

2019 ANNUAL REPORT



**MAJUPERAK HOLDINGS
BERHAD** [200201017726 (585389-X)]

MAJUPERAK HOLDINGS BERHAD

[200201017726 (585389-X)]



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2019
ANNUAL
REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mohd Ariff Bin Yeop Ishak

Nizran Bin Noordin

Y.B. Leong Cheok Keng

Ir. Megat Shariffudin Bin Ibrahim

Y.B. Muhamad Arafat Bin Varisai Mahamad

Ahmad Najmi Bin Kamaruzaman

Khairul Nizam Bin Tajul Hasnan

Non-Independent, Executive Chairman

Non-Independent, Executive Director cum Group CEO

Senior Independent, Non-Executive Director

Independent, Non-Executive Director

Independent, Non-Executive Director

Independent, Non-Executive Director

Independent, Non-Executive Director

AUDIT COMMITTEE

Y.B. Leong Cheok Keng

Ahmad Najmi Bin Kamaruzaman

Ir. Megat Shariffudin Bin Ibrahim

Khairul Nizam Bin Tajul Hasnan

Chairman

Senior Independent, Non-Executive Director

Independent, Non-Executive Director

Independent, Non-Executive Director

Independent, Non-Executive Director

NOMINATION COMMITTEE

Ahmad Najmi Bin Kamaruzaman

Y.B. Muhamad Arafat Bin Varisai Mahamad

Ir. Megat Shariffudin Bin Ibrahim

Chairman

Independent, Non-Executive Director

Independent, Non-Executive Director

Independent, Non-Executive Director

RISK MANAGEMENT COMMITTEE

Ir. Megat Shariffudin Bin Ibrahim

Khairul Nizam Bin Tajul Hasnan

Mohd Ariff Bin Yeop Ishak

Nizran Bin Noordin

Chairman

Independent, Non-Executive Director

Independent, Non-Executive Director

Non Independent, Executive Chairman

Non-Independent, Executive Director cum Group CEO

CORPORATE INFORMATION (CONTINUED)

REMUNERATION COMMITTEE

Khairul Nizam Bin Tajul Hasnan

Chairman

Independent, Non-Executive Director

Y.B. Leong Cheok Keng

Senior Independent, Non-Executive Director

Ahmad Najmi Bin Kamaruzaman

Independent, Non-Executive Director

ESOS COMMITTEE

Nizran Bin Noordin

Chairman

Non-Independent, Executive Director cum Group CEO

Ahmad Al-Hadi Bin Abdul Khalid

Group Chief Financial Officer

Jamaliah Binti Mustapha

Head of Human Resources

COMMITTEE TO REVIEW PRESS OR PUBLIC ANNOUNCEMENT

Mohd Ariff Bin Yeop Ishak

Non-Independent, Executive Chairman

Nizran Bin Noordin

Non-Independent, Executive Director cum Group CEO

Ahmad Al-Hadi Bin Abdul Khalid

Group Chief Financial Officer

MANAGEMENT TEAM

Mohd Ariff Bin Yeop Ishak

Non-Independent, Executive Chairman

Nizran Bin Noordin

Non-Independent, Executive Director cum Group CEO

Ahmad Al-Hadi Bin Abdul Khalid

Group Chief Financial Officer

Abd Karim Nast Bin Mohd Alias

General Manager, Land & Assets Management

Ku Adenan Bin Ku Ismail

General Manager, Property Development & Infrastructure

Kamarul Bahrin Bin Baharudin

General Manager, Strategic Business

REGISTERED OFFICE

55A, Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh
Perak Darul Ridzuan
Tel: (+605) 5474 833
Fax: (+605) 5474 363

PRINCIPAL PLACE OF BUSINESS

No. 1-A, Blok A, Menara PKNP
Jalan Meru Casuarina
Bandar Meru Raya
30020 Ipoh
Perak Darul Ridzuan
Tel: (+605) 5019 888 / 5019 588
Fax: (+605) 5019 634
Email: info@majuperak.com.my
Website: www.majuperak.com.my

COMPANY SECRETARY

Chan Eoi Leng
(SSM PC No. 202008003055)
(MAICSA 7030866)

AUDITORS

AljeffriDean PLT
(LLP022267-LCA & AF 1366)
Chartered Accountants (Malaysia)
No.1A, Jalan Meru Utama A1
Medan Meru Utama
30020 Ipoh
Perak Darul Ridzuan

PRINCIPAL BANKERS

RHB Bank Berhad
Malayan Banking Berhad
Bank Islam Malaysia Berhad

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
Registration No. [199601006647 (378993-D)]
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel: (+603) 7890 4700 (Helpdesk)
Fax: (+603) 7890 4670
Website: www.boardroomlimited.com
Email: BSR.Helpdesk@boardroomlimited.com

SOLICITORS

Messrs. Tengku Azlina, Azlan Shah & Azman
Messrs. Sharmala & Sylvia Liew
Messrs. Tiffany Lee & Co
Messrs. Wan & Wan
Messrs. Izhar Haji Saidin & Co
Messrs. Mior & Associates
Messrs. K. Su & Mah
Messrs. Lokman Reena & Co
Messrs. Awi & Co.
Messrs. Sabri & Co.
Messrs. Amirozaidi, Edynoor & Mu'az
Messrs. Hasanuddin Shafarin & Ghazali
Messrs. Aliff, Hafiz & Partners
Messrs. Rozlan Khuen

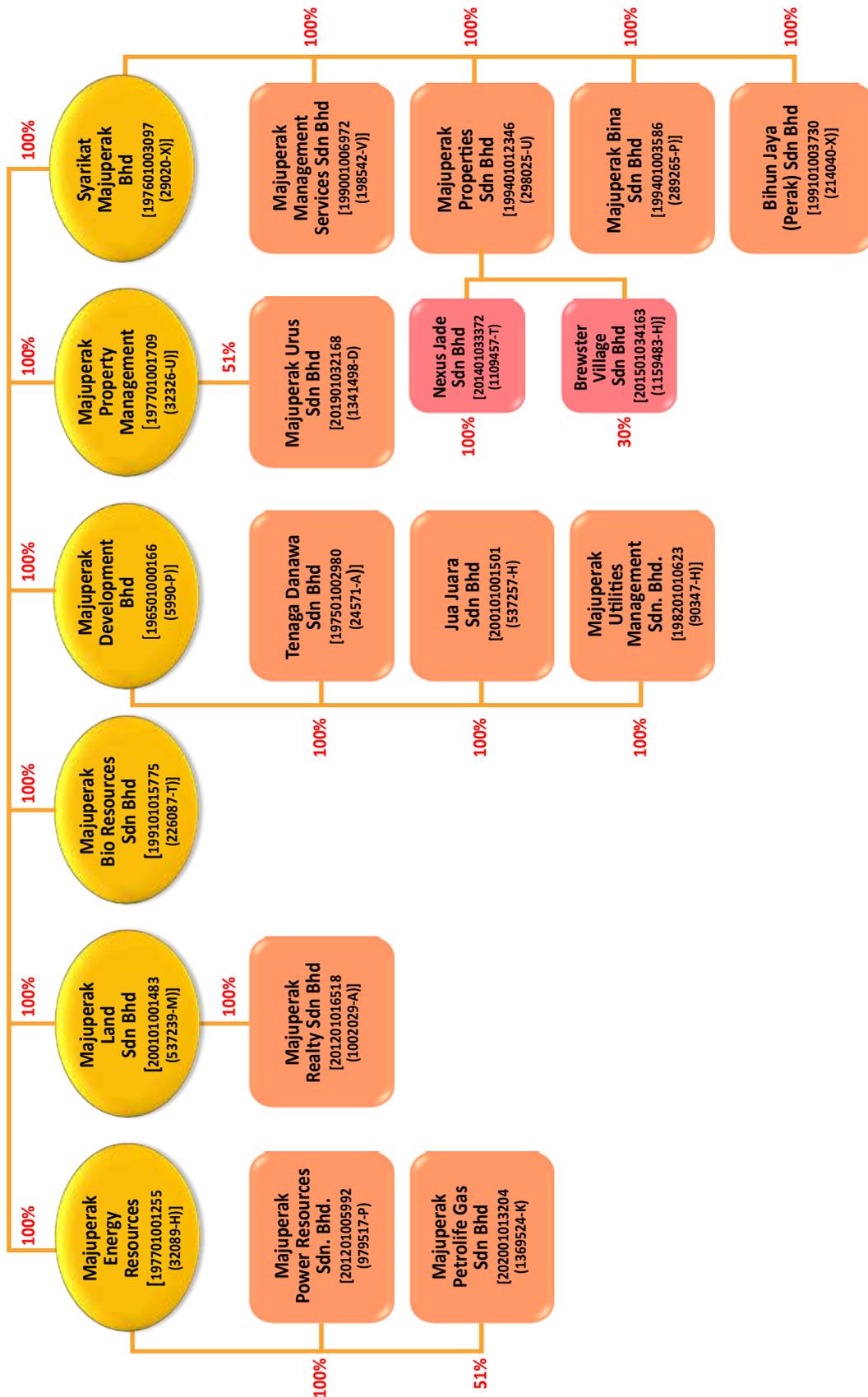
STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad
Stock Code: 8141
Stock Short Name: MJPERAK

CORPORATE STRUCTURE

MAJUPERAK HOLDINGS BERHAD

200201017726 (585389-X)



BOARD OF DIRECTORS

MOHD ARIFF BIN YEOP ISHAK

EXECUTIVE CHAIRMAN

Male, Malaysian, aged 56

Date of Appointment

- 26 June 2018 as Director
- 28 August 2018 as Executive Chairman
- 1 March 2019 ceased as Executive Chairman and was appointed as Managing Director cum Group Chief Executive Officer
- 1 November 2019 redesignated as Executive Chairman

Length of Services (as at 29 June 2020)

- 2 years

Date of Last Re-appointment

N/A

Academic/ Professional Qualification(s)

- Diploma in Town and Regional Planning; University of Technology MARA, Shah Alam, Selangor
- Advanced Diploma in Perancangan Bandar dan Wilayah; University of Technology MARA, Shah Alam, Selangor

Present Directorship(s)

- Chairman, Perak Corporation Berhad
- Executive Chairman, Majuperak Holdings Berhad

Present Appointment(s)

- Chief Executive, Perbadanan Kemajuan Negeri Perak

Past Directorship(s) and/or Appointment(s)

- Pegawai Perancang Bandar - Majlis Perbandaran Manjung
- Pegawai Perancang Bandar - Majlis Daerah Kinta Barat
- Pegawai Perancang Bandar - Majlis Bandaraya Ipoh (MBI)

Family Relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Securities holdings in the Company

Nil

Conviction of offences

He has not been convicted for any offence within the past 5 years.

Board Meetings attended

6 of 7



Y. B. LEONG CHEOK KENG

SENIOR INDEPENDENT, NON-EXECUTIVE DIRECTOR

Male, Malaysian, aged 52

Date of Appointment 10 August 2018

Length of Services (as at 29 June 2020) 1 year 10 months

Date of Last Re-appointment 26 June 2019

Academic/ Professional Qualification(s)

- Qualifying Board Certificate of Legal Practice
- Bachelor of Laws (First Class Honours);
University of Leeds, United Kingdom
- Bachelor of Accountancy (First Class Honours);
National University of Singapore
- GCE 'A' Levels; Hwa Chong Junior College, Singapore
- GCE 'O' Levels; Anglican High School, Singapore

Present Directorship(s)

- Majuperak Holdings Berhad
- Disneyland Development Sdn Bhd

Present Appointment(s)

- Advocate and solicitor and is a partner of Leong & Tan,
Advocates & Solicitors, Ipoh
- Member of Disciplinary Committee,
Advocates & Solicitors Disciplinary Board

Past Directorship(s) and/or Appointment(s)

- Chairman of Public Accounts Committee, Perak
- Special Representative of the State Government of Perak to China
- Local Councillor of Majlis Daerah Kinta Barat (now Batu Gajah)

Family Relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.



Securities holdings in the Company Nil
Conviction of offences

He has not been convicted for any offence within the past 5 years.

Board Meetings attended 7 of 7

IR MEGAT SHARIFFUDIN BIN IBRAHIM

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Male, Malaysian, aged 54

Date of Appointment 10 August 2018

Length of Services (as at 29 June 2020) 1 year 10 months

Date of Last Re-appointment 26 June 2019

Academic/ Professional Qualification(s)

- Bachelor of Science in Electrical Engineering, Syracuse University,
New York
- Professional Engineer, registered with Board of Engineers, Malaysia
- Competent Electrical Engineer

Present Directorship(s)

- Majuperak Holdings Berhad

Present Appointment(s)

- Director of SBA Resource Engineers Sdn Bhd
and Simatik Engineering Sdn Bhd

Past Directorship(s) and/or Appointment(s): Nil

Family Relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Securities holdings in the Company Nil

Conviction of offences

He has not been convicted for any offence within the past 5 years.

Board Meetings attended 7 of 7



Y.B. MUHAMAD ARAFAT BIN VARISAI MAHAMAD

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Male, Malaysian, aged 36

Date of Appointment 10 August 2018

Length of Services (as at 29 June 2020) 1 year 10 months

Date of Last Re-appointment 26 June 2019

Academic/Professional Qualification(s)

- Diploma in Information Technology

Present Directorship(s)

- Majuperak Holdings Berhad

Present Appointment(s)

- Ketua Cabang
- Ketua Pemuda PKR Perak

Past Directorship(s) and/or Appointment(s) Nil

Family Relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Securities holdings in the Company Nil

Conviction of offences

He has not been convicted for any offence within the past 5 years.

Board Meetings attended 7 of 7



AHMAD NAJMI BIN KAMARUZAMAN

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Male, Malaysian, aged 39

Date of Appointment 10 August 2018

Length of Services (as at 29 June 2020) 1 year 10 months

Date of Last Re-appointment 26 June 2019

Academic/ Professional Qualification(s)

- Masters of Business Administration (AMBA Accredited) ; University of Portsmouth
- Bachelor of Business Administration (Second Class Upper) ; International Islamic University of Malaysia

Present Directorship(s)

- Managing Director, Green Pluslink Sdn Bhd

Present Appointment(s)

- Team Leader, Dayatahan Group of Companies

Past Directorship(s) and/or Appointment(s)

- Chief Executive Officer, Integrated Container Terminal
- Executive (Credit Monitoring Department), Export-Import Bank of Malaysia Berhad (Exim Bank)
- Executive (Corporate Communications Department), Export-Import Bank of Malaysia Berhad (Exim Bank)
- Document Analyst (PLB Trade Department), Scope International (Standard Chartered)

Family Relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Securities holdings in the Company Nil

Conviction of offences

He has not been convicted for any offence within the past 5 years.

Board Meetings attended 7 of 7



NIZRAN BIN NOORDIN

EXECUTIVE DIRECTOR CUM GROUP CHIEF EXECUTIVE OFFICER

Male, Malaysian aged, 43

Date of Appointment 10 June 2020 as Executive Director,
1 November 2019 as Group Chief Executive Officer

Length of Services as Executive Director (as at 29 June 2020) 20 days

Length of Services as Group Chief Executive Officer (as at 29 June 2020) 8 months

Date of Last Re-appointment N/A

Academic/ Professional Qualification(s)

Bachelor of Arts with Honours (Major: Accounting and Finance),
Lancaster University, United Kingdom

Present Directorship

Majuperak Holdings Berhad

Present Appointment(s):

Group Chief Executive Officer Majuperak Holdings Berhad
Board Advisory- Digital Perak Corporation Holdings

Past Directorship(s) and/or Appointment (s):

Private Secretary to the Chief Minister of Perak – State Government of
Perak Darul Ridzuan

Executive Director – Epiweb Sdn Bhd

Corporate Finance – AmlInvestment Bank Berhad

Internal Audit – Park May Berhad (assigned to Crest Petroleum Berhad)

Family Relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.



Securities holdings in the Company Nil
Conviction of offences He has not been convicted for any offence within the past 5 years.

Board Meetings attended N/A

KHAIRUL NIZAM BIN TAJUL HASNAN

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Male, Malaysian, aged 44

Date of Appointment 10 June 2020

Length of Services (as at 29 June 2020) 20 days

Date of Last Re-appointment N/A

Academic/ Professional Qualification(s)

- Bachelor of Sciences (Business Administration); Drexel University, Philadelphia, United States Of America

Present Directorship(s)

- Majuperak Holdings Berhad

Present Appointment(s)

- Director, AHM Motorsports Teknik Sdn. Bhd.
- Advisor/Senior Consultant, Naza Communication Sdn. Bhd.

Past Directorship(s) and/or Appointment(s)

- Director, Great Colour Group of Companies
- Business Relationship Manager, CIMB Investment Bank Berhad
- Fund Accounting Supervisor, PFPC Financial Services Inc., Pennsylvania, United States of America

Family Relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Securities holdings in the Company: Nil

Conviction of offences: He has not been convicted for any offence within the past 5 years.

Board Meetings attended N/A



KEY SENIOR MANAGEMENT

NIZRAN BIN NOORDIN EXECUTIVE DIRECTOR CUM GROUP CHIEF EXECUTIVE OFFICER

Male, Malaysian aged, 43

Refer to the Profile of Directors on page 9.

AHMAD AL-HADI BIN ABDUL KHALID

CHIEF FINANCIAL OFFICER

Male, Malaysian aged, 56

Date of Appointment: 27 August 2018

Length of Service (as at 29 June 2020): 1 year 10 months

Academic/Professional Qualification(s)

- ACCA (UK) Chartered Accountant, Malaysia (MIA Member)

Past Directorships in Public Companies and Listed Issuer Nil

Working experiences

- Chief Operations Officer of Dakna Travel & Tours Sdn Bhd - (Dec 2012 – November 2013)
- Manager, Corporate Finance & Accounts of Tricubes Berhad - (March 2010 – Nov 2012)
- Chief Financial Officer of Ode Solution Associates Sdn Bhd (OSA) - (Nov 2008 – March 2010)
- Vice President of Codegen Technologies Sdn Bhd – (Aug 2005 – Oct 2008)
- General Manager of Advance Interactive Digital Sdn Bhd (Aidigital) – (Oct 2004 – July 2005)
- Consultant (Freelance on project basis) of Messrs. Abdul Raji & Co. – (Aug 2003 – Sept 2004)
- General Manager (Operations) of OICnetworks Sdn Bhd – (Dec 2000 – July 2003)
- Manager (Finance) of EPNCR (M) Sdn Bhd (KL) - (Aug 1999 – July 2000)
- Accountant of Edaran Positif (M) Sdn Bhd, Shah Alam – (Aug 1997 – Apr 1999)
- Vice President of Capitalcorp Securities Sdn Bhd, (KL) – (Jan 1993 – Aug 1997)
- Executive (Management Accounting) of Celcom Sdn Bhd – (Dec 1989 – Dec 1992)
- Accountant of Pasdec Berhad, Pahang - (1987 – 1989)
- Audit Assistant of Kassim Chan & Co., Kuala Lumpur – (1987 (6 months))

Family relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.



Securities holding in the Company
Nil

Conviction of offences:

He has not been convicted for any offence within the past 5 years.

ABD KARIM NAST BIN MOHD ALIAS

GENERAL MANAGER, LAND & ASSETS MANAGEMENT

Male, Malaysian aged, 59

Date Of Appointment 1 October 2018

Length of Service (as at 29 June 2020): 1 year 9 months

Academic/Professional Qualification

- Diploma In Accountancy UiTM (1990)
- Bachelor In Accountancy (Hons) UiTM (1997)
- Member of Malaysian Institute of Accountants

Present Appointment

- Chairman, Koperasi Perbadanan Perak Berhad (Koperak)
- Deputy President, Kelab Warga Kumpulan PKNP
- Manager, Sukan Badminton MAKSAK Perak
- Vice President of PTA, Sekolah Kebangsaan Jelapang

Directorships in Public Companies & Listed Issuer Nil

Working Experiences

- Started career with Perbadanan Kemajuan Negeri Perak (PKNP) and appointed as Sub Accountant in 1991.
- Later was promoted as Accountant in 1997 and as Account Manager in 1999 and also involved in the Corporatisation and Restructuring Exercise for PKNP Subsidiaries to be injected into MHB through reverse take over of United Chemical Industries Berhad a company listed in Bursa Malaysia.
- Appointed as a Group General Manager, Account & Finance in MHB on 1st April 2007 and on 1st March 2012 he was appointed as a CEO of MHB.
- Then, he was appointed as a Senior Director of House Development under PKNP Group on 1st March 2014 until 30th September 2019.
- Currently as General Manager of Land and Assets Management at MHB.



Family relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Securities holding in Company

Conviction of offences

He has not been convicted for any offence within the past 5 years.

KEY SENIOR MANAGEMENT (CONTINUED)

IR. KU ADENAN BIN KU ISMAIL

GENERAL MANAGER, PROPERTY DEVELOPMENT & INFRASTRUCTURE

Male, Malaysian aged, 53

Date of Appointment 2 May 2018

Length of Service (as at 29 June 2020): 2 years 1 month

Academic/Professional Qualification(s)

- Bachelor Degree (Hons) in Civil Engineering
- Master Science in Construction Management
- Corporate Member, Institution of Engineers Malaysia
- Professional Engineer, Board of Engineers Malaysia
- Member of Project Management Institute (PMI)

Present Appointment

- General Manager, Property Development & Infrastructure, Majuperak Holdings Berhad

Directorships in Public Companies and Listed Issuer Nil

Working experiences

- General Manager, Majuperak Holdings Berhad. (May 2018 to present)
- Resident Engineer, ATZ Consult Sdn. Bhd. (Jan 2017 to April 2018)
- Project Manager, KBR Inc. (Kellogg Brown & Root), Qatar (May 2013 to Dec 2016)
- Senior Manager, Mass Rapid Transit Corporation Sdn Bhd (MRT Corp) (Feb 2013 to April 2013)
- Deputy Senior Manager, Opus International (M) Berhad (June 2011 to January 2013)
- Project Manager, Ministry of Works, Bahrain (Sept. 2007 to May 2011)
- Assistant Resident Engineer, HSS Engineering Sdn. Bhd. (Oct 2006 to August 2007)
- Construction Manager, Ahmad Zaki Sdn. Bhd. (April 2004 to Sept 2006)
- Project Manager, Lankhorst Berhad (Oct 2001 to March 2004)
- Design Engineer, Pilecon Engineering Berhad (August 1996 to Sept 2001)



Family relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Securities holding in the Company Nil

Conviction of offences

He has not been convicted for any offence within the past 5 years.

KAMARUL BAHRIN BIN BAHARUDIN

GENERAL MANAGER, STRATEGIC BUSINESS

Male, Malaysian aged, 47

Date of Appointment 1 October 2019

Length of Services (as at 29 June 2020) 9 months

Academic/ Professional Qualification(s)

- BA (Hons) Accountancy Studies, Portsmouth University, UK
- Diploma In Accountancy, Institut Teknologi Mara

Directorships in Public Companies and Listed Issuer Nil

Present Appointment(s):

- General Manager Strategic Business Division, Majuperak Holdings Berhad

Working Experience(s)

- Senior Manager, Tenaga Danawa Sdn Bhd (Housing & Property Development) : 2009-2014
- Manager, Renewable Energy Unit, Kumpulan Perbadanan Kemajuan Negeri Perak : 2014-2016
- Director, Perak Coastal Management Council : 2016-2018

Family Relationship

He does not have any family relationship with other Directors and/or major shareholders of the Company or any personal interest, in any business arrangement involving the Company.

Securities holdings in the Company Nil

Conviction of offences

He has not been convicted for any offence within the past 5 years.



PENYATA Pengerusi

Kepada Pemegang Saham
Dengan nama Allah, yang Maha Pengasih lagi Maha Penyayang.
Assalammualaikum Warahmatullahi Wabarakatuh.

Bagi pihak Lembaga Pengarah, Saya dengan sukacita melaporkan Laporan Tahunan 2019 dan Penyata Kewangan Beraudit Kumpulan dan Syarikat untuk Tahun Kewangan Berakhir 31 Disember 2019

TINJAUAN KEWANGAN

Kumpulan mencatat pendapatan yang lebih rendah sebanyak RM8.45 juta untuk tahun kewangan yang dikaji berbanding dengan pendapatan sebanyak RM26.58 juta yang dilaporkan pada tahun sebelumnya terutamanya disebabkan oleh penjualan tanah yang lebih rendah yang dicatatkan pada tahun 2019. Pembangunan hartanah telah muncul sebagai penyumbang utama kepada pendapatan Kumpulan pada tahun 2019 dengan menyumbang sebanyak RM3.31 juta atau 39% daripada jumlah pendapatan Kumpulan (TK 2018: RM20.23 juta, 76%). Penyumbang hasil penting lain termasuk pengurusan harta aset dan kemudahan, tenaga boleh baharu dan penjualan barangan.

Kumpulan mencatatkan kerugian sebelum cukai sebanyak RM6.61 juta untuk tahun kewangan yang dikaji berbanding keuntungan sebelum cukai sebanyak RM4.33 juta pada tahun kewangan sebelumnya. Ini disebabkan oleh pendapatan yang lebih rendah yang dicatatkan pada tahun 2019. Di samping itu, perbelanjaan operasi dan pentadbiran telah meningkat sebanyak 38% pada tahun 2019. Untuk tujuan ini, Kumpulan mempunyai wang tunai dan baki bank sebanyak RM1.57 juta pada 31 Disember 2019 .

Selain daripada itu, Kumpulan terus memberi tumpuan kepada perniagaan terasnya yang sedia ada seperti Tenaga, Infrastruktur, Pembangunan Harta Tanah dan Perniagaan Hartanah dengan memanfaatkan pembangunan berterusan bank tanah dan harta tanahnya yang ada dan mengejar peluang untuk memastikan kelestarian keuntungan masa depan Kumpulan. Kumpulan juga akan mencari peluang baru untuk mencapai visinya untuk menjadi peneraju dalam Pembangunan Hijau & Eco.

Pada 31 Disember 2019, aset bersih sesaham Kumpulan adalah pada RM0.67 berbanding RM0.70 tahun sebelumnya.

TINJAUAN OPERASI

Segmen Pembangunan Hartanah

Pada tahun yang dikaji, segmen pembangunan harta tanah telah mencapai pendapatan sebanyak RM3.31 juta (2018: RM20.23 juta), terutamanya hasil daripada aktiviti penjualan tanah dan harta tanah dalam Kumpulan.

Pendapatan dalam segmen ini disumbangkan terutamanya daripada penjualan tanah sebanyak RM1.25 juta dan sebanyak RM2.06 juta daripada jualan hartanah seperti rumah kedai di Wallagonia Tapah, rumah banglo di Ulu Kinta, dan rumah-rumah kedai di Trong.

Segmen Pengurusan Fasiliti & Hartanah

Pendapatan segmen ini kebanyakannya adalah daripada aktiviti sewa dan pengurusan fasiliti dalam Kumpulan. Kumpulan memiliki dan menguruskan Wisma Majuperak dan Silveritage Galleria Complex yang menyumbang secara konsisten kepada pendapatan sewa bersama lain-lain penyewaan tanah yang berjumlah RM1.78 juta pada tahun 2019.

Di bawah segmen ini, jumlah pendapatan sebanyak RM2.72 juta telah dicatatkan pada tahun 2019 berbanding RM1.54 juta pada tahun 2018. Peningkatan pendapatan dalam tahun 2019 adalah kebanyakannya dijana oleh perniagaan baru di segmen ini yang telah menghasilkan sekitar RM0.94 juta melalui kerja sub-kontrak dalam harta tanah dan pengurusan fasiliti.

Pasaran hartanah pada tahun 2019 terutamanya dipengaruhi oleh masalah kemampuan, sentimen ekonomi yang lemah dan tahap inventori yang tidak terjual yang tinggi. Penganalisis mengatakan keadaan lembap pasaran harta tanah dijangka berterusan pada tahun 2020 (The Edge Markets, 2020).

Dengan mengambil kira cabaran yang akan datang, Kumpulan akan mengambil langkah dan strategi untuk memastikan bahawa segmen harta tanah & harta tanah tetap relevan di pasaran sepanjang tahun 2020 dan akan datang.

Tenaga Boleh Baharu

Majuperak Energy Resources Sdn Bhd (“MERSB”) adalah anak syarikat milik penuh MHB yang memiliki dan mengendalikan kawasan pengeluaran solar yang terletak di Keramat Pulai, Simpang Pulai, Perak. Untuk tahun kewangan 2019, segmen tenaga boleh baharu mencatatkan pendapatan RM1.42 juta (2018: RM1.95 juta) dan menjana sekitar 1.111 megawatt (“MW”) (2018: 1.498 MW) yang menyumbang 17% daripada jumlah pendapatan Kumpulan. Pendapatan terdiri daripada penjanaan tenaga dari loji solar RM1.18 juta (2018: RM1.05 juta) dan pendapatan penyelenggaraan sebanyak RM0.24 juta (2018: RM0.90 juta).

Pada masa ini, pihak pengurusan sedang mengenal pasti dan mencari lokasi yang sesuai untuk Hidro, *Waste to Energy* dan Tenaga Suria Fotovoltaik di negeri Perak dan negeri-negeri lain untuk mewujudkan kedudukan yang kukuh di sektor tenaga.

Perniagaan Barangan Dagangan dan Lain-Lain

Segmen ini menyumbang pendapatan yang lebih rendah sebanyak RM1.0 juta kepada Kumpulan berbanding RM2.37 juta pada tahun 2018. Perniagaan barangan dagangan melalui Nexus Jade Sdn Bhd (“NJSB”) menyumbang sebanyak RM0.6 juta (2018: RM1.3 juta). Tambahan lagi, pendapatan lain direkodkan dalam 2019 sebanyak RM0.40 juta (2018: RM1.08 juta) hasil daripada tanah dan sewaan tanah.

