership interest |           |
|--|--|--|--|-----------|
|  |  |  | 2017<br>%                                  | 2016<br>% |
| <b>Subsidiary companies of PJ Development Holdings Berhad (Cont'd)</b> |  |  |  |           |
| HTR Management Services Sdn. Bhd.                                      | Malaysia   | Provision of property management services        | 96.93                                      | 96.42     |
| Kota Mulia Sdn. Bhd.   | Malaysia   | Property development and investment              | 96.93                                      | 96.42     |
| <i>Subsidiary companies of Kota Mulia Sdn. Bhd.</i>                    |  |  |  |           |
| PJD Highland Resort Sdn. Bhd.  | Malaysia   | Property development                             | 96.93                                      | 96.42     |
| PTC Management Services Sdn. Bhd.                                      | Malaysia   | Provision of property management services        | 96.93                                      | 96.42     |
| OCC Cables Berhad  | Malaysia   | Investment holding                               | 96.93                                      | 96.42     |
| <i>Subsidiary companies of OCC Cables Berhad</i>                       |  |  |  |           |
| Olympic Cable Company Sdn. Bhd.  | Malaysia   | Manufacturing and sale of cables and wires       | 96.93                                      | 96.42     |
| <i>Subsidiary companies of Olympic Cable Company Sdn. Bhd.</i>         |  |  |  |           |
| #*Olympic Cable (Singapore) Pte. Ltd.                                  | Singapore  | Investment holding and trading of cable products | -<br>Note 6(b)(vi)                         | 96.42     |
| **OVI Cables (Vietnam) Co., Ltd.                                       | Vietnam  | Manufacturing and sale of cables and wires       | 96.93                                      | 96.42     |
| PJ Exim Sdn. Bhd.  | Malaysia   | Trading of cable products                        | 96.93                                      | 96.42     |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)**

**(d) List of subsidiary companies (Cont'd)**

| Name of companies  | Principal place<br>of business/<br>Country of<br>incorporation | Principal activities                     | Effective proportion<br>of ownership interest |           |
|--|--|--|---|-----------|
|  |  |  | 2017<br>%                                     | 2016<br>% |
| <b>Subsidiary companies of<br/>PJ Development<br/>Holdings Berhad<br/>(Cont'd)</b> |  |  |   |           |
| Olympic Properties<br>Sdn. Bhd.  | Malaysia   | Property investment                      | 96.93   | 96.42     |
| **Pengerang Jaya Pte. Ltd.   | Singapore  | Investment holding                       | 96.93   | 96.42     |
| <i>Subsidiary companies<br/>of Pengerang Jaya<br/>Pte. Ltd.</i>                    |  |  |   |           |
| P.J. (A) Pty. Limited  | Australia  | Investment holding and<br>hotel business | 96.93   | 96.42     |
| <i>Subsidiary company<br/>of P.J. (A) Pty.<br/>Limited</i>                         |  |  |   |           |
| **Yarra Park City<br>Pty. Ltd. ("YPC")   | Australia  | Property development<br>and investment   | *** -<br>Note 6(b)(v)                         | 78.97     |
| PJ Equity Sdn. Bhd.  | Malaysia   | Investment holding                       | 96.93   | 96.42     |
| PJD Central Sdn. Bhd.  | Malaysia   | Property development<br>and investment   | 96.93   | 96.42     |
| PJD Construction Sdn. Bhd.   | Malaysia   | Construction                             | 96.93   | 96.42     |
| <i>Subsidiary company<br/>of PJD Construction<br/>Sdn. Bhd.</i>                    |  |  |   |           |
| PJDC International<br>Sdn. Bhd.  | Malaysia   | Investment holding                       | 96.93   | 96.42     |
| PJD Eastern Land<br>Sdn. Bhd.  | Malaysia   | Property development<br>and investment   | 96.93   | 96.42     |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)**

**(d) List of subsidiary companies (Cont'd)**

| Name of companies  | Principal place of business/<br>Country of incorporation | Principal activities  | Effective proportion of ownership interest |           |
|--|--|---|--|-----------|
|  |  |   | 2017<br>%                                  | 2016<br>% |
| <b>Subsidiary companies of PJ Development Holdings Berhad (Cont'd)</b> |  |   |  |           |
| PJD Hartamas Sdn. Bhd.   | Malaysia   | Property development and investment   | 96.93                                      | 96.42     |
| PJD Hotels Sdn. Bhd.   | Malaysia   | Investment holding and hotel and restaurant business  | 96.93                                      | 96.42     |
| <i>Subsidiary companies of PJD Hotels Sdn. Bhd.</i>                    |  |   |  |           |
| Damai Laut Golf Resort Sdn. Bhd.                                       | Malaysia   | Development and investment in resort property, hotel and restaurant business and operation of golf course | 95.96                                      | 95.46     |
| MM Hotels Sdn. Bhd.  | Malaysia   | Hotel and restaurant business   | 96.93                                      | 96.42     |
| Swiss-Garden Management Services Sdn. Bhd.                             | Malaysia   | Hotel and restaurant business   | 96.93                                      | 96.42     |
| PJD Land Sdn. Bhd.   | Malaysia   | Leasing of office cum commercial building   | 96.93                                      | 96.42     |
| PJD Landmarks Sdn. Bhd.  | Malaysia   | Property development  | 96.93                                      | 96.42     |
| PJD Management Services Sdn. Bhd.                                      | Malaysia   | Provision of property management and facilities services  | 96.93                                      | 96.42     |
| PJD Pravest Sdn. Bhd.  | Malaysia   | Cultivation of oil palm   | 96.93                                      | 96.42     |
| PJD Properties Management Sdn. Bhd.                                    | Malaysia   | Provision of project management services  | 96.93                                      | 96.42     |
| PJD Realty Sdn. Bhd.   | Malaysia   | Property development  | 96.93                                      | 96.42     |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)**

**(d) List of subsidiary companies (Cont'd)**

| Name of companies  | Principal place of business/<br>Country of incorporation | Principal activities                                    | Effective proportion of ownership interest |           |
|--|--|---|--|-----------|
|  |  |   | 2017<br>%                                  | 2016<br>% |
| <b>Subsidiary companies of PJ Development Holdings Berhad (Cont'd)</b> |  |   |  |           |
| PJD Regency Sdn. Bhd.  | Malaysia   | Property development                                    | 96.93                                      | 96.42     |
| PJD Sejahtera Sdn. Bhd.  | Malaysia   | Property development                                    | 96.93                                      | 96.42     |
| PKM Management Services Sdn. Bhd.                                      | Malaysia   | Provision of property management services               | 96.93                                      | 96.42     |
| Putri Kulai Sdn. Bhd.  | Malaysia   | Property investment                                     | 96.93                                      | 96.42     |
| SGL Vacation Club Berhad   | Malaysia   | Operation and management of timeshare membership scheme | 96.93                                      | 96.42     |
| Superville Sdn. Bhd.   | Malaysia   | Property development                                    | 96.93                                      | 96.42     |
| Swiss-Garden Hotel Management Sdn. Bhd.                                | Malaysia   | Hotel management and consultancy services               | 96.93                                      | 96.42     |
| Swiss-Garden International Sdn. Bhd.                                   | Malaysia   | Hotel management and consultancy services               | 96.93                                      | 96.42     |
| <i>Subsidiary companies of Swiss-Garden International Sdn. Bhd.</i>    |  |   |  |           |
| Swiss-Garden International Limited                                     | British Virgin Islands                                   | Hotel management and consultancy services               | 96.93                                      | 96.42     |
| *Swiss-Garden International Hotels & Resorts (Australia) Pty. Ltd.     | Australia  | Hotel management and consultancy services               | 96.93                                      | 96.42     |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)**

**(d) List of subsidiary companies (Cont'd)**

| Name of companies  | Principal place of business/<br>Country of incorporation | Principal activities                        | Effective proportion of ownership interest |           |
|--|--|---|--|-----------|
|  |  |   | 2017<br>%                                  | 2016<br>% |
| <b>Subsidiary companies of PJ Development Holdings Berhad (Cont'd)</b> |  |   |  |           |
| Swiss-Garden Rewards Sdn. Bhd.   | Malaysia   | Marketing of timeshare memberships          | 96.93                                      | 96.42     |
| <i>Subsidiary company of Swiss-Garden Rewards Sdn. Bhd.</i>            |  |   |  |           |
| #*Swiss-Garden Rewards (Singapore) Pte. Ltd.                           | Singapore  | Agent providing services to hotel companies | -<br>Note 6(b)(vii)                        | 96.42     |
| Swiss-Inn JB Sdn. Bhd.   | Malaysia   | Hotel and restaurant business               | 96.93                                      | 96.42     |
| Vibrant Practice Sdn. Bhd.   | Malaysia   | Car park management and operations          | 96.93                                      | 96.42     |

\* Consolidated using management financial statements.

\*\* Audited by BDO member firms.

\*\*\* The Group holds 40.46% of ownership interest in YPC as at 31 December 2017 and accounts for it as an associated company [Note 7(d)].

# Not required to be audited under the local legislation.

**(e) Other information**

Shares in certain subsidiary companies with carrying amount of RM1.33 billion (2016: RM1.29 billion) are pledged to a licensed financial institution to secure the MTNs issued by the Company [Note 21(b)(1)].

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**7. INVESTMENTS IN ASSOCIATED COMPANIES AND A JOINT VENTURE**

|  | Note    | Group          |                | Company        |                |
|--|---------|----------------|----------------|----------------|----------------|
|  |         | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>Investments in associated companies</b>   |         |                |                |                |                |
| <b>At cost</b>   |         |                |                |                |                |
| Quoted shares in Malaysia  |         | 2,209,614      | 2,209,614      | 2,209,614      | 2,209,614      |
| Unquoted shares in Malaysia  |         | 107,403        | 45,424         | 15,571         | 15,571         |
| Unquoted shares outside Malaysia   |         | 469,544        | 23,918         | -              | -              |
| Foreign exchange differences   |         | (18,013)       | 9,673          | -              | -              |
|  |         | 2,768,548      | 2,288,629      | 2,225,185      | 2,225,185      |
| Share of reserves, net of dividends received   |         | 669,946        | 540,602        | -              | -              |
| Amount due from an associated company  |         | -              | 60,763         | -              | -              |
|  | (c)(i)  | 3,438,494      | 2,889,994      | 2,225,185      | 2,225,185      |
| <b>Investment in a joint venture</b>   |         |                |                |                |                |
| <b>At cost</b>   |         |                |                |                |                |
| Unquoted shares in Malaysia  |         | 10,918         | 10,918         | -              | -              |
| Share of reserves  |         | (6,278)        | (4,175)        | -              | -              |
|  | (c)(ii) | 4,640          | 6,743          | -              | -              |
| <b>Total</b>   |         | 3,443,134      | 2,896,737      | 2,225,185      | 2,225,185      |
| Fair value of investment in an associated company for which there is a quoted market price for the investment: |         |                |                |                |                |
| Quoted shares in Malaysia  |         | 2,030,858      | 1,913,068      | 2,030,858      | 1,913,068      |

**(a) Recognition, measurement and significant judgement**

Investments in associated companies and a joint venture are accounted for using the equity method of accounting and are recognised initially at cost which is measured at the fair value of consideration paid and subsequently carried at cost less accumulated impairment loss, if any. The Group's carrying amount includes share of profit or loss of the investee after the date of acquisitions; such carrying amount includes goodwill identified upon acquisitions. Dividend received as return from investee is recognised as reduction in the carrying amount of the investments.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 7. INVESTMENTS IN ASSOCIATED COMPANIES AND A JOINT VENTURE (CONT'D)

##### (a) Recognition, measurement and significant judgement (Cont'd)

The Group determines at the end of the year whether there is any objective evidence that the investments in the associated companies and a joint venture are impaired. The carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount with its carrying amount. Based on the impairment test carried out on the quoted shares in Malaysia using the discounted cash flow projection, the value in use derived from the discounted cash flow projection is in excess of the cost.

The management has assessed the level of influence that the Group has on its associated company, RHB Bank Berhad ("RHBB"), and determined that it has significant influence even though the shareholding is below 20% because of the board representations in RHBB and its key operating subsidiary and their participation in the strategic directions and decision making process.

##### (b) Changes in Group's interests in associated companies

###### (i) Subscription of ordinary shares in Agile PJD Development Sdn. Bhd. ("Agile")

On 19 July 2017, PJD Hartamas Sdn. Bhd., a wholly-owned subsidiary company of PJD, which in turn is a subsidiary company of the Company, subscribed for 61,978,926 new ordinary shares in Agile for a cash consideration of RM61.9 million.

The issued and paid up share capital of Agile was increased from RM11.0 million to RM217.6 million. The Group's equity interest in Agile remained at 30% in PJD.

###### (ii) Change of status upon dilution of equity interest in Yarra Park City Pty. Ltd. ("YPC")

On 8 August 2017, pursuant to the Share Subscription as disclosed in Note 6(b)(v), which resulted in a dilution (or deemed disposal) of the Group's effective interest in YPC from 79.30% to 40.44%. Thereafter, YPC become an associated company to the Group upon the Share Subscription.

##### (c) Other information

A part of the shares in an associated company with carrying amount of RM638.2 million (2016: RM719.5 million) are pledged to a licensed financial institution to secure a term borrowing granted to the Company [Note 22(b)]. There were no contingent liabilities relating to the Group's interests in the associated companies.

In previous year, the amount due from an associated company was unsecured, receivable and bore interest rate at 4.50% per annum. It was regarded as part of the Group's investments in an associated company. At the end of the previous year, such amount including interest therein was due and to be paid.

Dividends of RM48.7 million were received from RHBB during the year compared with a total dividends of RM57.7 million were received from RHB Capital Berhad ("RHBC") of RM37.4 million and RHBB of RM20.3 million in previous year. There were no restrictions as the ability of associated companies and a joint venture to transfer funds to the Group and the Company in the form of cash dividends or to repay loans or advances made by the Group and the Company.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**7. INVESTMENTS IN ASSOCIATED COMPANIES AND A JOINT VENTURE (CONT'D)**

**(c) Other information (Cont'd)**

**(i) Investments in associated companies**

The reconciliation of net assets to the carrying amount of investments in associated companies is as follows:

**Group**

|   | <b>RHBB<br/>RM'000</b> | <b>YPC<br/>RM'000</b> | <b>Equity &amp;<br/>Property<br/>Investment<br/>Corporation<br/>Pty. Limited<br/>("EPIC")<br/>RM'000</b> | <b>Others<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|------------------------|-----------------------|--|--------------------------|-------------------------|
| <b>2017</b>   |                        |                       |  |                          |                         |
| Proportion of ownership interests in associated companies                                 | 10.13%                 | 41.74% #              | 27.40% #   |                          |                         |
| Share of net assets   | 2,651,256              | 347,463               | 89,956   | 78,601                   | 3,167,276               |
| Goodwill  | 246,489                | 69,378                | -  | -                        | 315,867                 |
| Effect of indirect interests in a former subsidiary company held by an associated company | -                      | -                     | (22,349)   | -                        | (22,349)                |
| Unrealised profit   | -                      | -                     | -  | (22,300)                 | (22,300)                |
| Carrying amounts  | 2,897,745              | 416,841               | 67,607   | 56,301                   | 3,438,494               |

|  | <b>RHBB<br/>RM'000</b> | <b>EPIC<br/>RM'000</b> | <b>Others<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|------------------------|------------------------|--------------------------|-------------------------|
| <b>2016</b>  |                        |                        |                          |                         |
| Proportion of ownership interests in associated companies                          |                        | 10.13%                 | 27.40% #                 |                         |
| Share of net assets  |                        | 2,528,836              | 88,599                   | 2,627,992               |
| Goodwill   |                        | 245,888                | -                        | 245,888                 |
| Effect of indirect interests in a subsidiary company held by an associated company |                        | -                      | (22,349)                 | (22,349)                |
| Unrealised profit  |                        | -                      | (22,300)                 | (22,300)                |
| Amount due from an associated company  |                        | -                      | 60,763                   | 60,763                  |
| Carrying amounts   |                        | 2,774,724              | 66,250                   | 2,889,994               |

# For the above reconciliation purpose, the percentage of ownership interests in associated companies represents the proportion equity interests in those associated companies held by PJD, a 96.93% owned subsidiary company of the Company. While the effective proportion of ownership interest is disclosed in Note 7(d).

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**7. INVESTMENTS IN ASSOCIATED COMPANIES AND A JOINT VENTURE (CONT'D)**

**(c) Other information (Cont'd)**

**(i) Investments in associated companies (Cont'd)**

Summarised financial information of the material associated companies is as follows:

**2017**

Aggregated assets and liabilities of associated companies (100%)

|  | <b>RHBB<br/>RM'000</b> | <b>YPC<br/>RM'000</b> | <b>EPIC<br/>RM'000</b> |
|--|------------------------|-----------------------|------------------------|
| Current assets^  | -                      | 231,311               | 63,484                 |
| Non-current assets^  | -                      | 646,193               | 283,951                |
| <b>Total assets</b>  | <b>233,544,030</b>     | <b>877,504</b>        | <b>347,435</b>         |
| Current liabilities^   | -                      | (45,128)              | (11,473)               |
| Non-current liabilities^   | -                      | -                     | (7,650)                |
| <b>Total liabilities</b>   | <b>(207,334,340)</b>   | <b>(45,128)</b>       | <b>(19,123)</b>        |
| <b>Net assets</b>  | <b>26,209,690</b>      | <b>832,376</b>        | <b>328,312</b>         |
| <u>Aggregated results (100%)</u>                                   |                        |                       |                        |
| Revenue  | 6,386,743              | 1,360                 | 17,253                 |
| Profit/(Loss) for the year attributable to:                        |                        |                       |                        |
| - owners of associated company                                     | 1,753,788              | (6,193)               | 10,381                 |
| - non-controlling interests of associated company                  | 5,895                  | -                     | -                      |
|  | <b>1,759,683</b>       | <b>(6,193)</b>        | <b>10,381</b>          |
| Other comprehensive loss attributable to:                          |                        |                       |                        |
| - owners of associated company                                     | (64,016)               | (62,763)              | -                      |
| - non-controlling interests of associated company                  | (258)                  | -                     | -                      |
|  | <b>(64,274)</b>        | <b>(62,763)</b>       | <b>-</b>               |
| <b>Total comprehensive income/(loss)</b>                           | <b>1,695,409</b>       | <b>(68,956)</b>       | <b>10,381</b>          |
| <u>Net assets attributable to the owners of associated company</u> |                        |                       |                        |
| At the beginning of the year                                       | 24,966,397             | -                     | 323,354                |
| Upon share subscription  | -                      | 901,332               | -                      |
| Profit/(Loss) for the year   | 1,753,788              | (6,193)               | 10,381                 |
| Other comprehensive loss   | (64,016)               | (62,763)              | -                      |
| Other reserves changes   | (481,193)              | -                     | (5,423)                |
| <b>At the end of the year</b>                                      | <b>26,174,976</b>      | <b>832,376</b>        | <b>328,312</b>         |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**7. INVESTMENTS IN ASSOCIATED COMPANIES AND A JOINT VENTURE (CONT'D)**

**(c) Other information (Cont'd)**

**(i) Investments in associated companies (Cont'd)**

Summarised financial information of the material associated companies is as follows: (Cont'd)

**2016**

Aggregated assets and liabilities of associated companies (100%)

|  | <b>RHBB*</b><br><b>RM'000</b> | <b>EPIC</b><br><b>RM'000</b> |
|--|-------------------------------|------------------------------|
| Current assets <sup>^</sup>  | -                             | 81,955                       |
| Non-current assets <sup>^</sup>                                    | -                             | 316,010                      |
| Total assets   | 240,297,789                   | 397,965                      |
| Current liabilities <sup>^</sup>                                   | -                             | (59,588)                     |
| Non-current liabilities <sup>^</sup>                               | -                             | (15,023)                     |
| Total liabilities  | (215,302,303)                 | (74,611)                     |
| Net assets   | 24,995,486                    | 323,354                      |
| <u>Aggregated results (100%)</u>                                   |                               |                              |
| Revenue  | 6,307,974                     | 31,789                       |
| Profit for the year attributable to:                               |                               |                              |
| - owners of associated company                                     | 1,470,795                     | 13,486                       |
| - non-controlling interests of associated company                  | 5,964                         | -                            |
|  | 1,476,759                     | 13,486                       |
| Other comprehensive income attributable to:                        |                               |                              |
| - owners of associated company                                     | 129,799                       | -                            |
| - non-controlling interests of associated company                  | 182                           | -                            |
|  | 129,981                       | -                            |
| Total comprehensive income   | 1,606,740                     | 13,486                       |
| <u>Net assets attributable to the owners of associated company</u> |                               |                              |
| At the beginning of the year                                       | -                             | 300,804                      |
| Acquisition upon distribution-in-specie                            | 24,155,318                    | -                            |
| Profit for the year  | 1,470,795                     | 13,486                       |
| Other comprehensive income   | 129,799                       | -                            |
| Other reserves changes   | (789,515)                     | 9,064                        |
| At the end of the year   | 24,966,397                    | 323,354                      |

\* Inclusive the results of RHBB and RHBC.

<sup>^</sup> Breakdown of current assets/liabilities and non-current assets/liabilities of RHBB are not available as financial institution has to comply with BNM guidelines on presentation and disclosures.

The above information is presented based on the financial statements of the associated companies after accounting for fair value adjustments made at the time of acquisitions.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**7. INVESTMENTS IN ASSOCIATED COMPANIES AND A JOINT VENTURE (CONT'D)**

**(c) Other information (Cont'd)**

**(ii) Investment in a joint venture, Scotia Acres Sdn. Bhd. ("Scotia")**

The reconciliation of net assets to carrying amount of the joint venture is as follows:

|   | <b>Group</b>  |               |
|---|---------------|---------------|
|   | <b>2017</b>   | <b>2016</b>   |
|   | <b>RM'000</b> | <b>RM'000</b> |
| Proportion of ownership interest in a joint venture | 50.00%        | 50.00%        |
| Share of net assets/Carrying amount                 | 4,640         | 6,743         |

Summarised financial information of the joint venture is as follows:

Aggregated assets and liabilities of the joint venture (100%)

|   | <b>2017</b>   | <b>2016</b>   |
|---|---------------|---------------|
|   | <b>RM'000</b> | <b>RM'000</b> |
| Current assets  | 3,296         | 4,642         |
| Non-current assets  | 97,706        | 101,784       |
| Total assets  | 101,002       | 106,426       |
| Current liabilities   | (15,163)      | (16,662)      |
| Non-current liabilities   | (76,559)      | (76,279)      |
| Total liabilities   | (91,722)      | (92,941)      |
| Net assets  | 9,280         | 13,485        |
| <u>Aggregated results (100%)</u>                                  |               |               |
| Revenue   | 11,824        | 9,431         |
| Loss for the year/Other comprehensive loss attributable to:       |               |               |
| - owners of joint venture   | (4,205)       | (5,215)       |
| - non-controlling interests of the joint venture                  | -             | -             |
|   | (4,205)       | (5,215)       |
| Total comprehensive loss  | (4,205)       | (5,215)       |
| <u>Net assets attributable to the owners of the joint venture</u> |               |               |
| At the beginning of the year                                      | 13,485        | 18,700        |
| Loss for the year   | (4,205)       | (5,215)       |
| At the end of the year  | 9,280         | 13,485        |

The above information presented is based on the financial statements of the joint venture with adjustments for differences in accounting policies between the Group and the joint venture.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**7. INVESTMENTS IN ASSOCIATED COMPANIES AND A JOINT VENTURE (CONT'D)**

**(d) List of associated companies and a joint venture**

| Name of companies   | Principal place of business/<br>Country of incorporation | Principal activities   | Effective proportion of ownership interest |           |
|---|--|--|--|-----------|
|   |  |  | 2017<br>%                                  | 2016<br>% |
| <b>Associated companies</b>                               |  |  |  |           |
| RHB Bank Berhad*  | Malaysia   | Commercial banking and finance related business and the provision of related services whilst its subsidiary companies are involved in Islamic banking, investment banking, stock broking, leasing, offshore banking, offshore trust services, property investment, general insurance, unit trust management, asset management and nominee and custodian services | 10.13                                      | 10.13     |
| RHB Capital Berhad*<br>(In Members' Voluntary Winding Up) | Malaysia   | Investment holding (dormant)   | 10.13                                      | 10.13     |
| <b>Associated companies of PJD</b>                        |  |  |  |           |
| ^ Agile PJD Development Sdn. Bhd.                         | Malaysia   | Property development and investment  | 29.08 @                                    | 28.93     |
| ^ Equity & Property Investment Corporation Pty. Limited** | Australia  | Property investment and property development   | 26.56 @                                    | 26.42     |
| ^ Yarra Park City Pty. Ltd.*                              | Australia  | Property development and investment  | 40.46 ##<br>Note 7(b)(ii)                  | *** -     |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**7. INVESTMENTS IN ASSOCIATED COMPANIES AND A JOINT VENTURE (CONT'D)**

**(d) List of associated companies and a joint venture (Cont'd)**

| Name of companies                                   | Principal place of business/<br>Country of incorporation | Principal activities                | Effective proportion of ownership interest |           |
|---|--|-------------------------------------|--|-----------|
|   |  |                                     | 2017<br>%                                  | 2016<br>% |
| <b>Joint venture of PJD</b>                         |  |                                     |  |           |
| ^ Scotia Acres Sdn. Bhd.                            | Malaysia   | Property development and investment | 48.46 @                                    | 48.21     |
| <i>Subsidiary company of Scotia Acres Sdn. Bhd.</i> |  |                                     |  |           |
| Canggih Pesaka Sdn. Bhd.                            | Malaysia   | Property investment                 | 48.46 @                                    | 48.21     |

^ Indirect interest held through PJD Group.

\* Audited by firms of auditors other than BDO in Malaysia and BDO member firms.

\*\* Equity accounted using management financial statements and not audited by BDO member firms.

\*\*\* The Group holds 78.97% of ownership interest in YPC as at 31 December 2016 and accounts for it as a subsidiary company [Note 6(d)].

@ The Group's effective equity interest increased due to the changes of interest in PJD as disclosed in Note 6(b) (i) and (ii). The Company has a 96.93% (2016: 96.42%) equity interest in a subsidiary company, PJD, which in turn holds 30% equity interest in Agile, 27.40% equity interest in EPIC, 41.74% and 50% equity interest in Scotia. Therefore, the Group's effective equity interest in Agile, EPIC and Scotia are 29.08% (2016: 28.93%), 26.56% (2016: 26.42%) and 48.46% (2016: 48.21%) respectively.

## PJD holds 41.74% equity interest in YPC, therefore, the Group's effective equity interest in YPC is 40.46%.

The financial statements of the associated companies and a joint venture used in applying equity method are prepared as of 31 December except for EPIC which prepared its financial statements as of 30 June. For applying the equity method of accounting, the management financial statements of EPIC for financial period ended 31 December 2017 have been used for the consistent financial period within the Group.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**8. INTANGIBLE ASSETS**

|                   | Note | Group          |                | Company        |                |
|-------------------|------|----------------|----------------|----------------|----------------|
|                   |      | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| Software licences | (b)  | 1,216          | 1,446          | 102            | 45             |
| Club membership   | (c)  | 350            | 550            | -              | -              |
| Trademarks        |      | 160            | 160            | 160            | 160            |
|                   |      | 1,726          | 2,156          | 262            | 205            |

**(a) Recognition and measurement**

Software licences, club membership and trademarks are stated at cost less any accumulated amortisation and accumulated impairment losses, if any. The software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of 6 to 7 years. The estimated useful life represent common life expectancies applied in the industry within which the Group and the Company operate.

