SELANGOR PROPERTIES BERHAD

(Co. No. 5199-X)

PASSION FOR

EXCELLENCE

ANNUAL REPORT 2018

OUR VISION

To be a premium property developer that consistently delivers experiences that exceed expectations.

OUR MISSION

In everything that we do, we will put all our passion into making it the very best.

We will always go beyond expectations to deliver premium products and services.

We focus on making a difference in people and our community.

We will continue striving, because there is always better.

Our seal is a promise that we will deliver.

OUR VALUES

Principled

We believe in doing things the right way. Integrity and ethics are integral in all our business dealings.

Passionate

We are passionate about the things we do. In doing that, we search for excellence and a learning journey in achieving great things.

Personable

We are people oriented. We look beyond profile and put people at heart in everything we do.

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CORPORATE INFORMATION

EXECUTIVE CHAIRMAN

MR WEN CHIU CHI

DIRECTORS

DATO' ZAIBEDAH BINTI AHMAD
Independent Non-Executive Director

MR ONG LIANG WIN
Independent Non-Executive Director

MADAM MARCIA KOK SUET LING
Independent Non-Executive Director

MR STEPHEN JOHN SCUDAMORE
Independent Non-Executive Director

JOINT SECRETARIES

TAI YIT CHAN
(MAICSA 7009143)
CHOONG LEE WAH
(MAICSA 7019418)

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
Stock Code: 1783

WEBSITE

www.selangorproperties.com.my

REGISTRARS

Tricor Investor and Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No. : +603 - 2783 9299
Fax No. : +603 - 2783 9222

REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel No. : +603 - 7720 1188
Fax No. : +603 - 7720 1111

HEAD OFFICE

Level 2, Block D
Kompleks Pejabat Damansara
Jalan Dungun
Damansara Heights
50490 Kuala Lumpur
Tel No. : +603 - 2094 1122
Fax No. : +603 - 2095 0150

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
2, Leboh Ampang
50100 Kuala Lumpur

CIMB Bank Berhad
17th Floor Menara CIMB
No.1 Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur

AUDITORS

Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel No. : +603 - 7495 8000
Fax No. : +603 - 2095 9076

ORGANISATION CHART

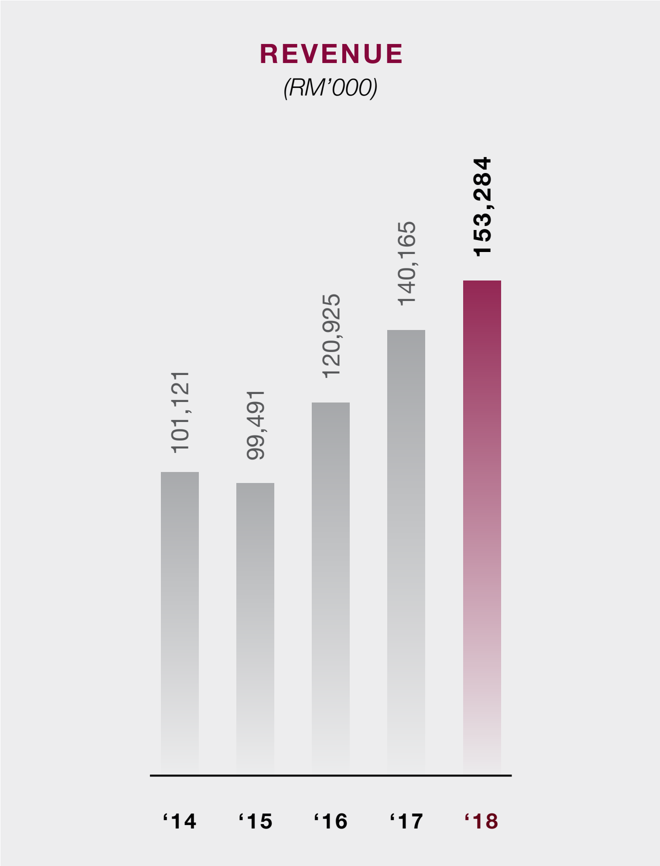
SELANGOR PROPERTIES BERHAD

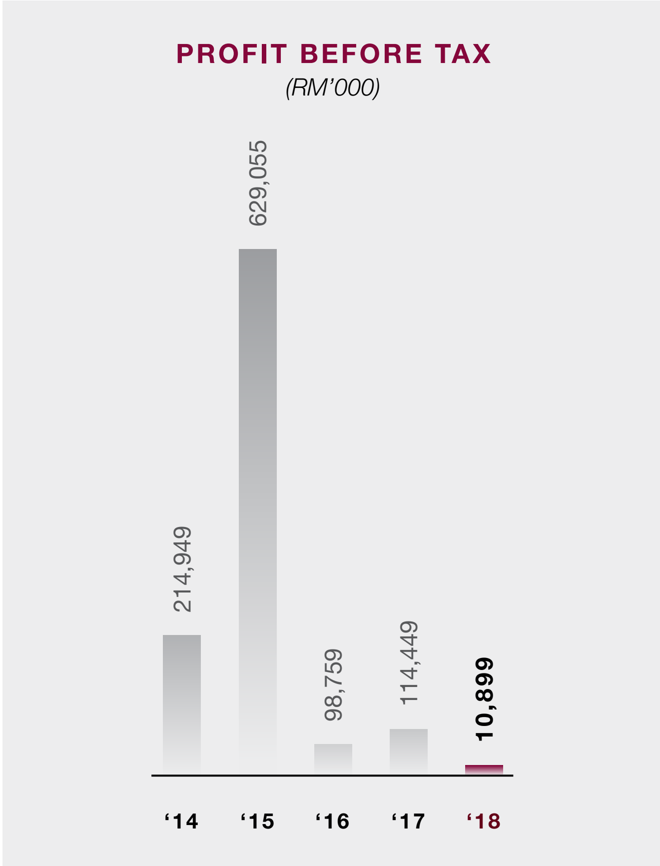
- 100% BUNGSAR HILL HOLDINGS SDN BHD
  - 100% PUSAT BANDAR DAMANSARA SDN BHD
- 100% CHONG CHOOK YEW SDN BERHAD
  - 100% DAMANSARA DEVELOPMENTS SDN BERHAD
    - 100% PUNCAK MADU SDN BHD
- 100% FRIENDLY TARGET SDN BHD
  - 100% SPB (AUSTRALIA) PTY LTD
  - 100% ALLIED PROVINCIAL INVESTMENTS INC
  - 100% SPB INTERNATIONAL HOLDINGS LTD
    - 100% ALLIED PROVINCIAL INVEST LTD
    - 100% SPB DEVELOPMENT PTY LTD
      - 100% SPB INVESTMENTS (AUSTRALIA) PTY LTD
- 100% KERUAN JAYA SDN BHD
- 100% SABARAN (MALAYSIA) SDN BHD
- 100% SAGU MESTIKA SDN BHD
  - 100% ORISIX SDN BHD
  - 100% ORISEVEN SDN BHD
  - 100% ORIEIGHT SDN BHD
  - 100% ORININE SDN BHD
  - 100% ORILAND SDN BHD
  - 100% SELAYANG MULIA SDN BHD
- 100% T.K. WEN & COMPANY SDN BERHAD
- 100% WENWORTH HOTEL (K.L.) SDN BHD
- 100% WENWORTH HOTEL SDN BHD