Walaupun mencatatkan penurunan pendapatannya sebanyak 58% pada tahun 2019, kami percaya perniagaan ini akan bertahan dan menjadi penyumbang tetap kepada pendapatan keseluruhan Kumpulan di mana NJSB telah memperhebatkan kempen pemasarannya untuk meningkatkan dan menembusi pelanggan baru dan berpotensi.

Sumber Manusia

Kami menganggap warga kerja adalah nadi Syarikat kami. MHB ingin membina pasukan berprestasi tinggi yang hebat kerana ini akan mendorong pertumbuhan, sekarang dan masa depan. Berdasarkan pelbagai kemahiran, kecekapan, pengetahuan, pengalaman, jantina dan usia pasukan kami, kami menghargai setiap pandangan setiap orang. Kepelbagaian pasukan kami juga membolehkan kami memanfaatkan kecekapan unik mereka dan mengukuhkan kelebihan daya saing MHB. Kami juga menerapkan budaya kerja berpasukan kerana memastikan pengoptimuman tahap kemahiran, pengetahuan, semangat, kreativiti dan produktiviti pekerja kami.

Di MHB, kami terus melakukan pelbagai program latihan untuk meningkatkan kemampuan pekerja kami untuk membantu mereka mencapai kehidupan yang lebih memuaskan, baik dari segi kemampuan profesional dan peribadi mereka.

Kami juga mengadakan sesi pertemuan antara kakitangan dan Ketua Pegawai Eksekutif Kumpulan setiap suku tahun sebagai platform untuk berkongsi aspirasi dan pengalaman Ketua Pegawai Eksekutif dan barisan kepimpinan kami serta memungkinkan komunikasi dua hala dengan rakan pekerja. Sesi ini diadakan dengan tujuan untuk memupuk penglibatan yang lebih baik, meningkatkan semangat dan mempromosikan persekitaran kerja yang lebih sihat.

Kami menghargai sumbangan setiap pekerja kami dalam Kumpulan MHB, itulah sebabnya kami sangat mengutamakan mewujudkan persekitaran kerja yang selesa untuk memupuk bakat dan cita-cita kakitangan kami yang semakin meningkat. Kami percaya bahawa dengan membantu kakitangan kami merealisasikan potensi penuh mereka, mereka seterusnya dapat membantu kami mencapai aspirasi korporat Kumpulan MHB, menjadikan syarikat ini tempat yang sesuai untuk menarik individu berbakat untuk membina karier mereka.

Dividen

Lembaga Pengarah tidak mengesyorkan pembayaran dividen bagi tahun kewangan berakhir 31 Disember 2019.

TINJAUAN & PROSPEK

Merujuk kepada Tinjauan Ekonomi 2020 oleh Malaysian Rating Corporation Berhad (“MRCB”), pemulihan ekonomi global yang ringan dijangka walaupun tidak meluas kerana adanya keadaan yang ada dalam bentuk perang perdagangan yang berterusan di antara AS & China, Brexit yang berpotensi kasar di Eropah dan penularan pandemik COVID-19 di seluruh dunia. Sungguhpun banyak sektor terjejas oleh pandemik tersebut, ekonomi Malaysia menjadi sederhana kepada 0.7% pada suku pertama 2020 (S4 2019: 3.6%). Walau bagaimanapun, berdasarkan suku tahun ke suku tahun yang disesuaikan mengikut musim, ekonomi menguncup sebanyak 2.0%, kebanyakannya hasil daripada pelaksanaan Perintah Kawalan Pergerakan (PKP).

Selepas pengembangan yang stabil dalam dua bulan pertama suku ini, aktiviti ekonomi mengalami penurunan dengan pelaksanaan PKP pada 18 Mac 2020. Sekatan pergerakan termasuk sekatan perjalanan antarabangsa dan domestik, waktu kerja dan waktu operasi yang terhad dan jarak sosial mengekang aktiviti ekonomi. Oleh kerana kerajaan telah melaksanakan Perintah Kawalan Pergerakan Pemulihan (PKPP) pada bulan Jun 2020, aktiviti ekonomi dijangka meningkat secara beransur-ansur pada pertengahan tahun 2020.

PENYATA PENERUSI (SAMBUNGAN)

Saiz fiskal yang cukup besar, ukuran kewangan dan monetari serta kemajuan dalam projek infrastruktur awam berkaitan pengangkutan akan memberikan sokongan selanjutnya kepada pertumbuhan pada pertengahan tahun 2020. Sejalan dengan unjuran peningkatan dalam pertumbuhan global, ekonomi Malaysia dijangka mencatat pemulihan positif dalam tahun 2021 (Bank Negara Malaysia, 2020).

Sungguhpun para penganalisis menjangkakan tahun yang kurang memberangsangkan untuk sektor harta tanah, kajian menunjukkan bahawa permintaan untuk harta tanah kini telah meningkat (The Edge Markets, 2020). Kumpulan akan meneliti pelbagai usaha dan inisiatif untuk memanfaatkan keadaan semasa dan menangani permintaan harta tanah mampu milik pada tahun 2020 dan seterusnya.

Di samping itu, terdapat peningkatan di dalam permintaan tenaga boleh baharu, dengan peningkatan penggunaan isi rumah dan komersial berbanding tahun sebelumnya (Pentadbiran Maklumat Tenaga A.S., 2019). Pelaksanaan Pengukuran Tenaga Bersih (NEM) 2.0 oleh kerajaan Malaysia akan mendorong penggunaan tenaga boleh baharu di Malaysia menjelang tahun 2020. Kumpulan bersedia berinovasi, berkolaborasi dan merebut peluang baru untuk mendorong pembangunan sektor tenaga boleh baharu pada tahun hadapan yang mana industri tenaga boleh baharu bersedia memasuki fasa pertumbuhan baru pada tahun 2020.

Persekitaran pengurusan fasiliti di Malaysia berkembang seiring dengan sektor tenaga boleh baharu. Pasaran diharapkan didorong oleh budaya penyumberan luar yang kuat di sektor pengguna akhir tertentu seperti penjagaan kesihatan dan pendidikan, mendapatkan penglibatan jangka panjang bagi aliran pendapatan berulang dan penglibatan nilai tambah yang memfokuskan kepada kecekapan kos dan mengoptimalkan nilai aset (Kajian dan Pasaran, 2019). Kumpulan akan terus menguruskan perkhidmatan pengurusan aset dan fasiliti secara cekap bagi memastikan pertumbuhan masa depan dan penyumbang penting terhadap pertumbuhan Syarikat.

Melihat kepada mesej yang positif, Kumpulan optimis terhadap prospek jangka panjang dan yakin dalam merealisasikan potensi pelaburan yang dibuat setakat ini.

PENGHARGAAN

Melangkah ke hadapan, Kumpulan akan berusaha untuk memperkukuhkan perniagaan teras kami dan akan juga mempelbagaikan asas pendapatan dan sumber pendapatan kami.

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan ribuan terima kasih dan penghargaan kepada rakan-rakan ahli Lembaga Pengarah, pihak pengurusan dan kakitangan atas komitmen berterusan dan sumbangan berharga mereka kepada Kumpulan. Kami juga ingin mengucapkan terima kasih kepada semua pelanggan, pembekal, rakan niaga, banker dan pihak berkuasa kerajaan yang kami hargai atas sokongan dan kepercayaan mereka terhadap Kumpulan MHB.

Dengan itu, saya akhiri tinjauan tahun ini dan menantikan tahun 2020, untuk mendorong Kumpulan ke tahap seterusnya. Terima kasih dan salam daripada kami.

Tuan Mohd Ariff Bin Yeop Ishak

CHAIRMAN'S STATEMENT

Dear Shareholders,
In the name of Allah, the Most Compassionate, the Most Merciful.
Assalammualaikum Warahmatullahi Wabarakatuh.

On behalf of the Board of Directors, I am pleased to present the 2019 Annual Report and Audited Financial Statements of the Group and the Company for the Financial Year Ended 31 December 2019.

FINANCIAL REVIEW

The Group registered a lower revenue of RM8.45 million for the financial year under review as compared to a revenue of RM26.58 million reported in the previous year mainly due to lower land sales recorded in 2019. Property development has emerged as the major contributor to the Group's revenue in 2019 by contributing RM3.31 million or 39% of the Group's total revenue (FYE 2018: RM20.23 million, 76%). Other significant revenue contributor includes property/asset and facility management, renewable energy, and merchandising.

The Group registered a pre-tax loss of RM6.61 million for the financial year under review compared to a pre-tax profit of RM4.33 million in the previous financial year. This was due to the lower revenue recorded in 2019. In addition to that, the operating and administration expenses has increased by 38% in 2019. To this end, the Group has cash and bank balances of RM1.57 million as at 31 December 2019.

Other than that, The Group continues to focus on its existing core businesses such as Energy, Infrastructure, Property Development and Realty Businesses by leveraging on the continuous development of its existing land banks and properties and pursue opportunities to ensure sustainability of the Group's future profits. The Group will also look into new opportunities to achieve its vision to be the business leader in Green & Eco Development.

As at 31 December 2019, the Group's net asset per share is at RM0.67 compared to previous years' RM0.70.

OPERATIONAL REVIEW

Property Development Segment

In the year under review, the property development segment has achieved RM3.31 million revenue (2018: RM20.23 million), mainly derived from land and property sales within the Group. The revenue under this segment is mainly contributed by RM1.25 million of land sales and RM2.06 million of property sales like our shophouses in Wallagonia Tapah, bungalows in Ulu Kinta and shophouses in Trong.

Property & Facility Management Segment

The revenue of this segment mainly derived from rental activities and facility management within the Group. The Group owns and manages Wisma Majuperak and Silveritage Galleria Complex which contributes consistently to rental income along with other land rentals which amounts to RM1.78 million in 2019.

Under this segment, total revenue of RM2.72 million has been recorded in 2019 as compared to RM1.54 million in 2018. The increase of revenue in 2019 is mainly generated by new business area in this segment which has yielded about RM0.94 million through subcontracting work in property and facility management.

The property market in 2019 was mainly affected by affordability issues, weak economic sentiments and high levels of unsold inventories. Analysts say sluggish conditions in the property market are expected to continue in 2020 (The Edge Markets, 2020).

Taking into account the challenges ahead, the Group will take measures and strategies to ensure that the property & realty segment will remain relevant in the market throughout 2020 and near future.

Renewable Energy

Majuperak Energy Resources Sdn Bhd ("MERSB") is a wholly owned subsidiary of MHB that owns and operates a solar farm located in Keramat Pulai, Simpang Pulai, Perak. For FYE 2019, the renewable energy segment recorded RM1.42 million revenue (2018:RM1.95 million) and generated around 1.111 megawatts ("MW") (2018:1.498 MW) which contributed 17% of the Group's total revenue. The revenue consists of energy generation from solar plants RM1.18 million (2018: RM1.05 million) and maintenance income of RM0.24 million (2018: RM0.90 million).

Currently, the management is identifying and looking for suitable location for Hydro, Waste to Energy and Solar Photovoltaic Plants within the Perak state and other states so as to establish a stronger foothold in the energy sector.

Merchandising Business and Others

This segment contributed lower revenue of RM1.0 million to the Group compared to RM 2.37 million in 2018. The merchandising business through Nexus Jade Sdn Bhd ("NJSB") contributed RM0.60 million (2018: RM1.3 million). In addition, others revenue recorded in 2019 of RM0.40 million (2018: RM1.08 million) derived from land and sand rental.

Despite recording a 58% decrease in its revenue in 2019, we believe this business will persevere and become a steady contributor to the Group's overall revenue where NJSB has intensified its marketing campaigns to boost and penetrate new and potential customers.

Human Resources

Our people are the pulse of the Group. MHB aims to build a formidable, high-performance team as this will fuel growth, now and in the future. Based on our team's diverse skills, competencies, knowledge, experiences, gender and age, we value each and everyone's insights. The diversity of our team also allows us to harness their unique competencies and strengthen MHB's competitive advantage. We have also embraced a culture of teamwork as it ensures optimisation of our employees' level of skills, knowledge, passion, creativity and productivity.

At MHB, we continuously conduct various training programmes to upskill our employees' capabilities to help them achieve more fulfilling lives, in both their professional and personal capacities.

We also conducted engagement sessions between the employees and Group Chief Executive Officer on quarterly basis as a platform to share our CEO's aspiration and experiences as well as enabling a two-way communication with fellow employees. The session was organised with an aim to foster better engagement, enhance morale and promote a healthier working environment.

We value the contribution of each and every one of our employees in MHB Group, which is why we place utmost importance in creating a conducive work environment to nurture our employees' growing talent and ambitions. We believe that by helping our employees realise their full potential, they in turn, can help us achieve MHB Group's corporate aspiration, making the company an ideal place to attract talented individuals to build their careers.

Dividend

The Board does not recommend the payment of dividend in respect of the financial year ended 31 December 2019.

OUTLOOK & PROSPECTS

Referencing to the Economic Outlook 2020 by Malaysian Rating Corporation Berhad ("MRCB"), a mild global economic recovery is expected although not broad-based due to existing strong headwinds in the form of ongoing trade war between US & China, a potentially rough Brexit in the Europe and the spread of COVID-19 pandemic worldwide. Although many sectors are affected by the pandemic, the Malaysia's economy moderated sharply to 0.7% in the first quarter of 2020 (4Q 2019: 3.6%). However, on a quarter-on quarter seasonally-adjusted basis, the economy contracted by 2.0%, mainly reflected the implementation of the Movement Control Order (MCO).

After a steady expansion in the first two months of the quarter, economic activity came to a sharp downshift with the implementation of the MCO on 18 March 2020. Movement restrictions including international and domestic travel restrictions, limited work and operating hours and mandatory social distancing significantly curtailed economic activity. As the government has implemented the Recovery Movement Control Order (RMCO) in June 2020, economic activity is expected to gradually improve in second half of 2020.

The sizable fiscal, monetary and financial measures and progress in transport-related public infrastructure projects will provide further support to growth in 2H 2020. In line with the projected improvement in global growth, the Malaysian economy is expected to register a positive recovery in 2021 (Bank Negara Malaysia, 2020).

CHAIRMAN'S STATEMENT (CONTINUED)

Although analysts expecting a lacklustre year ahead for property sector, research shows that demand for affordable properties now has increased (The Edge Markets, 2020). The Group will look into various efforts and initiatives to seize on the current situation and address the demand for affordable properties across 2020 and beyond.

In addition, there were notable increase in demand for renewable energy, with household and commercial usage rising compared to the previous year (U.S. Energy Information Administration, 2019). Implementation of Net Energy Metering (NEM) 2.0 by the Malaysian government would promote the adoption of renewable energy in Malaysia by 2020. The Group is ready to innovate, collaborate and seize any new opportunities to fuel the renewable energy sector's further development in the year ahead, as the renewable energy industry is poised to enter a new growth phase by 2020.

The facility management environment in Malaysia is evolving alongside the renewable energy sector. The market is expected to be driven by a strong outsourcing culture in certain end-user sectors such as healthcare and education, securing of longer-term engagements for recurring revenue streams, and value-adding engagements focusing on cost efficiency and asset value optimisation (Research and Markets, 2019). The Group will continue to manage the asset and facility management services efficiently to ensure its future growth and be a significant contributor towards the Company's growth.

Looking at the positive note, the Group is optimistic about the long-term prospects and are confident in realizing the potential of investments made so far.

ACKNOWLEDGEMENTS

Moving forward, the Group will strive to strengthen our core businesses and we will also diversify our revenue base and sources of income.

On behalf of the Board, I would like to extend our gratitude and appreciation to my fellow Board members, the management and staff for their continuous commitment and valuable contributions to the Group. We also like to thank all our valued customers, suppliers, business partners, bankers and the respective government authorities for their support and confidence in MHB Group.

On that note, I conclude this year's review and we look forward to 2020, to drive the Group to the next level. Thank you and our warmest regards.

Tuan Mohd Ariff Bin Yeop Ishak

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

Majuperak Holdings Berhad (“MHB”) recorded loss after tax of RM7.16 million on the back of RM8.45 million revenue during the financial year under review. The Group’s main revenue comes from property development which has accounted for 39% of the Group’s total revenue, followed by property and facility management which contributed 32%, renewable energy contributed 17%, merchandising contributed 7% and others revenue contributed 5% of the Group’s total revenue. The lower revenue recorded this year compared to previous year was mainly due to lower land sales during 2019.

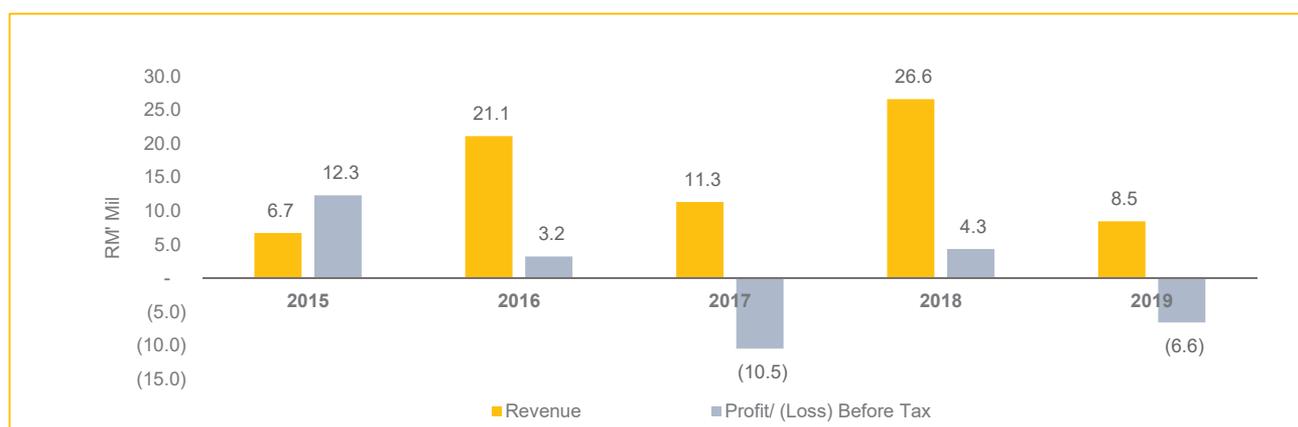
The Group has ventured into new business segment in 2019 which is under asset and facility management sector. This new business is expected to contribute to the Group’s growth and revenue. Other than that, the Group will continue to focus on its existing core businesses such as Energy, Infrastructure, Property Development and Realty Businesses by leveraging on the continuous development of its existing land banks and properties that would ensure sustainability of the Group’s future profits. At the same time the Group will be looking at the opportunity to diversify its businesses to create a sustainable revenue sources to the Group.

FINANCIAL REVIEW

The Group recorded lower revenue of RM8.45 million, a decrease over 68% as compared to RM26.58 million FYE 2018. This is mainly due to lower sale of land in 2019. Although merchandising business led by NJSB does not show similar performance like FYE 2018 due to MAPS ending the exclusive merchandising agreement with NJSB, we are pleased to report that other business segment such as property rental has shown consistent performance with a revenue around RM1.78 million throughout 2019.

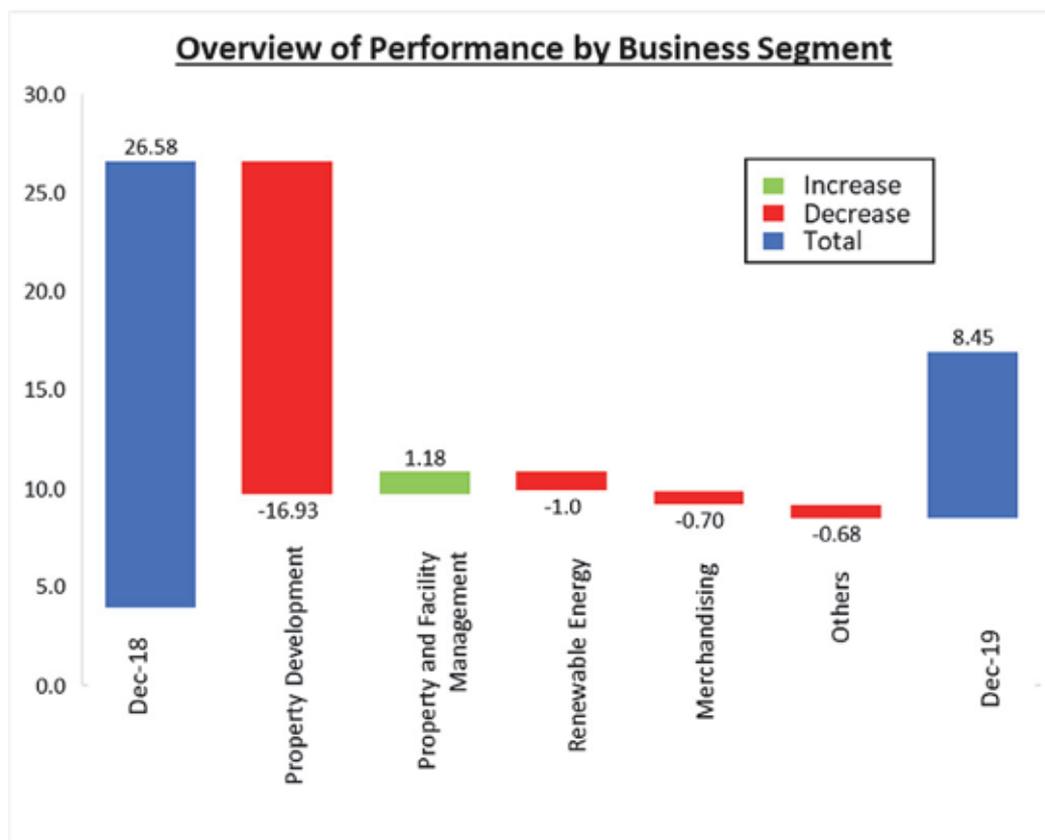
The Group registered pre-tax loss of RM6.61 million in 2019 compared to a profit of RM4.33 million in 2018, a substantial decrease by 253%. It underlines the urgency to pursue and establish new business opportunities with strong growth prospects, which has shown some results in the asset and facility management sector.

The Company recorded loss per share attributable to ordinary equity holders of the Company at 2.69 sen for the year 2019 compared to previous year that earned profit per share at 1.52 sen. Meanwhile, the net assets per share as at 31 December 2019 is at RM0.67 (2018: RM0.70).



Past Years' Performances

OPERATIONAL REVIEW



Property Development Segment

In the year under review, the property management segment has achieved RM3.31 million revenue (2018: RM20.23 million), in which RM1.25 million from sales of land and RM2.06 million from the sales of shophouses at Wallagonia Tapah, bungalows in Ulu Kinta and shophouses in Trong. The main reason for the decrease in revenue is because of lower land sales.

Property and Facility Management Segment

The drop in the property development segment is backed up by this segment where rentals from the Group's properties such as land and office rental consistently contributed to the Group's income, and the revenue for this year has recorded an improvement over previous year. The main rental contributor is from the office rental of Wisma Majuperak which is located in Jalan Sultan Idris Shah at the heart of Ipoh City Center. Other rental revenue includes rental of shoplots in Silveritage.

The Group in 2019 has expanded its reach in this segment by going into asset and facility management sector. We are pleased to highlight that although this sector is relatively new to the Company, the Group managed to secure a contract as a subcontractor to work for property and facility management. As at 31 December 2019, this segment recorded revenue of RM2.72 million (2018: 1.54 million). Currently the management is looking into opportunities to expand the services.

Silveritage Galleria Complex

Silveritage Galleria Complex (“SGC”) in 2019 has been recognized as a new attraction in Perak by the tourist, as many activities organized by both private and public sector in SGC throughout 2019 managed to attract people to come to the complex. Among the events organized in SGC such as Ipoh Ride 2019, Ipoh Scooter Day 2019 and Karnival Sukan Rakyat.

In the year 2020, the Group plans for Silveritage to undergo transformation of its business model which will be determined by the management soon.

Renewable Energy

Going into its fourth year in renewable energy segment through its wholly owned company Majuperak Energy Resources Sdn Bhd (“MERSB”), this segment recorded RM1.43 million revenue in FYE2019 (2018:RM1.95 million) which contributed 17% of the Group's total revenue. The revenue consists of energy generation from solar plants RM1.18 million which generated 1,111 megawatts (“MW”) (2018: RM1.05 million, 924 MW) and maintenance income of RM0.24 million (2018: RM0.90 million).

Merchandising and Others

The merchandising business through Nexus Jade Sdn Bhd (“NJSB”) contributed a lower revenue of RM0.60 million to the Group compared to RM1.30 million in previous year.

Despite recording a 54% decrease in its revenue in 2019, we believe this business is set to become a steady contributor to the Group's overall profitability where NJSB has intensified its advertising and promotion campaigns with strong focus on its innovative marketing strategy in striving to achieve the desired profit to the Group.

In diversifying our revenue base and sources of income, the Group will seek further business opportunities that is identified as strategic and sustainable to the Group.

Corporate Exercises of MHB – Private Placement and Employee's Share Option Scheme (“ESOS”)

On 24 December 2019, MHB has proposed to Bursa Malaysia two corporate exercises to issue new shares to potential investors under Private Placement issuance, and to implement ESOS scheme that will benefit its directors, senior managements and staffs. The approval from Bursa Malaysia for both of this exercise has been obtained on 7th February 2020. We are pleased to report that the private placement has been completed on 28 February 2020, while ESOS Scheme has been successfully implemented on 6 March 2020.

Bursa Malaysia Listing Requirements (LR) – Rule 8.03A(2b) – “Affected Listed Issuer”

The Group has announced on 13 April 2020 that it has triggered para 8.03A(2b) of the Main Market Listing Requirements (MMLR) of Bursa Malaysia, thus the Group is categorised as an “Affected Listed Issuer”.

The Group has submitted an application to seek a waiver from complying with para 8.03A(3) of the LR but has been rejected by Bursa Malaysia on 19 June 2020.

Nevertheless, the Group on 22 June 2020 has submitted an application to appeal to Bursa Malaysia on the ground that the Company has additional justifications that are material to support the viability and growth of its business prospects.

FUTURE PROSPECTS

Although the Group is recording a loss for the financial year ending 31 December 2019, the management believes that year 2020 will kick start the group towards greater heights through continuous commitment to its new 5-year strategies which will then lead to the growth of the Group.

The Group in this year has diversified its revenue stream by venturing into new business segment in asset and facility management. Moving forward in 2020, the Group has pursued new business opportunities with strong growth prospect in order to further diversify its revenue base. This has resulted in partnership agreements with several companies, among them are Petrolife Aero Sdn Bhd in the business of Liquefied Natural Gas (LNG) trading and collaboration on the Co Generations project, and the partnership with Mainiza Teknitek Recowaste Sdn Bhd in the services of solid waste management and public cleansing in the state of Perak.

The Covid-19 pandemic may affect the operation and business of the Group, but we believe the Group will rebound and pull through in these tough times in line with the projected global recovery. Moving forward, more resources and efforts will be put in to explore collaborative opportunities to improve the revenue and profitability of the Group.

STATEMENT ON SUSTAINABILITY

INTRODUCTION

In order to cope with the fast-changing landscape of the corporate world, Majuperak Holdings Berhad is committed in sustainability development by operating in an ethical and integrated manner and taking responsibility for the impacts of decisions by the Company to stakeholders, the community and the environment.

For the year of 2019, MHB continues to implement sustainability initiatives in our organizations by generating value through creativity, while growing our human capital. We aim to provide stakeholders broader value creation. As an active player in stimulating economic growth in the Perak State, the Group is striving to ensure that the development impact is felt by both stakeholders and the community.

This statement which disclose on sustainability complies with the Listing Requirements of Bursa Malaysia and aims to provide accurate economic, environment and social information regarding our business to our stakeholders, thus fostering confidence and relationships with our stakeholders by rising the accountability and transparency.

1. Sustainability Governance

Our sustainability framework follows the “tone from the top” leadership. It is led by the Board of Directors, who among responsibilities is to ensure the Company’s business strategy take sustainability matters into account and to approve sustainability strategy.

This is further monitored by the management who is responsible to develop sustainability strategy and recommend to the Board of Directors. They are also tasked to oversee the implementation of the strategy and to approve relevant targets/goals.

The governance framework set up the system to implement the strategy, reports on the performance and controls of the sustainability processes to ensure it stays on track.



STATEMENT ON SUSTAINABILITY (CONTINUED)

2. Stakeholder Engagement

Proactive stakeholder engagement ensures our business activities are viable, strategic and relevant. We engage with a diverse group of stakeholders as shown in the following table:

| Stakeholders | Key Focus Area | Methods of monitoring |
|--|---|--|
| Shareholders | <ul style="list-style-type: none"> • Profitability • Dividend • Shareholders' value/responsibility | <ul style="list-style-type: none"> • Annual general meetings • Company website • Annual reports • Bursa announcements |
| Clients, Suppliers and Partners | <ul style="list-style-type: none"> • Timely delivery of projects • Payment terms and timeliness | <ul style="list-style-type: none"> • Customer satisfaction survey and supplier evaluation form • Face-to-face meeting • Events and site visits |
| Regulators and Government Authorities | <ul style="list-style-type: none"> • Compliance with laws and regulations • Certifications / awards • Industry best practices and updates | <ul style="list-style-type: none"> • Compliance and certification exercises • Periodic site visits and audits • Briefings and trainings |
| Employees | <ul style="list-style-type: none"> • Business performance and direction • Career development • Learning and development • Employee welfare and benefits • Employee wellness • Health and safety | <ul style="list-style-type: none"> • Regular communications via email circulation • Annual performance appraisal • Forums, trainings and workshops • Sports clubs i.e Kelab Warga • Employee events including festive celebrations (i.e Raya Celebration) and annual dinners • Senior Management Retreat |
| Local community, Industry Associations, Academia and Non-Governmental Organisations ("NGOs") | <ul style="list-style-type: none"> • Company reputation and branding • Corporate Social Responsibility • Best management practices • Partnerships | <ul style="list-style-type: none"> • Community outreach and development programmes • Educational site visits • Briefings and trainings |

3. **Materiality Assessment**

Governed by the Board of Directors, the Management Team reviews and oversees the planning and implementation of sustainability practices in a continuous and systematic manner.