**(b) Software licences**

|                                 | Note | Group          |                | Company        |                |
|---------------------------------|------|----------------|----------------|----------------|----------------|
|                                 |      | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>At cost</b>                  |      |                |                |                |                |
| At the beginning of the year    |      | 2,612          | 2,405          | 48             | -              |
| Additions                       |      | 171            | 216            | 69             | 48             |
| Write off                       | 33   | (94)           | (9)            | -              | -              |
| At the end of the year          |      | 2,689          | 2,612          | 117            | 48             |
| <b>Accumulated amortisation</b> |      |                |                |                |                |
| At the beginning of the year    |      | (1,166)        | (830)          | (3)            | -              |
| Amortisation                    |      | (361)          | (344)          | (12)           | (3)            |
| Write off                       | 33   | 54             | 8              | -              | -              |
| At the end of the year          |      | (1,473)        | (1,166)        | (15)           | (3)            |
| <b>Net carrying amount</b>      |      | 1,216          | 1,446          | 102            | 45             |

The total amortisation for the year is recognised and classified as follows:

|                               |       |     |     |    |   |
|-------------------------------|-------|-----|-----|----|---|
| Recognised in profit or loss: |       |     |     |    |   |
| - Cost of sales               | 30(b) | 10  | 14  | -  | - |
| - Administrative expenses     | 32    | 351 | 330 | 12 | 3 |
|                               |       | 361 | 344 | 12 | 3 |

**(c) Club membership**

|                              | Note | Group          |                |
|------------------------------|------|----------------|----------------|
|                              |      | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>At cost</b>               |      |                |                |
| At the beginning of the year |      | 550            | 350            |
| Additions                    |      | -              | 216            |
| Disposal                     |      | (68)           | (16)           |
| Write off                    | 33   | (132)          | -              |
| At the end of the year       |      | 350            | 550            |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**9. INVENTORIES**

|  | Note    | Group          |                |
|--|---------|----------------|----------------|
|  |         | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>Non-current</b>   |         |                |                |
| <b>Land held for property development</b>                  |         |                |                |
| <b>Freehold and leasehold land</b>                         |         |                |                |
| At the beginning of the year                               |         | 1,035,976      | 1,012,816      |
| Costs incurred   |         | 193,239        | 8,997          |
| Transfer to property development costs                     |         | (23,735)       | (7,335)        |
| Deemed disposal of a subsidiary company                    | 6(b)(v) | (545,834)      | -              |
| Foreign exchange differences                               |         | 26,563         | 21,498         |
| At the end of the year                                     |         | 686,209        | 1,035,976      |
| <b>Development costs</b>                                   |         |                |                |
| At the beginning of the year                               |         | 125,747        | 84,528         |
| Costs incurred   |         | 69,158         | 41,113         |
| Transfer to property development costs                     |         | (4,066)        | -              |
| Recognised in profit or loss                               | 30      | (10,327)       | -              |
| Deemed disposal of a subsidiary company                    | 6(b)(v) | (52,367)       | -              |
| Foreign exchange differences                               |         | 821            | 106            |
| At the end of the year                                     |         | 128,966        | 125,747        |
| Total non-current  |         | 815,175        | 1,161,723      |
| <b>Current</b>   |         |                |                |
| <b>Property development costs</b>                          |         |                |                |
| <b>Freehold and leasehold land</b>                         |         |                |                |
| At the beginning of the year                               |         | 297,505        | 481,511        |
| Costs incurred   |         | 5              | 9,956          |
| Transfer from land held for property development           |         | 23,735         | 7,335          |
| Transfer to inventories                                    |         | (10,331)       | (875)          |
| Reversal of development expenditure for completed projects |         | (28,607)       | (200,422)      |
| At the end of the year                                     |         | 282,307        | 297,505        |
| <b>Development costs</b>                                   |         |                |                |
| At the beginning of the year                               |         | 866,474        | 2,602,818      |
| Costs incurred   |         | 473,525        | 573,649        |
| Transfer from land held for property development           |         | 4,066          | -              |
| Transfer to inventories                                    |         | (39,029)       | (21,183)       |
| Reversal of development expenditure for completed projects |         | (282,768)      | (2,288,810)    |
| At the end of the year                                     |         | 1,022,268      | 866,474        |
| Total property development costs incurred                  |         | 1,304,575      | 1,163,979      |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**9. INVENTORIES (CONT'D)**

|   | Note | Group<br>2017<br>RM'000 | 2016<br>RM'000 |
|---|------|-------------------------|----------------|
| <b>Current (Cont'd)</b>                           |      |                         |                |
| <b>Property development costs (Cont'd)</b>        |      |                         |                |
| <b>Costs recognised in profit or loss</b>         |      |                         |                |
| At the beginning of the year                      |      | (692,192)               | (2,642,722)    |
| Recognised in profit or loss                      | 30   | (475,149)               | (538,702)      |
| Reversal of costs arising from completed projects |      | 311,375                 | 2,489,232      |
|   |      | (855,966)               | (692,192)      |
| At the end of the year                            |      | (855,966)               | (692,192)      |
| Net carrying amount of property development costs |      | 448,609                 | 471,787        |
| <b>Others</b>                                     |      |                         |                |
| <b>At cost</b>                                    |      |                         |                |
| Completed properties held for sale                |      | 56,698                  | 32,793         |
| Raw materials                                     |      | 9,531                   | 13,550         |
| Consumables                                       |      | 2,671                   | 2,505          |
| Work-in-progress                                  |      | 6,009                   | 7,030          |
| Finished goods                                    |      | 26,202                  | 19,428         |
|   |      | 101,111                 | 75,306         |
| <b>At net realisable value</b>                    |      |                         |                |
| Completed properties held for sale                |      | 8,386                   | -              |
| Raw materials                                     |      | 306                     | 247            |
| Finished goods                                    |      | 3,145                   | 4,263          |
|   |      | 11,837                  | 4,510          |
| Net carrying amount of others                     |      | 112,948                 | 79,816         |
| Total current                                     |      | 561,557                 | 551,603        |

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 9. INVENTORIES (CONT'D)

##### (a) Recognition, measurement and significant judgement

###### (i) Land held for property development

The land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at lower of cost and net realisable value. Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is reclassified as property development costs under current asset at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

###### (ii) Property development costs

The property development costs comprise all costs that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. Such development costs comprise the cost of land under development, construction costs and other related development costs common to the whole project including professional fees, stamp duties, commissions, conversion fees and other relevant levies as well as borrowing costs.

Property development costs not recognised as an expense are recognised as an asset measured at the lower of cost and net realisable value. The asset is subsequently credited over to profit or loss and recognised as an expense when the control of the asset is transferred to the customer.

The Group recognises in profit or loss the property development revenue and costs by reference to the progress towards complete satisfaction of that performance obligation at the reporting period. It is measured based on direct measurements of the value transferred by the Group to the customers and the Group's efforts or inputs to the satisfaction of the performance obligation. Significant judgement is required in determining:

- the completeness and accuracy of the budgets; and
- the extent of the costs incurred.

Substantial changes in cost estimates can have a significant effect on the Group's profitability in future periods. In making the above judgement, the Group relies on past experience and work of specialists. There is no estimation required in determining the transaction prices as revenue from property development is based on contracted prices.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**9. INVENTORIES (CONT'D)**

**(a) Recognition, measurement and significant judgement (Cont'd)**

(iii) Completed properties held for sale

The completed properties held for sale are stated at the lower of cost and net realisable value. Cost consists of cost associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable for developing the properties until completion.

(iv) Other inventories

The other inventories costs are determined using a weighted average cost basis and stated at the lower of cost and net realisable value.

**(b) Other information**

(i) Land held for property development

Included in land held for property development costs during the year was interest capitalised of RM5.4 million (2016: RM6.9 million) (Note 34).

Development land of certain subsidiary companies with carrying amount of RM246.1 million (2016: RM582.6 million) are pledged as security for term and bridging borrowings granted to the subsidiary companies [Note 22(b)].

(ii) Property development cost

Included in property development cost during the year was interest capitalised of RM14.4 million (2016: RM19.6 million) (Note 34).

Property development land of the certain subsidiary companies with carrying amount of RM392.6 million (2016: RM374.7 million) are pledged as security for term borrowing granted to the subsidiary companies [Note 22(b)].

(iii) Other inventories

The following are amount of inventories recognised as an expense in cost of sales during the year.

|                                    | <b>Group</b>  |               |
|------------------------------------|---------------|---------------|
|                                    | <b>2017</b>   | <b>2016</b>   |
|                                    | <b>RM'000</b> | <b>RM'000</b> |
| Completed properties held for sale | 13,464        | 9,716         |
| Consumables                        | 9,020         | 10,460        |
| Finished goods                     | 221,575       | 220,290       |
|                                    | 244,059       | 240,466       |

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

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

The following amounts are determined after appropriate set-off as shown in the statements of financial position.

|   | Note    | Group          |                | Company        |                |
|---|---------|----------------|----------------|----------------|----------------|
|   |         | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>Deferred tax assets</b>              | (b)(i)  |                |                |                |                |
| At the beginning of the year            |         | 100,883        | 84,487         | 1,237          | -              |
| Deemed disposal of a subsidiary company | 6(b)(v) | (1,330)        | -              | -              | -              |
| Recognised in profit or loss            | 35      | (25,754)       | 16,350         | 85             | 1,237          |
| Foreign exchange differences            |         | 219            | 46             | -              | -              |
| At the end of the year                  |         | 74,018         | 100,883        | 1,322          | 1,237          |
| <b>Deferred tax liabilities</b>         | (b)(ii) |                |                |                |                |
| At the beginning of the year            |         | (156,916)      | (136,772)      | -              | -              |
| Recognised in profit or loss            | 35      | 13,796         | (20,144)       | -              | -              |
| At the end of the year                  |         | (143,120)      | (156,916)      | -              | -              |

#### (a) Recognition, measurement and significant judgement

Deferred tax is accounted using the liability method on temporary differences at the reporting period between the tax based value and carrying amount.

Deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred tax is determined using tax rate (and tax laws) that have been enacted or substantively enacted by the end of the year and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Significant judgement is required to determine the amount of deferred tax assets that could be recognised based on the likely timing and extent of future taxable profits together with future tax planning.

Deferred tax is provided on temporary differences arising from investments in subsidiary and associated companies, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associated companies. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference, deferred tax is not recognised.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**10. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)**

**(b) The components and movements of deferred tax assets and liabilities:**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes are related to the same authority.

**(i) Deferred tax assets**

**Group**

| Note  | Excess of<br>depreciation<br>over capital<br>allowances<br>RM'000 | Fair value on<br>investment<br>properties<br>RM'000 | Interest<br>capitalised in<br>inventories<br>RM'000 | Unused<br>tax losses and<br>unabsorbed<br>capital<br>allowances<br>RM'000 | Deferred<br>income<br>RM'000 | Provisions<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|---|------------------------------|----------------------|-----------------|
| <b>2017</b>                                   |   |   |   |   |                              |                      |                 |
| At the beginning<br>of the year               | 632   | -   | 5,706   | 32,424  | 31,857                       | 30,264               | 100,883         |
| Deemed disposal<br>of a subsidiary<br>company | -   | -   | -   | (1,330)   | -                            | -                    | (1,330)         |
| Recognised in<br>profit or loss               | (11,161)  | 1,744   | 12,989  | (15,423)  | 2,934                        | (16,837)             | (25,754)        |
| Foreign exchange<br>differences               | -   | -   | -   | 219   | -                            | -                    | 219             |
| At the end<br>of the year                     | (10,529)  | 1,744   | 18,695  | 15,890  | 34,791                       | 13,427               | 74,018          |
| <b>2016</b>                                   |   |   |   |   |                              |                      |                 |
| At the beginning<br>of the year               | 1,024   | -   | 4,333   | 8,902   | 30,103                       | 40,125               | 84,487          |
| Recognised in<br>profit or loss               | (392)   | -   | 1,373   | 23,476  | 1,754                        | (9,861)              | 16,350          |
| Foreign exchange<br>differences               | -   | -   | -   | 46  | -                            | -                    | 46              |
| At the end<br>of the year                     | 632   | -   | 5,706   | 32,424  | 31,857                       | 30,264               | 100,883         |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**10. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)**

**(b) The components and movements of deferred tax assets and liabilities: (Cont'd)**

**(i) Deferred tax assets (Cont'd)**

**Company**

|                              | <b>Note</b> | <b>Excess of<br/>depreciation<br/>over capital<br/>allowances<br/>RM'000</b> | <b>Provisions<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|------------------------------|-------------|--|------------------------------|-------------------------|
| <b>2017</b>                  |             |  |                              |                         |
| At the beginning of the year |             | (23)   | 1,260                        | 1,237                   |
| Recognised in profit or loss | 35          | (58)   | 143                          | 85                      |
| At the end of the year       |             | (81)   | 1,403                        | 1,322                   |
| <b>2016</b>                  |             |  |                              |                         |
| At the beginning of the year |             | -  | -                            | -                       |
| Recognised in profit or loss | 35          | (23)   | 1,260                        | 1,237                   |
| At the end of the year       |             | (23)   | 1,260                        | 1,237                   |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**10. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)**

**(b) The components and movements of deferred tax assets and liabilities: (Cont'd)**

**(ii) Deferred tax liabilities**

**Group**

|                                 |    | Excess of<br>capital<br>allowances<br>over<br>depreciation<br>RM'000 | Fair value on<br>investment<br>properties<br>RM'000 | Unused tax<br>losses and<br>unabsorbed<br>capital<br>allowances<br>RM'000 | Fair<br>value on<br>inventories<br>RM'000 | Fair<br>value on<br>share of<br>net assets<br>of the<br>associated<br>companies<br>RM'000 | Provisions<br>RM'000 | Total<br>RM'000 |
|---------------------------------|----|--|---|---|---|---|----------------------|-----------------|
| <b>2017</b>                     |    |  |   |   |   |   |                      |                 |
| At the beginning<br>of the year |    | (40,283)   | (28,589)  | -   | (81,809)                                  | (6,373)   | 138                  | (156,916)       |
| Recognised in<br>profit or loss | 35 | (112)  | 4,601   | 7,474   | 841                                       | -   | 992                  | 13,796          |
| At the end<br>of the year       |    | (40,395)   | (23,988)  | 7,474   | (80,968)                                  | (6,373)   | 1,130                | (143,120)       |
| <b>2016</b>                     |    |  |   |   |   |   |                      |                 |
| At the beginning<br>of the year |    | (44,400)   | (9,420)   | -   | (76,705)                                  | (6,373)   | 126                  | (136,772)       |
| Recognised in<br>profit or loss | 35 | 4,117  | (19,169)  | -   | (5,104)                                   | -   | 12                   | (20,144)        |
| At the end<br>of the year       |    | (40,283)   | (28,589)  | -   | (81,809)                                  | (6,373)   | 138                  | (156,916)       |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**10. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)**

**(c) Other information**

The temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

|                                  | <b>Group</b>  |               |
|----------------------------------|---------------|---------------|
|                                  | <b>2017</b>   | <b>2016</b>   |
|                                  | <b>RM'000</b> | <b>RM'000</b> |
| Deductible temporary differences | 47,842        | 2,401         |
| Taxable temporary differences    | (26,969)      | (21,447)      |
| Unused tax losses                | 61,118        | 52,416        |
| Unabsorbed capital allowances    | 90,138        | 84,857        |
|                                  | 172,129       | 118,227       |

Deferred tax assets of certain subsidiary companies have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiary companies would be available against which the deductible temporary differences could be utilised. The amount and the availability of these items to be carried forward are subject to the agreement of the relevant tax authorities.

**11. AVAILABLE-FOR-SALE SECURITIES**

|                                    | <b>Group</b>  |               |
|------------------------------------|---------------|---------------|
|                                    | <b>2017</b>   | <b>2016</b>   |
|                                    | <b>RM'000</b> | <b>RM'000</b> |
| <b>Unquoted shares in Malaysia</b> |               |               |
| At fair value                      | -             | 954           |

**(a) Recognition and measurement**

Available-for-sale securities are financial assets that are measured at fair value and subsequently carried at fair value; unless such fair value cannot be reliably measured and such amount is then measured at cost less impairment, if any.

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

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 11. AVAILABLE-FOR-SALE SECURITIES (CONT'D)

##### (a) Recognition and measurement (Cont'd)

An available-for-sale financial asset is derecognised when the contractual rights to receive cash flows from the asset is expired. Upon derecognitions, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income shall be recognised in profit or loss.

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence such investment securities are impaired.

Impairment loss is the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, and is transferred from equity to profit or loss.

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

##### (b) Other information

Pursuant to MFRS 13 Fair Value Measurement, the Group establishes a fair value hierarchy that is categorised into three levels of inputs to valuation techniques which are used to measure fair value.

The fair value measurement of the available-for-sale securities are categorised within Level 3 of the fair value hierarchy, using valuation techniques for which all inputs that have a significant effect on the recorded fair values are observable for the asset.

#### 12. CAPITAL FINANCING

|                                   | Group   |          |
|-----------------------------------|---------|----------|
|                                   | 2017    | 2016     |
|                                   | RM'000  | RM'000   |
| Non-current                       | 151,850 | 35,250   |
| Current                           | 361,040 | 316,063  |
|                                   | 512,890 | 351,313  |
| Term financing clients            | 513,778 | 362,867  |
| Allowances for impairment losses: |         |          |
| - Collective assessment           | -       | (32)     |
| - Individual assessment           | (888)   | (11,522) |
|                                   | (888)   | (11,554) |
|                                   | 512,890 | 351,313  |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**12. CAPITAL FINANCING (CONT'D)**

The movement of allowances for impairment losses are as follows:

|                              | Note | Group<br>2017<br>RM'000 | 2016<br>RM'000 |
|------------------------------|------|-------------------------|----------------|
| <b>Collective assessment</b> |      |                         |                |
| At the beginning of the year |      | (32)                    | -              |
| Allowance made               | 33   | -                       | (32)           |
| Write back of allowance      | 31   | 32                      | -              |
| At the end of the year       |      | -                       | (32)           |
| <b>Individual assessment</b> |      |                         |                |
| At the beginning of the year |      | (11,522)                | (15,971)       |
| Write back of allowance      | 31   | 4,131                   | 3,637          |
| Write off                    |      | 6,503                   | 812            |
| At the end of the year       |      | (888)                   | (11,522)       |

**(a) Recognition, measurement and significant judgement**

Capital financing are financial assets with fixed or determinable payments that are not quoted in an active market and are classified as loans and receivables. Capital financing are recognised initially at fair value plus any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the capital financing are derecognised or impaired.

Capital financing client is impaired when impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') which has an impact on the estimated future cash flows of the capital financing that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- Disappearance of an active market for collateral held as security; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - (i) adverse changes in the payment status of borrowers in the portfolio; and
  - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **31 DECEMBER 2017**

#### **12. CAPITAL FINANCING (CONT'D)**

##### **(a) Recognition, measurement and significant judgement (Cont'd)**

The capital financing subsidiary company reviews its individually significant capital financing at each reporting period to assess whether an impairment loss should be recorded in the financial statements. In particular, judgement is required in the identification of doubtful loans, and the estimation of realisation amount (including review of credit worthiness and the past collection history of each receivables) and timing of future cash flows from the doubtful loans when determining the level of impairment loss required.

All impaired accounts are selected for individual impairment assessment on a regular basis.

- (i) None of the Group's capital financing that are neither past due nor impaired have been renegotiated during the year.
- (ii) The Group has capital financing amounting to RM23.5 million (2016: RM33.8 million) that are past due at the end of the year but not impaired, due to the availability of sufficient collateral or repayment subsequent to the reporting period.

The Group would take possession of these collaterals that are held as security against capital financing when default occurs. Repossessed collateral are sold as soon as practicable. Repossessed collateral are recognised as investments. The Group does not occupy repossessed properties for its business use. For the year ended 31 December 2017 and 2016, other than force selling of shares in the normal course of the Group's business, there are no unsold repossessed collaterals as at 31 December 2017 and 2016.

The capital financing portfolio is denominated in RM and charged at fixed interest rate. At weighted average interest rate of 8.73% (2016: 8.77%) per annum. The normal credit term for capital financing ranged from 2 to 24 months from the date of financing.

##### **(b) Credit risk**

Credit risk of capital financing is mitigated via collateral held as securities. The main types of collateral obtained by the capital financing subsidiary to mitigate credit risk of capital financing are pledges over quoted shares, charges over properties, ownership claims over assets financed and guarantee given by individuals. The capital financing subsidiary adopts the policy of obtaining sufficient collateral and monitors closely the collateral by observing the market trends, the collateral value continually being updated based on the changes in market value.

At the end of the year, the value of the collaterals held as securities are above the net outstanding capital financing.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**12. CAPITAL FINANCING (CONT'D)**

**(b) Credit risk (Cont'd)**

The Group assesses credit quality of a capital financing client using the following internal classified grades:

- (1) "Grade A" refers to capital financing with collateral value higher than the gross outstanding amount. The collateral obtained is able to be used to settle in whole the indebtedness of the customer in the event of default.
- (2) "Grade B" refers to capital financing with collateral value lower than the gross outstanding amount. The collateral obtained is able to be used to settle in part the indebtedness of the customer in the event of default.

The credit quality of gross capital financing that are neither past due nor impaired is analysed as follows:

|                   | <b>Group</b>  |               |
|-------------------|---------------|---------------|
|                   | <b>2017</b>   | <b>2016</b>   |
|                   | <b>RM'000</b> | <b>RM'000</b> |
| Capital financing |               |               |
| - Grade A         | 489,213       | 315,878       |
| - Grade B         | 131           | 206           |
|                   | 489,344       | 316,084       |

**(c) Other information**

At the end of the year, the five largest clients, accounted for RM188.7 million or 37% (2016: RM194.1 million or 55%) of the net capital financing portfolio, representing the subsidiary company's significant concentration of credit risks.

Ageing analysis of gross capital financing is as follows:

|                               | <b>Group</b>  |               |
|-------------------------------|---------------|---------------|
|                               | <b>2017</b>   | <b>2016</b>   |
|                               | <b>RM'000</b> | <b>RM'000</b> |
| Neither past due nor impaired | 489,344       | 316,084       |
| Past due, not impaired        |               |               |
| 1 to 30 days                  | 23,534        | 31,824        |
| 31 to 60 days                 | 8             | 818           |
| 61 to 90 days                 | -             | 1,136         |
|                               | 23,542        | 33,778        |
| Impaired                      | 892           | 13,005        |
|                               | 513,778       | 362,867       |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**13. TRADE RECEIVABLES AND CONTRACT ASSETS**

|   | Note                | Group<br>2017<br>RM'000 | 2016<br>RM'000     |
|---|---------------------|-------------------------|--------------------|
| <b>Non-current</b>                        |                     |                         |                    |
| Trade receivables:                        |                     |                         |                    |
| Trade debtors                             |                     | 20,472                  | 23,176             |
| Stakeholder sums                          |                     | 7,318                   | 4,445              |
| Retention sums                            |                     | 2,380                   | 12,348             |
| Total non-current                         | (b)(i)              | 30,170                  | 39,969             |
| <b>Current</b>                            |                     |                         |                    |
| Trade receivables:                        |                     |                         |                    |
| Trade debtors                             |                     | 216,685                 | 214,676            |
| Stakeholder sums                          |                     | 56,962                  | 62,725             |
| Retention sums                            |                     | 9,448                   | 14,007             |
| Less: Allowance for individual impairment | (b)(i)<br>(b)(i)(3) | 283,095<br>(3,735)      | 291,408<br>(4,749) |
| Contract assets in relation to:           |                     | 279,360                 | 286,659            |
| - property development activities         | (b)(ii)             | 108,989                 | 262,209            |
| - construction contracts                  | (b)(iii)            | 16,929                  | 14,710             |
| Total current                             |                     | 405,278                 | 563,578            |
| Total                                     |                     | 435,448                 | 603,547            |

**(a) Recognition, measurement and significant judgement**

The trade receivables are financial assets with fixed or determinable payments and are classified as loans and receivables, which are recognised at their invoiced amounts which represent their fair value on initial recognition.

Contract assets are the rights to considerations, the fair values at initial recognition, for goods or services transferred to the customers. For property development activities and construction contracts, contract assets (accrued billings) are the excess of cumulative revenue recognised over the billings to purchasers or customers.

Subsequent to initial recognition, such trade receivables and contract assets are measured at amortised cost using the effective interest rate method. Gain or losses are recognised in profit and loss when such receivables are derecognised or impaired.

The Group reviews its individually significant receivables at each reporting period to assess whether an impairment loss should be recorded in the financial statements. In particular, judgement is required in the identification of doubtful loans, and the estimation of realisation amount (including review of credit worthiness and the past collection history of each receivables) and timing of future cash flows from the doubtful loans when determining the level of impairment loss required.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**13. TRADE RECEIVABLES AND CONTRACT ASSETS (CONT'D)**

**(b) Other information**

**(i) Trade receivables**

The trade debtors are generally non-interest bearing unless overdue and the normal credit periods granted by the Group range from 30 to 90 days.

The ageing analysis of gross trade receivables is as follows:

|                               | Note | Group          |                |
|-------------------------------|------|----------------|----------------|
|                               |      | 2017<br>RM'000 | 2016<br>RM'000 |
| Gross receivables:            |      |                |                |
| Non-current                   |      | 30,170         | 39,969         |
| Current                       |      | 283,095        | 291,408        |
|                               |      | 313,265        | 331,377        |
| Neither past due nor impaired | (1)  | 218,034        | 160,343        |
| Past due, not impaired        | (2)  | 91,496         | 166,285        |
| Impaired                      | (3)  | 3,735          | 4,749          |
|                               |      | 313,265        | 331,377        |

- (1) Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. There is no indication as of the end of the year that the receivables will not meet their payment obligations.

None of the trade receivables that are neither past due nor impaired have been renegotiated during the year.

- (2) The Group has trade receivables amounting to RM91.5 million (2016: RM166.3 million) that are past due at the end of the year but not impaired. These receivables are unsecured and the analysis of their aging at the end of the year is as follows:

Trade receivables past due but not impaired:

|                    | Group          |                |
|--------------------|----------------|----------------|
|                    | 2017<br>RM'000 | 2016<br>RM'000 |
| 1 to 90 days       | 49,442         | 67,747         |
| 91 to 180 days     | 8,479          | 35,862         |
| More than 180 days | 33,575         | 62,676         |
|                    | 91,496         | 166,285        |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**13. TRADE RECEIVABLES AND CONTRACT ASSETS (CONT'D)**

**(b) Other information (Cont'd)**

**(i) Trade receivables (Cont'd)**

- (3) The trade receivables that are impaired at the reporting period relate to those debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements. The movement of allowance for individual impairment is as follows:

|                              | Note | Group<br>2017<br>RM'000 | 2016<br>RM'000 |
|------------------------------|------|-------------------------|----------------|
| At the beginning of the year |      | 4,749                   | 1,798          |
| Allowance made               | 33   | 1,275                   | 3,224          |
| Write back of allowance      | 31   | (1,622)                 | (273)          |
| Write off                    |      | (667)                   | -              |
| At the end of the year       |      | 3,735                   | 4,749          |

- (4) The currency exposure profile is disclosed in Note 43(b)(i).