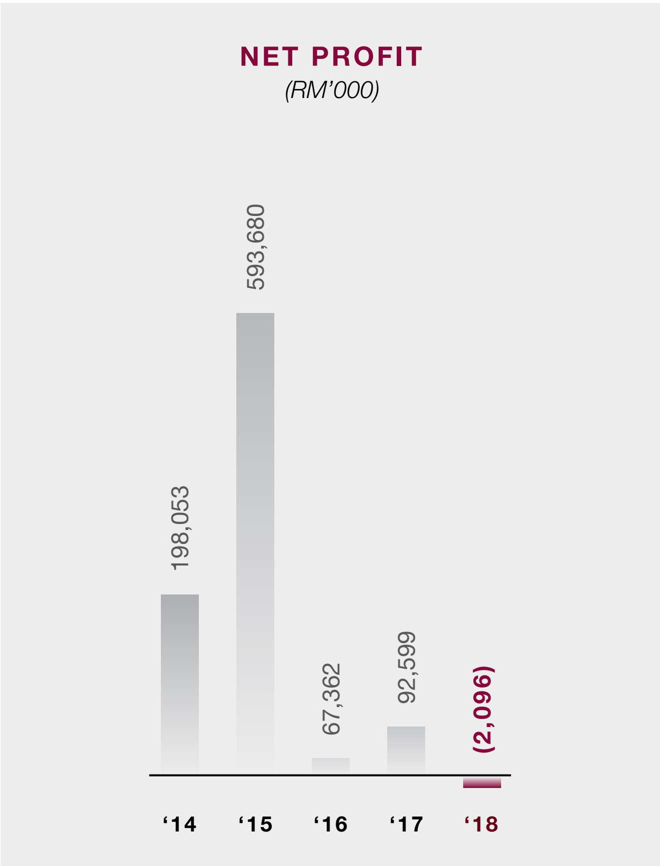
GROUP FINANCIAL HIGHLIGHTS

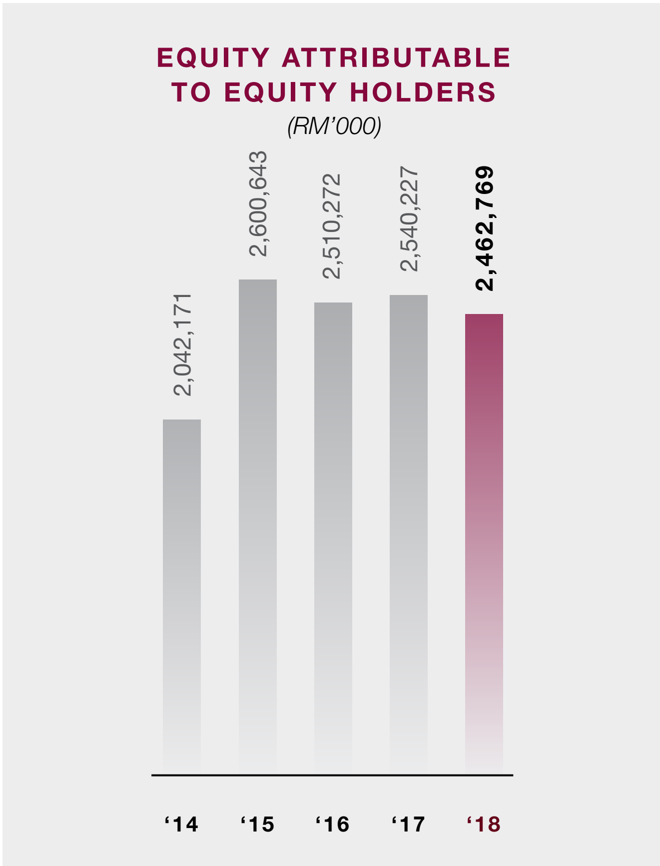
	FINANCIAL YEAR ENDED 31 OCTOBER				
	FY2014 AUDITED RM'000	FY2015 AUDITED RM'000	FY2016 AUDITED RM'000	FY2017 AUDITED RM'000	FY2018 AUDITED RM'000
Operating Revenue	101,121	99,491	120,925	140,165	**153,284**
Profit Before Tax	214,949	629,055	98,759	114,449	**10,899**
Profit/(Loss) After Tax	196,895	593,680	67,362	92,599	**(2,096)**
Minority Interests	(1,158)	-	-	-	**-**
Net Profit/(Loss) attributable to Equity Holders	198,053	593,680	67,362	92,599	**(2,096)**
Total Assets	2,448,115	2,988,801	2,917,446	2,997,056	**2,931,159**
Net Tangible Assets	2,042,171	2,600,643	2,510,272	2,540,227	**2,462,769**
Total Borrowings	(245,602)	(240,796)	(243,468)	(258,314)	**(259,618)**
Cash & Cash Equivalents	347,185	338,634	233,120	304,131	**430,739**
Net Cash	101,583	97,838	(10,348)	45,817	**171,121**
Share Capital	343,617	343,617	343,617	545,371	**545,371**
Reserves	263,812	269,838	283,913	88,238	**54,110**
Retained Earnings	1,434,742	1,987,188	1,882,742	1,906,618	**1,863,288**
Total Equity	2,042,171	2,600,643	2,510,272	2,540,227	**2,462,769**
Returns on Equity	9.7%	22.8%	2.7%	3.6%	**-0.1%**
Asset Turnover (%)	4.1%	3.3%	4.1%	4.7%	**5.2%**
Gearing Ratio	12.0%	9.3%	9.7%	10.2%	**10.5%**
Basic Earnings per Share (RM)	0.57	1.73	0.20	0.27	**(0.01)**
Net Assets per Share (RM)	5.94	7.57	7.31	7.39	**7.17**
Net Tangible Assets per Share (RM)	5.94	7.57	7.31	7.39	**7.17**
Gross Dividend per Share (RM)	0.12	0.50	0.20	0.12	**-**
Net Dividend per Share (RM)	0.12	0.50	0.20	0.12	**-**

Group Financial Highlights









DIRECTORS' PROFILE

MR WEN CHIU CHI

Executive Chairman
Non-Independent Executive Director

Age	Nationality	Gender
62	Malaysian	Male

Date of Appointment

20 April 1979

He holds a Bachelor of Commerce degree from the University of Western Australia. He was appointed as a director of the Company on 20 April 1979. He held the position of an Executive Director from 1979 to 2000. In year 2000, he assumed the position of Managing Director of the Company. He is also a member of the Remuneration Committee. On 27 December 2017, he relinquished the position of Managing Director and assumed the position of Executive Chairman of the Company.

He does not hold any directorship in any other public company.