Given that this is the early phase of implementing sustainability within the company operations, focus has been placed on establishing the necessary framework. This includes the establishment of materiality assessment, material sustainability topics and matrix. Moving forward, the Company will further implement and establish monitoring process on sustainability initiatives.

4. **Marketplace**

4.1 **Corporate Governance and Compliance**

Guided by the Malaysian Code on Corporate Governance, MHB are committed in ensuring the principles and best practices of good corporate governance is applied throughout the Group. Details of our corporate governance framework and practices are elaborated in the Corporate Governance Overview Statement of the Annual Report 2019.

We have established effective standard operating policies and procedures, defined levels of authority and guidelines for recruitment and human capital development in our effort to ensure compliance with internal controls, laws and regulations. These policies, procedures and guidelines are subjected to regular reviews and improvements; and have been communicated to all employees.

4.2 **Anti-Corruption and Integrity Pledge**

We are committed to creating a corporate culture to operate our businesses in an ethical manner while upholding the highest standards of professionalism.

As part of our continuous commitment towards creating a business environment built on transparency, integrity and free corruption, we have made our Integrity Pledge on 8 January 2020.

This Integrity Pledge is a voluntary pledge to ensure the organisation and its leadership as well as each of its members accountable and responsible for carrying out their duties and to deter them from engaging in any corrupt misconduct throughout their tenure.

5. Environment

5.1 Energy

We remain committed to preserving the environment by implementing environmental-friendly practices in our operations. The Group through its wholly owned subsidiary, Majuperak Energy Resources Sdn Bhd (MERSB) owns and operates a solar power farm which is located at Keramat Pulai, Simpang Pulai, Perak. The plant collectively generates around 1,900 MW of electricity per annum.

Besides generating revenue for the company, this business is reflective of the Group's efforts towards contributing to green and clean energy. For year 2019, the plant generates around 1,111 MW of electricity. The plant is estimated to produce around 1,900 MW electricity in 2020.

At workplace, we encourage energy saving measures such as controlling the air conditioning temperature at reasonable level and turning off electrical appliances when no one is using. We practice recycling at our offices and reuse recycled papers whenever possible, to reduce paper usage.

6. Community

6.1 Caring for Communities

We care about giving back to the community. However, beyond pure philanthropy, we endeavour to deliver meaningful initiatives with lasting outcomes to a diverse group of beneficiaries.

During this financial year, we donated to various non-profit organisations including Pertubuhan Pembangunan Islam Negeri Perak and to assist these organisations in their operating expenses and running of existing programmes.

6.2 Providing Greater Access to Education

We work along with higher learning institutions such as Universiti Sains Malaysia, UiTM, UNISEL, and Universiti Sultan Azlan Shah to offer internship programmes for their students. These internship programmes aim to provide the students practical exposure to real-world corporate considerations that would benefit them upon graduation.

In addition, we give recognition to the children of our employees for achieving outstanding results in their academics as a gesture of encouragement to promote the emphasis on education.

6.3 Promoting Sports and Wellbeing

Employee wellbeing has important implications for productivity and work relationships. To encourage wellbeing among the employees, we have our own clubs such as Kelab Warga and organised various sports activities such as badminton, table tennis and bowling to provide ways for employees to join together in order to promote team building and encourage healthy lifestyle.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

INTRODUCTION

In accordance to the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“Guidelines”), the Board of Directors (“Board”) of Majuperak Holdings Berhad Group (“Group”) is delighted to present the Statement on Risk Management and Internal Control for the financial year under review and up to the date of approval of this statement, in pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements with regards to the Group’s state of internal control.

In pursuant to ensure the safeguarding of shareholder’s investments and the Group’s assets, the Board is fully committed in maintaining a sound risk management framework and internal control system and effectiveness in the Group.

BOARD’S RESPONSIBILITY

Moving forward into another year of implementation, the Board asserts its obligation in maintaining a comprehensive risk management framework and internal control system as well as reviewing its adequacy and effectiveness. In order to achieve business goals and objective, the Board suggested that the risk management framework and internal control system is to be devised in order to manage the Group’s risk within a tolerable risk appetite rather than discarding the risk failure. This will then lead to a reasonable assurance against material misstatement, fraud or loss.

In order to strive for the business goals and objectives, the Board have set up a suitable control structure and process for identifying, evaluating, monitoring, managing and responding to significant risks confronted by the Group. Regular updates and reviews are conducted to the control structure and process that have been inaugurated throughout the Group to adapt to changes in business environment and this on-going process has been in place for the whole financial year under review and up to the date of approval of the Statement on Risk Management & Internal Control for inclusion in the Annual Report.

The role of Management includes:

- Identifying and evaluating the risks faced, and the achievement of business objectives and strategies;
- Formulating relevant policies and procedures to manage these risks;
- Designing, implementing and monitoring the effective implementation of risk management framework and internal control system;
- Implementing the policies approved by the Board; and
- Reporting in a timely manner to the Board for any changes to the risks and the corrective actions taken.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

RISK MANAGEMENT FRAMEWORK

The Board understands that Risk Management is an important aspect of all business operations and therefore supports the contents of Risk Management and Internal Control Guidance. In order to realize its oversight responsibility, the Audit Committee (“AC”) and Risk Management Committee (“RMC”) are handled separately.

The RMC is responsible for risk management of the Group. RMC will review the adequacy and integrity of Group’s Risk Management System (“RMS”). The Risk Management Workgroup (“RMWG”) on the other hand facilitates the continuous monitoring and evaluation of the Group’s RMS which encapsulates the key processes of risk identification, assessment, mitigation, monitoring and reporting.



Any approved policy and framework formulated to identify measure and monitor various risk components and internal control system would be reviewed and recommended by the AC and RMC to the Board. Additionally, the AC and RMC reviews and assesses the adequacy of these policies and ensures infrastructure, resources and systems are properly employed and implemented.

These principles, policies, procedures and practices are updated regularly to ensure relevance and compliance with current/applicable laws and regulations, and are made available to all employees.

The risk management framework for adoption by the Group involves the following:

(a) **Risk Management Committee**

Responsible to identify continuously and communicate and report to the Board, the critical risks the Group faces, their changes and the management action plans to manage the risks.

The Risk Management Committee, currently comprises of three Board Members as follows: -

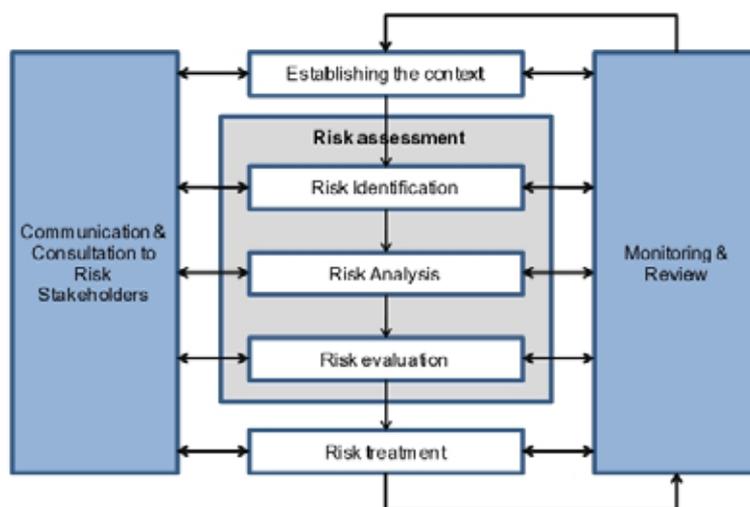
- i. Ir. Megat Shariffudin Bin Ibrahim (Chairman) (Appointed on 10 August 2018)
- ii. Encik Mohd Ariff Bin Yeop Ishak (Member) (Appointed on 01 November 2019)
- iii. Encik Khairul Nizam Bin Tajul Hasnan (Member) (Appointed on 25 June 2020)
- iv. Encik Amran Bin Alang Ahmad (Member) (Appointed on 10 August 2018, resigned on 17 June 2020)

* Encik Mohamed Shafeii Bin Abdul Gaffoor resigned as Directors/Chairman on 01 November 2019 and therefore ceased to be a member on that date.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

(b) Key Management Staff

The RMWG, consisting of managers and key staff, has the fundamental role of identifying and assessing risks by employing the following methodologies:



Risk Management Methodology

- i. Identification of significant risks by risk-owners/ stakeholders.
- ii. Assessment/Analysis of the likelihood and impact of the risks identified.
- iii. Evaluating the control strategies in relation to the risks.
- iv. Formulating action plan to address control deficiencies.
- v. Setting Key Risk Indicators to monitor the risks.

The Key Management Staff in this manner, conduct a continuous communication, evaluation and enhancement of Risk Management Policy as well as facilitates risk assessment process, ongoing monitoring and reporting of major risk, and reports to RMC in a timely manner.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

(c) Risk Management Reporting

Throughout the financial year, reported risk are updated into the risk register. The risks are classified into 4 different types of risk, namely: Compliance & Reporting Risk, Strategy & Planning Risk, Operations & Infrastructure Risks and Health, Safety & Environmental Risk. A total of fifty-two (52) Risk were registered with three (3) of it being removed from the register after being remedied. Notable risks throughout the year is as follows:

| Risk Class | Risk Title | Risk Level |
|-----------------------------|--|---|
| Compliance & Reporting | Litigation and Legal action against company | High (Mitigated – Settled through instalment programme) |
| Strategy & Planning | Risk of over reliance on one customer | High (Removed from register) |
| Operations & Infrastructure | Sehati Residence Tambun: Delay in project completion | High (Mitigated) |

Notable Risk for Financial Year 2019

| Risk Heat Map | | | Risk Impact | | | | |
|-----------------|--------|---|---------------|-------|----------|-------|--------------|
| | | | Insignificant | Minor | Moderate | Major | Catastrophic |
| | | | 1 | 2 | 3 | 4 | 5 |
| Risk Likelihood | High | 3 | 1 | - | 2 | 2 | - |
| | Medium | 2 | 10 | 6 | 8 | - | - |
| | Low | 1 | 9 | 1 | 2 | 3 | 5 |

Risk Heat Map at year end 2019

The RMWG reports to the RMC on a quarterly basis. The RMC will then meet to discuss and evaluate the RMWG's reports for adoption.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

(d) **Audit Committee**

The Audit Committee (“AC”) is accountable to ensure the adequacy and integrity of the internal control system within the group, whereas the Internal Auditors provides supports to the AC in carrying out its duties.

The Audit Committee, which comprises of four Independent Non-Executive Directors are as follows: -

- i. Y.B. Leong Cheok Keng (Chairman) (Appointed on 10 August 2018)
- ii. Encik Ahmad Najmi Bin Kamaruzaman (Member) (Appointed on 10 August 2018)
- iii. Encik Megat Shariffudin Bin Ibrahim (Member) (Appointed on 21 November 2018)
- iv. Encik Khairul Nizam Bin Tajul Hasnan (Member) (Appointed on 25 June 2020)
- v. Encik Amran Bin Alang Ahmad (Member) (Appointed on 10 August 2018, resigned on 17 June 2020)

Internal Audit Plan approved by the AC is used as a guideline for Internal Auditors to conduct audit for the Group. AC members as well as the management will then review the findings provided in the audit report in the AC meeting.

RISK MANAGEMENT FRAMEWORK

Apart from key risk management and internal audit, the Group has in place the following key elements of internal control:

(a) **Board Meetings**

The Board meets at least quarterly and has a formal agenda on matters for discussion. The Group CEO leads the presentation of board papers and provides explanations on pertinent issues. In arriving at any decisions, on recommendation by the Management, a thorough deliberation and discussion by the Board is a prerequisite. In addition, the Board is kept updated on the Group’s activities and operations on a timely and regular basis.

(b) **Organizational Structure**

The Group has in place an appropriate organizational structure with clearly defined lines of responsibility and delegated authority established for directors and management within the group in respect of quick response to the changes in the evolving business environment, effective supervision of day-to-day operations and accountability for operations performance. Capital and non-capital expenditures and acquisition and disposal of investment interest are subject to appropriate approval processes governed by limits and processes.

(c) **Management Financial Report**

Quarterly financial and performance reports are submitted to the Board and reviewed, which include explanation and management action taken for improvement of results.

Regular visits to the subsidiaries by the members of the management to monitor and assess the Group’s performance and control.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

(d) Code of conduct

The Group is committed to conduct its business fairly, impartially and ethically and to comply with all laws and regulations. To this end, the Group has a Code of Conduct (the “Code”) which sets standards for the employees within the Group. The Code primarily promotes honest and ethical conduct, including the ethical handling of actual or apparent conflict of interest between personal and professional relationships at the workplace and for employees to observe applicable rules, regulations and local laws. In the performance of duties, the employees are expected to carry out their mandate and responsibility to the best of their ability and judgement and maintain the highest standard of integrity and conduct.

(e) Whistleblowing Policy

The Group has also established the Whistleblowing Policy. The policy encourages employees or a person or entity making a protected disclosure (“Whistleblower”) to raise concerns, be they internally and/or at a high-level, and to disclose information where such Whistleblower believes that a form of malpractice or misconduct is being committed. This also covers concerns which are in the public interest and may be investigated at least initially, so that appropriate remedial action can be taken.

The Whistleblowing Policy also includes provisions which protect the confidentiality of the Whistleblower and ensures no retaliation against the Whistleblower if he or she had acted in good faith.

Any complaints or reports can be directed to the Group CEO or the Director of Human Resources. In addition, should the Whistleblower believe that the Group is better served if the report was addressed to levels higher than Management, the complaint or report can be submitted directly to the Chairman of the AC.

The Whistleblowing Policy may be assessed at <http://www.majuperak.com.my/page/272/Corporate-Governance/>.

The external auditors have reviewed this Statement in accordance with the Recommendation Practice Guide (“RPG”) 5 (Revised), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by Malaysia Institute of Accountants on the Review of Directors’ Statement on Risk Management and Internal Control pursuant to paragraph 15.23 of the MMLR of Bursa Securities and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in the review of the integrity of the system of risk management and internal control of the Group.

CONCLUSION

The Board has reviewed the adequacy and effectiveness of the Group’s risk management and internal control system for the year under review and a number of minor structural deficiencies were identified during the period, all of which have been addressed. However, none of the deficiencies have results in any material losses, contingencies or uncertainties that required disclosure in the Company’s annual report. This Statement on Risk Management and Internal Control was reviewed and approved by the Board of Directors on 24 April 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the “Board”) recognizes the importance of good corporate governance and is committed to uphold the value of good corporate governance is practiced throughout the Company and its subsidiaries (“the Group”) by continuously advocating transparency, accountability, integrity and responsibility with the ultimate objective to protect and enhance long term shareholders’ values and the financial performance of the Group.

As required under the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), this Corporate Governance Overview Statement reports on how the Company has applied the Principles and Practices to the extent of compliance with the recommendations of good corporate governance as set out in the Malaysian Code on Corporate Governance (“MCCG”) throughout the financial year ended 31 December 2019 (“the Year” or “2019”) and up to the date of this Annual Report. This statement is to be read together with Corporate Governance Report 2019 based on a prescribed format as outlined in Paragraph 15.25(2) of the Listing Requirements, which can be downloaded from MHB’s website at www.majuperak.com.my or from Bursa Securities’ website.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Charter

The Company has formalised a Board Charter which clearly set out the composition, roles and responsibilities of the Board and Board committees and the processes and procedures for convening their meetings. The Board Charter serves as a reference providing prospective and existing members of the Board and management insight into the fiduciary duties of directors.

In promoting good governance practices and in order to enhance transparency and accountability, the Board has established and put in place the following policies and procedures, full details of which will be made available on the Company’s website:

- Code of Business Conduct and Ethics (approved on 20 May 2020)
- Whistleblowing Policy and Procedures
- Sustainability Policy
- Anti-Bribery and Corruption Policy (approved on 20 May 2020)

The Board reviews the Board Charter on a regular basis and the last reviewed was on 2 March 2020 to ensure it is up to date with the changes in Listing Requirements, other relevant regulations and best practices and ensure its effectiveness and relevance to Board’s objectives. The Board Charter is available at the Company’s website at www.majuperak.com.my.

Principal Roles

The Company is led by an experienced and dynamic Board. The Directors together as a team set values and standards of the Company and ensure that the Group’s business is properly managed to safeguard the Group’s assets and shareholders’ interests. The Board assumes full responsibility for the oversight and overall management of the Company.

Roles and Responsibilities

The Board's principal focus is the overall strategic direction, development and control of the Group. In support of this focus, the Board maps out and reviews the Group's medium and long term strategic plans on a basis, so as to align the Group's business directions and goals with the prevailing economic and market conditions.

The Board considers all aspects of the operations of the Group and particularly in the following areas:

- Reviewing the management's performance and ensures that necessary financial and human resources are available to meet the Group's objectives;
- Overseeing the conduct of the business of the Group;
- Review the yearly and quarterly financial result; capital budgets and regularly monitors their progress throughout the year, using appropriate financial indicators and industry benchmarks;
- Succession planning for senior management;
- Identifying and putting in place systems to manage any principal risk;
- Reviewing the adequacy and integrity of the management information and internal control system.

Management manages the day-to-day operations in accordance with a Limit of Authority with clearly defined authority limits for capital expenditure, operating expenditure, contract awards, safeguarding of assets, business decision activities, segregation of duties and other significant transactions, among others. Defined authority limits continue to be closely monitored in response to prevailing market conditions.

Separation of Chairman and Group CEO

The role of the Executive Chairman, Encik Mohd Ariff Bin Yeop Ishak and the Group CEO, Encik Nizran Bin Noordin are separated with clear distinction of responsibility between them. The role of the Chairman is to focus on governance and compliance and ensure the smooth and effective functioning of the Board. His duties include providing leadership for the Board, ensuring the Board carries out its responsibilities in the best interest of the Company and that all the key issues are discussed in a timely manner. The Chairman is also tasked with facilitating active discussion and participation by all Directors and ensuring that sufficient time is allocated to discuss all relevant issues at the Board meetings. Whereas the Group CEO serves as the conduit between the Board and the Management in ensuring the success of the Group's governance and management function. The Group CEO has the responsibility for day-to-day running of the business and implementation of Board's policies, strategies and decisions adopted by the Board.

Board Meetings

The Board meets on a quarterly basis and additional meetings were convened and held when specific urgent or important matters are required to be considered and decided between the scheduled meetings. During the financial year, the Board met seven (7) times i.e. 28 February 2019, 24 April 2019, 21 May 2019, 26 June 2019, 27 August 2019, 17 October 2019 and 28 November 2019 where the Board deliberated and considered a variety of matters including the Group's financial results, budget and strategy, corporate proposals and strategic issues that affect the Group's business operations.

All the Directors have complied with the minimum attendance at Board Meetings as stipulated by Bursa Securities during the financial year.

Access to Information and Advice

The Board had unrestricted access to timely and accurate information, necessary in the furtherance of their duties. In carrying out their duties, the Directors have complete access to all staff for information pertaining to the Group's affair. The Directors have full access and dedicated support services of the Company Secretary, Independent Professional Advisers, and Internal/External Auditors in appropriate circumstances at the Company's expense, if required to ensure effective functioning of the Board. The Directors may also interact directly with, or request further explanation, information and updates on any aspect of the Company's operations or business concerns from the Management.

The Board and Board Committees meetings are planned in advance prior to the commencement of a new calendar year and the schedule is circulated to the Directors and Committee members well in advance to enable them to plan ahead. Board members are given at least seven (7) days' notice before any Board meeting is held. The agenda for each Board meeting and papers relating to the matters to be deliberated at the meeting are forwarded to all Directors at least five (5) days before the Board meeting. The Board papers are comprehensive covering agenda items to facilitate informed decision-making. In between Board meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions enclosing all relevant information to enable the Board to make informed decisions. All circular resolutions approved by the Board will be tabled for notation at next Board meeting.

The Board also peruses the decisions deliberated by Board Committees through minutes of these Committees. The Chairman of the Board Committees is responsible to inform the Directors at Board meeting of any salient matters noted by the Committees and which require the Board's notice or direction. All proceedings of Board meetings are minuted and signed by the Chairman of the meeting in accordance with the provisions of Companies Act, 2016.

The Directors are notified of any corporate announcements released to Bursa Securities. They are also notified of the impending restriction in dealing with the securities of the Company at least thirty (30) days prior to the targeted released date of the quarterly financial results announcement.

Board Composition

The Group is helmed by an effective and experienced Board comprising individuals of caliber and credibility from diverse professional backgrounds with a wealth of experience, skills and expertise which are crucial for the Board to function effectively.

The Board currently comprises seven (7) members, two (2) Non-Independent Directors, namely Executive Chairman and Executive Director cum Group CEO and a strong presence of five (5) Independent Non-Executive Directors. The presence of a majority of Independent Non-Executive Directors provides an effective check and balance in the functioning of the Board which is in compliance with paragraph 15.02 of Bursa Securities Listing Requirements. The Independent Directors which make up more than half the Board play a crucial role in the exercise of independent assessment and objective participation in Board deliberations and decision-making process.

The Board is of the view that the composition is well balanced, representing both the majority and minority shareholders' interests and complies with the Listing Requirements whereby majority of the Board comprises of Independent Directors. The Independent Directors provide the Board with professional judgement, experience and objectivity without being subordinated to operational considerations. In addition, they also ensure that the interests of all shareholders, and not only the interest of a particular fraction or group are indeed taken into account by the Board in its decision-making process.

The Board Charter provides that the Board should consist of qualified individuals with diverse experiences, backgrounds and perspectives. The Constitution of the Company provides a minimum of two (2) and a maximum of eleven (11) Directors. The composition and size of the Board should be such that it facilitates the making of informed and critical decisions without limiting the level of individual participation, involvement and effectiveness.

The Board believes that the current Board composition provides the appropriate balance in terms of skills, knowledge and experience in the fields of developer operations, finance and accounting, legal, information technology, project management, engineering and general experience in management. This combination of different professions and skills working together enables the Board to promote the interests of all shareholders and to govern our Group effectively.

With regards with gender diversity in the Board's composition, none of the directors is a female. Notwithstanding this, the Board will continuously review the composition of the Board and source for suitable directors considering the diversity in business background, area of expertise, skills, educational background, gender, ethnicity as well as others factors that might provide the Board with a broader range of viewpoints and perspective.

Appointment to the Board and Re-election of Directors

In accordance with the Company's Constitution, all directors who were appointed by the Board are subject to re-election at the first opportunity after their appointment and at least one third of the remaining directors are subject to re-election by rotation at each Annual General Meeting ("AGM"). The Constitution also provide that all directors shall retire at least once in every three (3) years.

The proposed appointment of new Board members as well as the proposed re-election/re-appointment of existing Directors who are seeking re-election/re-appointment at the Annual General Meeting are first considered and evaluated by the Nomination Committee (NC). For the purpose of determining the eligibility of the Directors to stand for re-election at the AGM, the NC had also conducted an annual review of the performance of the Board to ensure that it is continuously effective.

The review conducted via a set of questionnaires to assist the reviewer in his assessment is spread over the following three (3) key areas:

- The performance and contribution of each of the Directors based on their self and peer assessment results of the Board Effective Evaluation;
- The assessment of the individual Director's level of contribution to the Board through each of their skills, experience and strength in qualities and
- The level of independence demonstrated by each of the Non-Executive Directors (NED) and his ability to act in the best interest of the Company in decision making, to ensure that the Non-Executive Directors were independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interest of the Company.

Upon its evaluation, the NC will make recommendations on the proposal(s) to the Board for approval, taking into account the Director's attendance at meetings, participation, contribution and time commitment. The Board makes the final decision on the proposed appointment or re-election/re-appointment to be presented to shareholders for approval as follows:

- Two Directors namely, Mohd Ariff Bin Yeop Ishak and Ahmad Najmi Bin Kamaruzaman will be retiring in accordance with Clause 15.2 of the Company's Constitution and being eligible had offered themselves for re-election as Directors of the Company at the forthcoming AGM to be held soon. At the recommendation of the NC and as approved by the Board, they will be seeking for re-election as Directors at the 2020 AGM.
- Two newly appointed Directors, namely Encik Nizran Bin Noordin and Encik Khairul Nizam Bin Tajul Hasnan who were appointed during the year will be retiring in accordance with Clause 15.9 of the Company's Constitution and being eligible, had offered themselves for re-election as Directors of the Company at the forthcoming AGM to be held soon.

Tenure of Independent Directors

The Board does not have term limits for Independent Directors. However, in line with the recommendation of the Code, the Company follows the guidelines which provide a limit of a cumulative term of nine (9) years on the tenure of the independent directors unless extended by shareholders. None of the existing Independent Directors has exceeded cumulative term of nine (9) years tenure.

Directors' Training and Development

The Board acknowledges the importance of continuous education and training broaden one's perspective and to keep abreast with the current and future developments in the industry and global markets, regulatory updates as well as management strategies to enhance the Board's skills and knowledge in discharging their duties. An orientation program is initiated for newly appointed Directors who have attended the Mandatory Accreditation Programs prescribed by Bursa Securities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

All Directors attended at least one training / seminar during the financial year ended 31 December 2019. The details are as follows:

| Directors | Programs | Date / Organizer |
|---|--|---------------------------------------|
| Mohd Ariff Bin Yeop Ishak | Corporate Liability Amendment Act 2018 The potential risks faced by Directors and Senior Officers | 30 October 2019 / PIRSB Ipoh |
| Y.B. Leong Cheok Keng | Comprehending Financial Statements for Directors and Senior Management | 28 June 2019 / Bursatra Sdn Bhd KL |
| | Corporate Liability Amendment Act 2018 The potential risks faced by Directors and Senior Officers | 30 October 2019 / PIRSB Ipoh |
| Ir. Megat Shariffudin Bin Ibrahim | Comprehending Financial Statements for Directors and Senior Management | 28 June 2019 / Bursatra Sdn Bhd KL |
| | Corporate Liability Amendment Act 2018 The potential risks faced by Directors and Senior Officers | 30 October 2019 / PIRSB Ipoh |
| Y.B. Muhamad Arafat Bin Varisai Mahamad | Comprehending Financial Statements for Directors and Senior Management | 28 June 2019 / Bursatra Sdn Bhd KL |
| Ahmad Najmi Bin Kamaruzaman | Comprehending Financial Statements for Directors and Senior Management | 28 June 2019 / Bursatra Sdn Bhd KL |
| | Corporate Liability Amendment Act 2018 The potential risks faced by Directors and Senior Officers | 30 October 2019 / PIRSB Ipoh |
| Amran Bin Alang Ahmad (Resigned on 17 June 2020) | Comprehending Financial Statements for Directors and Senior Management | 28 June 2019 / Bursatra Sdn Bhd KL |
| | Corporate Liability Amendment Act 2018 The potential risks faced by Directors and Senior Officers | 30 October 2019 / PIRSB Ipoh |

BOARD COMMITTEES

The Nomination Committee of the Company comprises entirely of Non-Executive Directors, as follow:-

Nomination Committee (NC)

1. Ahmad Najmi Bin Kamaruzaman – Chairman
Independent, Non-Executive Director
2. Y.B. Muhamad Arafat Bin Varisai Mahamad
Independent, Non-Executive Director
3. Ir. Megat Shariffudin Bin Ibrahim
Independent, Non-Executive Director

The role of the NC is set out in its terms of reference and available for reference on the Company's website at www.majuperak.com.my.

The NC meets at least once in a financial year and wherever required. The NC met twice during the financial year i.e. 28 February 2019 and 17 October 2019, and undertook the following activities:

- Discussed and recommended the appointment of New Group CEO and also reviewed the proposal to re-designate the Managing Director to Executive Chairman due to change of role;
- reviewed the mix of skills, independence, experience and other qualities of the Board;
- reviewed the retirement by directors by rotation for re-election, the directors eligible for re-election and the retention of directors who have served beyond nine (9) years as independent directors, and assess and recommend to the Board on their eligibility for re-election, re-appointment or retention;
- reviewed the terms of office and performance of the Audit Committee and each of its members annually;
- assessed the independence of the Independent Directors;
- reviewed the trainings and seminars attended by the directors and evaluate the continuing education programmes and training needs for individual directors;
- reviewed the annual assessment of the effectiveness, composition and balance of the Board as well as the effectiveness of the Committees and contribution of each individual directors using the following criteria:
 - Audit Committee, Remuneration Committee & Risk Management Committee
 - i) Quality and Composition;
 - ii) Skills and Competencies; and
 - iii) Meeting Administration and Conduct
 - Board of Directors
 - i) Board Structure;
 - ii) Board Operations; and
 - iii) Board Roles and Responsibilities

The Director who is subject to re-election and/or re-appointment at the next Annual General Meeting is assessed by the NC before recommendation is made to the Board and shareholders for the re-election and/or re-appointment. Appropriate assessment and recommendation by the NC are based on the yearly assessment conduct.

The NC, having conducted an annual assessment of the Board and its individual members, the Audit Committee and its members, and the NC was satisfied with the current board size and the effectiveness of the Board/Board Committees and thus, no recommendation on the change of composition of the Board is made. The Board is also of the opinion that the NC has effectively and efficiently discharged its roles and responsibilities with respect to its nomination and remuneration functions as listed in the Terms of Reference of the NC. The assessment and evaluation were properly documented.

Remuneration Committee (RC)

The RC comprises two Non-Executive Directors and one Executive Director, as follows: -

1. Khairul Nizam Bin Tajul Hasnan – Chairman
Independent, Non-Executive Director (Appointed on 25 June 2020)
2. Y.B. Leong Cheok Keng
Senior Independent, Non-Executive Director
3. Ahmad Najmi Bin Kamaruzaman
Non-Independent, Executive Director
4. Amran Bin Alang Ahmad – Chairman
Independent, Non-Executive Director (Resigned on 17 June 2020)

The RC reviews the remuneration package, terms of employment, benefits and reward structure of the Executive Directors, the Managing Director and/or Group CEO and other Senior Management, reviewed the fees and benefits payable to Non-Executive Directors and makes the necessary recommendations for the decision of the Board. Meetings of the RC are held as and when necessary, at least once a year. The RC met thrice during the year i.e. 28 February 2019, 27 August 2019 and 17 October 2019, and discussed amongst others, the remuneration of Group CEO and Chief Financial Officer.