**(ii) Property development activities**

The contract assets and contract liabilities from property development activities are as follows:

|  | Note | Group<br>2017<br>RM'000 | 2016<br>RM'000 |
|--|------|-------------------------|----------------|
| At the beginning of the year                     |      | 222,627                 | 250,840        |
| Property development revenue recognised          |      | 630,187                 | 772,919        |
| Provision for liquidated and ascertained damages |      | (1,968)                 | (8,280)        |
| Net revenue pursuant to MFRS 15                  | 29   | 628,219                 | 764,639        |
| Less: Progress billings issued                   |      | (763,102)               | (792,852)      |
| At the end of the year                           |      | 87,744                  | 222,627        |
| At the end of the year                           |      |                         |                |
| - Contract assets                                |      | 108,989                 | 262,209        |
| - Contract liabilities                           | 24   | (21,245)                | (39,582)       |
|  |      | 87,744                  | 222,627        |

The remaining contractual billings to customers under property development activities amounted to RM581.5 million (2016: RM866.8 million) to be billed progressively upon the fulfilment of contractual milestones notwithstanding if control of the assets has not been transferred to the customers. The contractual billings period for property development ranges between 1 to 4 years.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**13. TRADE RECEIVABLES AND CONTRACT ASSETS (CONT'D)**

**(b) Other information (Cont'd)**

**(iii) Construction contracts**

The contract assets and contract liabilities from construction contracts are as follows:

|                                  | Note | Group<br>2017<br>RM'000 | 2016<br>RM'000 |
|----------------------------------|------|-------------------------|----------------|
| At the beginning of the year     |      | (45,589)                | (38,698)       |
| Cost incurred and profit accrued |      | 48,890                  | 6,831          |
| Less: Progress billings issued   |      | (30,299)                | (13,722)       |
| At the end of the year           |      | (26,998)                | (45,589)       |
| At the end of the year           |      |                         |                |
| - Contract assets                |      | 16,929                  | 14,710         |
| - Contract liabilities           | 24   | (43,927)                | (60,299)       |
|                                  |      | (26,998)                | (45,589)       |

Included in construction contracts are depreciation of property, plant and equipment of RM5.8 million (2016: RM5.7 million) [Note 4(b)(ii)] and plant and equipment written off of RM74,000 (2016: RM66,000) [Note 4(b)(iii)].

**(iv) Transaction price allocated to the remaining performance obligations**

The aggregate amount of the transaction price allocated to the property development and construction contracts that are fully or partially to be fulfilled (unsatisfied) as at end of the year is approximately RM477.1 million. The Group expects that 83% or RM395.4 million of the transaction price allocated to be recognised as revenue in the financial year ended 31 December 2018. The remaining 17% or RM81.7 million is expected to be recognised as revenue from year 2019 to 2022.

The contract assets and contract liabilities under property development activities and construction contracts of the Group were not impacted by the significant changes in contract terms.

The contract assets and contract liabilities under property development activities and construction contracts of the Group are denominated in Ringgit Malaysia.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**14. OTHER ASSETS**

|  | Note | Group          |                | Company        |                |
|--|------|----------------|----------------|----------------|----------------|
|  |      | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>Non-current</b>                         |      |                |                |                |                |
| Deposits                                   |      | 5,357          | 4,102          | -              | -              |
| <b>Current</b>                             |      |                |                |                |                |
| Other receivables                          |      | 57,023         | 63,386         | 96             | 40             |
| Less: Allowance for individual impairment  |      | (726)          | (868)          | -              | -              |
|  |      | 56,297         | 62,518         | 96             | 40             |
| Deposits                                   |      | 18,393         | 49,151         | 253            | 34             |
| Prepayments                                |      | 3,698          | 3,451          | 238            | 78             |
| Total current                              |      | 78,388         | 115,120        | 587            | 152            |
| Total                                      |      | 83,745         | 119,222        | 587            | 152            |
| <b>Allowance for individual impairment</b> |      |                |                |                |                |
| At the beginning of the year               |      | 868            | 872            | -              | -              |
| Allowance made                             | 33   | 2              | 102            | -              | -              |
| Write back of allowance                    | 31   | (102)          | (106)          | -              | -              |
| Write off                                  |      | (42)           | -              | -              | -              |
| At the end of the year                     |      | 726            | 868            | -              | -              |

**(a) Recognition and measurement**

Other assets, excluding deposits and prepayments, are financial assets with fixed or determinable payments. Other assets are classified as loans and receivables and recognised initially at amounts transacted being their fair values. Subsequent to the initial recognition, such assets are measured at amortised cost using the effective interest rate method. Gains or losses including impairment are recognised in profit or loss.

**(b) Other information**

Other receivables are non-interest bearing and the normal credit periods granted by the Group range from 30 to 90 days.

The reduction in deposits mainly due to RM29.0 million of deposit in relation to acquisition of development land. The acquisition is completed in year 2017.

The currency exposure profile is disclosed in Note 43(b)(i).

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 15. BIOLOGICAL ASSETS

|   | Note   | Group          |                |
|---|--------|----------------|----------------|
|   |        | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>At fair value</b>                    |        |                |                |
| Fresh fruit bunches:                    |        |                |                |
| At the beginning of the year            |        | 145            | 35             |
| Changes in fair value less cost to sell | 31, 33 | (65)           | 110            |
|   |        | 80             | 145            |

##### (a) Recognition, measurement and significant judgement

The biological assets of the Group comprise fresh fruit bunches ("FFB") prior to harvest. The biological assets are measured at their fair values. The valuation model adopted by the Group considers the present value of the net cash flows expected to be generated from the sale of FFB less costs to sell which include harvesting cost and transport expenses.

##### (b) Other information

Pursuant to MFRS 13 Fair Value Measurement, the Group establishes a fair value hierarchy that categorised into three levels of inputs to valuation techniques which are used to measure fair value.

The fair value measurement of the Group's biological assets is categorised within Level 3 of the fair value hierarchy, using techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data for the asset. If the FFB selling price changes by 10%, profit or loss for the Group would have equally increased or decreased by approximately RM8,000 (2016: RM14,500) respectively.

There were no transfers between all three (3) levels of the fair values hierarchy for the biological assets during the year.

#### 16. AMOUNTS DUE FROM/(DUE TO) SUBSIDIARY COMPANIES

|                                       | Company        |                |
|---------------------------------------|----------------|----------------|
|                                       | 2017<br>RM'000 | 2016<br>RM'000 |
| Amounts due from subsidiary companies |                |                |
| - Interest bearing                    | 206,390        | 201,463        |
|                                       |                |                |
| Amounts due to subsidiary companies   |                |                |
| - Interest bearing                    | (245,179)      | (175,406)      |
|                                       |                |                |

##### (a) Recognition, measurement and significant judgement

The amounts due from/(due to) subsidiary companies are financial assets/(liabilities) with fixed or determinable payments and classified as loans and receivables/(other financial liabilities) which are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

The Company reviews and assesses the impairment on the amounts due from subsidiary companies at the end of the year. The recoverable amounts of amounts due from subsidiary companies are assessed by reference to the fair value less cost to sell of the underlying assets or the value-in-use of the respective subsidiary companies.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**16. AMOUNTS DUE FROM/(DUE TO) SUBSIDIARY COMPANIES (CONT'D)**

**(b) Other information**

The amounts due from/(due to) subsidiary companies are non-trade, unsecured and bear interest rate ranging from 4.55% to 4.85% (2016: 4.52% to 4.74%) per annum. At the end of the year, such amounts including interest therein are due and to be received/paid.

**17. DERIVATIVE ASSETS**

|   | Note  | Group          |                | Company        |                |
|---|-------|----------------|----------------|----------------|----------------|
|   |       | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>Contract/Notional Amount</b>               |       |                |                |                |                |
| Cross-currency interest rate swap             |       | 77,487         | 99,360         | -              | -              |
| <b>At fair value</b>                          |       |                |                |                |                |
| Cross-currency interest rate swap             | 43(d) | 17,742         | 35,871         | -              | -              |
| Investments in subsidiary companies' warrants |       | -              | -              | 64,670         | 81,788         |
|   |       | 17,742         | 35,871         | 64,670         | 81,788         |

**(a) Recognition and measurement**

Derivative assets of the Group are financial assets initially recognised at fair value on the date the derivative contract is entered into. Pursuant to inception of the cash flow hedge, subsequent gain or loss on remeasurement of this hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss.

If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in other comprehensive income until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

Derivative assets of the Company are financial assets initially recognised at fair value on the acquisition date including transaction costs. Subsequent to initial recognition, such derivative assets are measured at fair values; unless such fair values cannot be reliably measured and such amount is then measured at cost less impairment, if any. Gains or losses from the changes in fair values of the derivative assets are recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 17. DERIVATIVE ASSETS (CONT'D)

##### (b) Other information

###### (i) Cross-currency interest rate swap

The cross-currency interest rate swap have been entered into in order to operationally hedge the borrowing denominated in United States Dollar ("USD") and floating monthly interest payments on borrowings that would mature on 28 September 2018. The fair value of these components has been determined based on the difference between the monthly future rates and the strike rate.

During the year, the Group recognised total fair value loss of RM349,000 (2016: RM637,000) arising from fair value changes of derivative assets in other comprehensive income as hedging reserve.

Pursuant to MFRS 13 Fair Value Measurement, the Group establishes a fair value hierarchy that is categorised into three levels of inputs to valuation techniques which are used to measure fair value. The fair value measurement of the derivative assets is categorised within Level 2 of the fair value hierarchy, using valuation techniques for which all inputs that have a significant effect on the recorded fair values are observable for the asset.

###### (ii) Investment in subsidiary companies' warrants

During the year, the Company further acquired 1,498,083 warrants of PJD pursuant to the Notice to Holder Who Has Not Accepted the Voluntary Take-Over Offer at a total consideration of RM749,042 and the Company exercised its entire holding of 17,870,378 warrants in OSKP at a total consideration of RM17.9 million.

As at 31 December 2017, the Company's effective interest in warrants of PJD increased to 91.87% from 90.60%.

#### 18. SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

|  | <b>Group and Company</b> |               |
|--|--------------------------|---------------|
|  | <b>2017</b>              | <b>2016</b>   |
|  | <b>RM'000</b>            | <b>RM'000</b> |
| <b>Designated as fair value through profit or loss</b> |                          |               |
| <b>Quoted securities</b>                               |                          |               |
| Shares in Malaysia                                     | 299                      | 199           |

##### (a) Recognition and measurement

The above securities are financial assets designated as fair value through profit or loss in accordance with the Group's investment strategy and recognised initially at cost. The fair value of the quoted securities is based on their last bid price in the active markets.

Subsequent to the initial recognition, such securities are measured at their fair value. Any gains or losses arising from changes in fair values are recognised in profit or loss. Net gains or net losses on securities do not include foreign exchange differences, interest and dividend income. Foreign exchange differences, interest and dividend income on these securities are recognised separately in profit or loss as part of other losses or other income.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 18. SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

##### (b) Other information

Pursuant to MFRS 13 Fair Value Measurement, the Group establishes a fair value hierarchy that is categorised into three levels of inputs to valuation techniques which are used to measure fair value.

The fair value measurement of the quoted securities is categorised within Level 1 of the fair value hierarchy, using unadjusted active market price of identified assets.

#### 19. CASH, BANK BALANCES AND SHORT TERM FUNDS

|   | Note         | Group          |                | Company        |                |
|---|--------------|----------------|----------------|----------------|----------------|
|   |              | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| Cash and bank balances                        |              | 62,205         | 61,525         | 1,221          | 103            |
| Housing Development Accounts                  | 43(b)(ii)    | 166,110        | 187,545        | -              | -              |
| Deposits with licensed financial institutions | 43(b)(ii)    | 60,006         | 48,106         | -              | 5              |
| Short term funds                              |              | 136,355        | 121,276        | 6,172          | 4,060          |
|   | 43(b)(i), 44 | 424,676        | 418,452        | 7,393          | 4,168          |

##### (a) Recognition and measurement

Cash, bank balances and short term funds are financial assets that are measured at their fair value.

##### (b) Other information

Bank accounts held under Housing Development Accounts ("HDAs") are maintained pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 (as amended by Housing Development (Control and Licensing) (Amendment) Act, 2015) in Malaysia. The utilisation of this balance is restricted for property development activities.

The deposits with licensed financial institutions amounting to RM3.5 million (2016: RM8.6 million) of the Group have been pledged to licensed financial institutions for credit facilities granted to certain subsidiary companies as disclosed in Note 22(b).

Short term funds aim to invest in highly liquid instruments which are investing its assets in Ringgit Malaysia deposits with financial institutions in Malaysia and are redeemable with one (1) day notice. These funds are subject to an insignificant risk of changes in value and form part of cash and cash equivalents. Funds distribution income from these funds is tax-exempted, is calculated daily and distributed at every month end.

The short term funds of the Company with carrying amount of RM4.2 million (2016: RM4.1 million) are pledged as a security for medium term notes as disclosed in Note 21(b)(2), being the permitted investments pursuant to medium term note programme.

The currency exposure profile is disclosed in Note 43(b)(i).

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**19. CASH, BANK BALANCES AND SHORT TERM FUNDS (CONT'D)**

**(c) Cash and cash equivalents**

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand and at banks, deposits with licensed financial institutions and short term funds with short term maturities and highly liquid investments which have an insignificant risk of changes in value less bank overdrafts. Statements of cash flows are prepared using indirect method and changes in cash and cash equivalents are classified into operating, investing and financing activities.

**(d) Reconciliation of liabilities arising from financing activities**

|   | Note | 2016      | Cash Flows |  |                                   | 2017          |           |
|---|------|-----------|------------|--|-----------------------------------|---------------|-----------|
|   |      | RM'000    | RM'000     | Non-cash changes                               |                                   | RM'000        |           |
|   |      |           |            | Deemed disposal of a subsidiary company RM'000 | Effect of foreign exchange RM'000 | Others RM'000 |           |
| <b>Group</b>                                |      |           |            |  |                                   |               |           |
| Medium term notes                           | 21   | 837,604   | -          | -  | -                                 | 606           | 838,210   |
| Borrowings*                                 |      | 1,393,234 | 158,446    | (106,606)                                      | (19,695)                          | 2,809         | 1,428,188 |
| Total liabilities from financing activities |      | 2,230,838 | 158,446    | (106,606)                                      | (19,695)                          | 3,415         | 2,266,398 |
| <b>Company</b>                              |      |           |            |  |                                   |               |           |
| Medium term notes                           | 21   | 837,604   | -          | -  | -                                 | 606           | 838,210   |
| Borrowings*                                 |      | 191,730   | 24,265     | -  | -                                 | 686           | 216,681   |
| Total liabilities from financing activities |      | 1,029,334 | 24,265     | -  | -                                 | 1,292         | 1,054,891 |

\* For reconciliation of liabilities arising from financing activities purpose, the bank overdrafts have been excluded from the borrowings. This is because of the cash and cash equivalents had already included bank overdrafts.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**20. NON-CURRENT ASSETS HELD FOR SALE**

|   | Note     | Group<br>2017<br>RM'000 | 2016<br>RM'000 |
|---|----------|-------------------------|----------------|
| <b>At net carrying amount</b>               |          |                         |                |
| At the beginning of the year                |          | 8,000                   | 5,100          |
| Disposal                                    |          | (8,000)                 | (5,100)        |
| Transfer from property, plant and equipment | 4(b)(vi) | 12,641                  | -              |
| Transfer from investment properties         | 5        | -                       | 8,000          |
| At the end of the year                      |          | 12,641                  | 8,000          |

**(a) Recognition and measurement**

Non-current assets held for sale are presented separately in the current assets of the statements of financial position. Immediately before the initial classification of the assets as held for sale, the carrying amounts of the assets are measured in accordance with their applicable accounting policy. Non-current assets held for sale are subsequently measured at the lower of their carrying amount and fair value less cost to sell. Non-current assets held for sale are no longer amortised or depreciated.

**(b) Other information**

As at 31 December 2017, the asset held for sale represents a hotel property. A Sale and Purchase Agreement has been signed for the disposal of the hotel property and the disposal is expected to complete in year 2018.

As at 31 December 2016, the assets held for sale represent an office building which was previously measured at fair value under investment properties. The disposal was completed on 3 January 2017 and the Group recognised a gain of RM0.2 million during the year.

**21. MEDIUM TERM NOTES**

|  | Note                 | Group and Company<br>2017<br>RM'000 | 2016<br>RM'000 |
|--|----------------------|-------------------------------------|----------------|
| <b>Non-current Secured</b>                   |                      |                                     |                |
| Medium term notes ("MTNs")                   |                      | 776,000                             | 840,113        |
| Less: Expenses incurred for issuance of MTNs |                      | (1,283)                             | (2,509)        |
|  |                      | 774,717                             | 837,604        |
| <b>Current Secured</b>                       |                      |                                     |                |
| MTNs   |                      | 64,113                              | -              |
| Less: Expenses incurred for issuance of MTNs |                      | (620)                               | -              |
|  |                      | 63,493                              | -              |
| Total  | 19(d), 43(b)(ii), 44 | 838,210                             | 837,604        |

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 21. MEDIUM TERM NOTES (CONT'D)

The maturity of MTNs are as follows:

|   | <b>Group and Company</b> |               |
|---|--------------------------|---------------|
|   | <b>2017</b>              | <b>2016</b>   |
|   | <b>RM'000</b>            | <b>RM'000</b> |
| On demand or within 1 year              | 63,493                   | -             |
| More than 1 year but less than 2 years  | 193,459                  | 71,587        |
| More than 2 years but less than 5 years | 581,258                  | 574,285       |
| More than 5 years                       | -                        | 191,732       |
|   | 838,210                  | 837,604       |

#### (a) Recognition and measurement

The medium term notes are financial liabilities, recognised and measured initially at fair value, net of transaction costs incurred. Subsequent to the initial recognition, such medium term notes are measured at amortised cost using the effective interest rate method.

MTNs are derecognised upon extinguishment of the obligations under such financial liabilities. When the existing MTNs are replaced by another lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### (b) Other information

On 15 October 2015, the Company lodged with the Securities Commission Malaysia ("SC") all the required information and relevant documents relating to the MTN Programme pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by SC. The MTN Programme will give the Company the flexibility to raise funds via the issuance of MTNs of up to RM990.0 million in nominal value, which can be utilised to refinance its existing borrowings and to fund its working capital requirements. The MTN Programme is unrated and has a tenure of fifteen (15) years from the date of its first issuance.

On 30 October 2015, the Company issued MTNs of RM750.0 million to refinance its bridging borrowings. The MTNs were issued in 12 tranches with maturities commencing from 2017 to 2022. The MTNs are redeemable every 6 months commencing 18 months after the first issuance date.

On 17 November 2016 and 1 December 2016, the Company further issued MTNs of RM100.0 million and RM90.1 million for working capital respectively. The MTNs were issued in 10 tranches with maturities commencing from 2018 to 2022. Such MTNs are redeemable every 6 months commencing 30 months after the first issuance date.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 21. MEDIUM TERM NOTES (CONT'D)

##### (b) Other information (Cont'd)

The terms of the MTN Programme remained unchanged other than the withdrawals of the unutilised balance sum of RM9.9 million, in respect of the first issuance, from the Disbursement Account for working capital purposes. Arising from this, the Company received a total sum of RM200.0 million for its working capital purpose.

On 30 November 2016, the Company redeemed RM100.0 million from the MTNs issued on 30 October 2015 by using its internally generated funds.

The terms of the MTN Programme contain various covenants, including the following:

- (i) The Company shall maintain a gearing ratio of not exceeding 1.50 times throughout the tenure of the MTN Programme.
- (ii) The Company shall maintain a security cover ratio of not less than 1.50 times throughout the tenure of the MTN Programme.
- (iii) The Company shall maintain a Debt Service Reserve Account ("DSRA") with a minimum amount equivalent to one interest payment. As at 31 December 2017, the DSRA balance was RM3.8 million (2016: RM3.7 million).

The amount can be utilised for the payment of interest of MTNs in the event of a default in interest payment obligations. Any utilised funds shall be replenished within 14 days from the date of withdrawal/shortfall.

Interest rate for MTNs are disclosed in Note 43(b)(ii).

The MTNs are denominated in Ringgit Malaysia.

The MTN Programme are secured by the following:

- (1) First party legal charge by way of Memorandum of Deposit with Power of Attorney over shares and warrants in certain subsidiary companies as disclosed in Note 6(e); and
- (2) First party assignment and charge over the Company's rights (including rights to sue), title, interest and benefit in and under the DSRA and Disbursement Account and all monies standing to the credit thereto [Note 19(b)].

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**22. BORROWINGS**

|   | Note      | Group          |                | Company        |                |
|---|-----------|----------------|----------------|----------------|----------------|
|   |           | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>Non-current</b>                        |           |                |                |                |                |
| <b>Secured</b>                            |           |                |                |                |                |
| - Bridging                                |           | 17,448         | 23,763         | -              | -              |
| - Term                                    |           | 590,834        | 749,264        | 149,377        | 185,676        |
| Total non-current                         |           | 608,282        | 773,027        | 149,377        | 185,676        |
| <b>Current</b>                            |           |                |                |                |                |
| <b>Secured</b>                            |           |                |                |                |                |
| - Bankers' acceptances                    |           | 5,200          | -              | -              | -              |
| - Bridging                                |           | -              | 15             | -              | -              |
| - Revolving credits                       |           | 143,150        | 169,300        | -              | -              |
| - Term                                    |           | 146,001        | 83,297         | 26,151         | -              |
| <b>Unsecured</b>                          |           |                |                |                |                |
| - Bank overdrafts                         |           | 518            | 56             | -              | -              |
| - Revolving credits                       |           | 524,787        | 366,198        | 41,153         | 6,054          |
| - Trust receipt                           |           | 768            | 1,397          | -              | -              |
| Total current                             |           | 820,424        | 620,263        | 67,304         | 6,054          |
| Total                                     | 43(b), 44 | 1,428,706      | 1,393,290      | 216,681        | 191,730        |
| The maturity of borrowings is as follows: |           |                |                |                |                |
| On demand or within 1 year                |           | 820,424        | 620,263        | 67,304         | 6,054          |
| More than 1 year but less than 2 years    |           | 129,917        | 373,764        | 74,559         | 36,288         |
| More than 2 years but less than 5 years   |           | 287,535        | 285,630        | 74,818         | 149,388        |
| More than 5 years                         |           | 190,830        | 113,633        | -              | -              |
|   |           | 1,428,706      | 1,393,290      | 216,681        | 191,730        |

**(a) Recognition and measurement**

Borrowings are financial liabilities recognised and measured initially at their amounts net of transaction costs incurred being their fair values. Subsequent to the initial recognition, such borrowings are measured at amortised cost using the effective interest rate method.

Borrowings are derecognised upon extinguishment of their obligations. Gains or losses, such as interest and fee, expenses and discount, are recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

## 22. BORROWINGS (CONT'D)

### (b) Other information

The unsecured revolving credits of certain subsidiary companies are supported by corporate guarantees of the Company.

The secured borrowings of certain subsidiary companies are secured by way of charges over certain subsidiary companies' freehold land and buildings, freehold land and hotel properties, other property, plant and equipment [Note 4(b)(i)], investment properties [Note 5(c)(iii)], inventories [Note 9(b)(i) and (ii)] and deposits with financial institutions [Note 19(b)] as well as debentures for the development projects. Certain of the above borrowings of indirect subsidiary companies are also supported by corporate guarantees of their respective holding companies.

The term borrowing of the Company is secured by way of charge over a portion of shares in an associated company as disclosed in Note 7(c).

The term borrowings are repayable over periods from years 2018 to 2032. Interest rates for the above borrowings are disclosed in Note 43(b)(ii).

The currency exposure profile is disclosed in Note 43(b)(i).

## 23. DEFERRED INCOME

|                    | Group          |                |
|--------------------|----------------|----------------|
|                    | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>Non-current</b> |                |                |
| Facility fees      | 869            | 595            |
| Membership fees    | 152,074        | 158,504        |
| Total non-current  | 152,943        | 159,099        |
| <b>Current</b>     |                |                |
| Facility fees      | 3,228          | 2,126          |
| Maintenance fees   | 757            | 841            |
| Membership fees    | 6,755          | 2,090          |
| Total current      | 10,740         | 5,057          |
| Total              | 163,683        | 164,156        |

### Recognition and measurement

Deferred income are initially measured at fair value of consideration received and subsequently amortised over the periods of services to be provided.

Facility fee income from capital financing clients are recognised over the facility periods granted.

Maintenance fee and membership fee income are generated from vacation club and such fees are recognised based on the benefit to be enjoyed over the membership tenure.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 24. TRADE PAYABLES AND CONTRACT LIABILITIES

|                                      | Note       | Group          |                |
|--------------------------------------|------------|----------------|----------------|
|                                      |            | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>Non-current</b>                   |            |                |                |
| Trade payables:                      |            |                |                |
| Retention sums                       |            | 24,455         | 34,915         |
| <b>Current</b>                       |            |                |                |
| Trade payables:                      |            |                |                |
| Trade creditors                      |            | 94,807         | 103,988        |
| Retention sums                       |            | 64,483         | 63,633         |
| Advance payment from clients         |            | 91             | 322            |
|                                      |            | 159,381        | 167,943        |
| Contract liabilities in relation to: |            |                |                |
| - property development activities    | 13(b)(ii)  | 21,245         | 39,582         |
| - construction contracts             | 13(b)(iii) | 43,927         | 60,299         |
|                                      |            | 65,172         | 99,881         |
| Total current                        |            | 224,553        | 267,824        |
| Total                                |            | 249,008        | 302,739        |

#### (a) Recognition and measurement

Trade payables are financial liabilities recognised and measured initially at fair value of goods and services received. Trade payables are derecognised upon extinguishment of its obligation under such financial liability.

Contract liabilities are the obligations to transfer goods or services to customers for which the Group has received the consideration, the fair values at initial recognition, or has billed the customers. For property development activities and construction contracts, contract liabilities (progress billings) are the excess of the progress billings to purchasers or customers over the cumulative revenue recognised.

Subsequent to initial recognition, such trade payables and contract liabilities are measured at amortised cost using the effective interest rate method.

#### (b) Other information

The trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days.

The retention sums and advance payments from clients are unsecured and interest-free.

The currency exposure profile is disclosed in Note 43(b)(i).