DATO' ZAIBEDAH BINTI AHMAD

Independent Non-Executive Director

Age	Nationality	Gender
79	Malaysian	Female

Date of Appointment

28 June 2001

She holds a Bachelor of Arts degree from the University of Malaya. She was appointed to the Board on 28 June 2001. She is the Chairperson of Nominating Committee and serves as a member of the Audit and Risk Management Committee, and Remuneration Committee. She had been in the public service for 32 years and had served as an Ambassador of Malaysia in various countries such as Socialist Federative Republic of Yugoslavia (with concurrent accreditation to Romania), Spain and Republic of Turkey (with concurrent accreditation to Azerbaijan and Turkmenistan).

She does not hold any directorship in any other public company.

MR ONG LIANG WIN

Independent Non-Executive Director

Age	Nationality	Gender
55	Malaysian	Male

Date of Appointment

2 November 2001

He is currently the General Manager, Operational Finance of Tien Wah Press Holdings Berhad. He holds an Honours degree in Accountancy from Lancaster University, England and is a qualified accountant with the Institute of Chartered Accountants in England and Wales. He was appointed as a Director on 2 November 2001. He is also the Chairman of the Audit and Risk Management Committee and a member of the Nominating Committee, and Remuneration Committee. He has wide experience as an accountant as well as operational experience in property development, construction and manufacturing.

He does not hold any directorship in any other public company.

MADAM MARCIA KOK SUET LING

Independent Non-Executive Director

Age	Nationality	Gender
59	Malaysian	Female

Date of Appointment

27 December 2017

Madam Marcia Kok was appointed to the Board on 27 December 2017. She is Chairperson of Remuneration Committee and serves as a member of the Audit and Risk Management Committee, and Nominating Committee.

She is an accountant by profession and is a member of the Malaysian Institute of Certified Public Accountants. She started her career in a Big Four audit firm in Kuala Lumpur in 1978 and subsequently moved into corporate banking and investment banking advisory services with local merchant banks. She is presently a financial consultant to a private investment company.

She does not hold any directorship in any other public company.

MR STEPHEN JOHN SCUDAMORE

Independent Non-Executive Director

Age	Nationality	Gender
66	Australian	Male

Date of Appointment

1 March 2018

Mr Stephen John Scudamore was appointed to the Board on 1 March 2018. He was also appointed as a member of the Audit and Risk Management Committee, Nominating Committee and Remuneration Committee.

Mr Scudamore is a Chartered Accountant with a Bachelor Degree and a Master of Arts from the Oxford University, a Fellow of the Institute of Chartered Accountants, Australia and England & Wales, a Fellow of the Australian Institute of Company Directors and a Senior Fellow of the Financial Services Institute of Australia.

He is an experienced Australian company director with a distinguished career which includes more than three decades with KPMG (including senior roles in Australia, London and PNG), Chairman of Partners in Western Australia, Head of Corporate Finance in Western Australia and National Head of Valuations, KPMG Australia. He is Chairman of MDA Insurance Pty Ltd, and holds board positions on industry, government and community boards, including as a Trustee of the Western Australian Museum, Chairman of Amana Living Incorporated and a member of Council at Curtin University. He is also a senior advisor to Lazard Pty Limited in Australia.

Mr Scudamore does not hold any directorship in any other public company in Malaysia. He holds directorships in public listed companies in Australia and is currently an Independent Non-executive Director of Pilbara Minerals Limited and Australis Oil & Gas Limited.

ADDITIONAL INFORMATION

ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

Family Relationships with any Director and/or Major Shareholder
Mr Wen Chiu Chi, together with his brother, Mr Wen Ming Kang and sister, Ms Wen Hsia Min, are deemed interested in Kayin Holdings Sdn. Berhad, the holding company of the Company, by virtue of Kayin (M) Sdn. Bhd., which holds 100% of the shares in Kayin Holdings Sdn. Berhad. The entire paid-up share capital of Kayin (M) Sdn. Bhd. is collectively controlled by trusts settled for the Wen family members.

Except for Mr Wen Chiu Chi, none of the directors have family relationship with any other directors and/or major shareholders of the Company.

Conflict of Interest
All the directors have no conflict of interest with the Company.

Convictions for Offences (within the past 5 years, other than traffic offences)
None of the directors have any convictions for offences (other than traffic offence, if any) and have not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

Number of Board Meetings attended in the financial year ended 31 October 2018 ("FY2018")
Please refer to page 31 in the Annual Report for details.

OTHER INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS ("MMLR") OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES")

Audit and Non-Audit Fees
The amount of audit and non-audit fees paid or payable to the external auditors by the Company and the Group for FY2018 are as follows:

	GROUP (RM)	COMPANY (RM)
Audit Fees	308,000	136,000
Non-Audit Fees	85,320	77,320
Total	393,320	213,320

Material Contracts
During the financial year, there were no material contracts entered into by the Group involving directors' and/or major shareholders' interests.

Revaluation Policy
Please refer to Note 3.2 (b) of the financial statements at page 88.

Utilisation of Proceeds
The Company did not implement any fund raising exercise during the financial year.

PROFILE OF SENIOR MANAGEMENT TEAM

The Senior Management team is headed by the Executive Chairman, Mr Wen Chiu Chi, whose profile is disclosed in the Directors' profiles.

He is assisted by other members of the Senior Management team as follows:

CHONG KOON SAN	Age	Nationality	Gender	Date of Appointment
Chief Operating Officer ("COO")	52	Malaysian	Male	July 2012

Mr Chong Koon San joined the Group as a Corporate Affairs Manager in 2000. He was promoted to the present position as COO in July 2012. He is responsible for providing the day to day leadership and management of the Group's businesses. His responsibilities include establishing and implementing the Group's business strategies, plans and procedures. Mr Chong also manages the relationship with the customers of the Group and represents the Company in dealings with its stakeholders.

He obtained his Bachelor of Laws degree from the University of Malaya in 1991 and was called to the Malaysian Bar as an Advocate and Solicitor of the High Court of Malaya in 1992.

Mr Chong started his career as a litigation lawyer before moving on to banking and thereafter as an in-house legal advisor to corporations in several industries including banking, manufacturing & trading and property development. He had also held the position of a Non-Independent Non-Executive Director of Help International Corporation Bhd for the period from 2007 to 2014.

LEE TART CHOONG	Age	Nationality	Gender	Date of Appointment
Director of Finance	56	Malaysian	Male	September 2014

Mr Lee Tart Choong joined the Group as Director of Finance in September 2014. He has overall responsibility of the treasury and cash flow management, risk management, corporate finance, audit and tax compliance, information technology and human resources in addition to the financial reporting requirements of the Group.

He is a chartered accountant by profession and is a member of both the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

Mr Lee has extensive exposure in financial management with his working experience of over 30 years which covers the principal areas of auditing, accounting, corporate affairs, finances, business development and human resources. He started his career by serving articleship in a Big Four audit firm in Kuala Lumpur and later ventured into commerce to hold various senior positions in accounting and corporate. He was involved in businesses such as manufacturing & trading, investment holding, records & information management, waste management, travel & tours, consulting and property development.