MANAGEMENT COMMITTEE

Employees' Share Option Scheme ("ESOS") Committee

An ESOS Committee was duly implemented with effect from 6 March 2020 pursuant to Paragraph 6.43 of the Bursa Securities Listing Requirement. The ESOS Committee was established and appointed by the Board to oversee the administration as well as to ensure proper implementation of ESOS according to the By-Laws of ESOS. The Company's Employees' Share Option Scheme ("the Scheme") would be in force for a period of five (5) years from the date of implementation with an option to extend for another period of up to a total of five years, unless being terminated by the Board.

The ESOS Committee had made the offer and the details of the vesting of options under the ESOS are set out on page 56 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

The Committee Members comprise of the following:

1. Nizran Bin Noordin – Chairman, the Group CEO
2. Ahmad Al Hadi Bin Abd Khalid – Member, Group CFO
3. Jamaliah binti Mustapha – Member, Head of Human Resources

Directors' Remuneration

The Company rewards its employees and the Directors both Executive and Non-Executive with options under ESOS.

All Directors are paid Directors' fees as approved by the shareholders at the Annual General Meeting based on the recommendation of the Board. The determination of the level of fees of the Non- Executive Directors is a matter decided by the Board as a whole to ensure that it is sufficient to attract and retain the services of the Non-Executive Directors which are vital to the Company.

The RC also recommends to the Board the remuneration packages of Executive Chairman, Group Managing Director (if any) and/or Group CEO and it is the responsibility of the Board to approve the remuneration packages of Executive Director. In evaluating the Group CEO's remuneration, the RC takes into account the Group's financial performance and performance on a range of non-financial factors which reflects the level of risk, responsibility as well as performance of the Company and the industry norm.

The remuneration of the Directors of the Company served during the financial year ended 31 December 2019 is as follows:

| Group/Company Name of directors | Fees RM | Salary RM | Other emoluments RM | Benefit-in- kind RM | Total RM |
|---|------------|--------------|---------------------------|---------------------------|-------------|
| Mohamed Shafeii Bin Abdul Gaffoor (Non-Executive Chairman) Resigned as Director/Chairman on 1 November 2019 | 44,667* | - | - | - | 44,667 |
| Mohd Ariff Bin Yeop Ishak Executive Chairman (redesignated from Managing Director cum Group CEO on 1 November 2019) Appointed as Managing Director cum Group CEO on 1 March 2019. Prior to this he was appointed as the Executive Chairman on 28 August 2018 | 50,333* | 312,000 | - | - | 362,333 |
| YB Leong Cheok Keng | 48,000 | - | - | - | 48,000 |
| Amran Bin Alang Ahmad (Resigned on 17 June 2020) | 48,000 | - | - | - | 48,000 |
| Ir. Megat Shariffudin Bin Ibrahim | 48,000 | - | - | - | 48,000 |
| Y.B. Muhamad Arafat Bin Varisai Mahamad | 48,000 | - | - | - | 48,000 |
| Ahmad Najmi Bin Kamaruzaman | 48,000 | - | - | - | 48,000 |

* If approved by the shareholders at the forthcoming AGM, this amount is payable to the holding company, Perbadanan Kemajuan Negeri Perak (PKNP) in view that the individual is a nominee director of PKNP.

The disclosure of Directors' remuneration is made in accordance with the Malaysian Code of Corporate Governance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

Key Senior Management's Remuneration

The details of the remuneration of our Key Senior Management for Financial Year 2019 under each band of RM50,000 on a named basis are set out below:

| Name | Total Remuneration | Remarks |
|--|-----------------------|--|
| Mohd Ariff Bin Yeop Ishak (Executive Chairman) | RM300,001 – RM350,000 | <ul style="list-style-type: none">Appointed Director on 26 June 2018 and Executive Chairman on 28 August 2018.Appointed as Managing Director cum Group CEO on 1 Mac 2019.Redesignated as Executive Chairman on 1 November 2019 |
| Nizran Bin Noordin (Executive Director cum Group Chief Executive Officer) | RM1 – RM50,000 | <ul style="list-style-type: none">Appointed Group Chief Executive Officer on 1 November 2019 |
| Ahmad Al Hadi Bin Abdul Khalid (Group Chief Financial Officer) | RM300,001 – RM350,000 | |
| Abdul Karim Nast Bin Mohd Alias (General Manager, Land and Assets Management) | RM200,001- RM250,000 | |
| Ku Adenan Bin Ku Ismail (General Manager, Property Development and Infrastructure) | RM200,001- RM250,000 | |
| Kamarul Bahrin Bin Baharudin (General Manager, Strategic Business) | RM150,001 – RM200,000 | <ul style="list-style-type: none">Promoted to General Manager, Strategic Business on 1 October 2019 |
| Salween Azila binti Ahmad Tauffik (Former Group CEO) | RM 50,000 – RM100,000 | <ul style="list-style-type: none">Resigned on 1 March 2019 |

Corporate Integrity

The Board has formalised and adopted the Code of Ethics of Directors (the “Code”), which is based on the core principles of integrity, transparency, accountability and corporate social responsibility. The Code enables the Board and each Director to focus on areas of ethical risk, provides guidance to Directors to help them recognise and deal with ethical issues, provides mechanisms to report unethical conducts and helps foster a culture of honesty and accountability. It also serves as an avenue for any Director to channel any suspected violations of the Code to the Chairman of the Audit Committee (“AC”). Investigation will be carried out by the Board and appropriate action will be taken in the event of any violations of the Code.

Besides, the Group also adopted a Code of Conduct which sets standards for the employees within the Group to promote honest and ethical conduct, including the ethical handling of actual or apparent conflict of interest between personal and professional relationships in the workplace and to observe applicable rules, regulations and local laws.

The Board and all employees are committed to observe the highest standards of personal and corporate integrity when dealing within the Group and with external parties.

In addition to the above, the Company's Whistle Blower Policy (the "Policy") aims to maintain the highest level of corporate ethics within the Group. All employees of the Group have a professional responsibility to disclose any known malpractices or wrongdoings. The Board has the overall responsibility for overseeing the implementation of the Policy, and all whistleblowing reports are addressed to the Chairman of the AC (for matters relating to financial reporting, unethical or illegal conduct), and the GMD or Head of Human Resource Department (for employment-related concerns).

The Code of Ethics of Directors, Code of Conduct, Anti-Corruption and Bribery Policy and Whistle Blower Policy can be found on the Company's website at www.majuperak.com.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

The Group has delegated certain responsibilities to the Board Committees which operate within defined terms of reference approved by Board to assist the Board in discharging its fiduciary duties and responsibilities. The Board Committees include the Audit Committee, Risk Management Committee, Nomination Committee and Remuneration Committee.

The Board Committees exercise transparency and full disclosure in their proceedings. Where necessary, issues deliberated by the Board Committees are presented to the Board with the appropriate recommendations. The ultimate responsibility for the final decision on all matters however, lies with the Board.

Audit Committee (AC)

The Audit Committee comprises four (4) Independent Non-Executive Directors and is in compliance with the Listing Requirements.

The members are as follows:

1. Y.B. Leong Cheok Keng
Senior Independent Non-Executive Director – Chairman
2. Ahmad Najmi Bin Kamaruzaman
Independent Non-Executive Director
3. Ir. Megat Shariffuddin Bin Ibrahim
Independent Non-Executive Director
4. Khairul Nizam Bin Tajul Hasnan
Independent Non-Executive Director (Appointed on 25 June 2020)
5. Amran Bin Alang Ahmad
Independent Non-Executive Director (Resigned on 17 June 2020)

A full report of the Audit Committee with a summary of the works performed during the financial year are set out in this Annual Report under the Audit Committee Report.

The AC assists the Board in its oversight of the Company's financial statements and reporting in fulfilling its fiduciary responsibilities relating to internal controls, financial and accounting records and policies as well as financial reporting practices of the Group. The Chairman of the AC is not the Chairman of the Board.

The AC Charter requires a former key audit partner to observe a cooling off period of at least two (2) years before being appointed as a member of the AC.

The Audit Committee conducts a review of the Internal Audit Function in terms of its authority, resources and scope as defined in the Internal Audit Charter adopted by the Group.

More information on the AC and its activities for 2019 is contained on pages 48 to 52 of this Annual Report.

Assessment of Suitability and Independence of External Auditors (EA)

The Audit Committee ("AC") had on 26 February 2020 deliberated the outcome of the annual assessment of the EA, which included an assessment of the engagement teams' qualifications, credentials and experience, particularly in the financial services sector, their audit work approach, and their ability to provide value added advice and services, as well as to perform the work within MHB Group's timeline.

The AC then decided to recommend for the Board's approval the re-appointment of Messrs. AljeffriDean PLT ("AljeffriDean") as external auditors of the Company for the financial year ending 31 December 2020. At the same time, the AC further undertook an annual assessment of the quality of audit, which encompassed the performance of the EA, AljeffriDean, and the quality of their communications with the AC and MHB Group, based on the feedback obtained via assessment questionnaires from MHB personnel who had regular contact with the external audit team, AljeffriDean throughout the year. The AC also took into account the openness in communication and interaction with the lead audit engagement partner and engagement team through discussion at private meetings, which demonstrated their independence, objectivity and professionalism. AljeffriDean had also confirmed their independence throughout the conduct of their audit engagement with MHB Group in accordance with the independence criteria set.

The AC was satisfied with the suitability of AljeffriDean based on their quality of service and sufficiency of resources provided to the Group, in terms of the firm and the professional staff assigned to the audit. The AC was also satisfied in its review that the provision of non-audit services by AljeffriDean to the Company for the financial year ended 31 December 2019 did not in any way impair their objectivity and independence as external auditors of MHB and Group. Having regard to the outcome of the evaluations and the annual assessment of external auditors which supported the AC's recommendation on the suitability and independence of the external auditors, the Board approved the AC's recommendation for the shareholders' approval to be sought at the Annual General Meeting on the appointment of AljeffriDean as external auditors of the Company for the financial year ending 31 December 2020.

A statement by the Directors on their responsibilities in preparing the financial statements is set out on page 62 of this Annual Report.

Relationship with Auditors

The Company, through its Audit Committee, has established a transparent and appropriate relationship with the Company's auditors, both internal and external. It is the policy of the Audit Committee to meet the external auditors to discuss their audit plan, audit findings and the financial statements.

Risk Management Committee

The members are as follows:

1. Ir. Megat Shariffuddin Bin Ibrahim
Independent Non-Executive Director – Chairman
2. Mohd Ariff Bin Yeop Ishak
Non-Independent Executive Chairman
3. Nizran Bin Noordin
Executive Director cum Group CEO (Appointed on 24 June 2020)
4. Khairul Nizam Bin Tajul Hasnan
Independent Non-Executive Director (Appointed on 25 June 2020)
5. Amran Bin Alang Ahmad
Independent Non-Executive Director (Resigned on 17 June 2020)

The ultimate responsibility for ensuring a sound and effective internal control framework lies with the Board. The Board sets policies and procedures for internal control and oversees that the implementation of the internal control system is properly carried out by the Management to safeguard shareholders' investments and the Company's assets. The oversight of the Group and Company's risk management framework and policies is also embedded in the AC Charter.

The Board acknowledges that while the internal control system is devised to cater for particular needs of the Group and risk management, such controls by their nature can only provide reasonable assurance against material misstatements or loss.

During the Financial Year 2019, the Committee: -

- Reviewed risk management's resource requirements, scope, adequacy and activities;
- Reviewed the Group's strategic risks and provide feedback to Management on risks mitigation strategies and improvement on quarterly basis; and
- Reviewed the Group's divisional risk report and provision of feedback on the mitigation strategies and improvement on quarterly basis

The Board also acknowledges its overall responsibility in maintaining an internal control system that provides reasonable assurance of effective and efficient operations, compliance with laws and regulations, as well as internal procedures and guidelines. However, the Group's system of internal control is designed to manage and not eliminate the risk of failure to achieve the Group's objectives, hence the internal control system can only provide reasonable and not absolute assurance against the risk of material errors, fraud or loss.

Further details of the Group and Company risk management and internal controls framework are as set out in the Statement on Risk Management and Internal Control on pages 28 to 33 of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANING FULL RELATIONSHIP WITH STAKEHOLDER

Communication with Shareholders

The Board is committed to provide shareholders and investors accurate, useful and timely information about the Company, its business and its activities. The Company has regularly communicated with shareholders and investors in conformity with the disclosure requirements.

The Company's AGM remains the principal forum for dialogue and interaction with shareholders and provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's business and corporate development.

Notice of the AGM together with the Annual Report are sent out to shareholders at least twenty-eight (28) days before the date of meeting.

The Board encourages participation from shareholders by having a question and answer session during the AGM. The directors and the GCEO are available to provide responses to questions from shareholders during the meeting.

All resolutions set out in the notice of general meetings of the Company are to be conducted by poll and an independent scrutineer is appointed to monitor the conduct of polling for each general meeting.

At the AGM held on 26 June 2019, poll voting was conducted in respect of all resolutions by way of e-polling process and Boardroom Corporate Services Sdn. Bhd. was appointed as Scrutineers to verify the poll results. The outcome of the poll against the resolutions was announced at the same meeting and detailed results stating the votes cast were announced at Bursa's website on the same day of the AGM. A summary of the key matters discussed at the 2019 AGM was published on the Company's website at www.majuperak.com.my

The Group ensures that timely disclosures are made to the public with regard to the Group's corporate proposals, financial results and other required announcement.

Corporate and financial information of the Group as well as the Company's announcements to Bursa Securities are also made available to the public through the Company's website at www.majuperak.com.my

Compliance with the Code

The Group has complied with the Principles of Corporate Governance as contained in the Code except for the following exception that, in the opinion of the Directors, adequately suit the circumstances:

- Practice 4.5 (The Board discloses on its annual report the Company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the Board must have at least 30% women directors);
- Practice 11.2 (Large Companies are encouraged to adopt integrated reporting based on a globally recognised framework);
- Practice 12.3 (Listed Companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate: ~ including voting in absentia; and ~ remote shareholders' participation at General Meeting).

The explanation for departure is further disclosed in the Corporate Governance Report.

This CG Overview Statement was approved by the Board of Directors of MHB on 25 June 2020.

AUDIT COMMITTEE REPORT

The Board of Directors of Majuperak Holdings Berhad (“the Company”) is pleased to present the report of the Audit Committee (“AC”) for the financial year ended 31 December 2019 in compliance with Paragraph 15.15 of the Main LR of Bursa Securities.

AUDIT COMMITTEE MEMBERS AND MEETING ATTENDANCES

The AC is appointed by the Board of Directors from amongst the Non-Executive Directors and consists of four (4) members, all of whom are Independent Non-Executive Directors.

The Chairman of the AC, Y.B. Leong Cheok Keng, Senior Independent Director, is a holder of Bachelor of Accountancy (First Class Honours) from National University of Singapore, had more than 15 years’ post-qualification experience in accounting and finance. Accordingly, the Company complies with requirements of the Paragraphs 15.09 (1)(c)(i) of the Main Market Listing Requirement (“MMLR”) of Bursa Malaysia. The Chairman also holds Bachelor of Laws (First Class Honours) from University of Leeds, United Kingdom. The other members of the AC are Encik Ahmad Najmi Bin Kamaruzaman, Encik Ir. Megat Shariffudin Bin Ibrahim and Encik Khairul Nizam Bin Tajul Hasnan.

The Nomination Committee (“NC”) reviews the terms of office of the AC members and assesses the performance of the AC and its members through and annual effectiveness evaluation. The NC is satisfied that the AC and its members discharged their functions, duties and responsibilities in accordance with the AC’s Terms of Reference, supporting the Board in ensuring the Group upholds appropriate Corporate Governance standards.

The AC held five (5) meetings during the financial year ended 31 December 2019. The details of attendance of the AC members are as follows:-

| Name | Attendance |
|--|-------------------|
| Y.B. Leong Cheok Keng <i>Chairman, Senior Independent Non-Executive</i> | 5/5 |
| Encik Ahmad Najmi Bin Kamaruzaman <i>Member, Independent Non-Executive</i> | 5/5 |
| Encik Ir. Megat Shariffudin Bin Ibrahim <i>Member, Independent Non-Executive</i> | 5/5 |
| Encik Khairul Nizam Bin Tajul Hasnan <i>Member, Independent Non-Executive (Appointed on 25 June 2020)</i> | N/A |
| Encik Amran Bin Alang Ahmad <i>Member, Independent Non-Executive (Resigned on 17 June 2020)</i> | 4/5 |

The Company Secretary attended all the Meetings of the AC held during the financial year. Minutes of each AC Meeting were recorded and tabled for confirmation at the next AC meeting and subsequently presented to the Board for notation. The Group Chief Executive Officer (“GCEO”) and Group Chief Financial Officer (“GCFO”) were invited to the Meetings to facilitate direct communication and also to provide clarification on financial/audit issue and the Group’s operations matters. The GCFO will also brief the AC on specific issue arising from the audit reports or any matters of interest. In 2019, the AC Chairman presented to the Board the Committee’s recommendation to approve the annual and quarterly financial statements and any significant concern as and when raised by the External Auditors or Internal Auditors. The AC Chairman also conveyed to the Board matters of significant concern as and when raised by the External Auditor or Internal Auditor in the respective quarterly presentations.

AUTHORITY AND DUTIES

The details of the terms of reference of the AC are available for reference at www.majuperak.com.my.

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR

During the year, the Audit Committee carried out the following activities:-

1. Financial Reporting

- i) Reviewed the quarterly financial statements including the draft announcements pertaining thereto and made recommendations to the Board for approval of the same as follows:-

| Date of meetings | Review of Quarterly Financial Statements |
|------------------|--|
| 28 February 2019 | Fourth quarter results as well as the unaudited results of the Company and Group for financial year ended 31 December 2018 |
| 24 April 2019 | Draft audited financial statements for the financial year ended 31 December 2018 |
| 21 May 2019 | First quarter results for the financial year ended 31 March 2019 |
| 27 August 2019 | Second quarter results for the financial year ended 30 June 2019 |
| 28 November 2019 | Third quarter results for the financial year ended 30 September 2019 |

The above review was to ensure that the Company's quarterly financial reporting and disclosures present a true and fair view of the Group's financial position and performance and are in compliance with Malaysian Financial Reporting Standard ("MFRS") 134 - Interim Financial Reporting Standards, requirements of the Companies Act 2016 and the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

- ii) Reviewed and made recommendations to the Board for approval in respect of the audited financial statements of the Company and the Group for the financial year ended 31 December 2018 at its meeting held on 24 April 2019 and to ensure that it presented a true and fair view of the Company's financial position and performance for the year and it is in compliance with all disclosure and regulatory requirements.
- iii) To safeguard the integrity of information, the GCFO had also given assurance to the AC that:
- (a) appropriate accounting policies had been adopted and applied consistently;
 - (b) the going concern basis applied in the Annual Financial Statements was appropriate;
 - (c) prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRS;
 - (d) the Audited Financial Statements and Quarterly consolidated financial statements did not contain material misstatement and gave a true and fair view of the financial positions of the Group and its subsidiaries for the financial year ended 2019.

2. External Audit

- i) Evaluated the performance of the External Auditors for the financial year ended 31 December 2019 covering areas such as caliber of the audit firm, quality processes/performance, audit team, independent and objectivity, audit scope and planning, audit fees and audit communications with the External Auditors. The AC, having been satisfied with the independence, suitability and performance of Messrs AljeffriDean, recommended to the Board, the re-appointment of AljeffriDean as External Auditors.
- ii) Discussed and considered the following matters arising from the audit during the financial year 2019 with the External Auditors.
 - new accounting standards applicable;
 - adequacy of impairment on investment in subsidiary companies, impairment loss made on receivables, impairment of goodwill and inventory;
 - the significant accounting adjustments;
 - auditing issues arising from the audit.

The AC also had private discussions with the External Auditors on 28 February 2019 and 28 November 2019 without the presence of Management to review on the issues relating to operations performance and debt settlement.

- iii) Discussed and reviewed the External Auditors' audit planning memorandum for the financial year ended 31 December 2019 outlining their auditors' responsibilities, engagement team, background of the group, business highlights, materiality, audit risk assessment, significant risks and areas of audit focus, consideration of fraud, internal control plan and involvement of Internal Auditors, involvement of component auditors, timetable, engagement quality control, independence policies and procedures.

3. Internal Audit

- i) Reviewed and approved the annual internal audit plan as proposed by the internal auditors to ensure the adequacy of the scope and coverage of work.
- ii) Reviewed the effectiveness of the internal audit process, the Group Internal Audit Department's (IAD) organization structure, resource requirements (adequacy and suitability) for the year and assessed the performance of the overall Internal Audit function.
- iii) Reviewed the audit reports presented by the internal auditors on their findings and recommendations with respect to system and control weaknesses. The Audit Committee then considered those recommendations including the Management's responses thereon, before proposing that those control weaknesses be rectified and recommendations for improvements be implemented;

4. Related Party Transactions

AC reviewed the related party transactions presented by Management to ensure that the transactions were not more favorable to the related parties than those generally available to the public and not detrimental to minority shareholders.

5. Annual Report

Reviewed the Audit Committee Report, Statement on Risk Management and Internal Control, Corporate Governance Overview Statement and additional compliance information before submitting for the Board's approval and inclusion in the Company's Annual Report.

6. Whistle Blowing/Anti-Corruption and Bribery cases

Ensured that the Group's Whistle Blowing Policy and Anti-Bribery and Corruption Policy are actively implemented with appropriate actions taken whenever reports are received. There were no reporting of whistle blowing nor bribery and corruption cases.

GROUP INTERNAL AUDIT FUNCTION

The Group has an established Internal Audit Division whose primary function is to assist the AC in discharging its duties and responsibilities. Their role is to provide the Committee with independent and objective reports on the adequacy and effectiveness of the system of internal controls and procedures in the operating units within the Group and the extent of compliance with the Group's established policies, procedures and guidelines, and also compliance with applicable laws, regulations, directives and other external enforced compliance requirements.

The Internal Audit's activities are guided by the Group's Internal Audit Charter and the Internal Audit Division adopts a risk based approach focusing on high risk areas. All high risk activities in each auditable area are audited annually. The principal activity of the Internal Audit Division is to conduct regular and systematic review of the system of internal controls so as to provide reasonable assurance that the system continues to operate satisfactorily and effectively.

The activities undertaken by the Internal Audit Division during the financial year ended 31 December 2019 included the following:-

- i) Reviewed and endorsed the Internal Audit Plan.
- ii) Reviewed the existing systems, controls and governance processes of various operating units within the Group.
- iii) Conducted audit reviews and evaluated risk exposures relating to the Group's governance process and system of internal controls on reliability and integrity of financial and operational information, safeguarding of assets, efficiency of operations, compliance with established policies and procedures and statutory requirements.

AUDIT COMMITTEE REPORT (CONTINUED)

- iv) Provided recommendations to assist the various operating units and the Group in accomplishing its internal control requirements by suggesting improvements to the control processes.
- v) Issued internal audit reports incorporating audit recommendations and management's responses in relation to audit findings on weaknesses in the systems and controls to the Audit Committee and the respective operations management.
- vi) Followed up review to ensure that the agreed internal audit recommendations are effectively implemented.

During the previous financial year ended, there were no costs incurred for the Internal Audit Function of the Group since it was sourced from its Holding Company, Perbadanan Kemajuan Negeri Perak. However, during the financial year 2019 ie. September 2019, the Company had established its in-house Internal Audit Department to cater for its Group's needs in line with the corporate governance's Best Practices and to smoothen the independency elements into the system. The total cost incurred in managing the Internal Audit Function for the financial year under review was RM32,600.



ADDITIONAL COMPLIANCE INFORMATION

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad for the year ended 31 December 2019

1. Details of the Recurrent Related Party Transactions

The details of the Recurrent Related Party Transactions are set out in the following table:

| Transacting company within the MHB Group | Related Transacting Party | Nature of transactions | Related Parties | Nature of Relationship | Proposed Renewal Shareholders' Mandate |
|--|--|---|-----------------|------------------------|--|
| | | | | | Estimated aggregate value to be incurred from the 17 th AGM to the next AGM date (RM) |
| Majuperak Holdings Berhad (MHB) / Group | PCB Taipan Sdn Bhd (PCBT) # | Rental of office space by MHB [∞] | % * | / # * | 1,200,000 |
| Majuperak Holdings Berhad (MHB) / Group | Perak Industrial Resources Sdn Bhd & Group (PIRSB) & | Provision of Corporate Services by PIRSB to MHB & Group | % * | / & * | 1,200,000 |
| Majuperak Urus Sdn Bhd (MPU) + | Lumut Maritime Terminal (LMT) @ | Provision of assets and Facilities Management Services by MPU | % @* | + @ | 20,000,000 |
| MPU | PKNP Group | Provision of assets and Facilities Management Services by MPU | - | / & * | 1,500,000 |

Notes:

* Perbadanan Kemajuan Negeri Perak ("PKNP") is the major shareholder/holding company of Majuperak Holdings Berhad (MHB) and Perak Corporation Berhad (PCB) with 51.71% and 52.9% equity interest respectively as at 30 April 2020.. PKNP was formed on 7 October 1967 as a state incorporated body under the Perak State Development Corporation Enactment No.3 of 1967 in Perak Darul Ridzuan. Its principal activities include investment holding, property and infrastructure development, tourism, entrepreneur development, manufacturing, industrial development and industrial promotional activities in Perak Darul Ridzuan.

/ MHB is a 51.71% subsidiary of PKNP.

ADDITIONAL COMPLIANCE INFORMATION (CONTINUED)

- # PCB Taipan Sdn Bhd (PCBT) is a wholly owned subsidiary of PCB. PCB, in turn, is a 52.9% subsidiary of PKNP.
- & PIRSB is a wholly owned subsidiary of PKNP.
- @ LMT is a 51% subsidiary of PCBT. PCBT in turn is a wholly owned subsidiary of PCB.
- + MPU is a 51% subsidiary of MHB.
- % PKNP and the director of MHB who is interested in the Proposed Mandate is Mohd Ariff Bin Yeop Ishak. He is deemed interested in the Proposed Mandate by virtue of him being the nominee Director of PKNP, the major shareholder. He is also the Chief Executive of PKNP and the Executive Chairman of MHB.
- ∞ MHB rents office space from CMSB situated on No 1-A, Blok A, Menara PKNP, Jalan Meru Casuarina, Bandar Meru Raya, 30020 Ipoh, Perak Darul Ridzuan for a total monthly rental of RM55,735 including general maintenance services. There is no formal rental agreement and the rental is payable yearly subject to biennial review.

New Recurrent Transaction (if any) will be covered in the Proposed New Shareholders' Mandate.

2. Utilisation of Proceeds Raised from Corporate Proposals

In conjunction with and as an integral part of the listing of the Company on Bursa Malaysia Securities Berhad, the following transactions were /are undertaken by the Company:

(i) Utilisation of Proceeds from Private Placement on 28 February 2020

The gross proceeds from the Private Placement of RM8.35 million has been utilised to fund working capital requirements for the MHB Group to finance its day-to-day operations, including on-going projects, payment to creditors, such as suppliers and statutory obligations, administrative expenses, such as salaries and wages and other operating expenses etc, in the following manner:

| Working Capital for: | | RM '000 | Timeframe of utilisation* |
|-----------------------|--|---------------------|---------------------------|
| (1) | Working Capital Requirements | 3,125,400.61 | Within four (4) months |
| (2) | Repayment of Bank Borrowings | 2,000,000.00 | Within one (1) month |
| (3) | Facility Management Project | 1,543,432.75 | Within four (4) months |
| (4) | Emoluments and Allowances | 1,346,798.89 | Within four (4) months |
| (5) | Expenses in Relation to the Corporate Exercise | 340,125.27 | Within four (4) months |
| Total proceeds | | 8,355,757.52 | |

* From the date of the completion of the Corporate Exercise

ADDITIONAL COMPLIANCE INFORMATION (CONTINUED)

Notes:

- (1) *The Working Capital Requirements consists of the following:

| | RM '000 |
|---|--------------|
| Creditors | 1,391 |
| Administration Expenditure | 1,178 |
| Office Rental | 29 |
| Shared services - Security, Cleaning & Others | 469 |
| Corporate Secretarial & Taxation Fee Services | 58 |
| Total | 3,125 |

3. Auditors' Remuneration

The auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2019 is as follows:

| | Group RM | Company RM |
|----------------|----------------|---------------|
| Audit Fees | 120,900 | 24,700 |
| Non-Audit Fees | - | - |
| | 120,900 | 24,700 |

4. Material Contracts and Contract Relating to Loans awarded to Directors, Chief Executive and Substantial Shareholders

There were no material contracts and contracts relating to loans entered into by the Company and its subsidiaries which involve the Directors, Chief Executive who is not a Director and substantial shareholders entered into since the previous financial year.

ADDITIONAL COMPLIANCE INFORMATION (CONTINUED)

5. Employees Share Option Scheme (ESOS)

The ESS was approved by the Company's shareholder at Annual General Meeting held on 2 March 2020 on the establishment of an ESOS of up to 5% of the total number of issued shares of MHB (Excluding Treasury Shares) for eligible Directors and employees of MHB and its non-dormant subsidiaries. The ESOS shall be in force for a period of 5 years. The effective date of the implementation of the ESOS was on 6 March 2020 and would expire on 6 March 2025.