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**25. OTHER LIABILITIES**

|  | Note     | Group          |                | Company        |                |
|--|----------|----------------|----------------|----------------|----------------|
|  |          | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>Non-current</b>                       |          |                |                |                |                |
| Deposits                                 |          | -              | 6,085          | -              | -              |
| <b>Current</b>                           |          |                |                |                |                |
| Provision for low cost housing           | (b)(i)   | 49,951         | 18,853         | -              | -              |
| Amount due to a joint<br>venture partner | (b)(ii)  | 212            | 960            | -              | -              |
| Amount due to an<br>associated company   | (b)(iii) | -              | 18,333         | -              | -              |
| Other payables                           |          | 33,054         | 40,791         | 480            | 157            |
| Accruals                                 | (b)(iv)  | 340,187        | 298,018        | 507            | 688            |
| Provisions                               |          | 2,508          | 5,102          | 63             | 93             |
| Deposits                                 |          | 18,465         | 13,183         | -              | -              |
| Short-term employee benefits             |          | 23,845         | 20,376         | 6,580          | 5,868          |
| Total current                            |          | 468,222        | 415,616        | 7,630          | 6,806          |
| Total                                    |          | 468,222        | 421,701        | 7,630          | 6,806          |

**(a) Recognition, measurement and significant judgement**

Other liabilities, excluding provisions and deposits, are financial liabilities recognised and measured initially at fair values of goods and services received. Subsequent to the initial recognition, such other liabilities are measured at amortised cost using the effective interest rate method. Other liabilities are derecognised upon extinguishment of its obligation under such financial liability.

Provisions are recognised when the Group or the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

The provisions are reviewed at the end of the year and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**25. OTHER LIABILITIES (CONT'D)**

**(b) Other information**

- (i) Provision for low cost housing:

|                              | <b>Group</b>  |               |
|------------------------------|---------------|---------------|
|                              | <b>2017</b>   | <b>2016</b>   |
|                              | <b>RM'000</b> | <b>RM'000</b> |
| At the beginning of the year | 18,853        | 20,189        |
| Additions                    | 33,270        | -             |
| Utilisation of the provision | (2,172)       | (1,336)       |
| At the end of the year       | 49,951        | 18,853        |

- (ii) The amount due to a joint venture partner is unsecured and is repayable in accordance to the terms of the joint venture, subject to consent of both parties to the joint venture.
- (iii) The amount due to an associated company in year 2016 was unsecured and bore interest rate ranged from 4.41% to 5.00% per annum. At the end of the previous year, such amount including interest therein was due and to be paid.
- (iv) The increase in accruals was mainly due to accrued property development related costs.
- (v) The currency exposure profile is disclosed in Note 43(b)(i).

**26. SHARE CAPITAL**

|  | <b>Note</b> | <b>Group and Company</b> |               |                  |               |
|--|-------------|--------------------------|---------------|------------------|---------------|
|  |             | <b>2017</b>              |               | <b>2016</b>      |               |
|  |             | <b>Number of</b>         | <b>Amount</b> | <b>Number of</b> | <b>Amount</b> |
|  |             | <b>shares</b>            | <b>RM'000</b> | <b>shares</b>    | <b>RM'000</b> |
|  |             | <b>'000</b>              | <b>'000</b>   | <b>'000</b>      | <b>'000</b>   |
| <b>Issued and fully paid ordinary shares</b> |             |                          |               |                  |               |
| At the beginning of the year                 |             | 1,402,891                | 1,402,891     | 1,402,891        | 1,402,891     |
| Issued pursuant to:                          |             |                          |               |                  |               |
| - Bonus Issue                                | (b)         | 692,397                  | 692,397       | -                | -             |
| - Exercise of Warrants C 2015/2020           | (c)         | 12                       | 22            | -                | -             |
|  |             | 692,409                  | 692,419       | -                | -             |
| At the end of the year                       | 27          | 2,095,300                | 2,095,310     | 1,402,891        | 1,402,891     |

**(a) Recognition and measurement**

The ordinary shares are classified as equity and recorded at fair value of consideration received.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 26. SHARE CAPITAL (CONT'D)

##### (b) Share capital information

The stock short name, stock number and ISIN Code of the ordinary shares are "OSK", "5053" and "MYL5053OO003" respectively. The Company's securities are classified under Properties sector in the Main Market of Bursa Securities.

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 equally with regard to the residual assets of the Company.

Upon the commencement of the Companies Act 2016 ("CA2016") on 31 January 2017, the concepts of authorised share capital and par value of share capital have been abolished. Consequently, the amount standing to the credit of the Company's share premium becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of CA2016. Notwithstanding this provision, the Company, may use the credit amount of the share premium for purposes stipulated in Section 618(3) of CA2016 within twenty-four months from 31 January 2017.

On 29 November 2017, the Company fully utilised the credit amount of RM336.5 million in the share premium account as part of the issuance of bonus shares.

The Company also utilised RM335.9 million credit amount in retained profits for the issuance of bonus shares. The changes to Warrants C 2015/2020 are diluted in part (c)(i) of the following note.

During the year, the Company issued 692,409,350 new ordinary shares pursuant to the following:

- (i) 12,294 new ordinary shares pursuant to exercise of 12,294 Warrants C 2015/2020 at an exercise price of RM1.80 per ordinary share for cash with share issue proceeds of RM22,129; and
- (ii) 692,397,056 new ordinary shares, as bonus shares which approved at the Extraordinary General Meeting held on 14 November 2017, on the basis of one (1) bonus share for every two (2) existing ordinary shares of the Company ("Bonus Issue") held on 29 November 2017. The ordinary shares that were listed on 30 November 2017.

The above newly issued ordinary shares rank pari-passu in all respects with the existing ordinary shares of the Company.

##### (c) Warrants C 2015/2020

The stock short name, stock number and ISIN Code of the Warrants C 2015/2020 are "OSK-WC", "5053WC" and "MYL5053WCU71" respectively.

On 23 July 2015, the Company issued 237,732,751 Warrants C 2015/2020 pursuant to the Bonus Issue of Warrants which were listed on the Main Market of Bursa Securities on 4 August 2015.

During the year, the Company issued 12,294 new ordinary shares pursuant to the exercise 12,294 Warrants C 2015/2020 at an exercise price of RM1.80 per warrant for cash.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**26. SHARE CAPITAL (CONT'D)**

**(c) Warrants C 2015/2020 (Cont'd)**

The main features of Warrants C 2015/2020 are as follows:

- (i) Each Warrants C 2015/2020 entitles the holder to subscribe for one (1) new ordinary share of RM1.00 each in the Company at an exercise price of RM1.80 per share by cash at any time during normal business hours up to 5.00 pm on or before 22 July 2020.

On 29 November 2017, the Company issued 118,856,788 additional Warrants C 2015/2020 and the exercise price was adjusted from RM1.80 to RM1.20 per share pursuant to the Bonus Issue as disclosed in Note 26(b)(ii) above in accordance with Condition 3(i) of the Third Schedule of the Deed Poll dated 7 July 2015 constituting the Warrants C 2015/2020 provides that the exercise price and/or the number of warrants shall from time to time be adjusted, calculated or determined by the Board.

The summary of the adjustments to the exercise price and number of the outstanding Warrants C pursuant to the Bonus Issue is set out below:

|  | <b>Before the<br/>Bonus<br/>Issue</b>                              | <b>After the<br/>Bonus<br/>Issue</b> |
|--|--|--------------------------------------|
| Exercise price (RM)                        | 1.80   | 1.20                                 |
| No. of outstanding<br>Warrants C 2015/2020 | 237,720,377  | 356,577,165                          |
| Adjusted ratio                             | One (1) additional Warrants C for two (2) existing Warrants C held |                                      |

As at 31 December 2017, the total number of Warrants C 2015/2020 which remained unexercised was 356,577,165 (2016: 237,732,671).

- (ii) Full provisions regarding the transferability of Warrants C 2015/2020 to new ordinary shares, which will thereafter rank pari-passu with the existing ordinary shares of the Company, adjustment of the Exercise Price in certain circumstances, quotation on Bursa Securities and other terms and conditions pertaining to the Warrants C 2015/2020 are set out in detail in a Deed Poll executed by the Company on 7 July 2015, which is available for inspection at the registered office of the Company.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**27. TREASURY SHARES**

|   | Note | Group and Company           |                  |                             |                  |
|---|------|-----------------------------|------------------|-----------------------------|------------------|
|   |      | 2017                        |                  | 2016                        |                  |
|   |      | Number of<br>shares<br>'000 | Amount<br>RM'000 | Number of<br>shares<br>'000 | Amount<br>RM'000 |
| <b>At cost</b>  |      |                             |                  |                             |                  |
| At the beginning of the year                          |      | 18,100                      | 30,237           | 18,098                      | 30,234           |
| Share buybacks  |      | -                           | -                | 2                           | 3                |
| At the end of the year                                |      | 18,100                      | 30,237           | 18,100                      | 30,237           |
| Total number of outstanding shares                    |      | 2,077,200                   |                  | 1,384,791                   |                  |
| Total number of issued and fully paid ordinary shares | 26   | 2,095,300                   |                  | 1,402,891                   |                  |

**(a) Recognition and measurement**

When the Company repurchases its own equity share capital, the consideration paid, including any directly attributable incremental external costs including tax, is included in equity attributable to the Company's equity holders as treasury shares until they are cancelled, reissued or disposed off.

When repurchased shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, are included in equity attributable to Owners of the Company. Any difference between the resale price and the carrying amount of the repurchased shares is accounted as a movement in reserves.

**(b) Summary of the share buybacks**

|                                      | Highest<br>price<br>RM | Lowest<br>price<br>RM | Average<br>cost*<br>RM | Number of<br>shares<br>'000 | Total<br>amount<br>paid<br>RM'000 |
|--------------------------------------|------------------------|-----------------------|------------------------|-----------------------------|-----------------------------------|
| <b>2017</b>                          |                        |                       |                        |                             |                                   |
| At the beginning/<br>end of the year | 2.82                   | 0.90                  | 1.67                   | 18,100                      | 30,237                            |
| <b>2016</b>                          |                        |                       |                        |                             |                                   |
| At the beginning<br>of the year      | 2.82                   | 0.90                  | 1.67                   | 18,098                      | 30,234                            |
| Share buybacks<br>during the year:   |                        |                       |                        |                             |                                   |
| June                                 | 1.59                   | 1.59                  | 1.64                   | 1                           | 2                                 |
| December                             | 1.48                   | 1.48                  | 1.52                   | 1                           | 1                                 |
|                                      | 1.59                   | 1.48                  | 1.58                   | 2                           | 3                                 |
| At the end of the year               | 2.82                   | 0.90                  | 1.67                   | 18,100                      | 30,237                            |

\* Average cost includes transaction costs.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 27. TREASURY SHARES (CONT'D)

##### (c) Other information

The Shareholders of the Company, by a special resolution passed in the Extraordinary General Meeting held on 18 December 2000, approved the Company's plan to repurchase its own ordinary shares. The Company has annually obtained the approval of the Shareholders to repurchase its own ordinary shares subject to the conditions of:

- (i) the aggregate number of shares purchased does not exceed 10 percent of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase;
- (ii) an amount not exceeding the Company's last audited retained profits and/or the share premium account at the time of the purchase(s) will be allocated by the Company for the purchase of own shares; and
- (iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends.

The Directors are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan is to the best interests of the Company and its shareholders. The repurchase transactions were mainly financed by internally generated funds coupled with minimum borrowings.

The shares repurchased are being held as treasury shares in accordance with Section 127 of CA2016 (formerly under Section 67A of the Companies Act, 1965). The Company may distribute the treasury shares as dividend to the shareholders or re-sell the treasury shares in the market in accordance with the Rules of Bursa Securities or cancel the shares in accordance with Section 127 of CA2016.

#### 28. RESERVES

|                            | Note | Group          |                | Company        |                |
|----------------------------|------|----------------|----------------|----------------|----------------|
|                            |      | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| Share premium              | (a)  | -              | 336,481        | -              | 336,481        |
| Available-for-sale reserve | (b)  | -              | 64             | -              | -              |
| Revaluation reserve        | (c)  | 63,451         | 76,321         | -              | -              |
| Foreign exchange reserves  | (d)  | 42,969         | 125,095        | -              | -              |
| Hedging reserve            | (e)  | (85)           | 253            | -              | -              |
| Other reserves             | (f)  | 4,110          | (15,752)       | -              | -              |
|                            |      | 110,445        | 522,462        | -              | 336,481        |
| Retained profits           |      | 2,363,172      | 2,405,394      | 967,002        | 1,287,054      |
|                            |      | 2,473,617      | 2,927,856      | 967,002        | 1,623,535      |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**28. RESERVES (CONT'D)**

**(a) Share premium**

|                                    | Note | Group and Company<br>2017<br>RM'000 | 2016<br>RM'000 |
|------------------------------------|------|-------------------------------------|----------------|
| At the beginning of the year       |      | 336,481                             | 336,481        |
| Utilisation as part of Bonus Issue | 26   | (336,481)                           | -              |
| At the end of the year             |      | -                                   | 336,481        |

The share premium represents excess of proceeds received over par value of ordinary share issued and share premium is classified as equity. Transaction costs of an equity transaction directly attributable to the new shares or option issued are accounted for as a deduction from share premium, net of any related income tax benefit. On 29 November 2017, the Company fully utilised the share premium as part of issuance of bonus shares as described in Note 26(b)(ii).

**(b) Available-for-sale reserve**

The available-for-sale reserve in the previous year represented the cumulative fair value changes of available-for-sale financial assets until they are disposed off or impaired.

**(c) Revaluation reserve**

Revaluation reserve of the Group represents revaluation surplus on land and building of a subsidiary company. On 9 November 2012, certain land and building that were classified as property, plant and equipment were transferred to investment properties due to change in use as a result of the disposal of the investment banking subsidiary companies. These land and building are measured at their fair values based on independent valuers at that date. A total gain of RM80.3 million was recognised as a revaluation surplus in year 2012 and a deferred tax of RM4.0 million arising from change of tax legislation in year 2013. The revaluation reserve are derecognised when the underlying property has been disposed.

Upon completion of the disposal of investment properties during the year, revaluation reserves of RM12.9 million is reclassified to retained profits in statement of changes in equity.

**(d) Foreign exchange reserves**

The foreign exchange reserves are used to record foreign currency exchange differences arising from the translations of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

The foreign exchange reserves include share of translation differences of RM90.1 million (2016: RM96.0 million) arising from equity accounting of associated companies.

**(e) Hedging reserve**

The hedging reserve comprises effective portion of the cumulative net change in fair value of cash flow hedge instruments as disclosed in Note 17(b)(i). This hedge instrument is related to hedged transactions that have not yet occurred.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**28. RESERVES (CONT'D)**

**(f) Other reserves**

Other reserves are share of other reserves of an associated company as summarised below:

|                            | Group          |                |
|----------------------------|----------------|----------------|
|                            | 2017<br>RM'000 | 2016<br>RM'000 |
| Available-for-sale reserve | (15,278)       | (15,351)       |
| Other reserves             | 19,388         | (401)          |
|                            | 4,110          | (15,752)       |

**29. REVENUE**

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| Dividend income:                       |                |                |                |                |
| - Subsidiary companies                 | -              | -              | 147,983        | 282,884        |
| - Associated company                   | -              | -              | 48,741         | 57,680         |
| - Available-for-sale securities        | -              | 53             | -              | -              |
|  | -              | 53             | 196,724        | 340,564        |
| Fee income:                            |                |                |                |                |
| - Facilities                           | 9,654          | 9,287          | -              | -              |
| - Services                             | 108,730        | 122,046        | -              | -              |
|  | 118,384        | 131,333        | -              | -              |
| Interest income:                       |                |                |                |                |
| - Non-impaired financing               | 38,531         | 26,421         | -              | -              |
| - Impaired financing                   | 72             | 8,413          | -              | -              |
| - Subsidiary companies                 | -              | -              | 9,928          | 779            |
|  | 38,603         | 34,834         | 9,928          | 779            |
| Progress revenue:                      |                |                |                |                |
| - Construction contracts               | 30,299         | 13,722         | -              | -              |
| - Property development                 | 628,219        | 764,639        | -              | -              |
|  | 658,518        | 778,361        | -              | -              |
| Rental income                          | 39,379         | 46,466         | -              | -              |
| Sale of goods and completed properties | 314,395        | 314,624        | -              | -              |
|  | 1,169,279      | 1,305,671      | 206,652        | 341,343        |

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

## 29. REVENUE (CONT'D)

### Recognition and measurement

Revenue which represents income arising in the course of the Group's and of the Company's ordinary activities are recognised by reference to each distinct performance obligation promised in the contract with customer as and when the Group and the Company transfer the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

The consideration allocated to each performance obligation is recognised as revenue as and when the customer obtains control of the goods or services. At the inception of each contract with customer, the Group and the Company determines whether control of the goods or services for each performance obligation is transferred over time or at a point in time. Control over the goods or services are transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
- the Group's and the Company's performance creates or enhances a customer-controlled asset; or
- the Group's and the Company's performance does not create an asset with alternative use and the Group and the Company have rights to payment for performance completed to date.

Revenue recognition criteria for each business activity of the Group and of the Company is described below:

#### (i) Progress revenue from property development and construction contract

Revenue from property development and construction contract is recognised as and when the control of the asset is transferred to the customer. Based on the terms of the contract and the laws that apply to the contract in Malaysia, control of the asset is transferred over time to the customers of the Group.

In determining timing of satisfaction of performance obligation for revenue recognition:

- (a) the property development and construction subsidiary companies in Malaysia recognise revenue over the periods of the contracts using the output method by reference to the progress completion of the physical proportion of contract works to-date which certified by professional consultants.
- (b) the promised properties are specifically identified in the sale and purchase agreements with its layout plan. Purchaser could enforce their rights to the properties if the Group seeks not to sell such properties to the purchaser. The contractual restriction on the Group's ability to direct the properties for another use is substantive and the properties sold to the purchaser do not have an alternative use to the Group. The Group has the rights to payment for performance completed to-date. The Group has obligated to complete the construction, transfer to the purchaser the developed properties and enforce their rights to full payment from the purchaser.

In certain circumstances, contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. The transaction price, which include estimating variable consideration and adjusting the consideration for the effects of the time value of money where applicable, will be allocated to each performance obligation based on the stand-alone selling prices of the properties involved. Stand-alone selling prices are estimated based on expected cost plus margin where the observable selling prices data not available.

#### (ii) Dividend income

Dividend income is recognised when the rights to receive dividend payment is established.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 29. REVENUE (CONT'D)

##### Recognition and measurement (Cont'd)

Revenue recognition criteria for each business activity of the Group and of the Company is described below: (Cont'd)

##### (iii) Fee income

###### (1) Facilities

Facilities fees from capital financing are recognised upon the Group's performance of securing the facilities over the tenure of financing based on effective interest rate method.

Other non-refundable fees and commissions on services and facilities extended to customers that are not an integral part of the effective interest rate on the facilities granted are recognised on the inception of such transactions.

###### (2) Services

###### *Hotel room rental, food and beverages revenue and golf course*

Room rental revenue is recognised on a daily basis on customer-occupied rooms. Revenue from the sales of food and beverage is recognised when the customer receives and consumes, and the Group has a present rights to payment for the food and beverage product. Hotel revenue is recorded based on the published rates, net of discounts. Green fees and buggy rental are recognised when services are rendered and the customer receives and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

###### *Property management services*

The provision of property management services fees is recognised when the services are rendered and the customer receives and consumes the benefits provided by the Group, and the Group has a present rights to payment for the services.

###### *Management and operation of timeshare membership scheme*

Maintenance fees are recognised over the membership period as revenue is based on fees chargeable to members during the period/year.

##### (iv) Interest income

Interest income on capital financing is accounted for on an accrual basis using the effective interest rate method by reference to the rest of the periods as stipulated in the loan agreements.

Interest income on advances to subsidiary companies is recognised using effective interest rate method over the period.

##### (v) Rental income

Rental income from operating lease is recognised over the lease term evenly. Other rent related income is recognised in the period in which the services being rendered.

##### (vi) Sale of goods

Revenue from sale of goods is recognised when the Group satisfies a performance obligation by transferring a promised good (i.e. an asset) to a customer. An asset is transferred as and when the customer obtains control of that asset, which coincides with the delivery of goods and services and acceptance by customers.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 29. REVENUE (CONT'D)

##### Recognition and measurement (Cont'd)

Revenue recognition criteria for each business activity of the Group and of the Company is described below: (Cont'd)

##### (vii) Sale of land and completed properties

Proceeds from sale of land and completed properties are recognised when the Group satisfies a performance obligation by transferring a promised asset to a customer. An asset is transferred when the customer obtains control of that asset.

#### 30. COST OF SALES

|                               | Note | Group          |                | Company        |                |
|-------------------------------|------|----------------|----------------|----------------|----------------|
|                               |      | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| Construction contract costs   |      | 23,507         | 11,500         | -              | -              |
| Property development costs    | 9    | 485,476        | 538,702        | -              | -              |
| Facility and commitment fees  |      | 2,268          | 1,899          | 228            | 357            |
| Funding costs                 |      | 14,417         | 11,774         | -              | -              |
| Property maintenance expenses |      | 18,247         | 17,028         | -              | -              |
| Cost of services rendered     |      | 60,416         | 71,778         | -              | -              |
| Cost of goods sold            |      | 261,321        | 252,096        | -              | -              |
|                               |      | 865,652        | 904,777        | 228            | 357            |

##### (a) Recognition and measurement

The cost of sales is recognised on similar principles that derive the respective revenue and income as disclosed in Note 29.

##### (b) Other information

Included in cost of sales are:

|   | Note     | Group          |                |
|---|----------|----------------|----------------|
|   |          | 2017<br>RM'000 | 2016<br>RM'000 |
| Amortisation of software licences             | 8(b)     | 10             | 14             |
| Depreciation of property, plant and equipment | 4(b)(ii) | 5,160          | 4,890          |
| Written down of inventories                   |          |                |                |
| - completed properties held for sale          |          | 665            | -              |
| - raw materials                               |          | 312            | 420            |
| - finished goods                              |          | 2,411          | 2,142          |
| Staff costs                                   |          | 48,847         | 47,144         |
|   |          | 57,405         | 54,610         |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**31. OTHER INCOME**

|  | Note    | Group          |                | Company        |                |
|--|---------|----------------|----------------|----------------|----------------|
|  |         | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| Income:  |         |                |                |                |                |
| Dividend income from securities at fair value through profit or loss   |         | 67             | -              | 9              | -              |
| Funds distribution income  |         | 5,716          | 2,737          | 235            | 440            |
| Interest income on deposits and placements with financial institutions |         | 14,282         | 12,133         | 400            | 188            |
| Management fee income  |         | 181            | 180            | 18,949         | 13,434         |
| Rental income  |         | 2,356          | 3,017          | -              | -              |
| Sale of oil palm fresh fruit bunches                                   |         | 125            | 141            | -              | -              |
|  |         | 22,727         | 18,208         | 19,593         | 14,062         |
| Gains, write backs and reversals:                                      |         |                |                |                |                |
| Gain on deemed disposal of a subsidiary company                        | 6(b)(v) | 177,612        | -              | -              | -              |
| Gain on disposals of:  |         |                |                |                |                |
| - available-for-sale securities  |         | 355            | -              | -              | -              |
| - investment properties  | 5, 20   | 4,868          | 5,997          | -              | -              |
| - plant and equipment  |         | 165            | 169            | -              | -              |
| Gain on fair valuation of:   |         |                |                |                |                |
| - biological assets  | 15      | -              | 110            | -              | -              |
| - derivative assets  |         | -              | -              | -              | 3,825          |
| - investment properties  | 5       | 53,127         | 55,984         | -              | -              |
| - retention sums   |         | 3,058          | 3,137          | -              | -              |
| - securities at fair value through profit or loss                      |         | 100            | -              | 100            | -              |
| Gain on foreign exchange transactions                                  |         | 2,514          | 3              | -              | -              |
| Gain on foreign exchange translations                                  |         | 100            | 541            | -              | -              |
| Recovery of bad debts of capital financing                             |         | 1,639          | 2              | -              | -              |
| Write back of allowances for impairment loss on:                       |         |                |                |                |                |
| - capital financing:   |         |                |                |                |                |
| - Collective assessment  | 12      | 32             | -              | -              | -              |
| - Individual assessment  | 12      | 4,131          | 3,637          | -              | -              |
| - trade receivables:   |         |                |                |                |                |
| - Individual assessment  | 13      | 1,622          | 273            | -              | -              |
| - other receivables:   |         |                |                |                |                |
| - Individual assessment  | 14      | 102            | 106            | -              | -              |
|  |         | 249,425        | 69,959         | 100            | 3,825          |
| Others   |         | 9,392          | 10,520         | 471            | 628            |
|  |         | 281,544        | 98,687         | 20,164         | 18,515         |

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 31. OTHER INCOME (CONT'D)

##### Recognition and measurement

Other income is recognised as and when the Group satisfies a performance obligation by transferring of an asset. An asset is transferred when the customer obtains control of that asset, which coincides with the delivery of goods and services and acceptance by customers. Certain income with same nature is recognised on same principles as disclosed in Note 29, while others are described below:

- (i) Gain on the disposals of investments properties, plant and equipment and securities at fair value through profit or loss are recognised upon the customer obtaining the control of the asset or completion of sale and purchase agreement.
- (ii) Interest income on the deposits and placements with licensed financial institutions is recognised using effective interest rate method over the tenure of placement.
- (iii) Funds distribution income is recognised using effective interest rate method over time frame of the short term funds.
- (iv) Proceeds from the sale of oil palm fresh fruit bunches is recognised when goods are delivered to a customer and invoiced.
- (v) Gain on fair valuation is recognised when revaluation of such properties is evidenced by market information or valuation techniques where applicable. Gains arising from changes in the fair values of investment properties are recognised in the profit or loss in the year in which they arise.
- (vi) All other income is recognised on accrual basis.

#### 32. ADMINISTRATIVE EXPENSES

|   | Note     | Group          |                | Company        |                |
|---|----------|----------------|----------------|----------------|----------------|
|   |          | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>Establishment related expenses</b>         |          |                |                |                |                |
| Depreciation of property, plant and equipment | 4(b)(ii) | 23,739         | 24,111         | 90             | 13             |
| Amortisation of software licences             | 8(b)     | 351            | 330            | 12             | 3              |
| Insurance                                     |          | 2,422          | 1,784          | 5              | 5              |
| Quit rent and assessment                      |          | 5,391          | 8,418          | -              | -              |
| Rental of equipment                           |          | 994            | 427            | -              | -              |
| Rental of premises                            |          | 459            | 886            | 1,415          | 295            |
| Repair and maintenance                        |          | 8,376          | 7,543          | 41             | 19             |
| Utility expenses                              |          | 12,389         | 13,145         | 80             | 6              |
| Others  |          | 1,351          | 2,169          | 38             | 45             |
|   |          | 55,472         | 58,813         | 1,681          | 386            |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**32. ADMINISTRATIVE EXPENSES (CONT'D)**

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>General administrative expenses</b>   |                |                |                |                |
| Advertisement  | 436            | 1,236          | 132            | 280            |
| Auditors' remuneration #   | 640            | 644            | 70             | 70             |
| Bank charges   | 3,292          | 2,387          | 10             | 11             |
| Communication expenses   | 2,111          | 2,091          | 205            | 89             |
| Legal and professional fees  | 3,572          | 7,751          | 750            | 1,036          |
| Printing and stationery  | 1,900          | 2,136          | 264            | 226            |
| Repair and maintenance   | 2,228          | 2,465          | 82             | 66             |
| Security services  | 1,506          | 1,466          | 204            | 195            |
| Service and registration expenses  | 880            | 1,389          | 296            | 270            |
| Transport and travelling   | 1,757          | 1,934          | 110            | 88             |
| Others   | 8,467          | 7,450          | 1,131          | 973            |
|  | 26,789         | 30,949         | 3,254          | 3,304          |
| <b>Personnel expenses</b>  |                |                |                |                |
| Salaries, allowances, bonuses<br>and other emoluments (net of<br>over provision) | 70,721         | 76,082         | 15,594         | 15,807         |
| Pension costs - defined contribution plan  | 9,394          | 9,142          | 1,846          | 1,542          |
| Others   | 8,208          | 7,673          | 1,859          | 435            |
|  | 88,323         | 92,897         | 19,299         | 17,784         |
| <b>Selling and marketing expenses</b>  |                |                |                |                |
| Advertisement and promotion  | 11,149         | 15,517         | -              | -              |
| Commission   | 1,104          | 2,304          | -              | -              |
| Interest subsidies   | 81             | 16,924         | -              | -              |
| Legal fees   | 675            | 479            | -              | -              |
| Marketing cost   | 13,275         | 8,563          | -              | -              |
| Others   | 710            | 1,087          | -              | -              |
|  | 26,994         | 44,874         | -              | -              |
| <b>Total administrative expenses</b>   | 197,578        | 227,533        | 24,234         | 21,474         |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**32. ADMINISTRATIVE EXPENSES (CONT'D)**

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| # Auditors' remuneration:                |                |                |                |                |
| (i) Statutory audit - current year       |                |                |                |                |
| - auditors of the Company                | 521            | 531            | 53             | 53             |
| - an affiliate of the Company's auditors | 21             | 20             | -              | -              |
| - other auditors                         | -              | 6              | -              | -              |
| (ii) Other audit-related services        |                |                |                |                |
| - current year                           |                |                |                |                |
| - auditors of the Company                | 98             | 87             | 17             | 17             |
|  | 640            | 644            | 70             | 70             |

**(a) Recognition and measurement**

Administrative expenses are recognised on accrual basis.