Prior to joining the Group, he held several positions of Chief Financial Officer ("CFO") in public listed companies in Malaysia involved in property development. He had also held a regional CFO role for the Asian waste management division of a public listed company in Australia.

ADDITIONAL INFORMATION

Directorship in Public Companies and/or Listed Issuers
None of the Key Senior Management of the Company has any directorship in public companies and/or listed issuers.

Family Relationships with any Director and/or Major Shareholder
None of the Key Senior Management of the Company has any family relationship with any director and/or major shareholder of the Company.

Conflict of Interest
None of the Key Senior Management of the Company has any conflict of interest with the Company.

Convictions for Offences (within the past 5 years, other than traffic offences)
None of the Key Senior Management of the Company has any conviction for offences within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, we are pleased to present to you the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 October 2018 ("FY2018").

GROUP FINANCIAL REVIEW

The year 2018 marked a historic change in the Malaysian political landscape with a new government formed after the 14th general election held on 9th May 2018, causing a defeat to Barisan Nasional coalition for the first time in 6 decades.

At the same time, 2018 ended up as a volatile year with the global stock market crashing towards the fourth quarter and the escalation of trade tensions between US and China. Amidst these uncertainties, the Malaysian economy remained stagnant in 2018 with a projected growth rate of 4.8% against 5.9% in 2017. For 2019, the Malaysian government is expecting the economy to grow at a rate of 4.9% driven mainly by private sector.

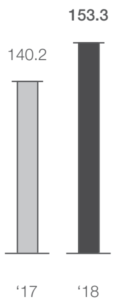
In fulfilling its election manifesto, the new government formed in May 2018 had announced various initiatives to alleviate inflationary concerns and to rejuvenate the economy. It made a key move to abolish the Goods and Services Tax ("GST") and re-introduced the Sales and Services Tax ("SST") in September 2018 to stem the inflationary effect of the GST. The change also led to expectations of reduction in the selling prices of properties, whilst the property business continues to remain soft with an over-supply in the market. However, the revision of Real Property Gains Tax ("RPGT") rates to 10% for disposal of properties after 5 years may have some impact on property transactions.

THE MALAYSIAN ECONOMY REMAINED STAGNANT WITH A PROJECTED GROWTH RATE OF

4.8%

in 2018

Revenue (RM Million)



Whilst subject to local and global uncertainties, the Group's businesses were able to withstand business volatility due to its prudent and conservative management policies. Construction progress on the AIRA Residence project contributed to an improvement in revenue for FY2018 to RM153.3 million from RM140.2 million in the preceding year. Stability in rental yields on properties and income from overseas investment holdings were also key factors which assisted the Group to maintain its overall financial performance.

The Group achieved a Profit Before Tax of RM10.9 million for the current financial year against RM114.4 million for FY2017.

The property investment segment contributed RM7.3 million after taking into account fair value losses of RM19.1 million arising from the soft property market. In the previous year, investment properties registered fair value losses of RM6.6 million.

The property development segment suffered a loss of RM16.9 million arising from marketing costs and overheads in carrying out intensive marketing activities in the soft property market. This position is unchanged from a loss of RM16.6 million in the previous year.

Amid this soft environment in the property market, the Group is progressing with its refurbishment plans to maintain and improve market competitiveness of its properties. Renovation works on Menara Milenium will continue over the next few years. The property will enjoy upgraded facilities upon completion. In addition, the refurbishment of the dated Taman Tunku Apartments over the next three years will benefit its patrons with an inviting fresh brand proposition, refreshed outlook and wider retail offerings from the additional retail spaces within the development.

Investment holdings recorded a loss of RM18.7 million amidst a volatile global capital market, attributable to market uncertainties. A forex loss of RM20.6 million in FY2018 resulted from the recovery of the Ringgit from its prior year's weakening, which contributed a forex gain of RM17.7 million in FY2017. These factors present a marked comparison against FY2017's profit before tax of RM51.0 million.

In terms of the Group's overseas projects, Claremont Quarter continues to maintain its attractive tenancy mix for its patrons in a prestigious residential area in Perth. The Group's participation through investments in land development projects in Australia, which are progressing in various stages of maturity, have continued to generate returns.

During the year under review, our Australian operations generated a Profit Before Tax of RM39.1 million, on the back of revenue of RM53.1 million.

For the Group's net cash flow in FY2018, the Group recorded a surplus of RM135.5 million, over RM64.6 million in FY2017. This was attributed to the lower dividend payout in FY2018 and higher revenue inflows from sales of AIRA Residence due to higher progress billings from its on-going construction activities.

For the Group's borrowings, they comprised mainly two loans amounting to AUD70.0 million (equivalent to RM207.6 million) to finance the Group's 50% interest in Claremont Quarter. As for the Shareholders' Equity as at 31st October 2018, it stood at RM2.46 billion. Correspondingly, the net tangible assets ("NTA") was at RM7.17 per share at the end of the FY2018. Based on the closing market price at 31st October 2018 of RM5.36 per share, the market capitalization of the Company stood at RM1.84 billion.

A final dividend of RM0.12 per share approved at the last Annual General Meeting in February 2018 which totaled to RM41.2 million was paid in March 2018. The Board of Directors does not propose any dividend for the current financial year in view of the net loss of RM2.1 million. The Group's land bank in Damansara Heights is about 30 acres. Preliminary development planning on its 7.9-acre Wisma Damansara site in Damansara Heights had been suspended when the Government imposed a freeze on the development of properties priced above RM1.0 million in November 2017. The Group will revisit the project's planning once the Government guidelines are revised.

As property investment is the Group's core business and its existing investment properties yield satisfactory rental income, the delay in the Group's development projects will not have a material impact on the Group's future earnings.

GROUP BUSINESS REVIEW

The Group's principal business segments are property investment, property development, Australian operations and investment holding.

1. Property Investment

Property investment remains the Group's core business and key financial driver for revenue, operating profit and cash flows. Property investment contributed 31% of the Group's revenue and 67% of its profit before tax for the current financial year.

The Group's investment properties are located in the prime district of Damansara Heights in Kuala Lumpur, or its vicinity, which comprise the following:

a) Menara Milenium – a 25-storey corporate office tower
b) Komplex Pejabat Damansara – 5 blocks of 4-storey office buildings
c) Plaza Batai – 16 double-storey retail shops
d) Taman Tunku Apartments – 85 units of apartment & 9 units of shops

Being at the heart of Damansara Heights – Menara Milenium, Komplex Pejabat Damansara and Plaza Batai are strategically located near two MRT stations. In addition, the Group's residential sites in Damansara Heights have similar potential for further development.

The Group's long-term strategy for growth has been achieved through:

a) Organic growth from existing properties through property improvement initiatives to encourage tenancy returns and capital appreciation; and
b) Strategic portfolio growth through development of new properties on existing land banks in Damansara Heights.