The details of the Offer of ESOS was as follows:

| No. | Description | ESOS |
|-----|---|---|
| 1. | Date of Offer | : 13/3/2020 |
| 2. | Exercise price of share options offered | : RM0.285 |
| 3. | Number of shares options offered | : 12,585,000 |
| 4. | Market price on the date of offered | : RM0.310 |
| 5. | Five-day volume weighted average price prior to the date of offer | : RM0.312 |
| 6. | Number of shares options offered to Directors | : Table A |
| 7. | Vesting Period | : <ul style="list-style-type: none"> • 40% are exercisable from 1 March 2020 until expiry of the Scheme. • 30% are exercisable from 1 March 2021 until expiry of the Scheme. • 30% are exercisable from 1 March 2022 until expiry of the Scheme. |

Table A

| Name of Director | Designation | ESOS |
|---|--|-----------|
| Mohd Ariff Bin Yeop Ishak | Executive Chairman | 1,400,000 |
| Y.B. Leong Cheok Keng | Senior Independent, Non-Executive Director | 300,000 |
| Amran Bin Alang Ahmad (Resigned on 17 June 2020) | Independent, Non-Executive Director | 300,000 |
| Ir. Megat Shariffudin Bin Ibrahim | Independent, Non-Executive Director | 300,000 |
| Y.B. Muhamad Arafat Bin Varisai Muhamadat | Independent, Non-Executive Director | 300,000 |
| Ahmad Najmi Bin Kamaruzaman | Independent, Non-Executive Director | 300,000 |
| | Total | 2,900,000 |

LIST OF PROPERTIES AS AT 31 DECEMBER 2019 (ABOVE RM1 MILLION)

| No. | Name of Owner | Title/Location | Tenure/ Age of Building | Land Use | Land Area/ Built up Area | Net Book value as at 31.12.2019 (RM) | Acquisition Date |
|----------------------------------|--|--|---|---|---|---|------------------------------|
| A. INVESTMENT PROPERTIES | | | | | | | |
| 1 | Syarikat Majuperak Berhad | Lot 008051N (PN 31150) Wisma Maju Perak, Unit Nos and 5 at Level 1, Unit No. 2 at Level 2 and Level 5 to Level 10, Jalan Sultan Idris Shah, 30000 Ipoh | Leasehold of 99 years expiring in year 2086/25yrs | 10-Storey Office Building | 24,089 sq. ft/ 72,602 sq. ft | 4,973,053 | 1987 |
| 2 | Syarikat Majuperak Berhad | Lot 9225N (PN 213729) PT 125562, Kompleks Majuperak (Brewster Vil- lage), Jalan Sultan Idris Shah, 30000 Ipoh | Leasehold of 99 years expiring in year 2095/ 75yrs | Commercial/ Office Building/ Parking | 71,586 sq. ft/ 8,085 sq. ft | 3,562,636 | 1996 |
| 3 | Syarikat Majuperak Berhad | Lot 28801 (GRN 59907) Medan Letak Kenderaan, Jalan Sultan Idris Shah, 30000 Ipoh | Freehold (Residential) | Commercial/ Parking | 16,226 sq. ft | 1,228,482 | 2002 |
| B. DEVELOPMENT PROPERTIES | | | | | | | |
| 1. | Jua Juara Sdn Bhd (a subsidiary of Majuperak Development Berhad) | PT 18643 - 54.93 acre, PT 18644 - 88.18 acre. Mukim of Ulu Bernam, District of Batang Padang, | Leasehold of 99 years expiring in year 2111 | Residential/ Commercial | 143.11 acres | 1,395,838 | 2002 |
| 2. | Jua Juara Sdn Bhd (a subsidiary of Majuperak Development Berhad) | Mukim of Ulu Bernam, District of Batang Padang, Perak, located off the 2½ M.S. Jalan Slim Lama and lies adjoining the Bernam Industrial Park, Proton City, Tanjung Malim, Perak | Leasehold of 99 years expiring in year 2101 | a) Residential/ Commercial b) Industry c) Agriculture | 203.44 acres | 2,353,146 | 2002 |
| 3. | Tenaga Danawa Sdn Bhd (a subsidiary of Majuperak Development Berhad) | PT 1779 [HS(D) 25344] PT 1984 [HS(D) 33224] Mukim Trong, District of Larut Matang, Perak | Leasehold of 99 years expiring in year 2017 | Residential/ Commercial | 123.39 acres | 2,776,703 | 2001 |
| 4. | Tenaga Danawa Sdn Bhd (a subsidiary of Majuperak Development Berhad) | PT 1312 - 1319, PT 1321 - 1552, PT 1680 - 1716, (HS(D) LM 14102 - 14109), (HS(D) LM 14111 - 14342), (HS(D) LM 14470 - 14506), Taman Trong Bakti, Trong, District of Larut Matang, Perak. (Trong Phase 2: 277 lot) | Leasehold of 99 years expiring in year 2099 | Commercial / Residential | 7.73 acres | 2,700,908 | 2000 |
| 5. | Tenaga Danawa Sdn Bhd (a subsidiary of Majuperak Development Berhad) | Tapah Road, District of Batang Padang, Perak (UCM) | #99 years (Plot 30B) *99 years (Plot 29B) Leasehold of 99 years expiring in 2110 | Residential/ Commercial Residential / Commercial Residential/ Commercial | 26.39 acres 98.61 acres 100 acres 4.73 acres (cemetery) | 19,727,287 | 2006 2006 2006 |

LIST OF PROPERTIES AS AT 31 DECEMBER 2019 (CONTINUED)

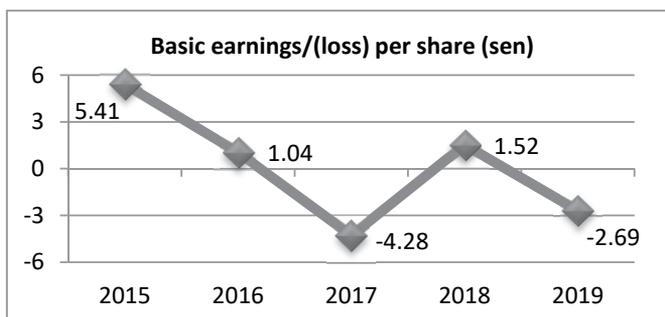
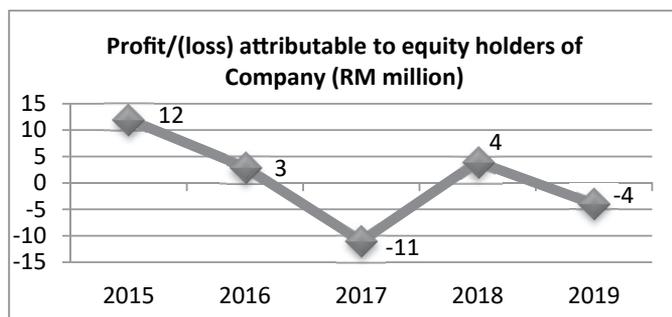
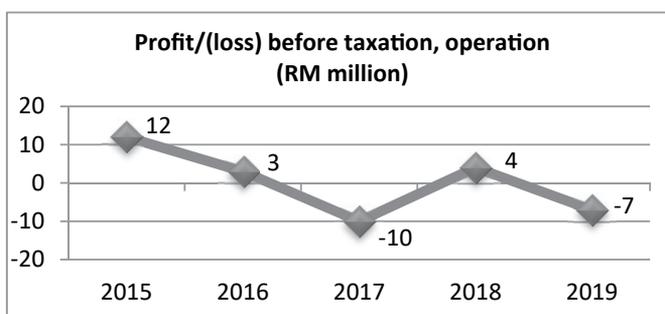
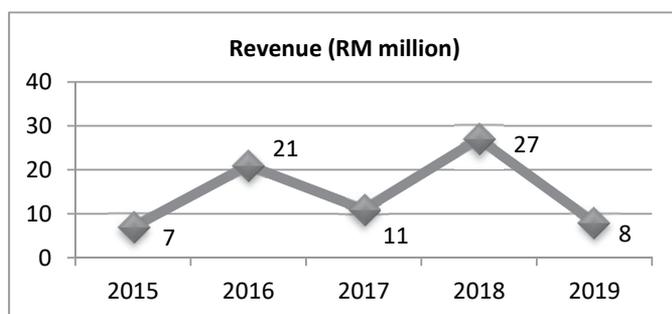
| No. | Name of Owner | Title/Location | Tenure/ Age of Building | Land Use | Land Area/ Built up Area | Net Book value as at 31.12.2018 (RM) | Acquisition Date |
|-----|---------------------------------|--|---|-------------|-----------------------------|---|---------------------|
| 6. | Syarikat Majuperak Berhad | Part of Lot No. 127196, 155002, 11450, 35433, 28414 & 35434 Balance of package 1 Bdr Tasik Idaman located along 2 1/2 m.s. Batu Gajah/ Gopeng Road, Batu Gajah, Mukim Sungai Terap, District of Kinta | * 99 years | Residential | | 2,784,897 | 2000 |
| | | Lot 310259 - Lot 310263 (5 lots), Lot 310279 – Lot 310280 (2 lots) | Leasehold of 99 years expiring in year 2102 | Residential | | | |
| | | PT 37487 - PT 37532 (46 lots), PT 37533 - PT 37542 (10 lots), PT 37543 - PT 37546 (4 lots). | Leasehold of 99 years expiring in year 2109 | Residential | 10.07 acres | | |
| | | 286 lots: Plot 3-4, Plot 113-176, Plot 230-350, Plot 433-464, Plot 506-537, Plot 594-603, Plot 614-624, Plot 647-650 | * 99 years | Residential | 15.94 acres | | |
| | | 128 lots: Plot 351-43m Plot 538-551, Plot 701-732 | * 99 years | Residential | 10.69 acres | | |
| | | Plot 1 - 8 (8 units) R/Kedai | | Commercial | 0.3 acres | | |
| | | Plot 9-93 (85 units) (Rumah Teres – 22'x75'), Plot 94 - 110 (17 units) (Rumah Teres – 24'x60') | | Residential | 4.24 acres | | |
| | | Plot 111 (1 unit) (R/Teres Kos Rendah 20'x55') | | Residential | 0.11 acres | | |
| | | Plot 112 (1 unit) (KAD) | | | 4.11 acres | | |
| 7. | Syarikat Majuperak Berhad | Part of Lot No. 41396, Off Tambun -Tanjung Rambutan, Mukim Ulu Kinta, Daerah Kinta, Perak. | | | | 5,332,455 | |
| | | PT 266277 | Leasehold of 99 years expiring in year 2109 | Residential | 4.23 acres | | |
| | | PT 234896 – PT 234903 (11 units shop lots) | Leasehold of 99 years expiring in year 2109 | Commercial | 0.36 acres | | |

Notes:

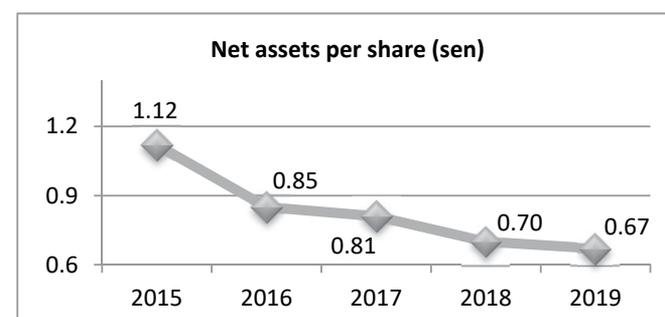
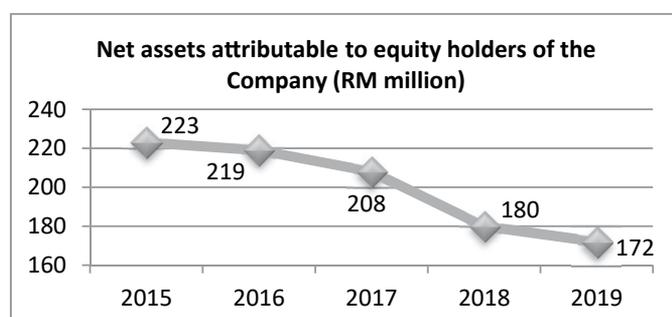
- * In the process of issuing individual title
- # In the process of issuing block title

GROUP FIVE-YEAR FINANCIAL HIGHLIGHTS

| Financial Results | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|---------|--------|----------|--------|--------|
| Revenue (RM'000) | 8,451 | 26,580 | 11,291 | 21,099 | 6,683 |
| Profit/(loss) before taxation, operation (RM'000) | (6,609) | 4,331 | (10,472) | 3,226 | 12,320 |
| Profit/(loss) attributable to equity holders of the Company (RM'000) | (6,909) | 3,913 | (11,010) | 2,685 | 11,574 |
| Basic earnings/(loss) per share (sen) | (2.69) | 1.52 | (4.28) | 1.04 | 5.41 |



| Financial Positions | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---------|---------|---------|---------|---------|
| Total assets (RM'000) | 247,128 | 252,653 | 295,148 | 299,152 | 301,594 |
| Total liabilities (RM'000) | 74,645 | 72,323 | 87,490 | 80,432 | 78,483 |
| Net assets attributable to equity holders of the Company (RM'000) | 172,483 | 180,330 | 207,657 | 218,720 | 223,111 |
| Number of ordinary shares issued and fully paid ('000 shares) | 257,052 | 257,052 | 257,052 | 257,052 | 198,430 |
| Net assets per share (RM) | 0.67 | 0.70 | 0.81 | 0.85 | 1.12 |



STATISTICS ON SHAREHOLDINGS

AS AT 12 JUNE 2020

Analysis of Shareholdings

| Size of Shareholdings | No. of Holders | | No. of Shares | | % of Issued | |
|--|----------------|-----------|--------------------|------------------|---------------|-------------|
| | Malaysian | Foreign | Malaysian | Foreign | Malaysian | Foreign |
| Less than 100 | 657 | 6 | 21,152 | 184 | 0.00 | 0.00 |
| 100 - 1,000 | 1,141 | 11 | 681,692 | 7,140 | 0.24 | 0.00 |
| 1,001 - 10,000 | 1,245 | 25 | 4,632,742 | 99,035 | 1.64 | 0.04 |
| 10,001 - 100,000 | 543 | 15 | 18,596,497 | 792,102 | 6.58 | 0.28 |
| 100,001 to less than 5% of issued shares | 136 | 7 | 111,902,569 | 2,913,100 | 39.58 | 1.03 |
| 5% and above of issued shares | 2 | 0 | 143,111,452 | 0 | 50.61 | 0.00 |
| Total | 3,724 | 64 | 278,946,104 | 3,811,561 | 98.65 | 1.35 |
| Grand Total | 3,788 | | 282,757,665 | | 100.00 | |

Directors' Shareholdings

| No. Name of Directors | No. of Shares | |
|---|-----------------|---|
| | Direct Interest | % |
| 1 Mohd Ariff Bin Yeop Ishak | – | – |
| 2 Y.B. Leong Cheok Keng | – | – |
| 3 Ahmad Najmi Bin Kamaruzaman | – | – |
| 4 Ir. Megat Shariffudin Bin Ibrahim | – | – |
| 5 Y.B. Muhamad Arafat Bin Varisai Mahamad | – | – |
| 6 Khairul Nizam Bin Tajul Hasnan (Appointed on 10 June 2020) | – | – |
| 7 Nizran Bin Noordin (Appointed on 10 June 2020) | – | – |

Substantial Shareholders

| No. Name of Substantial Shareholders | No. of Shares | |
|--------------------------------------|-----------------|-------|
| | Direct Interest | % |
| 1 Perbadanan Kemajuan Negeri Perak | 141,682,309 | 50.11 |
| 2 KUB Malaysia Bhd | 14,429,143 | 5.10 |

STATISTICS ON SHAREHOLDINGS (CONTINUED)

TOP 30 SHAREHOLDERS AS AT 12-06-2020

| No. | Name | Holdings | % |
|-----|---|-------------|-------|
| 1 | PERBADANAN KEMAJUAN NEGERI PERAK | 128,682,309 | 45.51 |
| 2 | KUB MALAYSIA BERHAD | 14,429,143 | 5.10 |
| 3 | BI CREDIT & LEASING BERHAD | 13,549,574 | 4.79 |
| 4 | PERBADANAN KEMAJUAN NEGERI PERAK | 13,000,000 | 4.60 |
| 5 | MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DINERSTY GROUP SDN BHD | 5,008,400 | 1.77 |
| 6 | ABDUL RASHID BIN ABDUL MANAF | 5,000,000 | 1.77 |
| 7 | MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH YING FATT | 4,554,800 | 1.61 |
| 8 | PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HAN FOOK FONG (E-PPG) | 4,196,400 | 1.48 |
| 9 | CHERRY BLOSSOM SDN BHD | 4,038,686 | 1.43 |
| 10 | BAN-SENG PACKAGING SDN BHD | 3,500,000 | 1.24 |
| 11 | SYED ABU HUSSIN BIN HAFIZ SYED ABDUL FASAL | 3,216,100 | 1.14 |
| 12 | PERCETAKAN SANWA INDUSTRIES SDN.BHD. | 2,700,000 | 0.95 |
| 13 | LIM HAN KONG | 2,444,010 | 0.86 |
| 14 | JENNY WONG | 2,401,700 | 0.85 |
| 15 | PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN WENG SANG (E-TMI) | 2,300,000 | 0.81 |
| 16 | PONG HEE KIT | 1,883,200 | 0.67 |
| 17 | CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH YING FATT (MY3330) | 1,458,300 | 0.52 |
| 18 | CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JUNAIDI BIN ISNEN HADZIRI (MY3342) | 1,356,042 | 0.48 |
| 19 | CHAN WAN MOI | 1,322,429 | 0.47 |
| 20 | TAN ENG HAI | 1,224,000 | 0.43 |
| 21 | CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEOW CHIT PENG (MY3411) | 1,204,600 | 0.43 |
| 22 | UOBM NOMINEES (TEMPATAN) SDN BHD UNITED OVERSEAS BANK (MALAYSIA) BHD (PCP) | 1,146,606 | 0.41 |
| 23 | CHOO WENG WAH | 1,130,000 | 0.40 |
| 24 | HENG YONG LAI | 1,090,000 | 0.39 |
| 25 | CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAU MEE LENG (MY3315) | 1,000,000 | 0.35 |
| 26 | KOH SOOI KWANG | 1,000,000 | 0.35 |
| 27 | SU-AZIAN @ MUZAFFAR SYAH BIN ABD RAHMAN | 1,000,000 | 0.35 |
| 28 | KENANGA NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT) | 990,000 | 0.35 |
| 29 | HENG YONG LAI | 860,000 | 0.30 |
| 30 | MUHAMMAD FADHLI BIN ISMAIL | 840,100 | 0.30 |

DIRECTORS' STATEMENT OF RESPONSIBILITY

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company as at the financial year end and of the results and the cash flows of the Group and of the Company for that financial year.

In preparing these financial statements, the Directors have: -

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable Financial Reporting Standards in Malaysia have been complied; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring the Group and the Company keep proper accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company at any time and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 2016.

The Directors are also responsible for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.





MAJUPERAK HOLDINGS BERHAD

[200201017726 (585389-X)]

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2019

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CORPORATE INFORMATION

BOARD OF DIRECTORS

: Mohd Ariff Bin Yeop Ishak
Ahmad Najmi Bin Kamaruzaman
Y.B. Leong Cheok Keng
Ir. Megat Shariffudin Bin Ibrahim
Y.B. Muhamad Arafat Bin Varisai Mahamad
Nizran Bin Noordin
(Appointed on 10.06.2020)
Khairul Nizam Bin Tajul Hasnan
(Appointed on 10.06.2020)
Amran Bin Alang Ahmad
(Resigned on 17.06.2020)
Mohamed Shafeii Bin Abdul Gaffoor
(Resigned on 01.11.2019)

COMPANY SECRETARIES

: Chan Eoi Leng (MAICSA 7030866)
Chan Yoke Yin (MAICSA 7043743)
(Resigned on 01.11.2019)

REGISTERED OFFICE

: 55A, Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh
Perak Darul Ridzuan

PRINCIPAL PLACE OF BUSINESS

: Level 3, No. 1-A, Blok A, Menara PKNP
Jalan Meru Casuarina
Bandar Meru Raya
30020 Ipoh
Perak Darul Ridzuan

PRINCIPAL BANKS

: Malayan Banking Berhad
Bank Islam Malaysia Berhad
CIMB Bank Berhad
RHB Bank Berhad
Affin Bank Berhad

AUDITORS

: AljeffriDean PLT (LLP0022267-LCA & AF 1366)
Chartered Accountants (Malaysia)



**REPORT OF THE DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

The directors present their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are described in Note 6 to the financial statements. There have been no significant changes in the nature of the activities during the financial year.

RESULTS

| | GROUP RM | COMPANY RM |
|--|---------------------|-----------------------|
| Loss for the financial year | (7,155,013) | (7,018,226) |
| Attributable to non-controlling interests | 245,543 | - |
| | <hr/> | <hr/> |
| Loss for the financial year attributable to owners of the parent | <u>(6,909,470)</u> | <u>(7,018,226)</u> |

DIVIDEND

No dividends have been paid or declared since the end of the previous financial year. The directors do not recommend that a dividend to be paid in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUANCE OF SHARES

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

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. At the end of the financial year, there were no unissued shares of the Company under options.



**REPORT OF THE DIRECTORS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

DIRECTORS OF THE COMPANY

The directors who held office since the date of the last report are as follows:

| | |
|---|---------------------------|
| Mohd Ariff Bin Yeop Ishak* | |
| Ahmad Najmi Bin Kamaruzaman | |
| Y.B. Leong Cheok Keng | |
| Ir. Megat Shariffudin Bin Ibrahim | |
| Y.B. Muhamad Arafat Bin Varisai Mahamad | |
| Nizran Bin Noordin | (Appointed on 10.06.2020) |
| Khairul Nizam Bin Tajul Hasnan | (Appointed on 10.06.2020) |
| Amran Bin Alang Ahmad | (Resigned on 17.06.2020) |
| Mohamed Shafeii Bin Abdul Gaffoor* | (Resigned on 01.11.2019) |

* Directors of the Company and certain subsidiaries

DIRECTORS OF THE SUBSIDIARIES

The following is a list of directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

| | |
|--------------------------------|---------------------------|
| Abd Karim Nast Bin Mohd Alias | |
| Abdullah Bin Hj. Tawaf | |
| Ahmad Al-Hadi Bin Abdul Khalid | |
| Ahmad Zamri Bin Abdul Samad | |
| Derwina Binti Mariman | |
| Kamarul Bahrin Bin Baharudin | |
| Ku Adenan Bin Ku Ismail | |
| Mazlan Bin Dato' Shamsuddin | |
| Mohamed Khairi Bin Shafiei | |
| Nizran Bin Noordin | (Appointed on 21.02.2020) |

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company or its subsidiaries is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company as disclosed in Note 29 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.



**REPORT OF THE DIRECTORS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

DIRECTORS' INTERESTS

None of the other directors in office at the end of the financial year have interest in shares of the Company or its related corporations, during the financial year ended 31 December 2019.

DIRECTORS' REMUNERATION

The aggregate amounts of remunerations received/receivable by directors of the Group and of the Company for the financial year are disclosed in Note 29 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains directors' and officers' liability insurance for purposes of Section 289 of the Companies Act, 2016 throughout the year, which provides appropriate insurance cover for the directors and officers of the Company. The amount of insurance premium paid during the year amounted to RM24,910.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION

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

- (a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

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

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in the financial statements of the Group and the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and the Company misleading.



**REPORT OF THE DIRECTORS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

OTHER STATUTORY INFORMATION (CONT'D.)

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

- (a) any charge on the assets of the Group or the Company which has arisen since the end of the financial year and secures the liability of any other person; or
- (b) any contingent liability of the Group or the Company which has arisen since the end of the financial year other than those disclosed in Note 35 to the financial statements.

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

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.
- b) no item, transaction or event of a material or unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

HOLDING CORPORATION

The directors regard Perbadanan Kemajuan Negeri Perak, a statutory body established under the Perak State Economic Development Corporation Enactment No. 3, 1967, as the holding corporation.

AUDITORS' REMUNERATION

During the financial year, the total amount paid to or receivable by the auditors as remuneration for their services rendered to the Group and the Company amounted to RM120,900 and RM24,700 respectively.



**REPORT OF THE DIRECTORS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

AUDITORS

The auditors, AljeffriDean PLT, have expressed their willingness to continue in office.

AljeffriDean PLT (LLP0022267-LCA & AF 1366) was registered on 18 November 2019 and with effect from that date, AljeffriDean (AF 1366), a conventional partnership was converted to a limited liability partnership.

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

.....
Mohd Ariff Bin Yeop Ishak

.....
Nizran Bin Noordin

Ipoh, Perak Darul Ridzuan

Date: 25 June 2020



STATEMENT BY THE DIRECTORS

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

We, **Mohd Ariff Bin Yeop Ishak** and **Nizran Bin Noordin**, being two of the directors of **Majuperak Holdings Berhad**, state that in the opinion of the directors, the accompanying financial statements set out on pages 15 to 89 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of 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 2019 and financial performance and the cash flows of the Group and of the Company for the year then ended.

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

.....
Mohd Ariff Bin Yeop Ishak

.....
Nizran Bin Noordin

Ipoh, Perak Darul Ridzuan

Date: 25 June 2020



STATUTORY DECLARATION

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

I, **Ahmad Al-Hadi Bin Abdul Khalid (MIA No: 11619)**, being the officer primarily responsible for the financial management of **Majuperak Holdings Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on page 15 to 89 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 **Ahmad Al-Hadi Bin Abdul Khalid**)
I/C No: 641127-08-5049

at Ipoh, Perak Darul Ridzuan)

on this day of 25 June 2020)

Before me,

.....
Mohd Firdaus bin Abdullah
No. A223

Commissioner for oaths



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MAJUPERAK HOLDINGS BERHAD (Registration No.: 200201017726 (585389-X))
(Incorporated in Malaysia)**

Report on the Financial Statements

Opinion

We have audited the financial statements of **Majuperak Holdings Berhad**, which comprise the statements of financial position of the Group and of the Company as at **31 December 2019**, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 15 to 89.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

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



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MAJUPERAK HOLDINGS BERHAD (CONT'D.)**

| Key audit matters | How our audit addressed the key audit matters |
|--|---|
| <p>Pursuant to Paragraph 8.03A (2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad</p> <p>Company's announcement on 26 February 2020 in relation to 4th Quarterly Report on Consolidated Results for the financial year ended 31 December 2019 has recorded yearly revenue on a consolidated basis less than 5% of its share capital. Thus, the Company has triggered Para 8.03A(2b) of the Listing Requirements.</p> <p>Company through its justification has provided information concerning the prospect of new and existing businesses of the company is still viable, sustainable, and has growth prospects.</p> <p>Bursa Malaysia Berhad (BMB) has rejected the application of Company for a waiver from being classified as an 'Affected Listed Issuer' pursuant to Para 8.03A (2) of the Listing Requirements for certain matters concern of sustainability and growth prospects of the company.</p> <p>The Company has on 22 June 2020 submitted an application to appeal on the decision made by BMB on the ground that the Company has additional justifications that are material to support the viability and growth of its business prospects.</p> | <p>a) We assessed and reviewed agreements of the new business prospects and other related documents to support the viability of the new businesses.</p> <p>b) Enquired the management regarding timeframe to implement the new business prospects and the expected date of commencement.</p> <p>c) We have evaluated the existing business sustainability and assessed management's efforts to increase the recurring revenue stream.</p> |
| <p>Amount due from related companies</p> <p>The Group carries significant amount due from related companies disclosed in Note 16 and 18 to the financial statements.</p> <p>The assessment on the recoverability of amount due from related companies is significant to our audit as it involves significant management judgement and estimation of uncertainty in analysing past pattern payment, credit worthiness and is also affected by expected future market and economic conditions.</p> | <p>a) We enquired management regarding the action plans to recover the outstanding amounts.</p> <p>b) Examining evidence including repayment schedules, proposed and existing settlement plans and other related correspondences.</p> <p>c) Evaluating the reasonableness and adequacy of making allowances for impairment.</p> |



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MAJUPERAK HOLDINGS BERHAD (CONT'D.)**

| Key audit matters (Cont'd.) | How our audit addressed the key audit matters |
|--|---|
| <p>Impairment on goodwill on consolidation</p> <p>The Group's carrying value of goodwill on consolidation is disclosed in Note 13 to the financial statements.</p> <p>We identified the carrying value of the goodwill on consolidation as a key audit matter due to significant carrying amount as at 31 December 2019.</p> <p>The Group are required to annually test goodwill for impairment arising from impairment assessment. No impairment loss was recorded for goodwill in the current financial year.</p> | <p>We assessed that the Group considers each subsidiary company as a single CGU and the carrying amount of goodwill is allocated to the respective subsidiary companies.</p> <p>The recoverable amount of a CGU is determined based on value-in-use calculations. The value-in-use calculation is determined using cash flow projections, based on forecast and budgets approved by management, discounted at rates which reflect risks relating to the relevant CGU.</p> |
| <p>Impairment of trade and other receivables</p> <p>As at 31 December 2019, the Group's carrying amount of receivables disclosed in Note 14 and 15 to the financial statements.</p> <p>The recoverability of receivables were assessed by the Group, which involves significant management judgement and assumptions in the evaluation of credit ratings of customers expected industry pattern and market information.</p> | <p>We applied a significant level of judgement when considering management's assessment on impairment.</p> <p>We also reviewed Group's policy in relation to the impairment on receivables.</p> <p>We analysed the collections of receivables subsequent to year end.</p> <p>We sent confirmations to assess the existence and recoverability of outstanding receivables.</p> |

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, 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 MAJUPERAK HOLDINGS BERHAD (CONT'D.)

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAJUPERAK HOLDINGS BERHAD (CONT'D.)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Matters

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.