**(b) Other information**

Directors' remuneration and staff costs recognised in cost of sales and administrative expenses are summarised below:

|   | Note  | Group          |                | Company        |                |
|---|-------|----------------|----------------|----------------|----------------|
|   |       | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| Directors' remuneration including estimated money value of any other benefits | 38(a) | 8,148          | 9,677          | 5,250          | 5,782          |
| Staff costs (excluding Directors' remuneration):                              |       |                |                |                |                |
| - salaries, allowances, bonuses and other emoluments (net of over provision)  |       | 105,083        | 106,909        | 11,012         | 10,705         |
| - defined contribution plan   |       | 12,534         | 11,550         | 1,268          | 931            |
| - social security costs   |       | 1,087          | 955            | 71             | 50             |
| - other staff related expenses  |       | 10,318         | 10,950         | 1,698          | 316            |
|   |       | 129,022        | 130,364        | 14,049         | 12,002         |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**33. OTHER EXPENSES**

|   | Note      | Group          |                | Company        |                |
|---|-----------|----------------|----------------|----------------|----------------|
|   |           | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| Expenses:   |           |                |                |                |                |
| Research and development expenses                 |           | 1,266          | 1,600          | -              | -              |
| Loss, write off and impairment:                   |           |                |                |                |                |
| Impairment loss on:                               |           |                |                |                |                |
| - capital financing                               |           |                |                |                |                |
| - Collective assessment                           | 12        | -              | 32             | -              | -              |
| - investment in a subsidiary company              | 6         | -              | -              | -              | 49,448         |
| - infrastructure development costs                | 4         | 10             | 10,436         | -              | -              |
| - property, plant and equipment                   | 4         | 2,051          | -              | -              | -              |
| - trade receivables                               |           |                |                |                |                |
| - Individual assessment                           | 13        | 1,275          | 3,224          | -              | -              |
| - other receivables                               |           |                |                |                |                |
| - Individual assessment                           | 14        | 2              | 102            | -              | -              |
| Loss on disposals of:                             |           |                |                |                |                |
| - club membership                                 |           | 51             | 12             | -              | -              |
| - investments in subsidiary companies             |           | -              | 2,589          | -              | -              |
| - plant and equipment                             |           | 26             | 78             | -              | -              |
| Loss on fair valuation of:                        |           |                |                |                |                |
| - biological assets                               | 15        | 65             | -              | -              | -              |
| - securities at fair value through profit or loss |           | -              | 5              | -              | 5              |
| Loss on foreign exchange transactions             |           | 61             | 4              | -              | -              |
| Loss on foreign exchange translations             |           | 1,995          | 218            | -              | -              |
| Write off of:                                     |           |                |                |                |                |
| - bad debts on trade and other receivables        |           | 1,597          | 466            | -              | -              |
| - club membership                                 | 8(c)      | 132            | -              | -              | -              |
| - plant and equipment                             | 4(b)(iii) | 376            | 485            | -              | -              |
| - software licences                               | 8(b)      | 40             | 1              | -              | -              |
|   |           | 7,681          | 17,652         | -              | 49,453         |
| Others  |           | 3,129          | 2,260          | -              | -              |
|   |           | 12,076         | 21,512         | -              | 49,453         |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**33. OTHER EXPENSES (CONT'D)**

**Recognition and measurement**

- (i) Other expenses are recognised on accrual basis when obligation of liability arose.
- (ii) The impairment losses are recognised in accordance with the impairment policy of the assets disclosed in respective notes.
- (iii) The loss on disposal of investment in subsidiary company is recognised when control over a subsidiary is ceased and fair value measurement of the consideration received is lower than the carrying amount of the underlying assets and liabilities derecognised.
- (iv) Loss on fair valuation is recognised when the market value of the investments carried at fair value are lower than their carrying amount. The loss arising from the changes in fair value of the investments are recognised in the profit or loss in the year in which they arise.

**34. FINANCE COSTS**

|                                       | Note     | Group          |                | Company        |                |
|---------------------------------------|----------|----------------|----------------|----------------|----------------|
|                                       |          | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| Interest expense on:                  |          |                |                |                |                |
| - amounts due to subsidiary companies |          | -              | -              | 11,242         | 7,408          |
| - medium term notes                   |          | 39,863         | 37,069         | 39,863         | 37,069         |
| - revolving credits                   |          | 7,720          | 7,519          | 811            | 199            |
| - term                                |          | 42,795         | 52,817         | 9,195          | 12,311         |
| - others                              |          | 425            | 629            | -              | -              |
|                                       |          | 90,803         | 98,034         | 61,111         | 56,987         |
| Other finance costs:                  |          |                |                |                |                |
| - amortisation of finance cost        |          | 1,194          | 1,332          | 1,194          | 1,332          |
| - retention sums                      |          | 587            | 4,670          | -              | -              |
| - others                              |          | 51             | 179            | -              | -              |
|                                       |          | 1,832          | 6,181          | 1,194          | 1,332          |
| Less: Interest capitalised in:        |          |                |                |                |                |
| - land held for property development  | 9(b)(i)  | (5,407)        | (6,900)        | -              | -              |
| - property development cost           | 9(b)(ii) | (14,425)       | (19,634)       | -              | -              |
|                                       |          | 72,803         | 77,681         | 62,305         | 58,319         |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**35. TAX EXPENSE/(INCOME)**

|   | Note      | Group          |                | Company        |                |
|---|-----------|----------------|----------------|----------------|----------------|
|   |           | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| In respect of the current year income tax               |           | 66,771         | 58,806         | -              | -              |
| Under provision of income tax in respect of prior years |           | 2,845          | 6,785          | 410            | 211            |
| Deferred income tax:                                    |           |                |                |                |                |
| Deferred tax assets                                     | 10(b)(i)  | 25,754         | (16,350)       | (85)           | (1,237)        |
| Deferred tax liabilities                                | 10(b)(ii) | (13,796)       | 20,144         | -              | -              |
|   |           | 11,958         | 3,794          | (85)           | (1,237)        |
| <b>Tax expense/(income)</b>                             |           | 81,574         | 69,385         | 325            | (1,026)        |
| Deferred income tax is further analysed as follow:      |           |                |                |                |                |
| Origination and reversal of temporary differences       |           | (8,676)        | 2,559          | (103)          | (411)          |
| Change in tax rate                                      |           | -              | 130            | -              | -              |
| Under/(Over) provision in prior years                   |           | 20,634         | 1,105          | 18             | (826)          |
|   |           | 11,958         | 3,794          | (85)           | (1,237)        |

**(a) Recognition and measurement**

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised, outside profit or loss, either in other comprehensive income or directly in equity.

Tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the year.

**(b) Other information**

The income tax expense is calculated based on the respective jurisdictions' statutory income tax rates on the estimated taxable profits for the year as follow:

| Country   | 2017<br>Tax rate | 2016<br>Tax rate |
|-----------|------------------|------------------|
| Malaysia  | 24%              | 24%              |
| Australia | 30%              | 30%              |
| Singapore | 17%              | 17%              |
| Vietnam   | *                | *                |

\* OVI Cables (Vietnam) Co., Ltd., a wholly-owned subsidiary company of PJD and in turn an indirect subsidiary company of the Company, is entitled to enjoy preferential corporate income tax under incentive corporation income tax in Vietnam. The details of tax is as follows:

- Income tax rate of 15% shall be applied for 12 years from the commencement of activities for year 2007 to 2018 and based on the current rate of relevant regulation of corporation income tax ('CIT') for the following subsequent years, and
- To be exempt from CIT for three years from the first year generating taxable profit and reduced 50% of CIT in the seven succeeding years.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**35. TAX EXPENSE/(INCOME) (CONT'D)**

**(c) Relationship between tax expense/(income) and accounting profit before tax**

The reconciliation between Malaysian tax expense and the product of accounting profit before tax multiplied by the statutory corporate tax rate of 24% (2016: 24%) is as follow:

|  | <b>Group</b>  |               | <b>Company</b> |               |
|--|---------------|---------------|----------------|---------------|
|  | <b>2017</b>   | <b>2016</b>   | <b>2017</b>    | <b>2016</b>   |
|  | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>  | <b>RM'000</b> |
| Profit before tax ("PBT")  | 485,180       | 321,413       | 140,049        | 230,255       |
| Tax at Malaysian statutory rate on PBT                           | 116,443       | 77,139        | 33,612         | 55,261        |
| Tax effects of:  |               |               |                |               |
| - change in tax rate in respect of deferred tax                  | -             | 130           | -              | -             |
| - different tax rates in foreign jurisdictions/other authorities | 9,687         | (400)         | -              | -             |
| - different tax rate under real property gains tax rate          | 3,781         | 3,326         | -              | -             |
| - non-taxable income   | (56,600)      | (554)         | (34,600)       | (64,690)      |
| - non-deductible expenses  | 15,640        | 13,271        | 885            | 9,018         |
| - share of results of associated companies and a joint venture   | (43,792)      | (35,654)      | -              | -             |
| Utilisation of previously unrecognised deferred tax assets       | (113)         | -             | -              | -             |
| Deferred tax assets not recognised during the year               | 13,049        | 4,237         | -              | -             |
| Temporary differences not recognised in prior years              | 20,634        | 1,105         | 18             | (826)         |
| Under provision of income tax in respect of prior years          | 2,845         | 6,785         | 410            | 211           |
| Tax expense/(income)   | 81,574        | 69,385        | 325            | (1,026)       |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**36. EARNINGS PER SHARE ("EPS")**

|  | <b>Group</b> |             |
|--|--------------|-------------|
|  | <b>2017</b>  | <b>2016</b> |
| <b>Basic</b>   |              |             |
| Profit attributable to Owners of the Company (RM'000)                            | 400,219      | 247,273     |
| Weighted average number of ordinary shares outstanding ('000)                    | 2,077,190    | 2,077,189 * |
| Basic EPS (sen)  | 19.27        | 11.90       |
| <b>Diluted</b>   |              |             |
| Profit attributable to Owners of the Company (RM'000)                            | 400,219      | 247,273     |
| Weighted average number of ordinary shares outstanding ('000)                    | 2,077,190    | 2,077,189 * |
| Effect of dilution of assumed conversion of Warrants C 2015/2020 ('000)^         | -            | -           |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | 2,077,190    | 2,077,189   |
| Diluted EPS (sen)  | 19.27        | 11.90       |

**Measurement**

Basic earnings per share are calculated by dividing profit attributable to Owners (ordinary equity holders) of the Company (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the year.

Diluted earnings per share are calculated by dividing profit for the year attributable to Owners (ordinary equity holders) of the Company, with no dilutive adjustments as required, by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential ordinary shares, i.e. the Company's Warrants C 2015/2020, into ordinary shares.

\* The weighted average number of ordinary shares in issue has been adjusted pursuant to the issuance of bonus shares described in Note 26(b)(ii).

|  | <b>Group</b> |
|--|--------------|
|  | <b>2016</b>  |
|  | <b>'000</b>  |
| Previously stated                      | 1,384,792    |
| Adjustment pursuant to the Bonus Issue | 692,397      |
| Restated                               | 2,077,189    |

^ The Company's Warrants C 2015/2020 that could potentially dilute basic earnings per share in the future were not included in the calculation of the diluted earnings per share because they are anti-dilutive for the current and previous years.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**37. DIVIDENDS**

**(a) Dividends paid:**

|  | <b>Group and Company</b> |                       |                           |                           |
|--|--------------------------|-----------------------|---------------------------|---------------------------|
|  | <b>Total dividend</b>    | <b>Total dividend</b> | <b>Dividend per share</b> | <b>Dividend per share</b> |
|  | <b>2017</b>              | <b>2016</b>           | <b>2017</b>               | <b>2016</b>               |
|  | <b>RM'000</b>            | <b>RM'000</b>         | <b>Sen</b>                | <b>Sen</b>                |
| <b>In year 2017</b>  |                          |                       |                           |                           |
| Single-tier final dividend of 5.0 sen for the year ended 31 December 2016, paid on 11 May 2017       | 69,240                   | -                     | 5.0                       | -                         |
| Single-tier interim dividend of 2.5 sen for the year ended 31 December 2017, paid on 11 October 2017 | 34,620                   | -                     | 2.5                       | -                         |
| <b>In year 2016</b>  |                          |                       |                           |                           |
| Single-tier final dividend of 2.5 sen for the year ended 31 December 2015, paid on 11 May 2016       | -                        | 34,620                | -                         | 2.5                       |
| Single-tier interim dividend of 2.5 sen for the year ended 31 December 2016, paid on 31 October 2016 | -                        | 34,620                | -                         | 2.5                       |
|  | <b>103,860</b>           | <b>69,240</b>         | <b>7.5</b>                | <b>5.0</b>                |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**37. DIVIDENDS (CONT'D)**

**(b) Dividends declared or proposed:**

|  | <b>Group and Company</b> |               |                           |             |
|--|--------------------------|---------------|---------------------------|-------------|
|  | <b>Total dividend</b>    |               | <b>Dividend per share</b> |             |
|  | <b>2017</b>              | <b>2016</b>   | <b>2017</b>               | <b>2016</b> |
|  | <b>RM'000</b>            | <b>RM'000</b> | <b>Sen</b>                | <b>Sen</b>  |
| <b>For the year ended 31 December 2017</b>   |                          |               |                           |             |
| Single-tier interim dividend of 2.5 sen, paid on 11 October 2017   | 34,620                   | -             | 2.5                       | -           |
| Proposed single-tier final dividend of 3.5 sen per share based on number of outstanding shares in issue at the end of the year | 72,702                   | -             | 3.5                       | -           |
| <b>For the year ended 31 December 2016</b>   |                          |               |                           |             |
| Single-tier interim dividend of 2.5 sen, paid on 31 October 2016   | -                        | 34,620        | -                         | 2.5         |
| Single-tier final dividend of 5.0 sen, paid on 11 May 2017   | -                        | 69,240        | -                         | 5.0         |
|  | 107,322                  | 103,860       | 6.0                       | 7.5         |

The Board of Directors recommends a single-tier final dividend of 3.5 sen per share amounting to approximately RM72.70 million, based on the number of outstanding shares in issue at the end of the year, for the year ended 31 December 2017. The proposed dividend is subject to Shareholders' approval at the forthcoming Annual General Meeting. The entitlement date for the final dividend shall be determined by the Board of Directors. The financial statements for the current year do not reflect this proposed final dividend. Such dividend will be accounted for in the Shareholders' equity as an appropriation of retained profits in the year ending 31 December 2018 when approved by Shareholders.

**Recognition and measurement**

Dividend distribution to the Owners of the Company is recognised in retained profits under equity in the period which dividend is approved.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**38. SIGNIFICANT RELATED PARTY DISCLOSURES**

**(a) Key management personnel's compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, including Directors of the Company and senior personnel of the Group. The key management personnel's compensation is as follows:

|  | Note | Group          |                | Company        |                |
|--|------|----------------|----------------|----------------|----------------|
|  |      | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>Directors:</b>                                    |      |                |                |                |                |
| <b>Executive</b>                                     |      |                |                |                |                |
| Fees - current year                                  |      | 40             | 40             | -              | -              |
| Other benefits*                                      |      | 6,370          | 7,571          | 3,826          | 4,498          |
|  |      | 6,410          | 7,611          | 3,826          | 4,498          |
| Estimated money value of benefits-in-kind            |      | 128            | 112            | 86             | 53             |
| Total short-term employee benefits                   |      | 6,538          | 7,723          | 3,912          | 4,551          |
| Post-employment benefits - Defined contribution plan |      | 806            | 927            | 578            | 611            |
| <i>Total Executive</i>                               |      | 7,344          | 8,650          | 4,490          | 5,162          |
| <b>Non-Executive</b>                                 |      |                |                |                |                |
| Fees - current year                                  |      | 368            | 430            | 326            | 279            |
| Other benefits*                                      |      | 431            | 581            | 429            | 325            |
|  |      | 799            | 1,011          | 755            | 604            |
| Estimated money value of benefits-in-kind            |      | 5              | 16             | 5              | 16             |
| <i>Total Non-Executive</i>                           |      | 804            | 1,027          | 760            | 620            |
| <i>Total</i>   | 32   | 8,148          | 9,677          | 5,250          | 5,782          |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**38. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)**

**(a) Key management personnel's compensation (Cont'd)**

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>Other key management personnel:</b>               |                |                |                |                |
| Short-term employee benefits                         | 8,435          | 8,216          | 2,397          | 1,819          |
| Estimated money value of benefits-in-kind            | 538            | 219            | 285            | 16             |
| <b>Total short-term employee benefits</b>            | <b>8,973</b>   | <b>8,435</b>   | <b>2,682</b>   | <b>1,835</b>   |
| Post-employment benefits - Defined contribution plan | 1,053          | 1,061          | 337            | 256            |
|  | 10,026         | 9,496          | 3,019          | 2,091          |
| <i>Total key management personnel compensation</i>   | 18,174         | 19,173         | 8,269          | 7,873          |

\* Other benefits included salaries, bonus, allowances and social security costs.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**38. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)**

**(b) Directors' remuneration**

The Directors' remuneration included in administrative expenses as disclosed in Note 38(a) are paid/payable to the following Directors:

|  | Company   |  |              |                    | Certain Subsidiary Companies                             |  |              |                    | Group |
|--|---|--|--------------|--------------------|--|--|--------------|--------------------|-------|
|  | Other benefits (Salary, bonus, gratuity and EPF) RM'000 | Estimated money value of benefits-in-kind RM'000 | Total RM'000 | Fee payable RM'000 | Other benefits (Salary, bonus, allowance and EPF) RM'000 | Estimated money value of benefits-in-kind RM'000 | Total RM'000 | Fee payable RM'000 |       |
| <b>2017</b>  |   |  |              |                    |  |  |              |                    |       |
| <b>Executive Directors</b>                           |   |  |              |                    |  |  |              |                    |       |
| Tan Sri Ong Leong Huat @ Wong Joo Hwa                | -   | 44   | 2,134        | 40                 | 1,355  | 20   | 1,415        | -                  | 3,549 |
| Ong Ju Yan   | -   | 7  | 1,572        | -                  | -  | -  | -            | -                  | 1,572 |
| Ong Ju Xing  | -   | -  | -            | -                  | 1,417  | 22   | 1,439        | -                  | 1,439 |
| Dato' Saiful Bahri bin Zainuddin                     | -   | 35   | 784          | -                  | -  | -  | -            | -                  | 784   |
| Total Executive Directors' Remuneration              | -   | 86   | 4,490        | 40                 | 2,772  | 42   | 2,854        | -                  | 7,344 |
| <b>Non-Executive Directors</b>                       |   |  |              |                    |  |  |              |                    |       |
| Dato' Nik Mohamed Din bin Datuk Nik Yusoff           | -   | 5  | 386          | -                  | -  | -  | -            | -                  | 386   |
| Foo San Kan  | 75  | -  | 85           | 42                 | 2  | -  | 44           | -                  | 129   |
| Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir | 65  | -  | 75           | -                  | -  | -  | -            | -                  | 75    |
| Dato' Abdul Majit bin Ahmad Khan                     | 60  | -  | 71           | -                  | -  | -  | -            | -                  | 71    |
| Dato' Thanarajasingam Subramaniam                    | 60  | -  | 69           | -                  | -  | -  | -            | -                  | 69    |
| Ong Yee Ching  | 60  | -  | 68           | -                  | -  | -  | -            | -                  | 68    |
| Nik Mohamed Sharifudin B N M Din                     | 6   | -  | 6            | -                  | -  | -  | -            | -                  | 6     |
| Total Non-Executive Directors' Remuneration          | 326   | 5  | 760          | 42                 | 2  | -  | 44           | -                  | 804   |
| <b>Total Directors' Remuneration</b>                 | 326   | 91   | 5,250        | 82                 | 2,774  | 42   | 2,898        | -                  | 8,148 |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**38. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)**

**(b) Directors' remuneration (Cont'd)**

The Directors' remuneration included in administrative expenses as disclosed in Note 38(a) are paid/payable to the following Directors: (Cont'd)

**2016**

**Executive:**

Tan Sri Ong Leong Huat @ Wong Joo Hwa  
Ong Ju Yan  
Ong Ju Xing  
Dato' Saiful Bahri bin Zainuddin

**Non-executive:**

Dato' Nik Mohamed Din bin Datuk Nik Yusoff  
Foo San Kan  
Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir  
Dato' Abdul Majit bin Ahmad Khan  
Dato' Thanarajasingam Subramaniam  
Ong Yee Ching  
Dr. Ngo Get Ping

**(c) Significant transactions and balances with subsidiary companies, associated companies and a joint venture**

The relationship between the Company and its subsidiary companies, associated companies and a joint venture are disclosed in Notes 6 and 7 respectively. The significant transactions with subsidiary companies, associated companies and a joint venture during the year are as follows:

| Transactions and balances with associated companies and a joint venture | Income/(Expenses) |                | Group Amount due from/(to) |                |
|---|-------------------|----------------|----------------------------|----------------|
|   | 2017<br>RM'000    | 2016<br>RM'000 | 2017<br>RM'000             | 2016<br>RM'000 |
| <b>RHB Bank Berhad group of companies</b>                               |                   |                |                            |                |
| <u>RHB Bank Berhad</u>  |                   |                |                            |                |
| Interest income   | 1,266             | 515            | -                          | -              |
| Office rental income  | 786               | 786            | -                          | -              |
| Commitment fee expense  | (693)             | (1,259)        | -                          | -              |
| Interest expense  | (46,662)          | (41,989)       | -                          | -              |
| Bank balance and short term funds                                       | -                 | -              | 89,319                     | 24,290         |
| Borrowings  | -                 | -              | (220,672)                  | (182,262)      |
| Medium term notes   | -                 | -              | (840,113)                  | (840,113)      |
| <u>RHB Investment Bank Berhad</u>                                       |                   |                |                            |                |
| Interest income   | -                 | 321            | -                          | -              |
| Office rental income  | 958               | 7,578          | -                          | -              |
| Brokerage fee expense   | -                 | (118)          | -                          | -              |
| Short term deposits   | -                 | -              | -                          | 618            |
| Rental and utilities deposits received                                  | -                 | -              | -                          | (484)          |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**38. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)**

(c) **Significant transactions and balances with subsidiary companies, associated companies and a joint venture (Cont'd)**

| Transactions and balances with associated companies and a joint venture (Cont'd) | Income/(Expenses) |        | Group     |          |
|--|-------------------|--------|-----------|----------|
|  | 2017              | 2016   | 2017      | 2016     |
|  | RM'000            | RM'000 | RM'000    | RM'000   |
| <b>RHB Bank Berhad group of companies (Cont'd)</b>                               |                   |        |           |          |
| <u>RHB Research Institute Sdn. Bhd.</u>  |                   |        |           |          |
| Office rental income   | -                 | 294    | -         | -        |
| <u>RHB Asset Management Sdn. Bhd.</u>  |                   |        |           |          |
| Funds distribution income  | 3,123             | 2,580  | -         | -        |
| Office rental income   | -                 | 1,575  | -         | -        |
| Investments in short term funds  | -                 | -      | 78,607    | 116,439  |
| <u>RHB Nominees (Tempatan) Sdn. Bhd.</u>   |                   |        |           |          |
| Custodial and service fee expense  | (239)             | (152)  | -         | -        |
| <b>Agile PJD Development Sdn. Bhd.</b>   |                   |        |           |          |
| Interest income  | 1,216             | 2,452  | -         | -        |
| Amount due from an associated company  | -                 | -      | -         | 60,763   |
| <b>Scotia Acres Sdn. Bhd. group of companies</b>                                 |                   |        |           |          |
| <u>Canggih Pesaka Sdn. Bhd.</u>  |                   |        |           |          |
| Office rental expense  | (743)             | (607)  | -         | -        |
|  |                   |        |           |          |
| Transactions and balances with subsidiary companies                              | Income/(Expenses) |        | Company   |          |
|  | 2017              | 2016   | 2017      | 2016     |
|  | RM'000            | RM'000 | RM'000    | RM'000   |
| <u>OSK Capital Sdn. Bhd.</u>   |                   |        |           |          |
| Dividend income  | 29,800            | 20,000 | -         | -        |
| Management fee income  | 1,996             | 2,021  | -         | -        |
| Interest expense   | (6,296)           | (247)  | -         | -        |
| Amount due to a subsidiary company   | -                 | -      | (136,825) | (81,459) |
| <u>OSK Capital Management Sdn. Bhd.</u>  |                   |        |           |          |
| Interest income  | 9,792             | 779    | -         | -        |
| Management fee income  | 259               | -      | -         | -        |
| Amount due from a subsidiary company   | -                 | -      | 200,210   | 200,135  |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**38. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)**