The Group regularly reviews market conditions and undertakes initiatives to improve facilities to fulfil its tenants' needs and expectations. The Group's refurbishment works on Menara Milenium over the next few years will culminate in upgraded facilities. And, for Taman Tunku Apartments, the refurbishment will provide a new facelift and additional offerings to tenants and surrounding community.

a. Menara Milenium

A grade A 25-storey office building with a total net lettable area of 550,000 square feet, the outstanding architectural features of Menara Milenium stands majestically against its surroundings. Despite the over-supply of office space within the market, Menara Milenium maintained a near-full occupancy throughout the financial year while achieving good rental yield – this is contributed by its tenancies of several reputable firms which remained satisfied with the property's offerings such as its prestigious business address and location in proximity to the city.

b. Plaza Batai

Plaza Batai is a boutique commercial centre which consists of 16 units of double-storey terrace shop lots located along Jalan Batai. Each retail unit has a net lettable area of approximately 1,500 square feet. The 16 shops provide a total of 21,760 square feet of retail space on the ground level and 25,400 square feet on the first floor.

The retail businesses at Plaza Batai is operated by tenants ranging from F&B, groceries to health and beauty care. These retailers provide extensive and attractive offerings to meet the needs of the surrounding residential neighbourhood and corporate offices.

The shops are 100% occupied with a high rental yield.

c. Taman Tunku Apartments

Nestled in the tranquil and lush green residential enclave of Taman Tunku, the property consists of 94 units with 85 apartments and 9 retail shops. Its anchor tenant is the branch of a major local bank while the retail shops provide day-to-day amenities not only to its apartment tenants but also to the surrounding residential neighbourhood. The refurbishment exercise will provide a facelift to the buildings and increase lettable spaces with better facilities.

Menara Milenium

Plaza Batai

Taman Tunku Apartments

2. Property Development

Since its launch in October 2016, AIRA Residence, a high-end condominium project, has attracted many prospects with its architectural design and premium grade finishing. Sales to date have been commendable in the wake of the soft property market. With the progress of the main construction works on schedule, its target completion in Q3 2020 looks achievable with targeted delivery to purchasers in early 2021. With construction progress made to date and sales achieved, increased progress billings have enhanced revenue contributions from the project and will over time further contribute to the results of the Group.

The development on the Wisma Damansara site had been suspended when the Government imposed in November 2017, a freeze on the approvals for development of properties priced above RM1.0 million, in its response to the over-supply of commercial and retail properties, and serviced apartments.

The details of the Group's existing development projects are as follows:

a. AIRA Residence

AIRA Residence is a freehold luxury condominium project on a 3-acre site which sits atop the hill on Jalan Batai in Damansara Heights with a spectacular view of Kuala Lumpur City centre skyline. The site is quiet and tranquil and is surrounded by a matured neighbourhood of bungalow houses.

AIRA Residence consists of 154 units (105 units in Tower A and 49 units in Tower B), with built-up areas ranging from 1,894 to 7,730 square feet. Conceived by an award-winning design team, all units are designed to complement the lifestyle needs of the high net worth market – the units are spacious with meticulous attention paid to the detailed finish.

Construction works on the site began in January 2016 with the sub-structure works completed in April 2017 whilst the main structure works commenced in August 2017. The project is expected to be completed and handed over in early 2021. As a responsible developer, the Company had, since the start of construction works, engaged with the community near the site to address their concerns. The Company had undertaken all measures to minimise inconvenience and to address environmental concerns on the site and its surrounding area. The residents have easy access to the Company's representatives who are in constant engagement with them to address any issues that may arise from time to time.

AIRA Residence

Bukit Permata

b. Bukit Permata

Permata Heights is a mature residential development situated at the hills of Gombak. The property is a freehold hillside residential enclave forming part of a 100-acre gentle sloping landscape.

Phase 4 of Permata Heights has a total of 60 residential property units comprising 36 units of semi-detached houses and 24 units of bungalows. Due to the soft market sentiments and subjected to market conditions, the sales launch has been deferred to the first half of calendar 2019. Construction works on site, initially suspended in 2017, is expected to resume in early-mid 2019 in conjunction with the re-launch of the project. The completion and handover of these properties are expected in late 2020.

Development planning on the remaining phases of Permata Heights has been deferred in view of the soft property market.

c. Wisma Damansara

The 7.9-acre site has been planned for mixed development incorporating retail, commercial and residential elements. Preliminary planning work on the development has been suspended in view of the report by Bank Negara Malaysia on the over-supply of high-end commercial properties and serviced apartments priced above RM1.0 million and the Government's freeze on building approvals for such properties.

d. Land bank

The Group's land banks are located in Damansara Heights, Gombak, Selayang and Ulu Langat. Development planning for the Group's land bank in Damansara Heights will focus on strategic considerations such as integration with the surrounding MRT line/stations and major mixed/commercial development activities in the area. In view of the present over-supply of properties in the market, the Group will be reviewing its property development plans as the market conditions change. For prudence and risk management, the Group will also consider staging these projects carefully over time.

Whilst market conditions do not encourage the acquisition of land bank, the Group will nevertheless consider acquisition of land parcels that may fit into the Group's overall growth strategy.

3. Australian Operations

The Group's operations in Australia are focused on an integrated retail centres; Claremont Quarter and 7 & 21 Bayview Terrace, in Perth, Australia under a joint-venture arrangement with an Australian state investment corporation. The properties comprise the following:

a. Claremont Quarter

The property is a prominent regional retail centre well located within the affluent western suburb of Claremont about 10km away from Perth's central business district. This freehold development sits on a 6.4-acre land with a net lettable area of 311,869 square feet spanning two levels and is currently fully tenanted. Claremont Quarter enjoys a broad tenancy profile with two anchor tenants of national and chain retailers, David Jones and Coles, dominating the specialty mix.

b. 7 Bayview Terrace

The two-storey shop is located within the retail hub of Claremont's town centre and is located beside one of the main entrances of Claremont Quarter with a total land area of approximately 2,863.2 square feet. The terrace comprises two levels with a lettable area of 3,035 square feet.

c. 21 Bayview Terrace

This two-storey shop, which sits adjacent to Claremont Quarter, was a strategic acquisition in August 2018. The acquisition will assist in better influence and control of the business activities surrounding Claremont Quarter.

The Group finances its share of the acquisition costs on Claremont Quarter through two loan facilities totalling AUD70.0 million from two Australian banks.

The profitable returns generated from the joint-venture operations of Claremont Quarter are re-invested in land development opportunities in Australia.

The Group regularly reviews opportunities for business expansion in Australia in income producing properties and development projects.

These operations of the Group are managed by an Australian company, Hawaiian Pty. Ltd. which is a related party of the Group.

Claremont Quarter

Claremont Quarter

4. Investment Holdings

Investment holdings in Malaysia consist of placements of short-term funds in unit trusts which generate tax-exempt interests in the form of dividends or capital gains. The Group has a policy of placing funds in the top performing trust funds in Malaysia which invests only in cash fund instruments such as fixed deposits – of which, returns qualify for tax exemption.