AljeffriDean PLT
No. LLP0022267-LCA & AF 1366
Chartered Accountants

T. Nagarajan KMN
No. 00824/03/2022 J
Chartered Accountant

Ipoh, Perak Darul Ridzuan

Date: 25 June 2020



**STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2019**

| | NOTE | GROUP | | COMPANY | |
|---|------|--------------------|-------------------------------------|--------------------|-------------------------------------|
| | | 2019 RM | 2018 RM As <i>Restated</i> | 2019 RM | 2018 RM As <i>Restated</i> |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 5 | 38,894,939 | 41,770,654 | 1,059,771 | 85,651 |
| Investment in subsidiary companies | 6 | - | - | 148,127,743 | 148,127,743 |
| Investment in associates | 7 | - | - | - | - |
| Investment in jointly controlled entity | 8 | - | - | - | - |
| Other investments | 9 | 11,951,382 | 12,010,836 | - | 200,000 |
| Investment properties | 10 | 5,369,884 | 5,456,308 | 141,868 | 145,521 |
| Inventories | 11 | 115,837,991 | 115,910,003 | 140,855 | 140,855 |
| Development expenditure | 12 | 2,413,198 | 2,945,132 | 1,490,668 | 1,527,895 |
| Goodwill on consolidation | 13 | 9,636,260 | 9,636,260 | - | - |
| | | <u>184,103,654</u> | <u>187,729,193</u> | <u>150,960,905</u> | <u>150,227,665</u> |
| Current assets | | | | | |
| Trade receivables | 14 | 2,206,026 | 4,333,533 | - | - |
| Other receivables, deposits and prepayments | 15 | 12,277,837 | 6,195,882 | 1,162,612 | 1,430,034 |
| Inventories | 11 | 24,062,531 | 25,164,370 | - | - |
| Amount due from holding corporation | 16 | 5,370,944 | 6,607,110 | 9,255,327 | 9,541,574 |
| Amount due from subsidiary companies | 17 | - | - | 24,757,944 | 25,254,539 |
| Amount due from related companies | 18 | 17,537,981 | 18,077,986 | 3,887,473 | 9,055,109 |
| Deposits, cash and bank balances | 19 | 1,569,150 | 6,023,246 | 71,801 | 1,112,211 |
| | | <u>63,024,469</u> | <u>66,402,127</u> | <u>39,135,157</u> | <u>46,393,467</u> |
| TOTAL ASSETS | | <u>247,128,123</u> | <u>254,131,320</u> | <u>190,096,062</u> | <u>196,621,132</u> |



**STATEMENT OF FINANCIAL POSITION (CONT'D.)
AT 31 DECEMBER 2019**

| | NOTE | GROUP | | COMPANY | |
|--|------|--------------------|-------------------------------------|--------------------|-------------------------------------|
| | | 2019 RM | 2018 RM As <i>Restated</i> | 2019 RM | 2018 RM As <i>Restated</i> |
| EQUITY AND LIABILITIES | | | | | |
| Equity attributable to equity holders of the parent | | | | | |
| Share capital | 20 | 179,592,841 | 179,592,841 | 179,592,841 | 179,592,841 |
| Investment revaluation reserve | 21 | 523,864 | 383,318 | - | - |
| Accumulated losses | | (8,004,875) | (178,369) | (10,605,331) | (3,587,105) |
| Shareholders' equity | | 172,111,830 | 179,797,790 | 168,987,510 | 176,005,736 |
| Non-controlling interest | 22 | 370,846 | 79,747 | - | - |
| Total equity | | 172,482,676 | 179,877,537 | 168,987,510 | 176,005,736 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Trade payables | | 2,829,333 | 8,496,187 | - | - |
| Other payables and accruals | 23 | 22,363,628 | 19,888,066 | 2,902,563 | 3,438,962 |
| Amount due to related companies | 18 | 20,932,140 | 20,231,895 | 9,199,057 | 8,277,650 |
| Bank borrowings | 24 | 2,836,238 | 2,888,450 | 813,828 | 745,356 |
| Finance lease payables | 25 | 22,929 | 8,668 | - | - |
| Lease liabilities | 26 | 450,459 | - | 419,437 | - |
| Provision for taxation | | 482,327 | 598,121 | - | - |
| | | 49,917,054 | 52,111,387 | 13,334,885 | 12,461,968 |
| Non-current liabilities | | | | | |
| Bank borrowings | 24 | 9,068,897 | 10,053,428 | 7,318,897 | 8,153,428 |
| Finance lease payables | 25 | 151,675 | 10,860 | - | - |
| Lease liabilities | 26 | 3,390,488 | - | 448,169 | - |
| Deferred taxation | 27 | 12,117,333 | 12,078,108 | 6,601 | - |
| | | 24,728,393 | 22,142,396 | 7,773,667 | 8,153,428 |
| TOTAL LIABILITIES | | 74,645,447 | 74,253,783 | 21,108,552 | 20,615,396 |
| TOTAL EQUITY AND LIABILITIES | | 247,128,123 | 254,131,320 | 190,096,062 | 196,621,132 |

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

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

| | NOTE | GROUP | | COMPANY | |
|---|------|--------------|--------------|-------------|-------------|
| | | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Revenue | 28 | 8,450,514 | 26,580,209 | - | - |
| Cost of sales | | (3,488,140) | (9,695,503) | - | - |
| Gross profit | | 4,962,374 | 16,884,706 | - | - |
| Other income | | 9,367,739 | 3,886,542 | 704,657 | 2,830,873 |
| Administrative and operating expenses | | (19,478,297) | (14,021,107) | (6,949,569) | (5,040,298) |
| (Loss)/Profit from operation | 29 | (5,148,184) | 6,750,141 | (6,244,912) | (2,209,425) |
| Finance costs | 30 | (1,460,476) | (2,418,699) | (766,713) | (1,191,981) |
| (Loss)/Profit before taxation | | (6,608,660) | 4,331,442 | (7,011,625) | (3,401,406) |
| Taxation | 31 | (546,353) | (1,437,720) | (6,601) | (59,357) |
| Net (loss)/profit for the year | | (7,155,013) | 2,893,722 | (7,018,226) | (3,460,763) |
| Other comprehensive income | | | | | |
| Item that may be subsequently reclassified to profit or loss: | | | | | |
| - Financial assets at fair value through other comprehensive income | | 140,546 | (281,656) | - | - |
| Net other comprehensive income/(loss) for the financial year | | 140,546 | (281,656) | - | - |
| Total comprehensive (loss)/income for the year | | (7,014,467) | 2,612,066 | (7,018,226) | (3,460,763) |
| (Loss)/Profit attributable to: | | | | | |
| Equity holders of the Company | | (6,909,470) | 3,913,473 | (7,018,226) | (3,460,763) |
| Non-controlling interests | | (245,543) | (1,019,751) | - | - |
| | | (7,155,013) | 2,893,722 | (7,018,226) | (3,460,763) |
| Total comprehensive (loss)/income attributable to: | | | | | |
| Equity holders of the Company | | (6,768,924) | 3,631,817 | (7,018,226) | (3,460,763) |
| Non-controlling interests | | (245,543) | (1,019,751) | - | - |
| | | (7,014,467) | 2,612,066 | (7,018,226) | (3,460,763) |
| (Loss)/Earnings per share | | | | | |
| Basic | 32 | (2.69) sen | 1.52 sen | | |

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



MAJUPERAK HOLDINGS BERHAD (Registration No.: 200201017726 (585389-X))
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

| GROUP | NOTE | Share Capital RM | Investment Revaluation Reserve RM | Accumulated Losses RM | Total RM | Non- controlling Interest RM | Total Equity RM |
|--|------|------------------------|--|-----------------------------|-------------|---------------------------------------|-----------------------|
| As at 31.12.2017 | | 179,592,841 | 664,974 | (4,091,842) | 176,165,973 | 1,099,498 | 177,265,471 |
| Total comprehensive income for the financial year | | - | (281,656) | 3,913,473 | 3,631,817 | (1,019,751) | 2,612,066 |
| As at 31.12.2018 | | 179,592,841 | 383,318 | (178,369) | 179,797,790 | 79,747 | 179,877,537 |
| - As previously reported | | - | - | (138,094) | (138,094) | - | (138,094) |
| - Adjustment on initial application of MFRS 16, net of tax | | | | | | | |
| As at 01.01.2019 | | 179,592,841 | 383,318 | (316,463) | 179,659,696 | 79,747 | 179,739,443 |
| - As restated | | - | - | - | - | 2,700 | 2,700 |
| Acquisition of subsidiary company | | | | | | | |
| Changes in ownership interest in a subsidiary company | 33 | - | - | (778,942) | (778,942) | 533,942 | (245,000) |
| Total comprehensive loss for the financial year | | - | 140,546 | (6,909,470) | (6,768,924) | (245,543) | (7,014,467) |
| As at 31.12.2019 | | 179,592,841 | 523,864 | (8,004,875) | 172,111,830 | 370,846 | 172,482,676 |

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

COMPANY

| | Share Capital RM | Accumulated Losses RM | Total RM |
|---|---------------------------------|--------------------------------------|---------------------|
| As at 01.01.2018 | 179,592,841 | (126,342) | 179,466,499 |
| Total comprehensive loss for the financial year | - | <u>(3,460,763)</u> | <u>(3,460,763)</u> |
| As at 31.12.2018 | 179,592,841 | (3,587,105) | 176,005,736 |
| Total comprehensive loss for the financial year | - | <u>(7,018,226)</u> | <u>(7,018,226)</u> |
| As at 31.12.2019 | <u>179,592,841</u> | <u>(10,605,331)</u> | <u>168,987,510</u> |

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



**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

| | GROUP | | COMPANY | |
|--|-------------|-------------|-------------|-------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Cash collection from customer/receivables | 7,656,798 | 25,871,542 | - | - |
| Cash received from other income | 137,626 | 1,477,679 | 14,250 | 1,471,047 |
| Cash paid to employees | (7,923,081) | (969,519) | (1,461,406) | (141,507) |
| Cash paid for other expenses | (4,634,008) | (3,022,091) | (1,131,432) | (1,590,580) |
| Cash paid to trade payables | (845,091) | (2,642,127) | - | - |
| Cash paid to other payables | (2,618,123) | (2,542,212) | (51,185) | (174,994) |
| Cash paid to holding corporation | - | (9,474,932) | - | (1,720,047) |
| Cash paid to related companies | (311,465) | (6,833,704) | (204,650) | (537,245) |
| Cash paid to subsidiary companies | - | - | (4,038,266) | (272,096) |
| Cash received from holding corporation | 50,000 | 813,687 | - | 120,000 |
| Cash received from related companies | 138 | 1,151,553 | - | 1,151,553 |
| Cash received from subsidiary companies | - | - | 4,392,208 | 4,004,422 |
| Cash paid to director | - | (201,798) | - | - |
| Deposit paid | (793,902) | (131,400) | - | - |
| Deposit refunded | (662,666) | - | - | - |
| Deposit received from customer | 89,980 | 21,325 | - | - |
| Deposit received of sales of land | 8,240,269 | 4,825,028 | 3,643,790 | - |
| Cash refund from tax | 1,262,486 | 170,654 | 72,727 | - |
| Cash paid for tax | (1,383,559) | (705,976) | (695,952) | (78,181) |
| Net cash (used in)/generated from operating activities | (1,734,598) | 7,807,709 | 540,084 | 2,232,372 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Interest income received | 51,946 | 106,831 | 10,015 | 12,238 |
| Purchase of property, plant and equipment | (302,180) | - | (144,035) | - |
| Development cost | (30,720) | (2,409,180) | - | - |
| Net cash (used in)/generated from investing activities | (280,954) | (2,302,349) | (134,020) | 12,238 |

**STATEMENT OF CASH FLOWS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

| | GROUP | | COMPANY | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Acquisition of subsidiary companies | (413,580) | - | - | - |
| Repayment of borrowings | (916,082) | (810,429) | (766,082) | (660,429) |
| Repayment of hire purchase | (22,124) | (4,332) | - | - |
| Interest paid | (966,074) | (875,399) | (680,392) | (664,213) |
| Net cash used in financing activities | <u>(2,317,860)</u> | <u>(1,690,160)</u> | <u>(1,446,474)</u> | <u>(1,324,642)</u> |
| Net (decrease)/increase in cash and cash equivalents | (4,333,412) | 3,815,200 | (1,040,410) | 919,968 |
| Cash and cash equivalents at beginning of the year | 4,030,152 | 214,952 | 1,112,211 | 192,243 |
| Cash and cash equivalents at end of the year | <u>(303,260)</u> | <u>4,030,152</u> | <u>71,801</u> | <u>1,112,211</u> |
| Represented by: | | | | |
| Cash and bank balances | 1,300,430 | 5,763,847 | 71,801 | 1,112,211 |
| Fixed deposit with licensed bank | 268,720 | 259,399 | - | - |
| Bank overdraft | <u>(1,872,410)</u> | <u>(1,993,094)</u> | <u>-</u> | <u>-</u> |
| | <u>(303,260)</u> | <u>4,030,152</u> | <u>71,801</u> | <u>1,112,211</u> |

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

The Company is a public limited liability company, domiciled and incorporated in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office is located at 55A, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan and principal place of business is located at Level 3, No. 1-A, Blok A, Menara PKNP, Jalan Meru Casuarina, Bandar Meru Raya, 30020 Ipoh, Perak Darul Ridzuan.

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are described in Note 6. There have been no significant changes in the nature of the activities during the financial year.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost basis, unless otherwise indicated in the summary of significant accounting policies.

2.3 Functional and presentation currency

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is the functional and presentation currency of the Group and of the Company.

2.4 Adoption of amendments/improvements to MFRSs and IC Interpretations ("IC Int")

Except for the changes below, the Group and the Company have consistently applied the accounting policies set out in Note 3 to all years presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted new/amendments/improvements to MFRSs and Interpretation which are mandatory and relevant for the financial periods beginning on or after 1 January 2019 as listed below:

MFRS 16 Leases

Amendments to MFRS 3 *Business Combinations* (Annual Improvements 2015-2017 Cycle)

Amendments to MFRS 11 *Joint Arrangements* (Annual Improvements 2015-2017 Cycle)

Amendments to MFRS 112 *Income Taxes* (Annual Improvements 2015-2017 Cycle)

Amendments to MFRS 123 *Borrowing Costs* (Annual Improvements 2015-2017 Cycle)

Amendments to MFRS 128 *Investment in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures*

IC Interpretation 23 *Uncertainty over Income Tax Treatments*

Initial application of the new/amendments/improvements to MFRSs and Interpretation did not have material impact to the financial statements, except for:

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

2. BASIS OF PREPARATION (CONT'D.)

2.4 Adoption of amendments/improvements to MFRSs and IC Interpretations (“IC Int”) (Cont'd.)

MFRS 16 Leases

Definition of lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for a consideration. On transition to MFRS 16, the Group and the Company reassessed all contracts to determine whether the contracts, are or contain a lease at the date of initial application.

As a lessee

MFRS 16 introduces a single, on balance sheet lease accounting for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments.

Where the Group and the Company are a lessee, the Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings at 1 January 2019.

At 1 January 2019, for leases that were previously classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company entities' incremental borrowing rate as at 1 January 2019. The Group's and the Company's weighted-average rate applied is 6.85%. Right-of-use assets are measured at their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the Group entities' incremental borrowing rate at 1 January 2019.

The Group entities used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:

- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 January 2019
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of-use asset at 1 January 2019 are determined to be the same as the carrying amount of the lease asset under MFRS 117 immediately before that date.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

2. BASIS OF PREPARATION (CONT'D.)

2.5 Standards issued but not yet effective

The Group and the Company have not applied the following new standards and amendments to standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the Group and the Company:

MFRSs and Amendments to MFRSs effective 1 January 2020:

Amendments to MFRS 3 *Business Combinations (Definition of a Business)*

Amendments to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement* and MFRS 7 *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

Amendments to MFRS 101 *Presentation of Financial Statements (Definition of Material)*

Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)*

Amendments to MFRSs - effective date deferred indefinitely:

Amendments to MFRS 10 and MFRS 128 *Consolidated Financial Statements and Investments in Associated and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.*

The Group and the Company are expected to apply the abovementioned pronouncements beginning from the respective dates the pronouncements become effective. The initial application of the abovementioned pronouncements are not expected to have any material impacts to the financial statements of the Group and the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all subsidiaries. Subsidiaries are entities controlled by the Company. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee’s return.

Investment in subsidiaries are accounted for in the Company’s separate financial statements at cost. If an investment in a subsidiary is classified as held for sale, that investment is accounted for in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.1 Basis of consolidation (Cont'd.)

The results of a subsidiary are included in the consolidated financial statements from the acquisition date until the date on which the Company ceases to control the subsidiary. Any difference between the fair value of the consideration received from the loss of control of a subsidiary and the carrying amount as at the date when control is lost, including the cumulative amount of any translation difference that relate to the subsidiary formerly recognised in other comprehensive income, is reclassified to consolidated profit or loss as a gain or loss. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to owners of the parent. Non-controlling interests in the profit or loss of the Group are also separately disclosed.

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

All intragroup balances, transactions, income and expenses are eliminated in full.

3.2 Business combinations

Business combinations are accounted for by applying the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the Group allocates the cost of a business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria in MFRS 3 Business Combinations at their fair values, except for non-current assets and disposal groups that are classified as held for sale in accordance with MFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

3.3 Jointly controlled entity

The Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investment in jointly controlled entity is accounted for in the consolidated financial statements using the equity method of accounting.

In the Company's separate financial statements, investment in jointly controlled entity is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.4 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. After recognition as an asset, items of property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on a straight-line basis so as to write off the depreciable amount of the following assets over their estimated useful lives, as follows:

| | |
|---|-----------------|
| Long term leasehold land and buildings | Over lease term |
| Shophouses | 50 years |
| Renovation | 5 to 10 years |
| Plant and machinery, furniture, fittings and office equipment | 5 to 10 years |
| Motor vehicles | 5 years |
| Solar panel | 20 years |

Depreciation of an asset begins when it is ready for its intended use.

The carrying amounts of items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from the derecognition of items of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the item, is included in profit or loss. Neither the sale proceeds nor any gain on derecognition is classified as revenue.

3.5 Leases

The Group has applied MFRS 16 *Leases* using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated - i.e. it is presented, as previously reported under MFRS 117, *Leases* and related interpretations.

Current financial year

i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.5 Leases (Cont'd.)

i) Definition of a lease (Cont'd.)

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermine show and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group and the Company is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

ii) Recognition and initial measurement

As a lessee

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Company entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group and the Company is reasonably certain to exercise;
- penalties for early termination of a lease unless the Group and the Company is reasonably certain not to terminate early.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.5 Leases (Cont'd.)

ii) Recognition and initial measurement (Cont'd.)

The Group and the Company excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group and the Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

When the Group and the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, it is an operating lease.

If an arrangement contains lease and non-lease components, the Group and the Company applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

The Group and the Company recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company uses the interest rate implicit in the lease to measure the net investment in the lease.

When the Group and the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the underlying asset. If a head lease is a short-term lease to which the Group and the Company applies the exemption described above, then it classifies the sublease as an operating lease.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****3.5 Leases (Cont'd.)****iii) Subsequent measurement****As a lessee**

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

As a lessor

The Group and the Company recognizes lease payments received under operating leases as income on a straight line basis over the lease term as part of "revenue".

The Group and the Company recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Company's net investment in the lease. The Group and the Company aims to allocate finance income over the lease term on a systematic and rational basis. The Company applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, Financial Instruments.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.5 Leases (Cont'd.)

Previous financial year

As a lessee

i) Finance lease

Leases in terms of which the Group or the Company assumed substantially all the risks and rewards of ownership were classified as finance leases. Upon initial recognition, the leased asset was measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset was accounted for in accordance with the accounting policy applicable to that asset.

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

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

ii) Operating lease

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

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

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

Since the Company applied the requirements MFRS 16 retrospectively with the cumulative effect of initial application at 1 January 2019, there are no adjustment made to the prior period presented.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.6 Goodwill

Goodwill arising on the acquisition of a subsidiary or a proportionately consolidated jointly-controlled entity, being the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated at the acquisition date to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. An impairment loss is recognised for a cash-generating unit when the recoverable amount of the unit is less than the carrying amount of the unit. Any impairment loss recognised is first allocated to reduce the carrying amount of any goodwill allocated to the unit and then, to the other assets of the unit within the scope of MFRS 136 Impairment of Assets pro rata on the basis of the carrying amount of each applicable asset in the unit. Any impairment loss recognised for goodwill is not reversed.

Goodwill arising on the acquisition of investments in associates or equity accounted jointly-controlled entities is included within the carrying amount of the investments and is assessed for impairment as part of the investment.

If, after reassessment, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

On disposal of a subsidiary or a proportionately consolidated jointly-controlled entity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.7 Investment properties

Investment properties of the Group and of the Company principally comprising office and industrial buildings are held for long-term rental yields and are not substantially occupied by the Company. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment loss.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

3.8 Investment in associates

Associate companies are companies in which the Company has significant influence, but no control, over their financial and operating policies.

The Group's investment in its associate companies are accounted for using the equity method. Under the equity method, investment in an associate company is carried in the statements of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate company since the acquisition date.

The share of the results of an associate company is reflected in profit or loss. In addition, any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. Where there has been change recognised directly in the equity of an associate company, the Group recognises and discloses its share of this change, when applicable, in the statements of changes in equity. Unrealised gains or losses resulting from transactions between the Group and the associate companies are eliminated to the extent of the interest in the associate company.

When the Group's share of losses exceeds its interest in an associate company, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate company.

The financial statements of the associate company is prepared as of the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies of the associate company in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate companies. The Group determines at the end of the reporting date whether there is any objective evidence that the investment in the associate companies are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in associate companies and their carrying amount and recognise the amount in the "share of profit of associate companies" in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.8 Investment in associates (Cont'd.)

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate companies. The Group determines at the end of the reporting date whether there is any objective evidence that the investment in the associate companies are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in associate companies and their carrying amount and recognise the amount in the "share of profit of associate companies" in profit or loss.

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

In the Company's separate financial statements, investment in associate company is stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and their carrying amount is included in profit or loss.

3.9 Inventories

i) *Land held for property development*

Land held for property development representing lands held for future development are stated at cost of acquisition including all related costs incurred subsequent to the acquisition on activities necessary to prepare the land for its intended use. Such assets are transferred to development properties when significant development work is to be undertaken and is expected to complete within the normal operating cycle.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's normal operating cycle of 2 to 3 years. Cost associated with the acquisition of land includes price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

ii) *Property development cost*

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the statement of comprehensive income over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the statement of comprehensive income is shown under trade payables.

iii) *Developed properties held for sale*

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost consists of costs associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable to developing properties to completion.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.10 Development expenditure

Renewable energy development

Direct and indirect expenditure payments for solar energy projects under development are stated at cost in the financial statements. Such expenditures is capitalised until the project is able to generate income. The policy of the recognition and measurement of impairment losses are in accordance with Note 3.14 to the financial statements.

The amount of development costs recognised as asset are amortised and recognised as an expense on a systematic basis so as to reflect the pattern in which the related economic benefits are recognised.

3.11 Amount due from contract customer

Amount due from contract customers on construction contracts is stated at cost plus attributable profits less foreseeable losses and less progress billings. Cost includes all direct construction costs and other related costs. Where progress billings exceed the aggregate amount due from contract customers plus attributable profits less foreseeable losses, the net credit balance on all such contracts is shown in payables as amount due to contract customers. Where progress billings less than the aggregate amount due from contract customers plus attributable profits less foreseeable losses, the net debit balance on all such contracts is shown as accrued billings under current assets.

3.12 Accounting for hire purchase arrangements

Assets acquired under hire purchase arrangements are being capitalised and the corresponding obligations treated as liabilities in the financial statements. Finance costs are allocated to profit or loss to give a constant periodic rate of interest on the remaining hire purchase payables. Assets acquired under hire purchase arrangements are depreciated over their expected useful lives on the same basis as owned assets.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.13 Financial instruments

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient for contracts that have a maturity of one year or less, are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(b) Financial assets – categorisation and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in four categories:

- a) financial assets at amortised cost (debt instruments);
- b) financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- c) financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- d) financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

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



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.13 Financial instruments (Cont'd.)

(b) Financial assets – categorisation and subsequent measurement (Cont'd.)

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Interest received is recognised as part of finance income in the profit or loss. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group’s financial assets at amortised cost include trade receivables (not subject to provisional pricing) and other receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, e.g., derivative instruments, financial assets designated upon initial recognition at fair value through profit or loss, e.g., debt or equity instruments, or financial assets mandatorily required to be measured at fair value, i.e., where they fail the SPPI test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that do not pass the SPPI test are required to be classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

A derivative embedded in a hybrid contract with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

As MFRS 9 now has the SPPI test for financial assets, the requirements relating to the separation of embedded derivatives is no longer needed for financial assets. An embedded derivative will often make a financial asset fail the SPPI test thereby requiring the instrument to be measured at fair value through profit or loss in its entirety. This is applicable to the Group’s trade receivables (subject to provisional pricing). These receivables relate to sales contracts where the selling price is determined after delivery to the customer, based on the market price at the relevant QP stipulated in the contract. This exposure to the commodity price causes such trade receivables to fail the SPPI test. As a result, these receivables are measured at fair value through profit or loss from the date of recognition of the corresponding sale, with subsequent movements being recognised in ‘fair value gains/losses on provisionally priced trade receivables’ in the statement of profit or loss and other comprehensive income.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.13 Financial instruments (Cont'd.)

(b) Financial assets – categorisation and subsequent measurement (Cont'd.)

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.13 Financial instruments (Cont'd.)

(b) Financial assets – categorisation and subsequent measurement (Cont'd.)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(c) Financial liabilities – categorisation and subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.13 Financial instruments (Cont'd.)

(c) Financial liabilities – categorisation and subsequent measurement (Cont'd.)

Loans and borrowings and trade and other payables

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains or losses are recognised in the profit or loss when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss.

This category generally applies to interest-bearing loans and borrowings and trade and other payables.

Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

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

(d) Offsetting of financial instruments

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



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****3.14 Impairment of assets****(a) Non-financial assets**

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group and the Company base its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's and the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to projected future cash flows after the five-year.

Impairment losses of continuing operations are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Company estimate the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.14 Impairment of assets (Cont'd.)

(b) Financial assets

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs, as permitted by MFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset’s lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment including forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.15 Revenue recognition

i) Property development

Property development revenue is recognised in respect of all development units that have been sold. Revenue recognition commences when the sale of the development unit is effected, upon the commencement of development and construction activities and when the financial outcome can be reliably estimated.

The attributable portion of property development cost is recognised as an expense in the period in which the related revenue is recognised. The amount of such revenue and expenses recognised is determined by reference to the stage of completion of development activity at the end of the stage of completion of development activity at the end of each reporting period. The stage of completion is measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development cost.

ii) Management service

Revenue from management service is recognised on an accrual basis.

iii) Sale of completed properties

Revenue relating to sale of completed properties is recognised, net of discounts, upon the transfer of significant risk and reward of ownership to the buyer.

iv) Solar energy

Revenue from solar energy is recognised on an accrual basis.

v) Interest income

Interest income is recognised on an accrual basis that reflects the effective yield on the asset.

vi) Merchandise

Sale of merchandise product is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the customers.

vii) Contract service

Revenue from contract service is recognised on an accrual basis.

viii) Rental income

Rental income is recognised on an accrual basis.

ix) Dividend income

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

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.16 Employee benefits

i) Short-term employment benefits

Short-term employment benefits, such as wages, salaries and social security contributions, are recognised as expense when the employees have rendered services to the Group and the Company.

The expected cost of accumulating compensated absences are recognised when the employees render services that increase their entitlement to future compensated absences. The expected cost of non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

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

The expected cost of bonus payments are recognised when the Group and the Company have a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Group and the Company have no realistic alternative but to make the payments.

ii) Defined contribution plan

Contributions payable to the defined contribution plan are recognised as expense when the employees have rendered services to the Group and the Company.

iii) Termination benefits

Termination benefits are recognised as a liability and an expense when the Group and the Company are demonstrably committed to either terminate the employment of the employees before the normal retirement date, or provide termination benefits as a result of an offer made for voluntary redundancy. The Group and the Company are demonstrably committed to a termination when the Group and the Company have a detailed formal plan for the termination and are without realistic possibility of withdrawal.

Termination benefits in relation to the offer made to encourage voluntary redundancy are measured based on the number of employees expected to accept the offer.

3.17 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of the assets when the Group and the Company incur the expenditure for the assets, incur borrowing costs and undertake activities that are necessary to prepare the assets for the intended use or sale.

Capitalisation of borrowing costs is suspended during extended periods in which active development is suspended and ceased when substantially all the activities necessary to prepare the qualifying assets for the intended use or sale are complete.

Other borrowing costs are recognised as expense in profit or loss when they are incurred.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.18 Cash and cash equivalents

The Group and the Company adopts the direct method in the preparation of statements of cash flows.

Cash and cash equivalents in statements of cash flows comprise cash and bank balances, short-term deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

3.19 Earnings per share

The Group presents basic earning per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company (net dividend of ICPS) by the weightage average number of ordinary shares outstanding during the period, adjusted for own share held.

3.20 Income tax

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax. Current tax and deferred tax are charged or credited directly to other comprehensive income or equity if the tax relates to items that are credited or charged directly to other comprehensive income or equity. Current tax for current and prior periods is recognised as a liability to the extent unpaid. If the amount already paid in respect of the current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax assets and liabilities for the current and prior periods are measured at the amounts expected to be paid or recovered, using the tax rates that have been enacted or substantially enacted by the end of the reporting period. Current tax assets and liabilities are offset only when the Group and the Company have a legally enforceable right to set off the recognised amounts and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is provided in full on temporary differences which are the differences between the carrying amounts in the financial statements and the corresponding tax base of an asset or liability at the end of the reporting period. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax liabilities and assets are not recognised if the temporary differences arise from initial recognition of goodwill and the initial recognition of assets or liabilities that is not a business combination and at the time of the transaction, affected neither accounting profit nor taxable profit.

Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Group and the Company expect to recover or settle the carrying amounts of their assets and liabilities and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the end of the reporting period.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.20 Income tax (Cont'd.)

The carrying amounts of the deferred tax assets are reviewed at the end of each reporting period, and they are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit or part of the deferred tax assets to be utilised. The reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are offset when the Group and the Company have a legally enforceable right to set off current tax assets and liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.21 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the board of directors that makes strategic decisions.

Segment reporting is presented for enhanced assessment of the Group's and the Company's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, results, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, results, assets and liabilities are determined after elimination of intragroup balances and intragroup transactions as part of the consolidation process.