**(c) Significant transactions and balances with subsidiary companies, associated companies and a joint venture (Cont'd)**

| Transactions and balances with subsidiary companies (Cont'd)           | Income/(Expenses) |                | Company<br>Amount due from/(to) |                |
|--|-------------------|----------------|---------------------------------|----------------|
|  | 2017<br>RM'000    | 2016<br>RM'000 | 2017<br>RM'000                  | 2016<br>RM'000 |
| <u>KE-ZAN Holdings Berhad</u>  |                   |                |                                 |                |
| Dividend income  | 13,489            | 68,737         | -                               | -              |
| Interest expense   | (4,843)           | (7,285)        | -                               | -              |
| Amount due to a subsidiary company                                     | -                 | -              | (108,354)                       | (93,947)       |
| <u>OSK Realty Sdn. Bhd.</u>  |                   |                |                                 |                |
| Dividend income  | -                 | 148,500        | -                               | -              |
| Management fee income  | 1,886             | 944            | -                               | -              |
| Office rental expense  | (1,335)           | (281)          | -                               | -              |
| Amount due from a subsidiary company                                   | -                 | -              | 5,743                           | 1,316          |
| <u>PJ Development Holdings Berhad</u>                                  |                   |                |                                 |                |
| Dividend income  | 36,546            | 21,064         | -                               | -              |
| Management fee income  | 10,584            | 6,007          | -                               | -              |
| <u>OSK Property Holdings Berhad</u>                                    |                   |                |                                 |                |
| Dividend income  | 68,148            | 24,583         | -                               | -              |
| Management fee income  | 3,990             | 4,116          | -                               | -              |
| <b>Transactions and balances with an associated group of companies</b> |                   |                |                                 |                |
| <b>RHB Bank Berhad group of companies</b>                              |                   |                |                                 |                |
| <u>RHB Bank Berhad</u>   |                   |                |                                 |                |
| Dividend income  | 48,741            | 57,680         | -                               | -              |
| Interest income  | 371               | 172            | -                               | -              |
| Interest expense   | (39,863)          | (37,069)       | -                               | -              |
| Bank balance and short term funds                                      | -                 | -              | 1,167                           | 4,099          |
| Medium term notes  | -                 | -              | (840,113)                       | (840,113)      |
| <u>RHB Asset Management Sdn. Bhd.</u>                                  |                   |                |                                 |                |
| Funds distribution income  | 235               | 440            | -                               | -              |
| Investments in short term funds  | -                 | -              | 6,172                           | 4,060          |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**38. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)**

**(d) Significant transactions and balances with other related parties**

Other related parties are companies related to a Director and a major Shareholder of the Company:

**(i) Dindings Consolidated Sdn. Bhd. ("DCSB")**

The spouse and daughter of Tan Sri Ong Leong Huat @ Wong Joo Hwa are directors of DCSB. Tan Sri Ong Leong Huat @ Wong Joo Hwa, his spouse and children collectively owned 100% of DCSB.

|   | <b>Income/(Expenses)</b> |               | <b>Group</b>  |               |
|---|--------------------------|---------------|---------------|---------------|
|   | <b>2017</b>              | <b>2016</b>   | <b>2017</b>   | <b>2016</b>   |
|   | <b>RM'000</b>            | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b> |
| <b>Dindings Consolidated Sdn. Bhd. group of companies</b> |                          |               |               |               |
| <u>Dindings Consolidated Sdn. Bhd.</u>                    |                          |               |               |               |
| Construction revenue                                      | 2,098                    | 155           | -             | -             |
| Office rental income                                      | 546                      | 156           | -             | -             |
| Amount due from a related party                           | -                        | -             | 281           | 148           |
| <u>Dindings Risks Management Services Sdn. Bhd.</u>       |                          |               |               |               |
| Insurance premium expense                                 | (251)                    | (451)         | -             | -             |
| <u>DC Services Sdn. Bhd.</u>                              |                          |               |               |               |
| Insurance premium expense                                 | (1,409)                  | (1,639)       | -             | -             |
| <u>Dindings Life Agency Sdn. Bhd.</u>                     |                          |               |               |               |
| Insurance premium expense                                 | (645)                    | (1,092)       | -             | -             |
| <u>Sincere Source Sdn. Bhd.</u>                           |                          |               |               |               |
| Insurance premium expense                                 | (1,262)                  | (823)         | -             | -             |
| <u>Dindings Construction Sdn. Bhd.</u>                    |                          |               |               |               |
| Construction costs  | (1,332)                  | (15,260)      | -             | -             |
| Amount due to a related party                             | -                        | -             | (1,199)       | (4,159)       |
| <u>Dindings Design Sdn. Bhd.</u>                          |                          |               |               |               |
| Renovation costs  | (3,917)                  | -             | -             | -             |
| Amount due to a related party                             | -                        | -             | (1,436)       | -             |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**38. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)**

**(d) Significant transactions and balances with other related parties (Cont'd)**

Other related parties are companies related to a Director and a major Shareholder of the Company: (Cont'd)

**(ii) Willowglen MSC Berhad ("WMB")**

Tan Sri Ong Leong Huat @ Wong Joo Hwa's brother and his brother's son are directors and major shareholder of WMB. Tan Sri Ong Leong Huat @ Wong Joo Hwa is a major shareholders of WMB, by virtue of WMB's shares held through OSK Technology Ventures Sdn. Bhd..

|   | Group             |         |                      |        |
|---|-------------------|---------|----------------------|--------|
|   | Income/(Expenses) |         | Amount due from/(to) |        |
|   | 2017              | 2016    | 2017                 | 2016   |
|   | RM'000            | RM'000  | RM'000               | RM'000 |
| <b>Willowglen MSC Berhad group of companies</b> |                   |         |                      |        |
| <u>Willowglen (M) Sdn. Bhd.</u>                 |                   |         |                      |        |
| Upkeep and maintenance expense                  | (85)              | (1,451) | -                    | -      |

**(iii) Nova Terrace Sdn. Bhd. ("NTSB")**

Tan Sri Ong Leong Huat @ Wong Joo Hwa, his spouse and Ong Ju Xing are directors of NTSB. J.B. Properties Sdn. Bhd. ("JBPSB") is the holding company of NTSB. The spouse of Tan Sri Ong Leong Huat @ Wong Joo Hwa and Ong Ju Xing are major shareholders of JBPSB.

|                               | Group             |        |                      |        |
|-------------------------------|-------------------|--------|----------------------|--------|
|                               | Income/(Expenses) |        | Amount due from/(to) |        |
|                               | 2017              | 2016   | 2017                 | 2016   |
|                               | RM'000            | RM'000 | RM'000               | RM'000 |
| Project management fee income | 1,050             | -      | -                    | -      |

**(iv) Raslan Loong, Shen & Eow ("RLSE")**

The son-in-law of Tan Sri Ong Leong Huat @ Wong Joo Hwa are partner of RLSE.

|                    | Group             |        |                      |        |
|--------------------|-------------------|--------|----------------------|--------|
|                    | Income/(Expenses) |        | Amount due from/(to) |        |
|                    | 2017              | 2016   | 2017                 | 2016   |
|                    | RM'000            | RM'000 | RM'000               | RM'000 |
| Legal fee expenses | (1,137)           | (846)  | -                    | -      |

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 38. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

##### (e) Ultimate holding company

OSK Equity Holdings Sdn. Bhd. ("OSKE"), a company incorporated in Malaysia, is regarded by the Directors as the Company's ultimate holding company. The Company has not incurred any related party transactions or owing any balances with OSKE during the year.

The Directors are of the view that the above transactions have been entered into in the ordinary course of business at terms mutually agreed between the companies concerned and are not more favourable than those arranged with independent third parties.

#### 39. COMMITMENTS

##### (a) Operating leases commitments

###### (i) The Group as lessee

The Group has entered into non-cancellable operating lease arrangements for office lots, shop lots and factories under operating leases for a term ranging from 1 to 49 years, with an option to renew the leases. None of these leases include contingent rent. At the end of the year, the Group and the Company have aggregate future minimum lease commitments and categorised as follows:

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| Not later than one year                              | 5,313          | 7,138          | 1,115          | 281            |
| Later than one year and<br>not later than five years | 5,235          | 691            | 1,645          | -              |
| Later than five years                                | 2,293          | 2,612          | -              | -              |
|  | 12,841         | 10,441         | 2,760          | 281            |

###### (ii) The Group as lessor

The Group has entered into non-cancellable lease arrangements on certain properties classified under property, plant and equipment and investment properties. At the end of the year, the Group has aggregate future minimum lease receivables and categorised as follows:

|   | Group          |                |
|---|----------------|----------------|
|   | 2017<br>RM'000 | 2016<br>RM'000 |
| Not later than one year                           | 20,167         | 35,350         |
| Later than one year and not later than five years | 14,831         | 29,175         |
| Later than five years                             | 36,899         | 29,067         |
|   | 71,897         | 93,592         |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**39. COMMITMENTS (CONT'D)**

**(b) Capital commitments**

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| Contracted but not provided for:                        |                |                |                |                |
| - Acquisition of development land                       | -              | 118,321        | -              | -              |
| - Acquisition of office equipment and software licences | 3,927          | 1,807          | -              | -              |
| - Construction of an investment property                | 24,712         | 24,670         | -              | -              |
| - Professional fee for a corporate exercise             | 308            | 200            | 308            | 200            |
|   | 28,947         | 144,998        | 308            | 200            |

**Recognition and measurement**

The Group and the Company have not recognised the contracted commitments, but disclose its existence in the financial statements. Commitments are measured at the transacted price less amount provided for in the financial statements.

**40. CONTINGENT ASSETS AND LIABILITIES**

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>Unsecured contingent liabilities:</b>  |                |                |                |                |
| Corporate guarantees given to licensed financial institutions for credit facilities granted to subsidiary companies | -              | -              | 483,185        | 359,905        |
| Corporate guarantees given to licensed financial institutions relating to credit facilities of a joint venture      | 39,372         | 39,724         | -              | -              |
|   | 39,372         | 39,724         | 483,185        | 359,905        |

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2017

### 40. CONTINGENT ASSETS AND LIABILITIES (CONT'D)

#### (a) Recognition and measurement

The Group and the Company have not recognised the contingent liabilities, but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

#### (b) Other information

There were no material changes of the contingent liabilities.

There were no contingent assets at the end of the year.

### 41. SIGNIFICANT EVENTS

The significant events occurred during the year are as follow:

- (a) The changes in composition of the Group in relation to subsidiary and associated companies are disclosed in Notes 6 and 7 respectively.
- (b) The Bonus Issue of the Company is disclosed in Note 26(b)(ii).

### 42. MATERIAL SUBSEQUENT EVENTS

#### (a) Acquisition of additional equity interest in PJD after 31 December 2017

From 1 January 2018 to 8 March 2018, pursuant to the Notice disclosed in Note 6(b)(i), the Company further acquired the following ordinary shares of PJD:

|                                   | <b>Shares</b> |
|-----------------------------------|---------------|
| Number of units                   | 22,000        |
| Average price per unit (RM)       | 1.50          |
| Total purchase consideration (RM) | <u>33,000</u> |

#### (b) Issuance of 3,500 PJD's ordinary shares pursuant to conversion of PJD's Warrants C

From 1 January 2018 to 8 March 2018, PJD issued 3,500 new ordinary shares for cash pursuant to the exercise of warrants for the equivalent numbers by the registered holders.

Arising from (a) and (b) above, the Company's effective interest in ordinary shares and warrants of PJD remains at 96.93% and 91.87% respectively.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 42. MATERIAL SUBSEQUENT EVENTS (CONT'D)

(c) Incorporation of L26 Tower Sdn. Bhd.

On 17 January 2018, OSKP incorporated a wholly-owned subsidiary company, L26 Tower Sdn. Bhd., with an issued and paid up capital of RM1,000 comprising of 1,000 ordinary shares.

(d) Incorporation of OSK I CM Sdn. Bhd.

On 18 January 2018, the Company incorporated a wholly-owned subsidiary company, OSK I CM Sdn. Bhd., with an issued and paid up capital of RM1,000 comprising of 1,000 ordinary shares.

#### 43. FINANCIAL RISK MANAGEMENT

##### Financial risk management objectives and policies

The Group's and the Company's financial risk management policies were established to ensure that there are adequate financial resources for business development and management of credit, market which includes currency, interest rate and other price and liquidity risks. The Group manages and allocates its capital resources centrally to ensure that all business units maintain the required level of capital and prudent level of liquidity at all times. The Group and the Company operate within clearly defined guidelines that are approved by the Board of Directors.

In dealing with its stewardship, the Board of Directors recognises that effective risk management is an integral part of good business practice. The Board acknowledges that the activities of the Group and the Company may involve some degree of risks and it should be noted that any system could only provide a reasonable and not absolute assurance against any misstatement or loss.

The Board will pursue an ongoing process of identifying, assessing and managing key business areas, overall operational and financial risks faced by its business units as well as regularly reviewing and enhancing risk mitigation strategies.

Below are the risks exposure of the Group and the Company:

##### (a) Credit risk

Credit risk is the risk of potential financial loss to the Group and the Company arising from the failure of a counterparty to fulfill its obligations under a contractual agreement and include settlement/clearing risk, concentration risk, credit assessment risk, recovery risk and credit-related liquidity risk.

The credit risk exposure of the Group arises principally from trade receivables including capital financing, bank balances, short term funds and amount due from an associated company. The Company's exposure to credit risk arises principally from bank balances, short term funds and amounts due from subsidiary companies and financial guarantee given to financial institutions for credit facilities granted to its subsidiary companies.

Allowance for impairment losses are made and interest income is recognised in accordance with the relevant accounting policies or when deemed necessary based on estimates of possible losses that may arise from non-collection of debts from its business. Write-off of debts against individual assessment are made only when avenues of recovery have been exhausted and the debts are deemed to be irrecoverable in the foreseeable future.

The Group's and the Company's business activities are guided by internal credit policies and guidelines that are approved by the Board of Directors, which have been established to ensure that the overall objectives in the area of lending are achieved. The Group and the Company conservatively manage its credit risk by controlling the granting of credits, revision in limits and other monitoring procedures.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 43. FINANCIAL RISK MANAGEMENT (CONT'D)

##### (a) Credit risk (Cont'd)

The Group has no significant concentration of credit risk from exposure to a single receivable or to groups of receivables except as disclosed in Note 12. The maximum exposure to credit risk associated with the recognised financial assets is the carrying amount shown in the statements of financial position. The details of credit risk for capital financing is disclosed in Note 12.

The Company is exposed to credit risk arising from the amounts due from subsidiary companies and financial guarantee given to financial institutions for credit granted to its subsidiary companies. At the end of the year, the maximum credit risk exposure arising from the amounts due from subsidiary companies are represented by their carrying amounts in the statement of financial position and the maximum amount of the financial guarantees issued to the financial institutions for subsidiary companies' borrowings is limited to the amount utilised by the subsidiary companies amounting to RM483.2 million (2016: RM359.9 million) as disclosed in Note 40. Both amounts due from subsidiary companies and the financial guarantee is determined to be low credit risk at the end of the year as the amounts due from subsidiary companies are fully recoverable and financial guarantee is unlikely to be called by the financial institutions.

The Group and the Company also have credit risk exposure on its bank balances and short term funds. The bank balances and short term funds are placed with creditworthy financial institutions. Therefore, the Group and the Company assessed both bank balances and short term funds have low credit risk at the end of the year.

##### (b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The risk of loss in value is minimised via adherence of qualifying criteria before making the investments and by continuous monitoring of the performance and market risk of the investments.

Management continually evaluates risk arising from adverse movements in market prices or rates. The Group invests in marketable securities in Malaysia. External conditions such as global and domestic economic climates that are generally unpredictable and uncontrollable may affect the overall performance of the Group.

The credit risk of clients that the Group provides short term financing is also closely associated to market risk, as the changes in market prices will alter the value of client's investment and collateral provided to the Group. Risk of this nature is managed and mitigated by selective funding of client's investment and stringent criteria for collateral acceptance. The risk of loss in value of investment is mitigated via adherence to stringent qualifying criteria before making the investments and by continuous monitoring of the performance and medium term market risk of the investment.

In respect of the Group's property investment activities, market risk arises from changes in the state of domestic property prices. The Group minimises its exposure to adverse fluctuation in property value by continuous monitoring of the state of the property market. Gain or loss arising from the change in the fair value of investment properties will be made in the statement of profit or loss for the period in which it arises.

##### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group operates in Australia, Singapore, Vietnam and British Virgin Island. Certain subsidiary companies in the Group transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises when transactions are denominated in foreign currencies. To manage the currency risk, the Group enter into currency forwards with banks.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**43. FINANCIAL RISK MANAGEMENT (CONT'D)**

**(b) Market risk (Cont'd)**

(i) Currency risk (Cont'd)

The following tables summarised the currency exposure of financial assets and financial liabilities of the Group as at year end which are mainly in Ringgit Malaysia ("RM"), Australian Dollar ("AUD") and United States Dollar ("USD"). Others currencies mainly include exposure to Vietnamese Dong and Singapore Dollar.

**Group**

|  | Note | Denominated in |               |               |                  | Total<br>RM'000 |
|--|------|----------------|---------------|---------------|------------------|-----------------|
|  |      | RM<br>RM'000   | AUD<br>RM'000 | USD<br>RM'000 | Others<br>RM'000 |                 |
| <b>2017</b>  |      |                |               |               |                  |                 |
| <b>Financial assets</b>                                    |      |                |               |               |                  |                 |
| Trade receivables,<br>excluding contract<br>assets         | 13   | 306,529        | 14            | -             | 2,987            | 309,530         |
| Other assets,<br>excluding<br>prepayments<br>and deposits  | 14   | 56,074         | 12            | -             | 211              | 56,297          |
| Cash, bank balances<br>and short term funds                | 19   | 416,943        | 5,853         | 23            | 1,857            | 424,676         |
|  |      | 779,546        | 5,879         | 23            | 5,055            | 790,503         |
| <b>Financial liabilities</b>                               |      |                |               |               |                  |                 |
| Borrowings   | 22   | 1,332,645      | -             | 95,293        | 768              | 1,428,706       |
| Trade payables,<br>excluding<br>contract liabilities       | 24   | 180,763        | 97            | 1,286         | 1,690            | 183,836         |
| Other liabilities,<br>excluding provisions<br>and deposits | 25   | 373,076        | 102           | -             | 275              | 373,453         |
|  |      | 1,886,484      | 199           | 96,579        | 2,733            | 1,985,995       |
| <b>2016</b>  |      |                |               |               |                  |                 |
| <b>Financial assets</b>                                    |      |                |               |               |                  |                 |
| Trade receivables,<br>excluding contract<br>assets         | 13   | 322,707        | 66            | -             | 3,855            | 326,628         |
| Other assets, excluding<br>prepayments and<br>deposits     | 14   | 59,414         | 828           | 2,178         | 98               | 62,518          |
| Cash, bank balances<br>and short term funds                | 19   | 400,595        | 14,270        | 19            | 3,568            | 418,452         |
|  |      | 782,716        | 15,164        | 2,197         | 7,521            | 807,598         |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**43. FINANCIAL RISK MANAGEMENT (CONT'D)**

**(b) Market risk (Cont'd)**

- (i) Currency risk (Cont'd)

**Group (Cont'd)**

|  | Note | Denominated in |               |               |                  | Total<br>RM'000 |
|--|------|----------------|---------------|---------------|------------------|-----------------|
|  |      | RM<br>RM'000   | AUD<br>RM'000 | USD<br>RM'000 | Others<br>RM'000 |                 |
| <b>2016</b>  |      |                |               |               |                  |                 |
| <b>Financial liabilities</b>                               |      |                |               |               |                  |                 |
| Borrowings   | 22   | 1,054,221      | 202,725       | 134,947       | 1,397            | 1,393,290       |
| Trade payables,<br>excluding<br>contract liabilities       | 24   | 199,221        | 85            | 1,688         | 1,864            | 202,858         |
| Other liabilities,<br>excluding provisions<br>and deposits | 25   | 338,698        | 19,018        | -             | 386              | 358,102         |
|  |      | 1,592,140      | 221,828       | 136,635       | 3,647            | 1,954,250       |

The Group holds cash, bank balances and short term funds denominated in foreign currencies for working capital purposes. To a certain extent, the cash forms a natural hedge against a borrowing denominated in a foreign currency.

The Group is exposed to foreign currency exchange risk in respect of its overseas investments and borrowings. The Group has entered into cross-currency interest rate swap to manage exposures to currency risk of the borrowings and to minimise the interest expense which are denominated in a currency other than the functional currencies of the Group. In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operations are managed through borrowings denominated in the relevant foreign currencies. During the year, there is no other significant foreign exchange risk arising from foreign currency transactions that may affect the overall activities of the Group except for the investment stated as above.

The notional amount and maturity date of the cross-currency interest rate swap outstanding as at 31 December 2017 are as follows:

| Contract                             | Note | Expiry date       | Contract<br>amounts<br>USD'000 | RM<br>equivalent<br>RM'000 |
|--------------------------------------|------|-------------------|--------------------------------|----------------------------|
| Contract used to hedge<br>borrowings | 17   | 28 September 2018 | 23,460                         | 77,487                     |

The Company is not exposed to foreign currency exchange risks, hence currency risk disclosure for the Company is not presented.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**43. FINANCIAL RISK MANAGEMENT (CONT'D)**

**(b) Market risk (Cont'd)**

(i) Currency risk (Cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates sensitivity analysis of the Group's profit after tax to a reasonably possible change in AUD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant. The sensitivity analysis includes only significant outstanding balances denominated in foreign currencies, of which the fluctuations in foreign exchange rates would have a significant impact to profit or loss.

|                          | <b>Group</b>  |               |
|--------------------------|---------------|---------------|
|                          | <b>2017</b>   | <b>2016</b>   |
|                          | <b>RM'000</b> | <b>RM'000</b> |
| <b>Profit net of tax</b> |               |               |
| AUD/RM                   |               |               |
| - strengthen by 3%       | 60            | (4,714)       |
| - weaken by 3%           | (60)          | 4,714         |

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or yield (i.e. future cash flows) of a financial instrument will fluctuate because of changes in market interest rates. The floating rate borrowings based on respective financial institutions' cost of funds or base rates managed by the Group and the Company to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall. The floating rate borrowings are monitored and negotiated according to changes in the interest rates to ensure that the Group and the Company are benefits from the lowest possible finance cost.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group's and the Company's profit after tax if interest rates had been an average of 75 (2016: 75) basis points higher/lower for the Group and the Company, with all other variables remain constant, arising mainly as a result of higher/lower interest income from the capital financing and interest expense of the Group's and the Company's borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

|                                       | <b>Group</b>  |               | <b>Company</b> |               |
|---------------------------------------|---------------|---------------|----------------|---------------|
|                                       | <b>2017</b>   | <b>2016</b>   | <b>2017</b>    | <b>2016</b>   |
|                                       | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>  | <b>RM'000</b> |
| <b>Profit net of tax</b>              |               |               |                |               |
| - increased by 0.75%<br>(2016: 0.75%) | (9,998)       | (10,722)      | (6,013)        | (5,867)       |
| - decreased by 0.75%<br>(2016: 0.75%) | 9,998         | 10,722        | 6,013          | 5,867         |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**43. FINANCIAL RISK MANAGEMENT (CONT'D)**

**(b) Market risk (Cont'd)**

(ii) Interest rate risk (Cont'd)

The following tables set out the carrying amounts, the interest rates at the end of the year and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk:

| Group   | Note | Interest rate per annum % | On demand or within 1 year RM'000 | 1 - 2 years        |                    |                    |                    |                     | Total RM'000 |
|---|------|---------------------------|-----------------------------------|--------------------|--------------------|--------------------|--------------------|---------------------|--------------|
|   |      |                           |                                   | 1 - 2 years RM'000 | 2 - 3 years RM'000 | 3 - 4 years RM'000 | 4 - 5 years RM'000 | Over 5 years RM'000 |              |
| <b>2017</b>                                   |      |                           |                                   |                    |                    |                    |                    |                     |              |
| <b>Fixed rate instruments</b>                 |      |                           |                                   |                    |                    |                    |                    |                     |              |
| Deposits with licensed financial institutions | 19   | 2.40 - 2.95               | 5,963                             | -                  | -                  | -                  | -                  | -                   | 5,963        |
| <b>Floating rate instruments</b>              |      |                           |                                   |                    |                    |                    |                    |                     |              |
| Deposits with licensed financial institutions | 19   | 2.95 - 3.03               | 54,043                            | -                  | -                  | -                  | -                  | -                   | 54,043       |
| Housing Development Accounts                  | 19   | 1.95 - 2.00               | 166,110                           | -                  | -                  | -                  | -                  | -                   | 166,110      |
| Medium term notes                             | 21   | 4.70 - 4.75               | (63,493)                          | (193,459)          | (193,600)          | (193,750)          | (193,908)          | -                   | (838,210)    |
| Borrowings                                    | 22   | 4.33 - 7.91               | (820,424)                         | (129,917)          | (158,874)          | (81,793)           | (46,868)           | (190,830)           | (1,428,706)  |
| <b>2016</b>                                   |      |                           |                                   |                    |                    |                    |                    |                     |              |
| <b>Fixed rate instruments</b>                 |      |                           |                                   |                    |                    |                    |                    |                     |              |
| Deposits with licensed financial institutions | 19   | 2.83 - 3.00               | 10,409                            | -                  | -                  | -                  | -                  | -                   | 10,409       |
| <b>Floating rate instruments</b>              |      |                           |                                   |                    |                    |                    |                    |                     |              |
| Deposits with licensed financial institutions | 19   | 2.95 - 4.00               | 37,697                            | -                  | -                  | -                  | -                  | -                   | 37,697       |
| Housing Development Accounts                  | 19   | 2.00 - 2.23               | 187,545                           | -                  | -                  | -                  | -                  | -                   | 187,545      |
| Medium term notes                             | 21   | 4.70 - 4.93               | -                                 | (71,587)           | (191,284)          | (191,425)          | (191,576)          | (191,732)           | (837,604)    |
| Borrowings                                    | 22   | 4.25 - 7.90               | (620,263)                         | (373,764)          | (130,681)          | (117,905)          | (37,044)           | (113,633)           | (1,393,290)  |

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 43. FINANCIAL RISK MANAGEMENT (CONT'D)

##### (b) Market risk (Cont'd)

###### (ii) Interest rate risk (Cont'd)

The following tables set out the carrying amounts, the interest rates at the end of the year and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk: (Cont'd)

##### Company

| Note                             | Interest rate per annum % | On demand or within 1 year RM'000 | RM'000      |             |             |             |              | Total RM'000 |
|----------------------------------|---------------------------|-----------------------------------|-------------|-------------|-------------|-------------|--------------|--------------|
|                                  |                           |                                   | 1 - 2 years | 2 - 3 years | 3 - 4 years | 4 - 5 years | Over 5 years |              |
| <b>2017</b>                      |                           |                                   |             |             |             |             |              |              |
| <b>Floating rate instruments</b> |                           |                                   |             |             |             |             |              |              |
| 21                               | 4.70 - 4.75               | (63,493)                          | (193,459)   | (193,600)   | (193,750)   | (193,908)   | -            | (838,210)    |
| 22                               | 4.56 - 5.02               | (67,304)                          | (74,559)    | (74,818)    | -           | -           | -            | (216,681)    |
| <b>2016</b>                      |                           |                                   |             |             |             |             |              |              |
| <b>Fixed rate instruments</b>    |                           |                                   |             |             |             |             |              |              |
| 19                               | 3.00                      | 5                                 | -           | -           | -           | -           | -            | 5            |
| <b>Floating rate instruments</b> |                           |                                   |             |             |             |             |              |              |
| 21                               | 4.70 - 4.93               | -                                 | (71,587)    | (191,284)   | (191,425)   | (191,576)   | (191,732)    | (837,604)    |
| 22                               | 4.55 - 5.32               | (6,054)                           | (36,288)    | (74,567)    | (74,821)    | -           | -            | (191,730)    |

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 43. FINANCIAL RISK MANAGEMENT (CONT'D)

##### (b) Market risk (Cont'd)

###### (iii) Other price risk

Other price risk refers to the risk that the fair value on future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk).