During the financial year, yields achieved from unit trust funds varied between 3.44% and 3.79%. These short-term funds were intended to provide working capital for the Group's activities in investment properties and property development.

Investments outside Malaysia comprise of investments in fixed income funds, real estate funds, hedged funds and fixed deposits. These investments are denominated in a few foreign currencies and hence, are subject to currency exchange rate fluctuations. These funds are long-term placements until such time as they are required to be liquidated to provide the necessary capital for any suitable business opportunity that may arise in Malaysia or in oversea markets.

SUSTAINABILITY

The Group has adopted sustainability reporting as tabled in pages 17 to 28 of the Annual Report.

LOOKING FORWARD

The Government forecast in Budget 2019 that the Malaysian's GDP will expand to 4.9% in 2019 with the acknowledgement that the country's economic growth is susceptible to geopolitical tensions and oil price volatility.

The Sales and Services Tax, Real Property Gains Tax and banks' lending guidelines on properties will continue to affect sentiments of the present property market. Together with high household debts and the weakened Ringgit, uncertainty in the recovery of the property market in Malaysia remains.

Against this backdrop, we nonetheless expect our investment properties to be able to maintain their performance in 2019. Sales of AIRA Residence are expected to improve and the progression of construction work on site will remain on schedule. We will monitor developments in Government approvals to enable us to ascertain the timing of development of the Group's land banks. We remain confident that our overseas investments will maintain their performance in 2019 despite the exposure to foreign currency fluctuations.

CORPORATE DEVELOPMENT

The Company had on 25 October 2018 received a letter from its major shareholder, Kayin Holdings Sdn Bhd ("Kayin") ("Proposal Letter"), requesting for SPB to undertake a selective capital reduction and repayment exercise pursuant to Section 116 of the Companies Act 2016 ("Proposed SCR").

The Proposed SCR entailed a selective capital reduction and a corresponding capital repayment of proposed cash amount of RM5.70 ("SCR Offer Price") per ordinary share in SPB held by all the shareholders of SPB (other than Kayin), whose names appear in the Record of Depositors of SPB as at the close of business on an entitlement date to be determined and announced later by the Board. The Proposed SCR is subject to approval of shareholders (other than Kayin) at an Extraordinary General Meeting to be held.

On 17 December 2018, Kayin notified the Board of Directors that they wish to revise the SCR Offer Price for each existing share held by the shareholders (other than Kayin) to RM6.00 ("Revised SCR Offer Price"). On 15 January 2019, Kayin notified the Board of Directors of a revision of the Revised SCR Offer Price to RM6.30 ("Final SCR Offer Price") per ordinary share.

Consequential to the Final SCR Offer Price, the issued share capital of SPB will be reduced by up to RM687,768,008 pursuant to the Proposed SCR. As a result of the Final SCR Offer Price, the capital reduction is still higher than the existing issued share capital of SPB and hence, a bonus issue is proposed to be undertaken by SPB to increase the share capital of SPB to a level which is sufficient for the capital reduction to facilitate the Proposed SCR. All SPB shares, including the bonus shares, will be cancelled save for those shares held by Kayin. Upon completion of the Proposed SCR, Kayin will hold the remaining SPB shares which are not cancelled and will own 100% equity interest in the Company.

Kayin has indicated vide the Proposal Letter that it does not intend to maintain the listing status of the Company on the Main Market of Bursa Malaysia Securities Berhad upon the completion of the exercise.

At an Extraordinary General Meeting held earlier today, the shareholders, save for Kayin, have voted in favour of the Proposed SCR. Following this outcome, the Company will proceed with the filing of an application to the High Court for the reduction of the share capital of the Company under Section 116 of the Companies Act 2016. The High Court order is expected to be obtained in April 2019 and thereafter in May 2019, the following events to take place:

a) the settlement of the Final SCR Offer Price;
b) completion of the Proposed SCR exercise; and
c) de-listing of the Company's shares from the Main Market of Bursa Malaysia Securities Berhad.

ACKNOWLEDGEMENT

The Board wishes to express its condolences to the family of our Company's founder, Puan Sri Datin Chong Chook Yew, on her passing in September 2018. We pay tribute to Puan Sri Datin Chong Chook Yew, being one of the founders of the Company who laid the cornerstone of the Company and bringing it to where it is today. A visionary leader, she was instrumental in setting the Group's direction over the past 50 years, and instilled values and business ethics which we in the Company practice to this day.

The Company welcomes Mr Stephen John Scudamore to the Board and look forward to his participation and contribution to the Board.

I would like to extend my sincere gratitude my fellow Board members for contributing towards the Group's continued success in these challenging times.

The Company would also like to thank our valued customers and tenants, business associates, partners, bankers, staff and shareholders for their invaluable contribution and support.

WEN CHIU CHI
Executive Chairman
14 February 2019

SUSTAINABILITY STATEMENT

INTRODUCTION

Selangor Properties Berhad group ("the Group") has always been committed in promoting sustainability. As a broader sustainability agenda, issues relating to environmental awareness, societal values and safety form the integral part of the Group's values and in its conduct of its businesses. Promoting good sustainability practices and reducing the environmental impact are key considerations in our projects' planning and the results can be seen in the relationship that we have built over the years with our surrounding communities.

SCOPE

This Sustainability Statement covers the operations of Selangor Properties Berhad ("SPB" or "the Company") and its subsidiary companies within Malaysia for the financial year between 1 November 2017 and 31 October 2018. This Statement is guided by the amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements relating to Sustainability Statement in Annual Reports.

GOVERNANCE

As part of good governance practices, a Sustainability Committee ("Committee") was established in January 2017 to oversee the sustainability efforts of the Group. The Committee reports to the Board of Directors of SPB ("Board") and its primary role is to identify SPB's sustainability direction and to ensure effective implementation of sustainability initiatives across the Group's operations.

The Group implemented a Sustainability Policy in 2017 guided by the following principles:
- to ensure that sustainability forms an integral part of strategic planning;
- to enhance sustainability through regular updates of strategies, policies, procedures and provide relevant training;
- to establish and continue to improve appropriate governance structures and processes;
- to assess the impacts and outcomes of sustainability; and
- to plan for long-term availability of resources including human and financial resources.

STAKEHOLDER ENGAGEMENT

The Group believes effective stakeholder engagement is essential in ensuring its success. As part of the Group's values, SPB has always conducted its businesses with integrity and fairness. As such, in engaging with its stakeholders, the Group practices honesty, transparency and mutual respect in order to develop mutually cooperative and supportive relationships.

Materiality

The Group's sustainability direction is communicated through stakeholder dialogue which is used to identify issues that would require the Group to address. Issues which are material to the Group is assessed based on the impact of the issue, the number of stakeholders affected and the impact to the Group's businesses. Topics that are considered material will either be included in the Company's Group's report or cross-referenced to other documented report (such as Board Charter or Sustainability Policy). Managing feedbacks in such a manner enables the Group to monitor its progress in creating economic, environmental and social value.