3.22 Contingent liabilities

The Group does not recognise contingent liabilities, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arise 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 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.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.23 Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in the statements of comprehensive income over the period of guarantee. If the receivable fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative recognised.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical Judgements in Applying the Accounting Policies

The judgements, apart from those involving estimations described below, that the management has made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Deferred Tax Assets

Deferred tax assets are recognised for all unabsorbed capital allowances, unutilised business losses and unutilised investment tax allowance to the extent that it is probable that future taxable profits will be available against which the capital allowances, business losses and investment tax allowance can be recognised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Key Sources of Estimation Uncertainty

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

Allowance for Doubtful Debts

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

Useful Lives of Property, Plant and Equipment and Investment Properties

Property, plant and equipment and investment properties are depreciated on a straight-line basis over their estimated useful lives. The management exercises their judgement in estimating the useful lives of the depreciable assets. The Group and Company assess annually the useful lives of the property, plant and equipment and investment properties and if the expectation differs from the original estimate, such difference will impact the depreciation in the period in which such estimate has been charged.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D.)

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future revenue from the CGU.

Income taxes/Deferred tax liabilities

Significant judgement is involved in determined the Company provision for income taxes. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognised tax liabilities based on estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from the amount that were initially recognised, such differences will impact the income tax provisions in the period in which such determined is made.

Contingent liabilities

Determination of the treatment of contingent liabilities in the financial statements is based on the management's view of the expected outcome of the applicable contingency.

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5. PROPERTY, PLANT AND EQUIPMENT

GROUP

| 2019 | ←-----Own use-----→ | | | | ←-----Right-of-use-----→ | | | Total RM |
|---------------------------------|---|---|-------------------------|------------------|--------------------------|----------------|---------------------------|-------------|
| | Long term leasehold land and buildings RM | Plant machinery, fixture and office equipment RM | Motor vehicles RM | Renovation RM | Solar Panel RM | Building RM | Office equipment RM | |
| Cost | | | | | | | | |
| As at 01 January 2019 | 8,840,635 | 2,645,805 | 1,479,070 | 19,340,707 | 18,557,351 | - | - | 50,863,568 |
| Effect of adoption of MFRS 16 | - | - | - | - | - | 2,867,895 | 4,585 | 2,872,480 |
| As at 01.01.2019 – restated | 8,840,635 | 2,645,805 | 1,479,070 | 19,340,707 | 18,557,351 | 2,867,895 | 4,585 | 53,736,048 |
| Additions | - | 336,222 | 191,795 | 28,354 | 216,850 | 1,327,789 | - | 2,101,010 |
| Disposal/Write-offs | (2,229) | (4,876) | (171,081) | - | (7,110,235) | - | - | (7,288,421) |
| As at 31 December 2019 | 8,838,406 | 2,977,151 | 1,499,784 | 19,369,061 | 11,663,966 | 4,195,684 | 4,585 | 48,548,637 |
| Accumulated depreciation | | | | | | | | |
| As at 01 January 2019 | 2,397,275 | 2,270,515 | 1,358,935 | 312,522 | 2,753,667 | - | - | 9,092,914 |
| Effect of adoption of MFRS 16 | - | - | - | - | - | 67,399 | 764 | 68,163 |
| As at 01.01.2019 – restated | 2,397,275 | 2,270,515 | 1,358,935 | 312,522 | 2,753,667 | 67,399 | 764 | 9,161,077 |
| Depreciation | 141,198 | 155,655 | 86,935 | 273,213 | 567,107 | 468,708 | 1,528 | 1,694,344 |
| Disposal/Write-offs | (992) | - | (153,972) | - | (1,046,759) | - | - | (1,201,723) |
| As at 31 December 2019 | 2,537,481 | 2,426,170 | 1,291,898 | 585,735 | 2,274,015 | 536,107 | 2,292 | 9,653,698 |
| Net carrying amount | 6,300,925 | 550,981 | 207,886 | 18,783,326 | 9,389,951 | 3,659,577 | 2,293 | 38,894,939 |



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NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

GROUP

| 2018 | Long term leasehold land and buildings RM | Plant machinery, fixture and office equipment RM | Motor vehicles RM | Shop houses RM | Renovation RM | Solar Panel RM | Total RM |
|---------------------------------|---|---|-------------------------|----------------------|------------------|-------------------|-------------|
| Cost | | | | | | | |
| As at 01 January 2018 | 8,943,366 | 2,494,503 | 1,479,070 | 63,399 | 179,609 | 18,557,351 | 31,717,298 |
| Additions | - | 151,302 | - | - | 19,161,098 | - | 19,312,400 |
| Disposal | (102,731) | - | - | (63,399) | - | - | (166,130) |
| As at 31 December 2018 | 8,840,635 | 2,645,805 | 1,479,070 | - | 19,340,707 | 18,557,351 | 50,863,568 |
| Accumulated depreciation | | | | | | | |
| As at 01 January 2018 | 2,297,854 | 2,103,427 | 1,232,170 | 26,628 | 46,748 | 1,825,800 | 7,532,627 |
| Depreciation | 142,741 | 167,088 | 126,765 | 951 | 265,774 | 927,867 | 1,631,186 |
| Disposal | (43,320) | - | - | (27,579) | - | - | (70,899) |
| As at 31 December 2018 | 2,397,275 | 2,270,515 | 1,358,935 | - | 312,522 | 2,753,667 | 9,092,914 |
| Net carrying amount | 6,443,360 | 375,290 | 120,135 | - | 19,028,185 | 15,803,684 | 41,770,654 |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

COMPANY

| 2019 | ←-----Own use-----→ | | Right-of-use | Total RM |
|--|---------------------------|------------------------------------|----------------------------------|---------------------|
| | Office equipment RM | Motor vehicles RM | Building RM | |
| <u>Cost</u> | | | | |
| As at 01 January 2019 | 383,670 | 177,200 | - | 560,870 |
| Additions | 211,144 | - | 1,260,154 | 1,471,298 |
| As at 31 December 2019 | 594,814 | 177,200 | 1,260,154 | 2,032,168 |
| <u>Accumulated depreciation</u> | | | | |
| As at 01 January 2019 | 298,020 | 177,199 | - | 475,219 |
| Depreciation | 77,127 | - | 420,051 | 497,178 |
| As at 31 December 2019 | 375,147 | 177,199 | 420,051 | 972,397 |
| Net carrying amount | 219,667 | 1 | 840,103 | 1,059,771 |
| 2018 | | Office equipment RM | Motor vehicles RM | Total RM |
| <u>Cost</u> | | | | |
| As at 01 January 2018 and 31 December 2018 | | 383,670 | 177,200 | 560,870 |
| <u>Accumulated depreciation</u> | | | | |
| As at 01 January 2018 | | 234,774 | 177,199 | 411,973 |
| Depreciation | | 63,246 | - | 63,246 |
| As at 31 December 2018 | | 298,020 | 177,199 | 475,219 |
| Net carrying amount | | 85,650 | 1 | 85,651 |

Certain motor vehicles of the Group with the net carrying amount of RM166,224 (2018: RM1) were acquired under hire purchase arrangements.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

6. INVESTMENT IN SUBSIDIARY COMPANIES

| | COMPANY | |
|-------------------------------------|--------------------|--------------------|
| | 2019 RM | 2018 RM |
| Investment in subsidiaries | 149,218,603 | 149,218,603 |
| Less: Accumulated impairment losses | (1,090,860) | (1,090,860) |
| Carrying amounts | <u>148,127,743</u> | <u>148,127,743</u> |

Details of the Company's subsidiaries as at 31 December 2019 are as follows:

| Name of Subsidiaries | Shareholding (%) | | Principal Activities |
|---|-------------------------|-------------|-----------------------------|
| | 2019 | 2018 | |
| Syarikat Majuperak Berhad | 100 | 100 | Property development |
| Majuperak Energy Resources Sdn. Bhd. | 100 | 100 | Property development |
| Majuperak Development Berhad | 100 | 100 | Management services |
| Majuperak Property Management Sdn. Bhd. | 100 | 100 | Property management |
| Majuperak Land Sdn. Bhd. | 100 | 100 | Property management |
| Majuperak Bio Resources Sdn. Bhd. | 100 | 100 | Contract management |
| Held through Syarikat Majuperak Berhad: | | | |
| Majuperak Properties Sdn. Bhd. | 100 | 100 | Property development |
| Majuperak Bina Sdn. Bhd. | 100 | 100 | Property development |
| Bihun Jaya (Perak) Sdn. Bhd. | 62 | 62 | Dormant |
| Held through Majuperak Development Berhad: | | | |
| Majuperak Utilities Management Sdn. Bhd. | 100 | 100 | Dormant |
| Tenaga Danawa Sdn. Bhd. | 100 | 100 | Property development |
| Jua Juara Sdn. Bhd. | 100 | 100 | Property development |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)

| Name of Subsidiaries | Shareholding (%) | | Principal Activities |
|--|------------------|------|--|
| | 2019 | 2018 | |
| Held through Majuperak Energy Resources Sdn. Bhd.: | | | |
| Majuperak Power Resources Sdn. Bhd. (Formerly known as Majuperak Kinta Hydro Sdn. Bhd.) | 100 | 100 | Dormant |
| Held through Majuperak Land Sdn. Bhd.: | | | |
| Majuperak Realty Sdn. Bhd. | 51 | 51 | Dormant |
| Held through Majuperak Properties Sdn. Bhd.: | | | |
| Nexus Jade Sdn. Bhd. | 100 | 51 | Merchandise sourcing and supply business |
| Held through Majuperak Property Management Sdn. Bhd.: | | | |
| Majuperak Urus Sdn. Bhd. | 51 | - | Contract service |



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)

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

| | Bihun Jaya (Perak) Sdn. Bhd. RM | Majuperak Realty Sdn. Bhd. RM | Nexus Jade Sdn. Bhd. RM | Majuperak Urus Sdn. Bhd. RM | Total RM |
|--|--|--|-------------------------------|--------------------------------------|-------------|
| <u>31 December 2019</u> | | | | | |
| NCI percentage of ownership interest and voting interest | 38% | 49% | - | 49% | |
| Carrying amount of NCI | 469,731 | 132,199 | - | (231,084) | 370,846 |
| <u>31 December 2018</u> | | | | | |
| NCI percentage of ownership interest and voting interest | 38% | 49% | 49% | - | |
| Carrying amount of NCI | 479,578 | 134,111 | (533,942) | - | 79,747 |

MAJUPERAK HOLDINGS BERHAD (Registration No. 200201017726 (585389-X))
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)

Summarised financial information on subsidiaries with material NCI:

i) Summarised statement of comprehensive income

| | Bihun Jaya (Perak) Sdn. Bhd. | | Majuperak Realty Sdn. Bhd. | | Nexus Jade Sdn. Bhd. | | Majuperak Urus Sdn. Bhd. | |
|--|---------------------------------|------------|-------------------------------|------------|-------------------------|-------------|-----------------------------|------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Revenue | - | - | - | - | - | 1,295,945 | 938,404 | - |
| Cost of sales | - | - | - | - | - | (1,089,036) | (326,361) | - |
| | - | - | - | - | - | 206,909 | 612,043 | - |
| Loss before taxation | (25,914) | (37,135) | (3,902) | (4,655) | - | (1,678,016) | (476,512) | - |
| Taxation | - | - | - | - | - | (369,656) | (598) | - |
| Loss for the year | (25,914) | (37,135) | (3,902) | (4,655) | - | (2,047,672) | (477,110) | - |
| Total comprehensive loss for the year | (25,914) | (37,135) | (3,902) | (4,655) | - | (2,047,672) | (477,110) | - |
| Total comprehensive loss allocated to NCI | (9,845) | (14,111) | (1,912) | (2,281) | - | (1,003,359) | (233,784) | - |



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)

Summarised financial information on subsidiaries with material NCI (Cont'd.):

ii) Summarised statement of financial position

| | Bihun Jaya (Perak) Sdn. Bhd. | | Majuperak Realty Sdn. Bhd. | | Nexus Jade Sdn. Bhd. | | Majuperak Urus Sdn. Bhd. | |
|--|---------------------------------|------------|-------------------------------|------------|----------------------|-------------|-----------------------------|------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Current | | | | | | | | |
| Assets | 4,669 | 4,679 | 297,873 | 447,828 | - | 1,253,657 | 1,132,749 | - |
| Liabilities | (190,698) | (185,102) | (30,079) | (176,132) | - | (2,533,237) | (1,604,359) | - |
| Total net current (liabilities)/assets | (186,029) | (180,423) | 267,794 | 271,696 | - | (1,279,580) | (471,610) | - |
| Non-current | | | | | | | | |
| Assets | 562,028 | 582,336 | - | - | - | 189,902 | 199,136 | - |
| Total non-current assets | 562,028 | 582,336 | - | - | - | 189,902 | 199,136 | - |
| Net assets/(liabilities) | 375,999 | 401,913 | 267,794 | 271,696 | - | (1,089,678) | (272,474) | - |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)

Summarised financial information on subsidiaries with material NCI (Cont'd.):

iii) Summarised statement of cash flows

| | Bihun Jaya (Perak) Sdn. Bhd. | | Majuperak Realty Sdn. Bhd. | | Nexus Jade Sdn. Bhd. | | Majuperak Urus Sdn. Bhd. | |
|--|---------------------------------|------------|-------------------------------|------------|----------------------|------------|-----------------------------|------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Net cash (used in)/generated from operating activities | (10) | (3,824) | (149,955) | - | - | 229,297 | 68,122 | - |
| Net cash generated from financing activities | - | - | - | - | - | - | 2,700 | - |
| Net (decrease)/ increase in cash and cash equivalents | (10) | (3,824) | (149,955) | - | - | 229,297 | 70,822 | - |
| Cash and cash equivalents at beginning of the year | 4,679 | 8,503 | 295,830 | 295,830 | - | 42,652 | - | - |
| Cash and cash equivalents at end of the year | 4,669 | 4,679 | 145,875 | 295,830 | - | 271,949 | 70,822 | - |

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

7. INVESTMENT IN ASSOCIATES

| | GROUP | |
|-----------------------------------|--------------------|--------------------|
| | 2019 RM | 2018 RM |
| Unquoted shares at cost | 97,965 | 97,965 |
| Allowance for diminution in value | (97,965) | (97,965) |
| | <u>-</u> | <u>-</u> |

Details of the associates companies, which is incorporated in Malaysia as follows:

| Name of company | Shareholding (%) | | Principal activities |
|---|------------------|------|----------------------|
| | 2019 | 2018 | |
| Held through Syarikat Majuperak Berhad: | | | |
| Konsodium Bihun Jaya Sdn. Bhd.*^ | 30 | 30 | Dormant |
| Held through Majuperak Properties Sdn. Bhd.: | | | |
| Brewster Village Sdn. Bhd.*^ | 30 | 30 | Event management |

* These financial statements are not audited by AljeffriDean PLT.

^ The Group has discontinued recognition of its share of losses as the share of accumulated losses of the associate has exceeded the Group's investment in that associate

The Group's share of revenue and net loss of associates are as follows:

| | 2019 RM | 2018 RM |
|-----------------------|--------------------|--------------------|
| Revenue | 745,384 | 1,512,799 |
| Net loss for the year | (429,996) | (240,869) |

The Group's share of assets and liabilities of associates are as follows:

| | 2019 RM | 2018 RM |
|---------------------|--------------------|--------------------|
| Non-current assets | 1,985,079 | 2,302,897 |
| Current assets | 135,322 | 316,151 |
| Current liabilities | (255,793) | (294,431) |

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

8. INVESTMENT IN JOINTLY CONTROLLED ENTITY

| | GROUP | |
|----------------------------------|--------------------|--------------------|
| | 2019 RM | 2018 RM |
| Unquoted shares - at cost: | 1,000,000 | 1,000,000 |
| Share of post - acquisition loss | (1,000,000) | (1,000,000) |
| | <u>-</u> | <u>-</u> |

The Company's aggregate share of the current assets, non-current assets, current liabilities, income and expenses of the jointly controlled entity are as follows:

| | 2019 RM | 2018 RM |
|-------------------------------|--------------------|--------------------|
| Assets and liabilities | | |
| Current assets | 1,407,829 | 1,485,051 |
| Non-current assets | 3,384,645 | 3,644,653 |
| Total assets | <u>4,792,474</u> | <u>5,129,704</u> |
| Current liabilities | <u>(9,967,345)</u> | <u>(9,420,167)</u> |
| Results | | |
| Revenue | 70,444 | 85,245 |
| Cost of sales | (632,096) | (816,348) |
| Expenses | <u>(58,569)</u> | <u>(126,886)</u> |

Details of the jointly controlled entity, which is incorporated in Malaysia as follows:

| Name of company | Shareholding (%) | | Principal activities |
|--|------------------|------|-----------------------|
| | 2019 | 2018 | |
| Held through Majuperak Bio Resources Sdn. Bhd.: | | | |
| Majuperak Go Green Sdn. Bhd. | 50 | 50 | Bamboo based products |



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

9. OTHER INVESTMENTS

| | GROUP | | COMPANY | |
|--|-------------------|-------------------|------------|----------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Financial assets at fair value through other comprehensive income | | | | |
| At fair value | | | | |
| Quoted shares | 1,232,130 | 1,091,918 | - | - |
| Unquoted shares | 10,719,252 | 10,918,918 | - | 200,000 |
| | <u>11,951,382</u> | <u>12,010,836</u> | <u>-</u> | <u>200,000</u> |

10. INVESTMENT PROPERTIES

| | GROUP | | COMPANY | |
|-------------------------------------|------------------|------------------|----------------|----------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Balance as at beginning of the year | 5,456,308 | 5,542,731 | 145,521 | 149,173 |
| Depreciation | (86,424) | (86,423) | (3,653) | (3,652) |
| Balance as at end of the year | <u>5,369,884</u> | <u>5,456,308</u> | <u>141,868</u> | <u>145,521</u> |
| At cost/valuation | 7,283,025 | 7,283,025 | 182,620 | 182,620 |
| Accumulated depreciation | (1,913,141) | (1,826,717) | (40,752) | (37,099) |
| Net carrying amount | <u>5,369,884</u> | <u>5,456,308</u> | <u>141,868</u> | <u>145,521</u> |
| Fair value | <u>7,900,000</u> | <u>7,900,000</u> | <u>300,000</u> | <u>300,000</u> |
| Representing item at: | | | | |
| Cost | 3,638,025 | 3,638,025 | 182,620 | 182,620 |
| Valuation - 1991 | 3,645,000 | 3,645,000 | - | - |
| | <u>7,283,025</u> | <u>7,283,025</u> | <u>182,620</u> | <u>182,620</u> |

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

11. INVENTORIES

| | NOTE | GROUP | | COMPANY | |
|------------------------------------|------|-------------------|-------------------|------------|------------|
| | | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Non-current | | | | | |
| Land held for property development | 11.1 | 115,837,991 | 115,910,003 | 140,855 | 140,855 |
| Current | | | | | |
| Property held for sale | 11.2 | 4,373,653 | 5,731,307 | - | - |
| Property development cost | 11.3 | 19,688,878 | 19,433,063 | - | - |
| | | <u>24,062,531</u> | <u>25,164,370</u> | <u>-</u> | <u>-</u> |

11.1 Land held for property development

| | GROUP | | COMPANY | |
|--|--------------------|--------------------|----------------|----------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| At cost: | | | | |
| As at beginning of the year | 115,910,003 | 120,196,206 | 140,855 | 140,855 |
| Addition | 440,088 | 1,614,259 | - | - |
| | 116,350,091 | 121,810,465 | 140,855 | 140,855 |
| Cost charged to statements of comprehensive income | (512,100) | (4,566,515) | - | - |
| Transfer to property, development cost | - | (537,620) | - | - |
| Impairment | - | (796,327) | - | - |
| Balance as at end of the year | <u>115,837,991</u> | <u>115,910,003</u> | <u>140,855</u> | <u>140,855</u> |
| Representing item at: | | | | |
| Cost | 35,537,359 | 35,514,634 | 140,855 | 140,855 |
| Revaluation – 2002 | 80,300,632 | 80,395,369 | - | - |
| | <u>115,837,991</u> | <u>115,910,003</u> | <u>140,855</u> | <u>140,855</u> |

Certain land held for property development of the Group amounting to RM5,329,074 (2018: RM5,060,937) are held in trust and have been registered under the name of the holding corporation. The Group however, has been granted beneficial interest to the land pursuant to a transfer of assets and liabilities agreement and its supplementary agreement which had been mutually agreed between the Group and the holding corporation dated 28 December 2001 and 15 April 2002, respectively.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

11. INVENTORIES (CONT'D.)

11.2 Properties hold for sale

| GROUP | 2019 RM | 2018 RM |
|--------------|--------------------|--------------------|
| At cost: | | |
| Shop houses | 1,514,555 | 1,698,547 |
| Shop office | 1,265,000 | 2,070,000 |
| Bungalow | 1,594,098 | 1,962,760 |
| | <u>4,373,653</u> | <u>5,731,307</u> |

2 units of unsold shophouses (2018: 3 units) at cost of RM192,908 (2018: RM288,727) is charged as security for credit facility granted to a subsidiary company.

11.3 Property development cost

| GROUP | 2019 RM | 2018 RM |
|---|----------------------|----------------------|
| Land | 8,583,717 | 8,583,717 |
| Development expenditure | 203,048,785 | 210,555,249 |
| Accumulated costs charged to statements of comprehensive income | <u>(192,199,439)</u> | <u>(192,199,439)</u> |
| | <u>19,433,063</u> | <u>26,939,527</u> |
| Development expenditure incurred during the year | 298,409 | 8,757,862 |
| Impairment | - | (135,414) |
| Transfer to property, plant and equipment | - | (16,560,514) |
| Transfer from development expenditure | - | 537,620 |
| Transfer to development expenditure | - | (43,018) |
| Transfer to ultimate holding corporation | - | (63,000) |
| Cost charged out to statements of comprehensive income | <u>(42,594)</u> | <u>-</u> |
| Balance as at end of the year | <u>19,688,878</u> | <u>19,433,063</u> |
| GROUP | 2019 RM | 2018 RM |
| Represented by: | | |
| Land | 8,583,717 | 8,583,717 |
| Development expenditure | 203,347,194 | 203,048,785 |
| Accumulated costs charged to statements of comprehensive income | <u>(192,242,033)</u> | <u>(192,199,439)</u> |
| | <u>19,688,878</u> | <u>19,433,063</u> |

Development costs that are expected to be completed within the normal operating cycle of 2 to 3 years are classified as current asset.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

12. DEVELOPMENT EXPENDITURE

| | GROUP | | COMPANY | |
|-------------------------|--------------------|--------------------|--------------------|--------------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Land | 315,812 | 315,812 | - | - |
| Development expenditure | 2,097,386 | 2,629,320 | 1,490,668 | 1,527,895 |
| | <u>2,413,198</u> | <u>2,945,132</u> | <u>1,490,668</u> | <u>1,527,895</u> |

This is in respect of agriculture land and renewable energy development expenditure.

13. GOODWILL ON CONSOLIDATION

| GROUP | 2019 RM | 2018 RM |
|-------------------------------------|---------------------|---------------------|
| Purchased goodwill, at cost | 89,479,467 | 89,479,467 |
| Less: Accumulated impairment losses | <u>(79,843,207)</u> | <u>(79,843,207)</u> |
| Net carrying amount | <u>9,636,260</u> | <u>9,636,260</u> |

14. TRADE RECEIVABLES

| GROUP | 2019 RM | 2018 RM |
|-------------------------------------|--------------------|--------------------|
| Trade receivables | 8,772,021 | 10,494,995 |
| Less: Accumulated impairment losses | <u>(6,565,995)</u> | <u>(6,161,462)</u> |
| | <u>2,206,026</u> | <u>4,333,533</u> |



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

14. TRADE RECEIVABLES (CONT'D.)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables are as follows:

| | 2019 RM | 2018 RM |
|--|--------------------|--------------------|
| Neither past due nor impaired | 341,910 | 1,504,223 |
| 1 to 30 days past due not impaired | 98,502 | 88,124 |
| 31 to 60 days past due not impaired | 87,580 | 63,607 |
| 61 to 90 days past due not impaired | 252,427 | 66,522 |
| 91 to 180 days past due not impaired | 65,888 | 143,399 |
| More than 180 days past due not impaired | 1,359,719 | 2,467,658 |
| | <hr/> | <hr/> |
| Impaired | 2,206,026 | 4,333,533 |
| | 6,565,995 | 6,161,462 |
| | <hr/> | <hr/> |
| | 8,772,021 | 10,494,995 |
| | <hr/> | <hr/> |

Trade receivables that are neither past due nor impaired

Trade receivables that were neither past due nor impaired relate to customers for whom there were no default.

Trade receivables that are past due but not impaired

Based on past experience and no adverse information to date, the directors of the Company are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

Movement in impairment losses:

| GROUP | 2019 RM | 2018 RM |
|-----------------------|--------------------|--------------------|
| Beginning of the year | 6,161,462 | 3,834,037 |
| Addition | 1,194,988 | 2,327,425 |
| Bad debts written off | (790,455) | - |
| | <hr/> | <hr/> |
| End of the year | 6,565,995 | 6,161,462 |
| | <hr/> | <hr/> |

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | GROUP | | COMPANY | |
|--|-------------------|------------------|------------------|------------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Other receivables, deposits and prepayment | 17,391,542 | 10,782,602 | 1,162,612 | 1,430,034 |
| Less: impairment losses | (5,113,705) | (4,586,720) | - | - |
| | <u>12,277,837</u> | <u>6,195,882</u> | <u>1,162,612</u> | <u>1,430,034</u> |

16. AMOUNT DUE FROM HOLDING CORPORATION

The holding corporation is Perbadanan Kemajuan Negeri Perak, a statutory body established under the Perak State Economic Development Corporation Enactment No. 3, 1967.

The amount due from holding corporation is unsecured, interest charged at rate of Nil (2018: 7.11%), and repayable on demand.

17. AMOUNT DUE FROM SUBSIDIARY COMPANIES

Amount due from subsidiary companies are unsecured, interest free and repayable on demand.

18. AMOUNT DUE FROM/(TO) RELATED COMPANIES

The amount due from related companies are unsecured, interest free and has no fixed terms of repayment. Interest rate is charged at Nil (2018: 7.11%) per annum is on amount owing of Nil (2018: RM6,079,311) by certain related company. All other amounts are interest free.

The amount due to related companies are unsecured and has no fixed terms of repayment. Interest rate is charged at Nil (2018: 6.81%) per annum is on amount owing of RM Nil (2018: RM10,614,155) by certain related company. All other amounts are interest free.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

19. DEPOSITS, CASH AND BANK BALANCES

| | GROUP | | COMPANY | |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Fixed deposit with licensed bank | 268,720 | 259,399 | - | - |
| Cash and bank balances | 1,300,430 | 5,763,847 | 71,801 | 1,112,211 |
| | <u>1,569,150</u> | <u>6,023,246</u> | <u>71,801</u> | <u>1,112,211</u> |

For the purposes of the statements of cash flows, cash and cash equivalents comprise the following as at the statements of financial position date:

| | GROUP | | COMPANY | |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Fixed deposit with licensed bank | 268,720 | 259,399 | - | - |
| Cash and bank balances | 1,300,430 | 5,763,847 | 71,801 | 1,112,211 |
| | <u>1,569,150</u> | <u>6,023,246</u> | <u>71,801</u> | <u>1,112,211</u> |
| Less : Bank overdraft | (1,872,410) | (1,993,094) | - | - |
| | <u>(303,260)</u> | <u>4,030,152</u> | <u>71,801</u> | <u>1,112,211</u> |

Included in the Group's cash and bank balances are amounts of RM138,220 (2018: RM346,500) subjected to the Housing Developers (Housing Development Account) (Amendment) Regulations 2002.

20. SHARE CAPITAL

| GROUP AND COMPANY | 2019 RM | 2018 RM |
|---|--------------------|--------------------|
| Issued and fully paid: | | |
| 257,052,423 ordinary shares with no par value | | |
| As at beginning and end of year | <u>179,592,841</u> | <u>179,592,841</u> |

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

21. INVESTMENT REVALUATION RESERVE

| GROUP | 2019 RM | 2018 RM |
|--|--------------------|--------------------|
| As at beginning of the year | 383,318 | 664,974 |
| Effect of adopting the fair value measurement on security available-for-sale | 140,546 | <u>(281,656)</u> |
| As at end of the year | <u>523,864</u> | <u>383,318</u> |

Investment revaluation reserve comprises the cumulative net change in the fair value through other comprehensive income until the investment are derecognised or impaired.

22. NON-CONTROLLING INTEREST

GROUP

This consists of the non-controlling shareholders' proportion of share capital and reserves of subsidiaries.