The price risk arises from the Group's securities at fair value through profit or loss is minimal. The Group's equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

The Group manages its price risk arising from these investments in equity securities by diversification of its portfolio in accordance with the limits on individual and total equity instruments.

###### Sensitivity analysis for price risk

At the end of the year, if the FTSE Bursa Malaysia KLCI had been 5% (2016: 5%) higher/lower, with all other variables held constant, the Group's profit after tax would have been approximately RM11,000 (2016: RM47,000) higher/lower, arising as a result of higher/lower of fair value gains on quoted securities at fair value through profit or loss listed on Bursa Malaysia.

##### (c) Liquidity risk

Liquidity risk, is the risk that the Group and the Company will encounter difficulties in maintaining and raising funds to meet its financial commitments and obligations when they fall due at a reasonable cost. Funding needs of the Group are primarily met by bank borrowings and internally generated funds.

The Group seeks to achieve a balance between certainty of funding and a flexible, cost-effective borrowing structure. The Group's policy seeks to ensure that all projected net borrowing needs are covered by the committed facilities. In addition, debt maturities are closely monitored to ensure that the Group is able to meet its refinancing needs and obligations as and when they fall due.

Cash flow forecasts, taking into account all major transactions, are prepared and monitored. Any excess funds from operating cash cycles, which are temporary in nature, are invested in short term funds and fixed deposits as and when available with a wide array of licensed financial institutions at the most competitive interest rates.

The Group manages the funding needs and allocates funds in such manner that all business units maintain optimum levels of liquidity which are sufficient for their operations.

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

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 43. FINANCIAL RISK MANAGEMENT (CONT'D)

##### (c) Liquidity risk (Cont'd)

###### Liquidity risk exposures

The table below analyses the Group's and the Company's financial liabilities into relevant maturity grouping based on the remaining period at the end of the year to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows and the balances shown below will not agree to the balances as reported in the statements of financial position as the table incorporates all contractual cash flows on an undiscounted basis, relating to both principal and interest payments.

|  | On demand<br>or within<br>1 year<br>RM'000 | >1 to 2<br>years<br>RM'000 | >2 to 5<br>years<br>RM'000 | Over 5<br>years<br>RM'000 | Total<br>RM'000 |
|--|--|----------------------------|----------------------------|---------------------------|-----------------|
| <b>Group</b>                           |  |                            |                            |                           |                 |
| <b>2017</b>                            |  |                            |                            |                           |                 |
| Medium term notes                      | 103,153                                    | 226,985                    | 625,740                    | -                         | 955,878         |
| Borrowings                             | 856,092                                    | 156,293                    | 323,222                    | 207,974                   | 1,543,581       |
| Trade payables                         | 159,381                                    | 14,808                     | 9,647                      | -                         | 183,836         |
| Other liabilities                      | 373,453                                    | -                          | -                          | -                         | 373,453         |
|  | 1,492,079                                  | 398,086                    | 958,609                    | 207,974                   | 3,056,748       |
| <b>2016</b>                            |  |                            |                            |                           |                 |
| Medium term notes                      | 39,485                                     | 123,017                    | 636,409                    | 194,090                   | 993,001         |
| Borrowings                             | 656,976                                    | 403,226                    | 316,048                    | 126,749                   | 1,502,999       |
| Trade payables                         | 167,943                                    | 32,730                     | 2,185                      | -                         | 202,858         |
| Other liabilities                      | 358,102                                    | -                          | -                          | -                         | 358,102         |
|  | 1,222,506                                  | 558,973                    | 954,642                    | 320,839                   | 3,056,960       |
| <b>Company</b>                         |  |                            |                            |                           |                 |
| <b>2017</b>                            |  |                            |                            |                           |                 |
| Medium term notes                      | 103,153                                    | 226,985                    | 625,740                    | -                         | 955,878         |
| Borrowings                             | 81,299                                     | 81,083                     | 77,344                     | -                         | 239,726         |
| Amounts due to<br>subsidiary companies | 245,179                                    | -                          | -                          | -                         | 245,179         |
| Other liabilities                      | 987  | -                          | -                          | -                         | 987             |
|  | 430,618                                    | 308,068                    | 703,084                    | -                         | 1,441,770       |

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2017**

**43. FINANCIAL RISK MANAGEMENT (CONT'D)**

**(c) Liquidity risk (Cont'd)**

**Company (Cont'd)**

|  | <b>On demand<br/>or within<br/>1 year<br/>RM'000</b> | <b>&gt;1 to 2<br/>years<br/>RM'000</b> | <b>&gt;2 to 5<br/>years<br/>RM'000</b> | <b>Over 5<br/>years<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|--|--|--|------------------------------------|-------------------------|
| <b>2016</b>                            |  |  |  |                                    |                         |
| Medium term notes                      | 39,485   | 123,017                                | 636,409                                | 194,090                            | 993,001                 |
| Borrowings                             | 10,667   | 49,921                                 | 155,640                                | -                                  | 216,228                 |
| Amounts due to<br>subsidiary companies | 175,406  | -                                      | -                                      | -                                  | 175,406                 |
| Other liabilities                      | 845  | -                                      | -                                      | -                                  | 845                     |
|  | 226,403  | 172,938                                | 792,049                                | 194,090                            | 1,385,480               |

**(d) Hedging activities**

The Group has entered into a cross-currency interest rate swap to hedge the cash flow risk. The details of the cross-currency interest rate swap are disclosed in Note 17.

**44. CAPITAL MANAGEMENT**

Capital is equivalent to issued capital and reserves attributable to Owners of the Company or Shareholders' funds. The primary objectives of the Group's capital management are to ensure that it maintains strong capital base and healthy capital ratios in order to sustain its future business development and maximise Shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions by meeting the internal capital requirements, optimising return to Shareholders, maintaining adequate levels and optimum mix of capital. To meet these objectives, the Group may adjust the dividend payment to its Shareholders, return capital to Shareholders or issue new shares. No changes were made in these objectives, policies or processes during the years ended 31 December 2017 and 31 December 2016.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 44. CAPITAL MANAGEMENT (CONT'D)

The Group monitors capital by actively managing the level of gearing ratio which is the net debts divided by the Shareholders' funds. The gearing ratio at the end of the year is as follows:

|  | Note | Group<br>2017<br>RM'000 | 2016<br>RM'000 |
|--|------|-------------------------|----------------|
| Medium term notes  | 21   | 838,210                 | 837,604        |
| Borrowings   | 22   | 1,428,706               | 1,393,290      |
| Less: Derivative assets  | 17   | (17,742)                | (35,871)       |
| Less: Cash, bank balances and short term funds   | 19   | (424,676)               | (418,452)      |
| <b>Net debts</b>   |      | 1,824,498               | 1,776,571      |
| <b>Issued capital and reserves attributable to Owners<br/>of the Company / Shareholders' funds</b> |      | 4,538,690               | 4,300,510      |
| <b>Gearing ratio (times)</b>   |      | 0.40                    | 0.41           |

There were no changes in the Group's strategy to capital management during the year. The Group is required to maintain a maximum gearing ratio of 1.50 times to comply with a covenant as disclosed in Note 21(b)(i). The Group has complied with this covenant throughout the year.

#### 45. MATERIAL LITIGATION

The Group was not engaged in any material litigation, claims nor arbitration either as plaintiff or defendant and the Directors are not aware of any proceeding pending or threatened against the Group or of any facts likely to give rise to any proceeding which might materially and adversely affect the financial position or business operations of the Group. Summary of material litigation are as follow:

**(a) Adjudication between BUCG (M) Sdn. Bhd. ("BUCG") v Atria Damansara Sdn. Bhd. ("ADSB")**

ADSB, a subsidiary company of OSK Property Holdings Berhad ("OSKP") which in turn is a subsidiary company of the Company, had on 29 June 2012 appointed BUCG for the Main Building Works of The Atria Redevelopment Project ("the Contract").

On 18 August 2015, BUCG purportedly determined its own employment under the Contract based on ADSB's failure to pay certain certified payments.

On 2 September 2015, ADSB responded to BUCG stating, among others, that no sums were due to BUCG as ADSB was entitled to withhold and deduct certain outgoings against the said certified payments.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 45. MATERIAL LITIGATION (CONT'D)

##### (a) Adjudication between BUCG (M) Sdn. Bhd. ("BUCG") v Atria Damansara Sdn. Bhd. ("ADSB") (Cont'd)

###### 1st Adjudication

BUCG commenced their 1st adjudication against ADSB by serving their Payment Claim on 13 October 2015 for the sum of RM73.3 million under the Construction Industry Payment and Adjudication Act 2012 ("the CIPAA"). At the end of the adjudication proceedings, the Adjudicator delivered his decision on 11 July 2016 and ADSB was ordered to pay the following:

- (i) Outstanding sum due to BUCG in the sum of RM1,127,412.60;
- (ii) Adjudication fees and expenses in the sum of RM119,660.14; and
- (iii) Interest at 5% per annum from 11 October 2015 until date of actual payment.

On 25 July 2016, a sum of RM1,289,698.18 was paid by ADSB to BUCG.

###### 2nd Adjudication

On 7 June 2017, BUCG commenced the 2nd Adjudication against ADSB by serving their Payment Claim dated 7 June 2017 for a total sum of RM99,692,535.49 which comprises of the following:

- (i) RM37,663,923.16 under Progress Claim No.36 (Final Claim);
- (ii) RM11,400,000.00 being 5% retention sum under the contract;
- (iii) RM45,630,921.64 being loss and expenses; and
- (iv) RM4,997,690.69 being GST.

ADSB Payment Response was served on BUCG on 22 June 2017. ADSB contends that, inter alia, the Payment Claim does not adhere to the requirements set out in CIPAA 2012 and that BUCG is estopped from raising such a claim now.

BUCG had submitted the Adjudication with the Kuala Lumpur Regional Centre for Arbitration (KLRC) and a Notice of Adjudication was served on ADSB on 27 July 2017. Parties will proceed to appoint the Adjudicator for the Adjudication.

On 15 September 2017, BUCG filed its Adjudication Claim for the total sum of claiming, inter alia:

- (i) For a sum of RM37,663,923.16 pursuant to Progress Claim No.36 (Final Claim);
- (ii) Release of retention sum of RM11,400,000.00;
- (iii) Loss and expenses of RM45,630,921.64; and
- (iv) GST of RM4,997,690.69.  
(Total: RM99,692,535.49)

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 45. MATERIAL LITIGATION (CONT'D)

**(a) Adjudication between BUCG (M) Sdn. Bhd. ("BUCG") v Atria Damansara Sdn. Bhd. ("ADSB") (Cont'd)**

On 10 October 2017, ADSB has filed its Adjudication Response, claimed that BUCG is not entitled to the sum of RM99,692,535.49 and raised a set off of RM100,073,692.16 (Inclusive of Liquidated Ascertained Damages ("LAD"), payments to Nominated Sub-Contractors, loss of rental etc).

On 14 November 2017, BUCG has served its Adjudication Reply, Written Submissions and Rebuttal Report to ADSB's solicitor and the Adjudicator.

On 23 November 2017, the Adjudicator has allowed ADSB to respond to the Adjudication Reply and the matter proceeded for Hearing on 18 January 2018. The Adjudicator will then deliver the Adjudication Decision within forty five (45) working days from 18 January 2018.

**(b) Arbitration between Atria Damansara Sdn. Bhd. ("Claimant" or "ADSB") v BUCG (M) Sdn. Bhd. ("Respondent" or "BUCG")**

ADSB, a subsidiary company of OSKP which in turn is a subsidiary company of the Company filed a revised Notice of Arbitration on 23 November 2016.

At a preliminary meeting with the Arbitrator on 6 July 2017, the Arbitrator provided parties with directions and has fixed the first hearing date to be on 4 March 2019.

The Statement of Claim has been filed on 7 September 2017 where ADSB has pleaded for a total claim sum of RM81,065,432.56 (which includes LAD of RM27,180,000.00 and additional costs paid to contractor for rectification works and cost to complete the constructions of RM22,818,413.67).

On 6 November 2017, the Arbitrator has resigned due to conflict of interest and parties now in the midst of appointing a new Arbitrator.

On 9 November 2017, BUCG has served its Defence and Counterclaim on the matter. Via its counterclaim, BUCG is claiming for the sum of RM105,674,087.62 based on various bills, variation orders, losses and expenses incurred and GST.

ADSB has filed its Reply to Defence and Defence to Counterclaim on 7 December 2017.

ADSB and BUCG have agreed that the appointment of the new Arbitrator shall be referred to the Kuala Lumpur Regional Centre of Arbitration.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **31 DECEMBER 2017**

#### **45. MATERIAL LITIGATION (CONT'D)**

**(c) Claims by 14 Houseowners / Purchasers against OSK Properties Sdn. Bhd. ("OSKPSB") (together with architect W.K.Khor Architect and Majlis Perbandaran Sungai Petani ("MPSP"))**

OSKPSB, a subsidiary company of OSKP which in turn is a subsidiary company of the Company had entered into sale and purchase agreements with 14 purchasers ("the Purchasers") between the years of 2012 and 2013 for the purchase of residential units at the Bandar Puteri Jaya project in Sungai Petani, Kedah. The purchase price stated in the Sale and Purchase Agreements with each of the Purchasers range from RM271,212 to RM385,022 for each unit.

On 3 May 2016, OSKPSB was served with a Writ and Statement of Claim by the Purchasers who had alleged inter alia that the construction of their properties had defects and that part of their properties differed from the show house. Each of the Purchasers is claiming: (a) damages amounting to RM2.5 million against OSKPSB; (b) damages amounting to RM2.5 million against the Architect; and (c) damages amounting to RM700,000 against MPSP.

The Architect and MPSP have each filed a Striking Out Application and their applications were allowed on 25 October 2016.

On 21 February 2018, as both parties were unable to meet to an amicable settlement in the mediation, the Court has now fixed 14 March 2018 as the final case management date for the parties to update the Court as to their status on settlement. In the mean time, all other proceedings for the matter has been adjourned pending the case management on 14 March 2018.

#### **46. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs**

The Group adopted the following amendments to published standards that are applicable and effective for the Group's financial year beginning on 1 January 2017:

- (a) Amendment to MFRS 107 'Statement of Cash Flows' requires an entity provides additional disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. It requires the disclosure of a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.
- (b) Amendments to MFRS 112 'Income Taxes' clarify that the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments also clarify that the deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions arising from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits.
- (c) Annual Improvements to MFRS Standards 2014-2016 Cycle cover minor amendments to MFRS 12 'Disclosure of Interests in Other Entities'. The amendments of MFRS 12 aim to clarify the disclosures requirement of MFRS 12 which are applicable to interest in entities classified as held for sale.

The adoption of the above amendments to published standards do not have any material impact to the Group.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 46. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

The following are standards, amendments to published standards and interpretations to existing MFRSs issued by the MASB that are applicable to the Group but not yet effective for the current financial year:

(a) For financial year beginning on/after 1 January 2018

- (i) MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 'Financial Instruments: Recognition and Measurement'.

MFRS 9 releases new classification and measurement requirements for financial assets on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. MFRS 9 introduces new expected credit loss model that replaces the incurred loss impairment model used in MFRS 139 'Financial Instruments: Recognition and Measurement'. MFRS 9 also simplifies new hedge accounting model where the hedged ratio is required to be the same as the one used by an entity's management for risk management purposes.

#### **Classification and measurement of financial assets under MFRS 9**

For classification under MFRS 9, there are three primary classification for financial assets: amortised cost ("AC"), fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVTOCI").

Under MFRS 9, the entity's business model does not depend on management's intention for an instrument, it is a matter of fact that can be observed by way an entity is managed and information is provided to its key management. Thus, same instrument may classify in all three classifications depending on its model for managing the assets.

#### **Impairment of financial assets under MFRS 9**

The expected credit loss model under MFRS 9 requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The expected credit loss model will have greater provisions and earlier recognition of credit losses as compared with incurred loss model under MFRS 139.

#### **Classification and measurement of financial liabilities under MFRS 9**

MFRS 9 retains most of the MFRS 139 requirements for financial liabilities. These include amortised cost accounting for most financial liabilities including bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the profit or loss, unless this creates an accounting mismatch.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 46. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

The following are standards, amendments to published standards and interpretations to existing MFRSs issued by the MASB that are applicable to the Group but not yet effective for the current financial year: (Cont'd)

(a) For financial year beginning on/after 1 January 2018 (Cont'd)

- (i) MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 'Financial Instruments: Recognition and Measurement'. (Cont'd)

#### **Hedge accounting under MFRS 9**

The new hedge accounting requirements under MFRS 9 retain the three types of hedge accounting: fair value hedge, cash flow hedge and hedge of a net investment in a foreign operation. However, the greater flexibility has been given to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test which of ruled-based has been replaced with an objective-based test included the principle of an 'economic relationship'.

The financial effects of adoption of MFRS 9 are still being assessed by the Group due to the complexity and significant changes in its requirements.

- (ii) Amendment to MFRS 2 'Share-based Payment' clarifies that the classification and measurement of share-based payment transactions. The amendment introduces specific guidance on how to account for the following situations:
- (a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
  - (b) share-based payment transactions with a net settlement feature for withholding tax obligations; and
  - (c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.
- (iii) Annual Improvements to MFRS Standards 2014-2016 Cycle cover minor amendments to MFRS 1 'First-time Adoption of Malaysian Financial Reporting Standards' and MFRS 128 'Investments in Associates and Joint Ventures'.

MFRS 1 has been amended to remove short-term exemptions covering transition provision of MFRS 7 'Financial Instruments: Disclosures', MFRS 119 'Employee Benefits' and MFRS 10 'Consolidated Financial Statements'. These transition provisions were available to entities for the passed reporting periods and are therefore no longer applicable.

MFRS 128 has been amended to clarify venture capital organisations, mutual funds, unit trusts and similar entities may elect to measure their investments in associates or joint ventures at fair value or using the equity method. An entity shall make this election separately for each associate or joint venture, at initial recognition.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 46. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

The following are standards, amendments to published standards and interpretations to existing MFRSs issued by the MASB that are applicable to the Group but not yet effective for the current financial year: (Cont'd)

(a) For financial year beginning on/after 1 January 2018 (Cont'd)

- (iv) Amendments to MFRS 140 'Investment Property' clarify an entity shall transfer a property to, or from, investment property when there a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. An entity must, therefore, have taken observable actions to support such a change.
- (v) IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The IC Interpretation addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income and on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency.

(b) For financial year beginning on/after 1 January 2019

- (i) MFRS 16 'Leases' will replace the existing standard on MFRS 117 'Leases'.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. MFRS 16 requires lessees to recognise assets and liabilities for all leases with a term of more than 12 months and for which the underlying asset is not of low value. For lessors, MFRS 16 requires enhanced disclosure on the information about lessors' risk exposure, particularly to residual value risk.

- (ii) IC 23 Uncertainty over Income Tax Treatments

IC 23 clarifies the application on the recognition and measurement requirements in MFRS 112 when there is uncertainty over income tax treatments. In the circumstance of uncertainly over income tax treatment, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in MFRS 112 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and shall assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making these examinations.

- (iii) Amendments to MFRS 9 allows companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.
- (iv) Amendments to MFRS 128 'Investments in Associates and Joint Ventures' clarifies that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint venture to which the equity method is not applied.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 46. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

The following are standards, amendments to published standards and interpretations to existing MFRSs issued by the MASB that are applicable to the Group but not yet effective for the current financial year: (Cont'd)

(b) For financial year beginning on/after 1 January 2019 (Cont'd)

- (v) Annual Improvements to MFRS Standards 2015-2017 Cycle cover minor amendments to MFRS 3 'Business Combinations', MFRS 11 'Joint Arrangements', and MFRS 112 'Income Taxes' and MFRS 123 'Borrowing Costs'.

MFRS 3 'Business Combinations' has been amended to clarify that when a party to a joint arrangement (as defined in MFRS 11 Joint Arrangements) obtains control of a business that is a joint operation (as defined in MFRS 11), and had rights to the assets and obligations for the liabilities relating to that joint operation immediately before the acquisition date, the transaction is a business combination achieved in stages. The acquirer shall therefore apply the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation. In doing so, the acquirer shall remeasure its entire previously held interest in the joint operation.

MFRS 11 'Joint Arrangements' has been amended to clarify that a party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in MFRS 3. In such cases, previously held interests in the joint operation are not remeasured.

MFRS 112 'Income Taxes' has been amended to clarify an entity shall recognise the income tax consequences of dividends as defined in MFRS 9 when it recognises a liability to pay a dividend and an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

MFRS 123 'Borrowing Costs' has been amended to clarify that to the extent that an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to the all borrowings of the entity that are outstanding during the period, other than borrowings. However, an entity shall exclude from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete. The amount of borrowing costs that an entity capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2017

#### 46. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

The following are standards, amendments to published standards and interpretations to existing MFRSs issued by the MASB that are applicable to the Group but not yet effective for the current financial year: (Cont'd)

(c) Standard deferred to a date to be determined by MASB

Amendments to MFRS 10 and MFRS 128 - 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 to an associate of a joint venture of assets 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 MASB. Earlier application is permitted.

The Group is currently assessing the impact of adoption of the new standards and will adopt the new standards on the required effective date.

#### 47. ADOPTION OF COMPANIES ACT 2016

The Group and the Company have adopted the Companies Act 2016 ("CA2016") which took effect from 31 January 2017 except Section 241 and Division 8 of Part III of CA2016. CA2016 was enacted to replace the Companies Act 1965.

The Companies Commission of Malaysia has clarified that CA2016 should be complied with for the preparation of financial statements, directors' report and auditors' report thereon commencing from the financial year/period ended 31 January 2017. The main changes in CA2016 that will affect the financial statements of the Group and the Company upon the commencement of CA2016 on 31 January 2017 are:

- (i) removal of the authorised share capital;
- (ii) shares of the Company cease to have par or nominal value; and
- (iii) the Company's share premium account becomes part of the Company's share capital.

The adoption of CA2016 does not have any financial impact to the Group and the Company as any accounting implications are only applied prospectively. The effects of adoption are mainly on disclosures of the financial statements.

## LIST OF GROUP'S TOP TEN PROPERTIES AS AT 31 DECEMBER 2017

|    | ADDRESS/ LOCATION   | DESCRIPTION/<br>EXISTING USE                             | TENURE  | APPROXIMATE<br>AREA       | DATE OF<br>ACQUISITION                   | APPROXIMATE<br>AGE OF<br>BUILDING | CARRYING<br>VALUE<br>RM'000 |
|----|---|--|---|---------------------------|--|-----------------------------------|-----------------------------|
| 1  | Sungai Petani,<br>Kedah Darul Aman  | Land under<br>development<br>and held for<br>development | Freehold  | 1,191 acres               | 29 January<br>1996                       | N/A                               | 541,485                     |
| 2  | SS 22 Damansara Jaya,<br>Petaling Jaya,<br>Selangor Darul Ehsan   | Investment<br>property                                   | Freehold  | 5.47 acres                | 6 July 2007                              | 3 years                           | 397,250                     |
| 3  | Jalan Ampang,<br>Kuala Lumpur   | Investment<br>property                                   | Freehold  | 60,846.45<br>square feet  | 30 October<br>1996                       | N/A                               | 260,000                     |
| 4  | PN No. 3696, Lot 52<br>Section 13,<br>Bandar Petaling Jaya,<br>Daerah Petaling,<br>Selangor Darul Ehsan                 | Land under<br>development<br>and held for<br>development | Leasehold<br>(99 years<br>expiring<br>on 04<br>November<br>2114)                | 258,746<br>square feet    | 31 May<br>2013                           | N/A                               | 165,640                     |
| 5  | Plaza OSK, Jalan Ampang,<br>Kuala Lumpur  | Offices<br>building                                      | Freehold  | 57,597.68<br>square feet  | 30 December<br>1993                      | 33 years                          | 156,001                     |
| 6  | Harbour Place, Seksyen 4,<br>Bandar Butterworth,<br>Daerah Seberang Prai<br>Utara, Pulau Pinang                         | Land for mixed<br>development                            | Freehold  | 639,611.76<br>square feet | 14 October<br>1996                       | N/A                               | 114,342                     |
| 7  | Damai Laut Country Resort,<br>Mukim of Lumut,<br>District of Dindings,<br>Perak Darul Ridzuan                           | Resort &<br>property<br>development                      | Freehold<br>and<br>leasehold<br>(99 years<br>expiring<br>on 08<br>June<br>2094) | 15,044,751<br>square feet | 1990                                     | N/A                               | 92,705                      |
| 8  | Swiss-Garden Hotel &<br>Residences Kuala Lumpur,<br>117 Jalan Pudu,<br>55100 Kuala Lumpur,<br>Wilayah Persekutuan       | Hotel  | Freehold  | 342,752<br>square feet    | -  | 21 years                          | 86,160                      |
| 9  | Swiss-Garden Resort &<br>Spa Kuantan,<br>Lot PT 7566,<br>Mukim Sungai Karang,<br>Daerah Kuantan,<br>Pahang Darul Makmur | Hotel  | Freehold  | 250,512<br>square feet    | 3 March<br>1993                          | 18 years                          | 62,195                      |
| 10 | Swiss-Inn Johor Bahru,<br>Township of Johor Bahru,<br>District of Johor Bahru,<br>Johor Darul Takzim                    | Hotel and<br>land  | Freehold  | 44,059<br>square feet     | 29 May<br>2013 and<br>6 December<br>2013 | 26 years                          | 58,593                      |

# STATEMENT OF DIRECTORS' INTERESTS

## AS AT 5 MARCH 2018

| Name of Director                         | Direct Interest | Number of Ordinary Shares |                              |       |
|--|-----------------|---------------------------|------------------------------|-------|
|  |                 | %                         | Indirect Interest            | %     |
| 1. Tan Sri Ong Leong Huat @ Wong Joo Hwa | 135,685,978     | 6.53                      | 1,035,501,572 <sup>(1)</sup> | 49.85 |
| 2. Ong Ju Yan                            | 24,737,550      | 1.19                      | 2,467,701 <sup>(2)</sup>     | 0.12  |
| 3. Ong Ju Xing                           | 22,084,395      | 1.06                      | 4,603,062 <sup>(3)</sup>     | 0.22  |
| 4. Ong Yee Ching                         | 12,667,189      | 0.61                      | 288,280 <sup>(2)</sup>       | 0.01  |

| Name of Director                         | Direct Interest | Number of Warrants C |                            |       |
|--|-----------------|----------------------|----------------------------|-------|
|  |                 | %                    | Indirect Interest          | %     |
| 1. Tan Sri Ong Leong Huat @ Wong Joo Hwa | 3,075,000       | 0.86                 | 152,999,578 <sup>(4)</sup> | 42.91 |
| 2. Ong Ju Yan                            | 1,208,335       | 0.34                 | 266,299 <sup>(2)</sup>     | 0.07  |
| 3. Ong Ju Xing                           | 211,810         | 0.06                 | -                          | -     |
| 4. Ong Yee Ching                         | 442,890         | 0.12                 | 72,069 <sup>(2)</sup>      | 0.02  |

### SHAREHOLDINGS OF DIRECTOR IN RELATED CORPORATIONS

| Name of Director & Related Corporations                 | Direct Interest | Number of Ordinary Shares |                            |       |
|---|-----------------|---------------------------|----------------------------|-------|
|   |                 | %                         | Indirect Interest          | %     |
| 1. Tan Sri Ong Leong Huat @ Wong Joo Hwa's interest in: |                 |                           |                            |       |
| OSK Equity Holdings Sdn. Bhd.                           | 99,999          | 99.99                     | -                          | -     |
| PJ Development Holdings Berhad                          | -               | -                         | 508,282,493 <sup>(5)</sup> | 96.93 |
| OSK Property Holdings Berhad                            | -               | -                         | 345,637,523 <sup>(5)</sup> | 99.93 |
| Yarra Park City Pty. Ltd.                               | -               | -                         | 28,750,000 <sup>(6)</sup>  | 12.75 |
| Country Wheels Sdn. Bhd.                                | -               | -                         | 127,500 <sup>(5)</sup>     | 51.00 |
| Semponia Sdn. Bhd.                                      | -               | -                         | 127,500 <sup>(5)</sup>     | 51.00 |
| Rimulia Sdn. Bhd.                                       | -               | -                         | 550,000 <sup>(5)</sup>     | 55.00 |

### WARRANT HOLDINGS OF DIRECTOR IN RELATED CORPORATIONS

| Name of Director & Related Corporations                 | Direct Interest | Number of Warrants C |                            |       |
|---|-----------------|----------------------|----------------------------|-------|
|   |                 | %                    | Indirect Interest          | %     |
| 1. Tan Sri Ong Leong Huat @ Wong Joo Hwa's interest in: |                 |                      |                            |       |
| PJ Development Holdings Berhad                          | -               | -                    | 129,338,996 <sup>(5)</sup> | 91.87 |

## **STATEMENT OF DIRECTORS' INTERESTS**

### **AS AT 5 MARCH 2018**

Notes:

- <sup>(1)</sup> Deemed interested pursuant to Section 8 of the Companies Act 2016 ("the Act") by virtue of his substantial shareholdings in Dindings Consolidated Sdn. Bhd., Land Management Sdn. Bhd. and OSK Equity Holdings Sdn. Bhd. and disclosure made pursuant to Section 59(11)(c) of the Act in relation to interests held by his spouse and children.
- <sup>(2)</sup> Disclosure made pursuant to Section 59(11)(c) of the Act in relation to interests held by their spouse.
- <sup>(3)</sup> Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in Ladang Setia Sdn. Bhd. and disclosure made pursuant to Section 59(11)(c) of the Act in relation to interests held by his spouse.
- <sup>(4)</sup> Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in Land Management Sdn. Bhd. and OSK Equity Holdings Sdn. Bhd. and disclosure made pursuant to Section 59(11)(c) of the Act in relation to interests held by his spouse and children.
- <sup>(5)</sup> Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in OSK Holdings Berhad.
- <sup>(6)</sup> Deemed interested pursuant to Section 8 of the Act by virtue of shares held by Equity & Property Investment Corporation Pty. Limited. Tan Sri Ong Leong Huat @ Wong Joo Hwa holds 41.49% equity interest in Equity & Property Investment Corporation Pty. Limited.