Our Material Matters

Economic Growth
Responsible Development
Customer and Stakeholder Management
Supply Chain Management

Environmental Management
Eco-Focused Approaches
- Energy Management
- Water Management
- Waste Management

Social Contribution
Employees
- Occupational Safety and Health
- Learning and Development
Contribution to the Community

ECONOMIC GROWTH

Responsible Development

Apart from financial objectives, environment and social factors are key considerations that drive the strategies and objectives for the Group's businesses. This goes beyond complying with the minimum legal requirements. The Group strives for sustainable development with consideration for environment, social and conservation of nature ("sustainable considerations").

In its property developments, the Group incorporates these sustainable considerations throughout the property project lifecycle. They are implemented right from the beginning of property planning and design, continued on to the development stages and construction until the project is completed. The Group's activities are based on responsible development and have had positive impacts in improving the lives of the local communities and surrounding areas.

The Group takes pride in delivering quality and timely delivery of its products. As a result, the Group's brand has made a deeper connection with many prospective buyers and over time, have won over many customers through trust and reliability.

Unlocking Value

As part of the Group's strategy, the Group strives to put its idle assets into use for revenue generation. Land held for development such as the vacant land situated at Jalan Damanlela and Jalan Damansuria, Damansara Heights, are converted into open car parking spaces catering for the demand of many office workers in the vicinity. These car parking spaces enjoyed good take-up and further improved the Group's revenue.

Similarly, for the Group's Kompleks Pejabat Damansara property, a wayfinding exercise was carried out to improve its brand presence with improved accessibility and visibility of the building and at the same time, to be better aligned with the Semantan MRT Station and its bus lay-by.

Property Refurbishment

As a continuous effort to enhance customers' experience, the Group continues to look for ways in re-freshing its properties. For instance, the Group's refurbishment exercise of Plaza Batai in 2015 succeeded in reinvigorating the commercial centre. Post-refurbishment, the centre saw an increased footfall traffic and received its accolade when it was inducted in the Lonely Planet's "10 of the world's coolest neighbourhoods to visit right now" 2017 listed alongside other trendy places such as Tooting in London, Sunset Park in New York City and Seongsu-dong in Seoul. This translates into better financial returns with higher occupancy and rental returns.

Another very unique property within the Group known as Taman Tunku Apartments, is currently undergoing a refurbishment exercise. The refurbishment will result in more retail spaces, which is currently lacking in the property, and with more facilities. The refurbishment exercise is targeted to be completed by 2020. This is part of the Group's effort to enhance aging premises for a refreshing look, improve layout and facilities.

The Group's main office building, Menara Milenium, will likewise see a refurbishment exercise this year. The refurbishment exercise aims to cover interior design improvements, enhance vehicular and pedestrian circulation, external landscape, improve building connectivity, street identity and accessibility. It is hoped that when the refurbishment is completed, it will maintain and improve the building's long-term capital appreciation and its appeal to existing and potential tenants.

Customer and Stakeholder Management

During the construction phase of AIRA Residence project, the Group reached out to the local community living near the project site by conducting dialogues with the community in order to maintain communication, understand and address their concerns. The community living near the AIRA Residence project was also given access to a SPB Representative's contact number for the same purpose. As a result, the Group implemented measures to minimize inconvenience and to address concerns relating to safety, health and environment.

In the development of AIRA Residence project, the Group adopted strict health and safety guidelines. The contractor of AIRA Residence is required to follow the Environmental Management Plan. Throughout the project lifecycle, the Group will monitor environmental issues and will comply to City Council and Department of Environment's noise level regulations.

For the Group's investment properties, a Community Manager was designated to address complaints pertaining to tenant-related issues. For Menara Milenium building, customer service was enhanced with a centralized Helpdesk Call Tracker to manage complaints and to provide information to customers in a more efficient manner. The Group believes customer satisfaction is paramount to ensure a deeper connection with them and for their continuous long-term patronage.

Supply Chain Management

The Group is committed to ensure supply chain resilience. In the effort to uphold quality and safety of the Group's products, the Group ensures that all its suppliers are aware of the Group's expectations. At the same time, the Group ensures all products and services meet its internal procedures and standards, the local laws and regulations, labour practices, health and safety, anti-corruption practices and product delivery quality.

The Group believes effective management of the supply chain helps to reduce the risk of business disruptions, conserve resources and ensures compliance with regulation. The Group is committed to support capable local vendors, which in turn generates local job creation. Over the years, the Group has built meaningful and solid relationship with its vendors and they are key in supporting the Group to consistently deliver quality products in a timely manner.

ENVIRONMENTAL MANAGEMENT

The environment plays a pivotal role at the core of the Group's businesses. The Group integrates environmental considerations into its properties and its internal corporate operations. These aspects are part of the Group's businesses over the years and the Group has inculcated environment-focused thinking amongst its employees.

Eco-Focused Approaches

The Group's building designs have always focused on natural and eco-friendly solutions. The buildings showcase developments that harness natural light and ventilation, reduce energy consumption and ultimately, encourage sustainable living amongst the occupants. At some of the Group's investment properties, upgrading work has been conducted which consisted of double-glazing windows for better insulation and installing automatic sensors for lights and wash basins to reduce energy and water usage.

The Group's current high-rise condominium project, AIRA Residence, obtained a Silver Provisional Certificate Award by the Green Building Index ("GBI") in July 2017. The AIRA Residence project utilises solar energy, incorporates rainwater harvesting, uses efficient heat management and provides charging stations for electric vehicles. The residence is expected to be completed in early 2021. Beyond AIRA Residence, the Group has plans for the future development of the Wisma Damansara site to be incorporated with green building features such as lowering energy consumption by harnessing natural light and ventilation.

The Group is extending its environmentally friendly efforts at its corporate offices by implementing the usage of eco-friendly detergents and solutions by the cleaners and servicing agents. The Group is also increasing awareness among its employees to lead a more energy efficient lifestyle. To further emphasise the Group's commitment to safeguard the environment, the first Environment, Health & Safety ("EHS") manager was appointed at SPB. The Group believes that the various efforts will be the building blocks towards more robust adaptation of a more environmental-friendlier mindset amongst its staff.

Energy Management

To mitigate the effects of climate change, there is a need to transition to a low-carbon economy and this requires reduced energy usage. In December 2018, SPB intends to implement an Energy Management Programme at Menara Milenium which will meet the requirements of the Electricity Supply Act 1990 and Efficient Management of Electrical Energy Regulations 2008. The Group will appoint a registered Electrical Energy Manager to run the programme.

The chiller optimisation programme which was implemented by the Group uses R134a gas which has low global warming potential. This would indirectly contribute to a lower carbon footprint. Currently the R134a gas usage consists of 52% of the overall refrigerant mixed. The Group was able to meet the required cooling conditions and zero complaints were received from tenants and customers. This effort was continued and retained until 2018.

To further increase savings in energy, building management system ("BMS") integrated with timers and motion sensors are used in the common areas and carparks at KPD and Menara Milenium. The systems are used to control and optimize lighting consumption during non-peak hours between 12am to 7am.