23. OTHER PAYABLES AND ACCRUALS

| | GROUP | | COMPANY | |
|----------------------|--------------------|--------------------|--------------------|--------------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Other payables | 19,258,019 | 16,969,821 | 2,313,163 | 2,545,683 |
| Retention sum | 45,526 | 45,526 | - | - |
| Deposit and accruals | <u>3,060,083</u> | <u>2,872,719</u> | <u>589,400</u> | <u>893,279</u> |
| | <u>22,363,628</u> | <u>19,888,066</u> | <u>2,902,563</u> | <u>3,438,962</u> |



NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

24. BANK BORROWINGS

| | GROUP | | COMPANY | | Effective profit/ interest rate |
|--|-------------------|-------------------|------------------|------------------|---------------------------------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM | |
| Not later than 1 year: | | | | | |
| Secured loan | 150,000 | 150,000 | - | - | 5.1% |
| Term loan | 813,828 | 745,356 | 813,828 | 745,356 | 10.75% |
| Bank overdraft | 1,872,410 | 1,993,094 | - | - | 4% |
| Short term borrowings | 2,836,238 | 2,888,450 | 813,828 | 745,356 | |
| Later than 1 year and not later than 5 years: | | | | | |
| Secured loan | 750,000 | 750,000 | - | - | 5.1% |
| Term loan | 3,255,312 | 3,726,780 | 3,255,312 | 3,726,780 | 10.75% |
| | 4,005,312 | 4,476,780 | 3,255,312 | 3,726,780 | |
| Later than 5 years: | | | | | |
| Secured loan | 1,000,000 | 1,150,000 | - | - | 5.1% |
| Term loan | 4,063,585 | 4,426,648 | 4,063,585 | 4,426,648 | 10.75% |
| | 5,063,585 | 5,576,648 | 4,063,585 | 4,426,648 | |
| Long term borrowings | 9,068,897 | 10,053,428 | 7,318,897 | 8,153,428 | |
| Total borrowings | 11,905,135 | 12,941,878 | 8,132,725 | 8,898,784 | |

- i) Secured loan ("Bai-Bithaman Ajil") is secured by a property of the Group. The secured loan profit charged at a rate of 5.1%. The repayment is within 240 months and commenced on September 2012.
- ii) Term loan relates to Business Financing-I ("Tawarruq") up to RM10,000,000 to finance the refurbishment and renovation cost of Silveritage Galleria Complex. The term loan is secured by way of first legal charge over the leasehold land attached with building. The term loan profit charged at rate of 10.75% and the repayment is within 132 month and commenced on July 2016. This financing has been disbursed based on progressive claim.
- iii) The bank overdraft facility of the Group is secured by a first and second, third and fourth fixed charges amounting to RM1.5 million (2018: RM1.5 million) over certain properties of the Group. The bank overdraft bears interest at a rate of 4% (2018: 4%).

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

25. FINANCE LEASE PAYABLES

| GROUP | 2019 RM | 2018 RM |
|--|---------------------|-------------------|
| Minimum finance lease payment: | | |
| Not later than 1 year | 32,195 | 10,968 |
| Later than 1 year and not later than 5 years | 178,478 | 13,391 |
| | <hr/> | <hr/> |
| Future finance charges | 210,673 (36,069) | 24,359 (4,831) |
| | <hr/> | <hr/> |
| Present value of finance lease liabilities | 174,604 | 19,528 |
| | <hr/> | <hr/> |
| Present value of finance lease liabilities: | | |
| Not later than 1 year | 22,929 | 8,668 |
| Later than 1 year and not later than 5 years | 151,675 | 10,860 |
| | <hr/> | <hr/> |
| | 174,604 | 19,528 |
| | <hr/> | <hr/> |

The average effective interest rate per annum of the finance lease payables at the statement of financial position date is 2.47% to 2.58% (2018: 2.58%).

26. LEASE LIABILITIES

| | GROUP | | COMPANY | |
|--|------------------|------------|----------------|------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| <u>Current liabilities</u> | | | | |
| Not later than 1 years: | | | | |
| Lease liability | 450,459 | - | 419,437 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| <u>Non-current liabilities</u> | | | | |
| Later than 1 year and not later than 5 years: | | | | |
| Lease liability | 504,698 | - | 448,169 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Later than 5 years: | | | | |
| Lease liability | 2,885,790 | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 3,390,488 | - | 448,169 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total lease liability | 3,840,947 | - | 867,606 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |

The lease liabilities of the Group and of the Company bear interest at rates 6.85% per annum respectively.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

27. DEFERRED TAXATION

| | GROUP | | COMPANY | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| As at beginning of the year | 12,078,108 | 12,269,620 | - | - |
| Adjustment on initial application of MFRS 16 | 26,528 | - | - | - |
| As at beginning of the year - restated | 12,104,636 | 12,269,620 | - | - |
| Charged from statement of comprehensive income (Note 31) | 12,697 | (191,512) | 6,601 | - |
| As at end of the year | 12,117,333 | 12,078,108 | 6,601 | - |
| The deferred tax, determined before appropriate offsetting as follows: | | | | |
| Deferred tax assets | (205,439) | (205,439) | - | - |
| Deferred tax liabilities | 12,322,772 | 12,283,547 | 6,601 | - |
| | 12,117,333 | 12,078,108 | 6,601 | - |
| Deferred taxation are in respect of the following items: | | | | |
| Unutilised tax losses | (205,439) | (205,439) | - | - |
| Capital allowances excess depreciation | 26,119 | 29,376 | - | - |
| Revaluation | 12,254,171 | 12,254,171 | - | - |
| Lease liability | 42,282 | - | 6,601 | - |
| | 12,117,133 | 12,078,108 | 6,601 | - |

28. REVENUE

| GROUP | 2019 RM | 2018 RM |
|---------------------|--------------------|--------------------|
| Sales of land | 1,251,000 | 18,553,026 |
| Sales of property | 2,056,600 | 1,680,400 |
| Solar energy | 1,184,529 | 1,046,993 |
| Rental income | 2,182,967 | 2,088,357 |
| Contract services | 1,178,404 | 900,000 |
| Merchandise product | 597,014 | 1,295,945 |
| Dividend | - | 1,015,488 |
| | 8,450,514 | 26,580,209 |

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

29. (LOSS)/PROFIT FROM OPERATION

(Loss)/Profit from operation is arrived at after charging/(crediting):

| | GROUP | | COMPANY | |
|---|-------------|-------------|------------|------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Audit fee | 120,900 | 117,400 | 24,700 | 24,700 |
| Remunerations of key personnel management | | | | |
| - fee – current year | 275,000 | 342,500 | 275,000 | 342,500 |
| - fee – over provision in prior year | - | (182,750) | - | (182,750) |
| - other than fee | 210,000 | 559,953 | 210,000 | 378,953 |
| Depreciation of property, plant and equipment | 1,694,344 | 1,631,186 | 497,178 | 63,246 |
| Depreciation of investment properties | 86,424 | 86,423 | 3,653 | 3,652 |
| Impairment loss on receivables | 1,923,023 | 2,327,924 | - | - |
| Impairment loss on related parties | 1,359,044 | - | 1,091,601 | - |
| Impairment on investment | 200,000 | - | 200,000 | - |
| Impairment on investment in subsidiary company | - | - | - | 369,600 |
| Impairment of inventory | - | 700 | - | - |
| Impairment of land held for property development | - | 796,327 | - | - |
| Impairment of property development cost | - | 135,414 | - | - |
| Rental of premises | - | 583,802 | - | 422,798 |
| Staff cost: | | | | |
| - Short term benefit | 7,198,865 | 4,077,074 | 2,600,723 | 2,100,423 |
| - EPF and pension contribution | 1,114,337 | 687,158 | 445,441 | 381,692 |
| Gain on disposal of property, plant and equipment | (1,945,080) | - | - | - |
| Gain on disposal of land | (4,083,578) | - | - | - |
| Interest income | (51,204) | (109,524) | (10,015) | (13,998) |
| Interest charged to related companies | - | (432,239) | (680,392) | (714,215) |
| Interest charged to holding corporation | - | (1,543,938) | - | (633,373) |
| Rental income | (306,610) | (271,859) | - | - |
| Waiver of payables | (1,505,000) | - | - | - |

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

29. (LOSS)/PROFIT FROM OPERATION (CONT'D.)

Remunerations of key personnel management comprise the following:

| | GROUP | | COMPANY | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Directors fee: | | | | |
| Executive directors | 8,333 | 58,750 | 8,333 | 58,750 |
| Non-executive directors | 266,667 | 283,750 | 266,667 | 283,750 |
| | <u>275,000</u> | <u>342,500</u> | <u>275,000</u> | <u>342,500</u> |
| Directors others than fee: | | | | |
| Executive directors salary | 210,000 | 378,953 | 210,000 | 378,953 |
| Non-executive directors allowances | - | 181,000 | - | - |
| | <u>210,000</u> | <u>559,953</u> | <u>210,000</u> | <u>378,953</u> |

The number of directors of the Group whose total salary or other emoluments during the year fell within the following bands is analysed below:

| | Number of directors | |
|---------------------------------|---------------------|----------|
| | 2019 | 2018 |
| Executive directors: | | |
| Less than RM150,000 | - | 1 |
| RM150,001 – RM350,000 | 1 | 1 |
| | <u>1</u> | <u>1</u> |
| Non-executive directors: | | |
| RM10,001 – RM20,000 | - | 7 |
| RM20,001 – RM30,000 | - | 14 |
| RM30,001 – RM40,000 | - | - |
| RM40,001 – RM60,000 | 6 | - |
| | <u>6</u> | <u>-</u> |

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

30. FINANCE COSTS

| | GROUP | | COMPANY | |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Secured loan profit | 94,607 | 93,763 | - | - |
| Term loan profit | 680,392 | 664,213 | 680,392 | 664,213 |
| Interest on related companies | 8,072 | 722,824 | - | 527,768 |
| Interest on holding corporation | 195,637 | 820,476 | - | - |
| Hire purchase interest | 8,370 | 1,152 | - | - |
| Bank overdraft interest | 182,705 | 116,271 | - | - |
| Lease liability interest | 290,693 | - | 86,321 | - |
| | <u>1,460,476</u> | <u>2,418,699</u> | <u>766,713</u> | <u>1,191,981</u> |

31. TAXATION

| | GROUP | | COMPANY | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Provision for the year | 482,471 | 598,121 | - | - |
| Under provision in prior year | 51,185 | 1,031,111 | - | 59,357 |
| Deferred tax expenses relating to the origination and reversal of temporary differences (Note 27) | 12,697 | (191,512) | 6,601 | - |
| | <u>546,353</u> | <u>1,437,720</u> | <u>6,601</u> | <u>59,357</u> |

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

31. TAXATION (CONT'D.)

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

| | GROUP | | COMPANY | |
|---|-------------|-------------|-------------|-------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| (Loss)/Profit before taxation | (6,608,660) | 4,331,442 | (7,011,625) | (3,401,406) |
| Malaysia statutory tax rate : | | | | |
| - at 24% | (1,586,077) | 1,039,548 | (1,682,790) | (816,337) |
| Income not subject to tax | (453,324) | (4,231,004) | - | - |
| Tax effect on expenses not deductible for tax purposes | 1,543,187 | 2,379,380 | 553,749 | 248,287 |
| Tax effect on utilisation of unabsorbed capital allowances and tax losses | (1,667,634) | (27,672) | - | - |
| Under provision in prior year | 51,185 | 1,031,111 | - | 59,357 |
| Deferred tax assets not recognised during the year | 2,659,016 | 1,246,357 | 1,135,642 | 568,050 |
| Tax expenses for the year | 546,353 | 1,437,720 | 6,601 | 59,357 |

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

| | GROUP | | GROUP | |
|-------------------------------|------------|------------|------------|------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Unabsorbed capital allowances | 4,197,755 | 321,810 | 167,402 | 81,654 |
| Unutilised tax losses | 27,366,692 | 17,859,265 | 6,402,458 | 1,698,119 |
| | 31,564,447 | 18,181,075 | 6,569,860 | 1,779,773 |

The above unabsorbed capital allowances and unutilised tax losses are available indefinitely for offset against future taxable profit subject to the approval with the Inland Revenue Board. Deferred tax assets have not been recognised in respect of this item due to uncertainty of its recoverability. The unutilised tax losses carry-forward will be limited to 7 years of assessment starting from the year of assessment 2019.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

32. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The basic (loss)/earnings per share is calculated by dividing the Group's net (loss)/profit attributable to shareholders (net dividend of ICPS) by the weighted average number of shares in issue during the year.

| | GROUP | |
|---|--------------------|--------------------|
| | 2019 RM | 2018 RM |
| Net (loss)/income attributable to shareholders | (6,909,470) | 3,913,473 |
| Weighted average number of ordinary shares in issue | <u>257,052,423</u> | <u>257,052,423</u> |
| | SEN | SEN |
| Basic (loss)/earnings per share | <u>(2.69)</u> | <u>1.52</u> |

Diluted earnings/(loss) per share

No diluted earnings/(loss) per share is disclosed in these financial statements as there is no dilutive potential ordinary share.

33. ACQUISITION OF NON-CONTROLLING INTEREST

In January 2019, the Group acquired the remaining 49% equity interest, representing RM245,000 ordinary shares Nexus Jade Sdn. Bhd. ("NJSB") for RM245,000 in cash. Pursuant to that, NJSB's equity interest in the Group increased from 51% to 100% and NJSB became a wholly owned subsidiary of the Group. The Group recognised an increase in non-controlling interest of RM533,942 and a decrease in accumulated profits of RM778,942.

The following summarises the effect of changes in the equity interest in NJSB that is attributable to the owners:

| | RM |
|---|------------------|
| Equity interest at 1 January 2019 | 533,942 |
| Effect of increase in Company's ownership | <u>(533,942)</u> |
| Equity interest at 31 December 2019 | <u>-</u> |



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

34. SEGMENTAL REPORTING

i) Business segment

31 December 2019

| | Property development RM | Property management RM | Solar RM | Merchandise, contract services and others RM | Total RM |
|---|--|---------------------------------------|---------------------|---|---------------------|
| Revenue | 3,307,600 | 1,781,971 | 1,424,529 | 1,936,414 | 8,450,514 |
| Results | | | | | |
| Segment result | 163,734 | (3,072,782) | 1,499,298 | (5,198,910) | (6,608,660) |
| Taxation | | | | | (546,353) |
| Net loss for the year | | | | | (7,155,013) |
| Non-controlling interest | | | | | 245,543 |
| Net loss for the year attributable to equity holders of the Company | | | | | (6,909,470) |

31 December 2018

| | Property development RM | Property management RM | Solar RM | Merchandise and others RM | Total RM |
|---|--|---------------------------------------|---------------------|--|---------------------|
| Revenue | 20,233,426 | 1,544,100 | 2,427,816 | 2,374,867 | 26,580,209 |
| Results | | | | | |
| Segment result | 11,118,089 | (1,685,499) | 665,178 | (5,766,326) | 4,331,442 |
| Taxation | | | | | (1,437,720) |
| Net profit for the year | | | | | 2,893,722 |
| Non-controlling interest | | | | | 1,019,751 |
| Net profit for the year attributable to equity holders of the Company | | | | | 3,913,473 |

ii) Geographical segment

The segmental information is not presented by geographical segment as the Group's business activities are predominantly located in Malaysia.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

35. CONTINGENT LIABILITIES

| | GROUP | |
|---|--------------------|--------------------|
| | 2019 RM | 2018 RM |
| Unsecured: | | |
| Bank guarantee given to related parties for the purpose of utilities. | 55,000 | 55,000 |

36. SIGNIFICANT RELATED PARTY TRANSACTION

For the purpose of these financial statements, parties are considered to be related to the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence.

a) Transaction within the Group

| | 2019 RM | 2018 RM |
|--|--------------------|--------------------|
| Holding corporation | | |
| Advanced paid to holding corporation | - | (9,474,932) |
| Rental expenses | (200,000) | (200,000) |
| Advanced received from holding corporation | - | 813,687 |
| Sales of goods | 75,009 | 229,402 |
| Interest income | - | 1,543,938 |
| Interest expense | (195,637) | (820,476) |
| | <hr/> | <hr/> |
| Related companies | | |
| Rental expenses | (478,869) | (422,798) |
| Shared services - maintenance charges | (189,945) | - |
| Shared services - information technology | (120,000) | - |
| Sales of goods | 37,634 | 780,720 |
| Interest income | - | 432,239 |
| Interest expense | (8,072) | (722,824) |

b) Transaction with key personnel management

Key personnel management are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company. The details analysis of transactions made during the financial year are disclosed in Note 29 to the financial statements.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

37. FINANCIAL INSTRUMENTS

Financial Risk Management

a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 to the Financial Statements describe how the classes of financial instruments are measured, and how income and expense, including fair value gains or losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

| GROUP | Designated fair value through other comprehensive income RM | Amortised Cost RM | Total RM |
|--|--|-------------------------|-------------------|
| At 31 December 2019 | | | |
| Financial Assets | | | |
| Other investment | 11,951,382 | - | 11,951,382 |
| Trade receivables | - | 2,206,026 | 2,206,026 |
| Other receivables, deposit and prepayments | - | 12,277,837 | 12,277,837 |
| Amount due from holding corporation | - | 5,370,944 | 5,370,944 |
| Amount due from related companies | - | 17,537,981 | 17,537,981 |
| Deposit, cash and cash equivalents | - | 1,569,150 | 1,569,150 |
| | 11,951,382 | 38,961,938 | 50,913,320 |
| Financial Liabilities | | | |
| Trade payables | - | 2,829,333 | 2,829,333 |
| Other payables and accrual | - | 22,363,628 | 22,363,628 |
| Amount due to related companies | - | 20,932,140 | 20,932,140 |
| Bank borrowings | - | 11,905,135 | 11,905,135 |
| Finance lease payables | - | 174,604 | 174,604 |
| Lease liabilities | - | 3,840,947 | 3,840,947 |
| | - | 62,045,787 | 62,045,787 |

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

37. FINANCIAL INSTRUMENTS (CONT'D.)

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

Financial Risk Management

| GROUP | Designated fair value through other comprehensive income RM | Amortised Cost RM | Total RM |
|--|--|-------------------------|-------------------|
| At 31 December 2018 | | | |
| Financial Assets | | | |
| Other investment | 12,010,836 | - | 12,010,836 |
| Trade receivables | - | 4,333,533 | 4,333,533 |
| Other receivables, deposit and prepayments | - | 6,195,882 | 6,195,882 |
| Amount due from holding corporation | - | 6,607,110 | 6,607,110 |
| Amount due from related companies | - | 18,077,986 | 18,077,986 |
| Deposit, cash and cash equivalents | - | 6,023,246 | 6,023,246 |
| | <u>12,010,836</u> | <u>41,237,757</u> | <u>53,248,593</u> |
| Financial Liabilities | | | |
| Trade payables | - | 8,496,187 | 8,496,187 |
| Other payables and accrual | - | 19,888,066 | 19,888,066 |
| Amount due to related companies | - | 20,231,895 | 20,231,895 |
| Bank borrowings | - | 12,941,878 | 12,941,878 |
| Finance lease payables | - | 19,528 | 19,528 |
| | <u>-</u> | <u>61,577,554</u> | <u>61,577,554</u> |

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

37. FINANCIAL INSTRUMENTS (CONT'D.)

Financial Risk Management

b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operation whilst managing its financial risks, including credit risks, liquidity and cash flow risk and interest rate risk. The Group and the Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transaction.

i) Credit risk

a) Receivables

The Group's exposure to credit risk arises mainly from receivables. Receivables are monitored on an on-going basis via management reporting procedure and action is taken to recover debts when due.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk arising from receivables is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

b) Other receivables and other financial assets

For other receivables and other financial assets (including deposits, cash and bank balances), the Company minimise credit risk by dealing exclusively with high credit rating counter parties. At the reporting date, the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

37. FINANCIAL INSTRUMENTS (CONT'D.)

i) Credit risk (Cont'd.)

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

c) Inter-company balances

The Group and the Company provides unsecured loans and advances to related companies. Loans and advances are only provided to related companies which are wholly owned by the holding corporation.

Some inter-company loans between entities within the Group are repayable on demand. For loans that are repayable on demand, expected credit losses are assessed based on the assumption that repayments of the loans are demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Company will consider the expected manner of recovery and recovery period of the inter-company loan.

Refer to Note 3.14 (b) for the Company's other accounting policies for impairment of financial assets.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

37. FINANCIAL INSTRUMENTS (CONT'D.)

ii) Liquidity and cash flow risk

The Group and the Company actively manage its debts maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met.

The table below summarises the maturity profile of the Group and of the Company's liabilities at the financial year end based on contractual undiscounted repayment obligations.

GROUP

| | On demand or within one year RM | One to five years RM | Over five years RM | Total RM |
|---------------------------------|--|-------------------------------------|-----------------------------------|---------------------|
| At 31 December 2019 | | | | |
| Trade and other payables | 25,192,961 | - | - | 25,192,961 |
| Amount due to related companies | 20,932,140 | - | - | 20,932,140 |
| Bank borrowings | 2,836,238 | 4,005,312 | 5,063,585 | 11,905,135 |
| Finance lease payables | 22,929 | 91,650 | 60,025 | 174,604 |
| Lease liabilities | 450,459 | 504,698 | 2,885,790 | 3,840,947 |
| | <u>49,434,727</u> | <u>4,601,660</u> | <u>8,009,400</u> | <u>62,045,787</u> |
| At 31 December 2018 | | | | |
| Trade and other payables | 28,384,253 | - | - | 28,384,253 |
| Amount due to related companies | 20,231,895 | - | - | 20,231,895 |
| Bank borrowings | 2,888,450 | 4,476,780 | 5,576,648 | 12,941,878 |
| Finance lease payables | 8,668 | 10,860 | - | 19,528 |
| | <u>51,513,266</u> | <u>4,487,640</u> | <u>5,576,648</u> | <u>61,577,554</u> |

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

37. FINANCIAL INSTRUMENTS (CONT'D.)

ii) Liquidity and cash flow risk (Cont'd.)

COMPANY

| | On demand or within one year RM | One to five years RM | Over five years RM | Total RM |
|------------------------------------|--|-------------------------------------|-----------------------------------|---------------------|
| At 31 December 2019 | | | | |
| Other payables | 2,902,563 | - | - | 2,902,563 |
| Amount due to related companies | 9,199,057 | - | - | 9,199,057 |
| Bank borrowings | 813,828 | 3,255,312 | 4,063,585 | 8,132,725 |
| Lease liabilities | 419,437 | 448,169 | - | 867,606 |
| | <u>13,334,885</u> | <u>3,703,481</u> | <u>4,063,585</u> | <u>21,101,951</u> |
| At 31 December 2018 | | | | |
| Other payables | 3,438,962 | - | - | 3,438,962 |
| Amount due to related companies | 8,277,650 | - | - | 8,277,650 |
| Bank borrowings | 745,356 | 3,726,780 | 4,426,648 | 8,898,784 |
| | <u>12,461,968</u> | <u>3,726,780</u> | <u>4,426,648</u> | <u>20,615,396</u> |

iii) Interest rate risk

The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group is exposed to interest rate risk arising from its short and long term debts obligations, and its fixed deposits. Fixed deposits interest rate is insignificant and any fluctuations in the rate would have no material impact on the results of the Company.

Interest rate risk sensitivity

An increase in market interest rates by 1% on financial asset and financial liability of the Group which have variable interest rates at the end of the reporting period would increase loss before taxation by RM16,037 (2018: decrease profit before taxation by RM17,337). This analysis assumes that all other variables remain unchanged.

A decrease in market interest rates by 1% on financial asset and financial liability of the Group and the Company which have variable interest rates at the end of the reporting period would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

37. FINANCIAL INSTRUMENTS (CONT'D.)

iv) Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, receivables, payables, intercompany balances and short term borrowings including hire purchase are approximate their fair values due to the relatively short term nature of these financial instruments.

The fair values of investment properties are disclosed in Note 10 to the financial statements.

The fair values of quoted shares is determined directly by reference to its published market bid price at the financial year end.

The fair values of all other financial assets and liabilities of the Group and of the Company as at 31 December 2019 are not materially different from their carrying amounts.

Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholder and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or sell assets to reduce debts. Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the statements of financial position) less cash and cash equivalent. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

37. FINANCIAL INSTRUMENTS (CONT'D.)

Capital Risk Management

The gearing ratios at 31 December 2019 and 2018 were as follow:

| | GROUP | | COMPANY | |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 2019 RM | 2018 RM | 2019 RM | 2018 RM |
| Amount due to related companies | 20,932,140 | 20,231,895 | 9,199,057 | 8,277,650 |
| Bank borrowings | 11,905,135 | 12,941,878 | 8,132,725 | 8,898,784 |
| Finance lease payables | 174,604 | 19,528 | - | - |
| Lease liabilities | 3,840,947 | - | 867,606 | - |
| | <u>36,852,826</u> | <u>33,193,301</u> | <u>18,199,388</u> | <u>17,176,434</u> |
| Less: cash and cash equivalent | 303,260 | (4,030,152) | (71,801) | (1,112,211) |
| Net debt | 37,156,086 | 29,163,149 | 18,127,587 | 16,064,223 |
| Total equity | <u>172,482,676</u> | <u>179,877,537</u> | <u>168,987,510</u> | <u>176,005,736</u> |
| Total capital | <u>209,638,762</u> | <u>209,040,686</u> | <u>187,115,097</u> | <u>192,069,959</u> |
| Gearing ratio | <u>17.72%</u> | <u>13.95%</u> | <u>9.69%</u> | <u>8.36%</u> |

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

38. FAIR VALUE HIERARCHIES OF FINANCIAL INSTRUMENTS

The fair value measurement hierarchies used to measure assets and liabilities carried at fair value in the statements of financial position as at 31 December 2019 are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly, (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

38. FAIR VALUE HIERARCHIES OF FINANCIAL INSTRUMENTS (CONT'D.)

| Group | Level 1 RM | Level 2 RM | Total RM |
|---|-----------------------|-----------------------|---------------------|
| As at 31 December 2019 | | | |
| Asset | | | |
| Financial assets at fair value through other comprehensive income | 1,232,130 | 10,719,252 | 11,951,382 |
| As at 31 December 2018 | | | |
| Asset | | | |
| Financial assets at fair value through other comprehensive income | 1,091,918 | 10,918,918 | 12,010,836 |
| Company | | | |
| As at 31 December 2019 | | | |
| Asset | | | |
| Financial assets at fair value through other comprehensive income | - | - | - |
| As at 31 December 2018 | | | |
| Asset | | | |
| Financial assets at fair value through other comprehensive income | - | 200,000 | 200,000 |

There were no transfers between Level 1 and Level 2 during the current and previous financial years.

The Group and the Company do not have any financial liabilities carried at fair value nor any financial instruments classified as Level 3 as at 31 December 2019 and 31 December 2018.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

39. IMPACT OF THE NEW ADOPTION OF NEW MFRS

Since the Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application at 1 January 2019, there are no adjustments made to the prior period presented.

The following table explains the difference between operating lease commitments disclosed applying MFRS 117 at 31 December 2018, and lease liabilities recognised in the statement of financial position at 1 January 2019.

GROUP AND COMPANY

| | |
|---|---|
| | RM |
| Operating lease commitments as at 31 December 2018 as disclosed in financial statements | <u>14,671,500</u> |
| Discounted using the incremental borrowing rate at 1 January 2019 and recognised as at 1 January 2019 | <u>2,915,884</u> |
| | Adjustments at 1 January 2019 RM |
| Increase in asset | 2,804,317 |
| Decrease in equity | 138,094 |
| Increase in lease liability | 2,915,883 |
| Increase in deferred tax liability | <u>26,528</u> |



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

40. COMPARATIVE

Certain figures have been reclassified to conform with current year's presentation as follows:

Statement of financial position

| | GROUP | | COMPANY | |
|------------------------------------|---------------------------|----------------|---------------------------|----------------|
| | As previously reported RM | As restated RM | As previously reported RM | As restated RM |
| <u>Non-current</u> | | | | |
| Land held for property development | 115,910,003 | - | 140,855 | - |
| Inventories | - | 115,910,003 | - | 140,855 |
| | <hr/> | | <hr/> | |
| <u>Current</u> | | | | |
| Property development cost | 19,433,063 | - | - | - |
| Inventories | 5,731,307 | 25,164,370 | - | - |
| | <hr/> | | <hr/> | |
| | 25,164,370 | 25,164,370 | - | - |
| | <hr/> | | <hr/> | |

41. SUBSEQUENT EVENTS

i) The Coronavirus disease 2019 "COVID-19" pandemic

The Coronavirus disease 2019 "COVID-19" pandemic has interrupted the movement of people and goods throughout the world, and many levels of government are instituting restrictions on individuals and businesses, including Malaysia, where majority of the Group's operations are located. In relation to this, the Government of Malaysia imposed a Movement Control Order ("MCO") effective from 19 March 2020 to 12 May 2020.

Since these developments occurred subsequent to the end of the reporting period, the COVID-19 pandemic is treated as a non-adjusting event in accordance with MFRS 110 Events after the Reporting Period and therefore, judgements and assumptions used in the preparation of the financial statements of the Group for the financial year ended 31 December 2019 do not reflect the effects arising from this non-adjusting event.

Notwithstanding that, the Group anticipates that the effects of COVID-19 would be recognised in the financial statements for the financial year ending 31 December 2020. The effects of COVID-19 would potentially impact the judgements and assumptions used in the preparation of the financial statements for the financial year ending 31 December 2020, such as expected credit losses of the financial assets, fair value measurements of investment properties and financial instruments, write down of inventories to net realizable values and impairment assessments of assets (property, plant and equipment, goodwill and investments in subsidiaries).

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

41. SUBSEQUENT EVENTS (CONT'D.)

i) The Coronavirus disease 2019 “COVID-19” pandemic (Cont'd.)

As at the date of the authorization of the financial statements, the COVID-19 pandemic and the MCO since 19 March 2020, some business of the Group have resumed operations with the approvals obtained from the relevant authorities during the MCO. Nevertheless, the Group is focusing on its efforts in the best possible way to mitigate its impact while protecting the business potential and branding from the medium to long term perspective.

In the view of the lack of visibility on the end date of COVID-19 pandemic and the MCO, the Group is not able to estimate the full potential financial impact as at the date of the authorization of the financial statements.

The Group will provide further updates on the financial impact and mitigating actions relating to the COVID-19 pandemic in its forthcoming quarterly financial reports and will recognize the financial impact in the financial statements (if any) for the financial year ending 31 December 2020.

ii) Pursuant to Paragraph 8.03A (2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The Group has announced on 13 April 2020 that is triggered para 8.03A(2b) of the Main Market Listing Requirements of Bursa Malaysia, thus the Group is categorized as an “Affected Listed Issuer”.

The Group has submitted an application to seek waiver from complying with para 8.03A(3) of the Listing Requirements but has been rejected by Bursa Malaysia on 19 June 2020.

Nevertheless, the Group on 22 June 2020 has submitted an application to appeal again in Bursa Malaysia on the ground that the Company has additional justifications that are material to support the viability and growth of its business prospects.

42. AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements of the Company were authorised for issue by the Board of Directors on 25 June 2020.



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