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Tan Sri Ong Leong Huat @ Wong Joo Hwa, by virtue of his interest in the Company, is also deemed to have an interest in the shares and warrants of all the Company's subsidiary companies to the extent the Company has an interest.

Other than the above, none of the other Directors in office has any interest in the shares and warrants of the Company and its related corporations as at 5 March 2018.

# STATEMENT OF SHAREHOLDINGS

## AS AT 5 MARCH 2018

|                      |   |  |
|----------------------|---|--|
| Issued share capital | : | 2,077,199,967 shares (excluding the treasury shares of 18,100,253) |
| Class of Shares      | : | Ordinary Shares  |
| Voting Rights        | : | One vote per ordinary share  |

### BREAKDOWN OF HOLDINGS

| Range of Holdings       | No. of Holders | Percentage of Holders | No. of Shares        | Percentage of Issued Capital |
|-------------------------|----------------|-----------------------|----------------------|------------------------------|
| 1 – 99                  | 3,242          | 13.44                 | 134,594              | 0.01                         |
| 100 – 1,000             | 1,955          | 8.10                  | 683,639              | 0.03                         |
| 1,001 – 10,000          | 12,045         | 49.91                 | 54,632,268           | 2.63                         |
| 10,001 – 100,000        | 5,985          | 24.80                 | 169,685,883          | 8.17                         |
| 100,001 – 103,859,997*  | 900            | 3.73                  | 766,249,940          | 36.89                        |
| 103,859,998 and above** | 5              | 0.02                  | 1,085,813,643        | 52.27                        |
|                         | <b>24,132</b>  | <b>100.00</b>         | <b>2,077,199,967</b> | <b>100.00</b>                |

Remarks:

\* Less than 5% of the issued holdings

\*\* 5% and above of the issued holdings

### SUBSTANTIAL SHAREHOLDERS

According to the register required to be kept under Section 144 of the Companies Act 2016, the substantial shareholders of the Company are as follows:

| Name of Substantial Shareholders         | Direct Interest | Number of Ordinary Shares |                            | %     |
|--|-----------------|---------------------------|----------------------------|-------|
|  |                 | %                         | Indirect Interest          |       |
| 1. Tan Sri Ong Leong Huat @ Wong Joo Hwa | 135,685,978     | 6.53                      | 979,587,315 <sup>(1)</sup> | 47.16 |
| 2. Puan Sri Khor Chai Moi                | 29,362,682      | 1.41                      | 419,942,504 <sup>(2)</sup> | 20.22 |
| 3. OSK Equity Holdings Sdn. Bhd.         | 563,521,273     | 27.13                     | -                          | -     |
| 4. Land Management Sdn. Bhd.             | 252,642,223     | 12.16                     | -                          | -     |
| 5. Dindings Consolidated Sdn. Bhd.       | 163,423,819     | 7.87                      | -                          | -     |

Notes:

<sup>(1)</sup> Deemed interested by virtue of his substantial shareholdings in Land Management Sdn. Bhd., OSK Equity Holdings Sdn. Bhd. and Dindings Consolidated Sdn. Bhd.

<sup>(2)</sup> Deemed interested by virtue of her substantial shareholdings in Land Management Sdn. Bhd., Dindings Consolidated Sdn. Bhd. and Ladang Setia Sdn. Bhd.

## STATEMENT OF SHAREHOLDINGS AS AT 5 MARCH 2018

### THIRTY LARGEST REGISTERED HOLDERS

| Name  | No. of Shares | %     |
|---|---------------|-------|
| 1. Maybank Nominees (Tempatan) Sdn. Bhd.<br>- Pledged Securities Account for OSK Equity Holdings Sdn. Bhd. (246758) | 322,500,000   | 15.53 |
| 2. Land Management Sdn. Bhd.  | 252,422,223   | 12.15 |
| 3. OSK Equity Holdings Sdn. Bhd.  | 224,081,623   | 10.79 |
| 4. Dindings Consolidated Sdn. Bhd.  | 163,423,819   | 7.87  |
| 5. Tan Sri Ong Leong Huat @ Wong Joo Hwa  | 123,385,978   | 5.94  |
| 6. Puan Sri Khor Chai Moi   | 26,832,853    | 1.29  |
| 7. Wong Chong Ngin  | 26,432,000    | 1.27  |
| 8. Ong Ju Yan   | 24,737,550    | 1.19  |
| 9. Citigroup Nominees (Tempatan) Sdn. Bhd.<br>- Employees Provident Fund Board (CIMB Prin)                          | 24,395,300    | 1.17  |
| 10. Ong Ju Xing   | 21,997,911    | 1.06  |
| 11. Dato' Nik Mohamed Din bin Datuk Nik Yusoff  | 21,000,000    | 1.01  |
| 12. Khor Chei Yong  | 18,740,700    | 0.90  |
| 13. RHB Nominees (Tempatan) Sdn. Bhd.<br>- OSK Equity Holdings Sdn. Bhd.  | 16,939,650    | 0.82  |
| 14. Ong Yin Suen  | 15,489,876    | 0.75  |
| 15. Cartaban Nominees (Asing) Sdn. Bhd.<br>- Exempt AN for State Street Bank & Trust Company (West CLT OD67)        | 14,413,311    | 0.69  |
| 16. Citigroup Nominees (Tempatan) Sdn. Bhd.<br>- Kumpulan Wang Persaraan (Diperbadankan) (CIMB Equities)            | 13,802,400    | 0.66  |
| 17. Ong Yee Ching   | 12,667,189    | 0.61  |
| 18. Cartaban Nominees (Tempatan) Sdn. Bhd.<br>- Exempt AN for LGT Bank AG (Local)                                   | 12,300,000    | 0.59  |

**STATEMENT OF SHAREHOLDINGS  
AS AT 5 MARCH 2018**

**THIRTY LARGEST REGISTERED HOLDERS (CONT'D)**

| Name  | No. of Shares | %    |
|---|---------------|------|
| 19. HSBC Nominees (Asing) Sdn. Bhd.<br>- TNTC for Hosking Global Fund Public Limited Company  | 11,878,119    | 0.57 |
| 20. Nora Ee Siong Chee  | 11,835,937    | 0.57 |
| 21. Amanahraya Trustees Berhad<br>- Public Smallcap Fund  | 11,519,700    | 0.55 |
| 22. Citigroup Nominees (Asing) Sdn. Bhd.<br>- CBNY for Dimensional Emerging Markets Value Fund  | 11,072,105    | 0.53 |
| 23. Ong Yee Min   | 11,061,699    | 0.53 |
| 24. Citigroup Nominees (Asing) Sdn. Bhd.<br>- CBNY for Emerging Market Core Equity Portfolio DFA Investment<br>Dimensions Group Inc   | 8,201,067     | 0.39 |
| 25. Citigroup Nominees (Asing) Sdn. Bhd.<br>- CBNY for DFA Emerging Markets Small Cap Series  | 8,106,555     | 0.39 |
| 26. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad<br>- Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund | 7,786,650     | 0.37 |
| 27. AmSec Nominees (Tempatan) Sdn. Bhd.<br>- Pledged Securities Account for Tan Swee Kwong  | 7,374,450     | 0.36 |
| 28. Amanahraya Trustees Berhad<br>- Public Strategic Smallcap Fund  | 6,960,450     | 0.34 |
| 29. Dato' Nik Mohamed Bin Nik Yahya   | 6,755,494     | 0.33 |
| 30. Citigroup Nominees (Tempatan) Sdn. Bhd.<br>- Pledged Securities Account for Wong Chong Shee (470539)                              | 6,754,800     | 0.33 |

# STATEMENT OF WARRANT HOLDINGS

## AS AT 5 MARCH 2018

No. of Outstanding Warrants C 2015/2020 issued: 356,577,165

### BREAKDOWN OF HOLDINGS

| Range of Holdings      | No. of Holders | Percentage of Holders | No. of Warrants C  | Percentage of Issued Warrants C |
|------------------------|----------------|-----------------------|--------------------|---------------------------------|
| 1 – 99                 | 4,487          | 22.73                 | 116,200            | 0.03                            |
| 100 – 1,000            | 6,258          | 31.71                 | 3,730,681          | 1.05                            |
| 1,001 – 10,000         | 7,304          | 37.00                 | 23,024,171         | 6.46                            |
| 10,001 – 100,000       | 1,409          | 7.14                  | 41,970,182         | 11.77                           |
| 100,001 – 17,828,857*  | 279            | 1.41                  | 151,090,526        | 42.37                           |
| 17,828,858 and above** | 1              | 0.01                  | 136,645,405        | 38.32                           |
|                        | <b>19,738</b>  | <b>100.00</b>         | <b>356,577,165</b> | <b>100.00</b>                   |

Remarks:

\* Less than 5% of the issued Warrants C

\*\* 5% and above of the issued Warrants C

### THIRTY LARGEST REGISTERED HOLDERS

| Name   | No. of Warrants C | %     |
|--|-------------------|-------|
| 1. OSK Equity Holdings Sdn. Bhd.   | 136,645,405       | 38.32 |
| 2. RHB Nominees (Tempatan) Sdn. Bhd.<br>- OSK Equity Holdings Sdn. Bhd.                                    | 11,426,925        | 3.20  |
| 3. AllianceGroup Nominees (Tempatan) Sdn. Bhd.<br>- Pledged Securities Account for Chong Yiew On (6000006) | 9,556,650         | 2.68  |
| 4. AmSec Nominees (Tempatan) Sdn. Bhd.<br>- Pledged Securities Account for Tan Swee Kwong                  | 8,260,087         | 2.32  |
| 5. I-Wen Morsingh  | 6,667,500         | 1.87  |
| 6. Citigroup Nominees (Asing) Sdn. Bhd.<br>- Exempt AN for Citibank New York (Norges Bank 1)               | 3,904,854         | 1.10  |
| 7. Puan Sri Khor Chai Moi  | 3,598,891         | 1.01  |
| 8. Agnes Chan Wai Ching  | 3,476,200         | 0.97  |
| 9. Cartaban Nominees (Tempatan) Sdn. Bhd.<br>- Exempt AN for LGT Bank AG (Local)                           | 3,075,000         | 0.86  |

**STATEMENT OF WARRANT HOLDINGS  
AS AT 5 MARCH 2018**

**THIRTY LARGEST REGISTERED HOLDERS (CONT'D)**

| Name  | No. of Warrants C | %    |
|---|-------------------|------|
| 10. Loh Yu Lin  | 3,000,000         | 0.84 |
| 11. Nora Ee Siong Chee  | 2,546,484         | 0.71 |
| 12. Maybank Securities Nominees (Tempatan) Sdn. Bhd.<br>- Pledged Securities Account for Tan Swee Kwong (STF) | 2,477,662         | 0.69 |
| 13. Maybank Nominees (Tempatan) Sdn. Bhd.<br>- Pledged Securities Account for Julian Suresh Candiah           | 2,458,500         | 0.69 |
| 14. RHB Nominees (Asing) Sdn. Bhd.<br>- Pledged Securities Account for Profidend Investments Pte. Ltd.        | 2,196,525         | 0.62 |
| 15. Dato' Nik Mohamed bin Nik Yahya   | 1,730,122         | 0.49 |
| 16. Chew Leong Hoon   | 1,723,500         | 0.48 |
| 17. HSBC Nominees (Asing) Sdn. Bhd.<br>- JPMCB NA for Vanguard Total International Stock Index Fund           | 1,716,558         | 0.48 |
| 18. Chinchoo Investment Sdn. Berhad   | 1,622,422         | 0.46 |
| 19. Kenanga Nominees (Tempatan) Sdn. Bhd.<br>- Pledged Securities Account for Lim Ai Choo (001)               | 1,550,000         | 0.43 |
| 20. Ong Ah Choon @ Ong Kai Choon  | 1,505,250         | 0.42 |
| 21. Stephanie Teong Xia Chian   | 1,500,000         | 0.42 |
| 22. HSBC Nominees (Asing) Sdn. Bhd.<br>- TNTC for Hosking Global Fund Public Limited Company                  | 1,424,641         | 0.40 |
| 23. Kenanga Nominees (Tempatan) Sdn. Bhd.<br>- Pledged Securities Account for Ting Yi En                      | 1,359,900         | 0.38 |
| 24. Khor Chei Yong  | 1,322,968         | 0.37 |
| 25. Ong Ju Yan  | 1,208,335         | 0.34 |
| 26. Ng Choon Chuy   | 1,198,650         | 0.34 |
| 27. Ng Bieng San  | 1,190,000         | 0.33 |
| 28. RHB Nominees (Asing) Sdn. Bhd.<br>- Exempt AN for RHB Securities Singapore Pte. Ltd. (A/C clients)        | 1,166,466         | 0.33 |
| 29. Loh Siew Hooi   | 1,122,200         | 0.31 |
| 30. RHB Capital Nominees (Tempatan) Sdn. Bhd.<br>- Pledged Securities Account for Chuan Chek Piow             | 1,119,150         | 0.31 |

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty-Eighth Annual General Meeting of the Company will be held at the Grand Hibiscus Ballroom, Level 3, Swiss-Garden Hotel & Residences Kuala Lumpur, 117, Jalan Pudu, 55100 Kuala Lumpur on Thursday, 24 May 2018 at 2:30 p.m. to transact the following business:

## AGENDA

1. To receive the Audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2017 and the Reports of Directors and Auditors thereon. **[Please refer to Explanatory Note (i)]**
2. To sanction the declaration of a single-tier final dividend of 3.5 sen per share in respect of the financial year ended 31 December 2017. **Ordinary Resolution 1**
3. To approve the payment of Directors' fees of RM326,247 for the financial year ended 31 December 2017. **Ordinary Resolution 2**
4. To approve the payment of Directors' benefits to the Non-Executive Directors up to an amount of RM120,000 for the period from 25 May 2018 until the next Annual General Meeting of the Company. **Ordinary Resolution 3**
5. To re-elect the following Directors who retire by rotation in accordance with Article 102(1) of the Company's Articles of Association and being eligible, offers themselves for re-election:-
  - (a) Mr. Ong Ju Xing **Ordinary Resolution 4**
  - (b) Dato' Saiful Bahri bin Zainuddin **Ordinary Resolution 5**
6. To re-elect En. Nik Mohamed Sharifidin B N M Din who retires in accordance with Article 109 of the Company's Articles of Association and being eligible, offers himself for re-election. **Ordinary Resolution 6**
7. To re-appoint Messrs. BDO as Auditors of the Company until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix their remuneration. **Ordinary Resolution 7**

## AS SPECIAL BUSINESS

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

8. **AUTHORITY TO ISSUE SHARES** **Ordinary Resolution 8**

"THAT, subject always to the Companies Act 2016, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, if applicable, the Directors be and are hereby empowered, pursuant to the Companies Act 2016, to issue and allot shares in the Company from time to time and 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 ten per centum (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 for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

## **NOTICE OF ANNUAL GENERAL MEETING**

9. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")** **Ordinary Resolution 9**

"THAT, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature as set out in Part A of the Circular to Shareholders dated 2 April 2018 provided that such transactions are undertaken in the ordinary course of business, on arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders;

THAT such approval shall continue to be in force until the earlier of:

- (a) the conclusion of the next Annual General Meeting of the Company at which time it will lapse unless the authority is renewed by a resolution passed at the next Annual General Meeting;
- (b) the expiration of the period within which the next Annual General Meeting is to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) such approval is revoked or varied by resolution passed by shareholders in a general meeting before the next Annual General Meeting;

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

10. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")** **Ordinary Resolution 10**

"THAT, subject always to the Companies Act 2016, the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit and expedient in the interest of the Company, provided that:

- (a) the aggregate number of shares purchased or held does not exceed ten per centum (10%) of the total number of issued shares of the Company;
- (b) the maximum fund to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest Audited Financial Statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s); and

## **NOTICE OF ANNUAL GENERAL MEETING**

- (c) the Directors of the Company may decide in their absolute discretion either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends in such manner as may be permitted and prescribed by the provisions of the Listing Requirements of Bursa Securities and any other relevant authorities;

THAT the authority conferred by this Resolution shall commence immediately and shall continue to be in force until the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution, unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting;

AND THAT authority be and is hereby given to the Directors of the Company to act and take all such steps and do all things as are necessary or expedient to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company.”

11. To transact any other ordinary business of which due notice shall have been given.

### **NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT**

Notice is hereby given that the single-tier final dividend of 3.5 sen per ordinary share for the financial year ended 31 December 2017, if approved by the shareholders at the Twenty-Eighth Annual General Meeting, will be payable on 13 June 2018 to shareholders whose names appear in the Register of Members or Record of Depositors on 31 May 2018.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Shares deposited into the Depositor's securities account before 12:30 p.m. on 28 May 2018 (in respect of shares which are exempted from mandatory deposit);
- (b) Shares transferred into the Depositor's securities account before 4:00 p.m. on 31 May 2018 in respect of ordinary transfers; and
- (c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

**CHUA SIEW CHUAN (MAICSA 0777689)**

**CHIN MUN YEE (MAICSA 7019243)**

Company Secretaries

Kuala Lumpur  
2 April 2018

## NOTICE OF ANNUAL GENERAL MEETING

### NOTES:

1. In respect of deposited securities, only members whose names appear in the Register of Members and Record of Depositors on 16 May 2018 shall be eligible to attend, participate, speak and vote at the Meeting.
2. A member entitled to attend, participate, speak and vote at the Meeting is entitled to appoint a proxy/ proxies to attend, participate, speak and vote instead of him. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, participate, speak and vote at the Meeting shall have the same rights as the member to participate, speak and vote at the Meeting.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding(s) to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under seal or in some other manner approved by its Board of Directors.
5. 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.
6. The instrument appointing a proxy must be deposited at the office of the Share Registrar, Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.
7. Mr. Foo San Kan and Dato' Abdul Majit bin Ahmad Khan, the Independent Directors of the Company have expressed their intention to retire at the conclusion of the Twenty-Eighth Annual General Meeting to be in line with the Malaysian Code on Corporate Governance where the tenure of an Independent Director of the Company shall not exceed a cumulative term of nine (9) years. Hence, they will retain office until the close of the Twenty-Eighth Annual General Meeting.
8. Explanatory Notes on Ordinary and Special Business
  - (i) Item 1 of the Agenda

This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.
  - (ii) Ordinary Resolution 3 – Directors' benefits payable

The proposed Directors' benefits payable comprises allowances and other benefits.

The total estimated amount of Directors' benefits payable is calculated based on the number of scheduled Board's and Board Committees' meetings from 25 May 2018, being the day after the Twenty-Eighth Annual General Meeting until the next Annual General Meeting and other benefits. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

## NOTICE OF ANNUAL GENERAL MEETING

### 8. Explanatory Notes on Ordinary and Special Business (Cont'd)

#### (iii) Ordinary Resolution 8 – Authority to Issue Shares

This is the renewal of the mandate obtained from the members at the last Annual General Meeting held on 19 April 2017 (“the previous mandate”). The previous mandate was not utilised and accordingly, no proceeds were raised.

The proposed resolution, if passed, will provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the funding of the Company’s future investments projects, working capital and/or acquisitions, by the issuance of shares in the Company to such persons at any time, as the Directors may deem fit, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of next Annual General Meeting of the Company.

#### (iv) Ordinary Resolution 9 – Proposed Shareholders’ Mandate

The proposed resolution, if passed, will empower the Company and its subsidiaries (“OSKH Group”) to enter into recurrent related party transactions of a revenue or trading nature which are necessary for OSKH Group’s day-to-day operations, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to the public and are not, in the Company’s opinion, detrimental to the minority shareholders of the Company.

Please refer to the Circular to Shareholders dated 2 April 2018 for further information.

#### (v) Ordinary Resolution 10 – Proposed Renewal of Share Buy-Back Authority

The proposed resolution, if passed, will allow the Company to purchase or hold its own shares of up to 10% of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the retained profits of the Company.

Based on the Audited Financial Statements for the year ended 31 December 2017, the Company’s retained profits is amounted to RM967.0 million.

Please refer to the Share Buy-Back Statement dated 2 April 2018 for further information.

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**OSK HOLDINGS BERHAD (207075-U)**

(Incorporated in Malaysia)

**FORM OF PROXY**

CDS Account No.

Number of ordinary shares

I/We \_\_\_\_\_ NRIC No./Passport No./Company No. \_\_\_\_\_  
of \_\_\_\_\_

being a member/members of OSK Holdings Berhad hereby appoint:-

| Full Name (in Block) | NRIC/ Passport No. | Proportion of Shareholdings |   |
|----------------------|--------------------|-----------------------------|---|
|                      |                    | No. of Shares               | % |
| Address              |                    |                             |   |

\*and/ or (\*delete if not applicable)

| Full Name (in Block) | NRIC/ Passport No. | Proportion of Shareholdings |   |
|----------------------|--------------------|-----------------------------|---|
|                      |                    | No. of Shares               | % |
| Address              |                    |                             |   |

or failing him/her, the Chairman of the Meeting as \*my/our proxy to vote for \*me/us and on \*my/our behalf at the Twenty-Eighth Annual General Meeting of the Company to be held at the Grand Hibiscus Ballroom, Level 3, Swiss-Garden Hotel & Residences Kuala Lumpur, 117, Jalan Pudu, 55100 Kuala Lumpur on Thursday, 24 May 2018 at 2:30 p.m. and at any adjournment thereof.

\*My/Our proxy is to vote as indicated below:

| Item                    | Agenda  | Resolution | For | Against |
|-------------------------|---|------------|-----|---------|
| 1.                      | To receive the Audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2017 and the Reports of Directors and Auditors thereon.                        |            |     |         |
| 2.                      | To sanction the declaration of a single-tier final dividend of 3.5 sen per share in respect of the financial year ended 31 December 2017.   | 1          |     |         |
| 3.                      | To approve the payment of Directors' fees of RM326,247 for the financial year ended 31 December 2017.   | 2          |     |         |
| 4.                      | To approve the payment of Directors' benefits to the Non-Executive Directors up to an amount of RM120,000 for the period from 25 May 2018 until the next Annual General Meeting of the Company.     | 3          |     |         |
| 5.                      | To re-elect Mr. Ong Ju Xing who retires by rotation in accordance with Article 102(1) of the Company's Articles of Association and being eligible, offers himself for re-election.                  | 4          |     |         |
| 6.                      | To re-elect Dato' Saiful Bahri bin Zainuddin who retires by rotation in accordance with Article 102(1) of the Company's Articles of Association and being eligible, offers himself for re-election. | 5          |     |         |
| 7.                      | To re-elect En. Nik Mohamed Sharifidin B N M Din who retires in accordance with Article 109 of the Company's Articles of Association and being eligible, offers himself for re-election.            | 6          |     |         |
| 8.                      | To re-appoint Messrs. BDO as Auditors of the Company until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix their remuneration.      | 7          |     |         |
| <b>Special Business</b> |   |            |     |         |
| 9.                      | Authority to Issue Shares   | 8          |     |         |
| 10.                     | Proposed Shareholders' Mandate  | 9          |     |         |
| 11.                     | Proposed Renewal of Share Buy-Back Authority  | 10         |     |         |

Please indicate with an "X" in the appropriate space how you wish your proxy to vote. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit or, at his discretion, abstain from voting.

Dated this day \_\_\_\_\_ of \_\_\_\_\_ 2018

\*Signature(s)/ Common Seal of Shareholder

\*Delete if not applicable

**NOTES:**

- In respect of deposited securities, only members whose names appear in the Register of Members and Record of Depositors on 16 May 2018 shall be eligible to attend, participate, speak and vote at the Meeting.
- A member entitled to attend, participate, speak and vote at the Meeting is entitled to appoint a proxy/ proxies to attend, participate, speak and vote instead of him. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, participate, speak and vote at the Meeting shall have the same rights as the member to participate, speak and vote at the Meeting.
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding(s) to be represented by each proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or in some other manner approved by its Board of Directors.
- 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.
- The instrument appointing a proxy must be deposited at the office of the Share Registrar, Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

*Fold this for sealing*

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AFFIX  
STAMP

**The Share Registrar  
Securities Services (Holdings) Sdn. Bhd.**

Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur

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*1st fold here*

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**OSK HOLDINGS BERHAD** (207075-U)  
(Incorporated in Malaysia)  
21st Floor, Plaza OSK, Jalan Ampang,  
50450 Kuala Lumpur, Malaysia.

Tel. No. : (603) 2166 6225 Fax No. : (603) 2026 6331

**[www.oskgroup.com](http://www.oskgroup.com)**