In terms of reduction of energy use across SPB's assets under management, the Group continues to promote environmentally focused approaches spearheaded by the Investment Properties team to promote, educate and champion practices and initiatives that can reduce energy use. The Group also conducted studies and new technologies for energy consumption.

Water Management

The changing climate is predicted to result in high rainfall in certain regions and scarce rainfall in others. Like energy, using water efficiently is one of the practices of sustainable living. The Group has adopted water-saving measures at several of its properties such as rainwater harvesting and awareness campaigns on water conservation among its staff, customers and tenants.

The Group is also aware of the impact of its construction sites towards natural water resources. The potential impact to receiving waters is particularly severe when vegetation is cleared and the site is graded to create a buildable landscape. The Erosion and Sediment Control Plan ("ESCP") that the Group has in place includes methods such as silt traps and perimeter drains at project sites. The ESCP reduces sediment loss during construction and is strictly adhered to during the civil and structure construction of all projects. Silt and sediment control are thus a key element in the Group's water sources management strategy.

Waste Management

a. Waste management at investment properties

Recycling waste is a clear example of the Group's focus on a more eco-efficient way to managing resources. Today, recycling bins are readily available at all properties for tenants, shoppers and serviced residence guests. As waste generated at operational properties is mostly from tenants, residents and the general public, the Group intends to further engage stakeholders through various means to minimise and recycle waste. Once the refurbishment programme at Menara Milenium is completed, tenants will be introduced to a thorough waste segregation programme to support efforts of waste recycling.

b. Waste management at construction sites

Responsible waste management plays a significant role in sustainable building. Efforts are in place to minimise waste produced on-site and thus reduce waste that is to be removed from the project site. No burning of waste is allowed on or off-site. Waste materials at site basically fall into 3 categories of management: re-use, recycle and landfill.

The considerations in the waste management process are waste reduction, segregation, re-use and recycling of waste, disposal, monitoring and tracking of waste flows and reviewing of records.

Focus Story: Effective resource management at AIRA Residence

Regionally sourced materials accounts for about 26.4% of total material cost. These include materials and products such as steel, concrete, reinforcements and ceramics. Materials with recycled content constituted at least 17.4% of total materials cost used during construction.

REUSE

- **Surplus of materials**
  - The materials can be removed and used in its present form. These are considered removed from site for reuse.
  - Can be reused in permanent works.

    Examples:
    - Waste concrete that could be crushed to be used as hardcore for pavement or used for temporary access
    - Concrete waste is also reused to make lintel beam, concrete block and barrier

RECYCLE

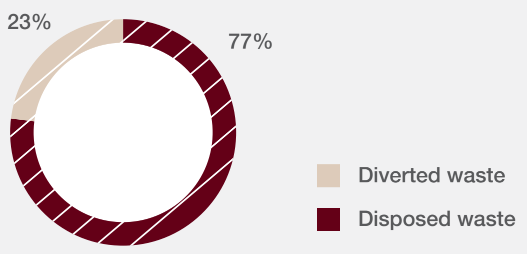
- If surplus materials cannot be reused in its present form but could be used in a different form, they are sent for recycling.

  Example:
  - Steel bar and timber

LANDFILL

- If the materials cannot be reused or recycled, then only would the surplus materials be sent to the landfill. The landfill option is always a last resort.

Construction Waste Management data for AIRA Residence



(Data calculated is based on bin volume)

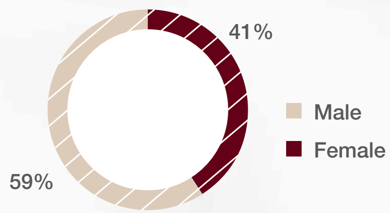
The construction site's Environment Officer ("EO") is a Certified Environmental Professional in Scheduled Waste Management ("CePSWaM"). The construction site's scheduled waste consists of spent lubricating oil, spent hydraulic oil and disposed containers contaminated with chemicals. Hazardous waste is separated, stored and disposed of according to local regulations and not included in construction waste management plans calculation of waste. An updated hazardous waste inventory is provided on a weekly basis. The system enables SPB to manage waste at site effectively.

SOCIAL CONTRIBUTION

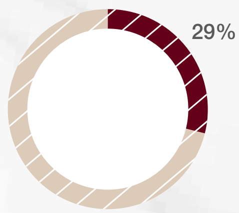
Our Employees

At the heart of the Group's success are its employees. Ultimately, a safe and inclusive work environment is one that will encourage a spirit of togetherness and harmony amongst employees. The Group is committed to investing in employee growth and build a workplace that recognises talent. There are various platforms for employees to engage management on issues that affect them and the two-way dialogue assists in co-creating a holistic work environment. The Group has strict anti-discriminatory policies in place to ensure inclusiveness.

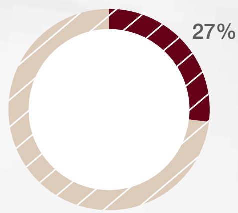
Percentage of employees by gender



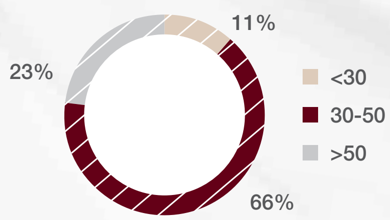
Percentage of women in top management



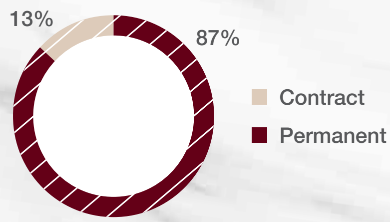
Percentage of women in management



Percentage of employees by age group



Percentage of employees by employment category



61

TOTAL NUMBER OF EMPLOYEES

<u>Occupational Safety and Health</u>

The Group emphasises on the importance of creating a workplace that is safe, secure and free from harassment, intimidation, threats and violence. Measures are in place to prioritise safety and provide a working environment which is free from accidents.

Annually, the Group conducts at least two safety related training sessions with an attendance rate of 95% which is reflective of the Group's stance on employee safety as a priority above all else. Quarterly Workplace Safety Committee meetings are crucial to address adherence measures and gaps.

The Group's Workplace Safety and Health Policy underscores its commitment. The Group's philosophy is that all accidents are preventable. In order to achieve this, it is important that managers lead the way as role models. All employees are tasked with adhering to accident prevention programmes, the promotion of workplace safety and health awareness as well as contributing towards continuous improvement. The Group's Workplace Safety & Health Committee oversees all safety and health programmes and ensures continuous improvement measures are in place.

The Group also places great importance on all contractors working at its premises to comply and implement the principles of this work place safety & health policy.

The Group recorded a 0.723 loss time injury frequency rate ("LTIFR") and zero fatalities for 2018. The Group aims to achieve 1,000,000 man-hours without loss time and zero fatalities for the following year.

Health and Safety initiatives

In our most recent development, AIRA Residence, the Group implemented the following safety measures:
- Quarterly audits and inspections and oversee a Zero Accident record
- Weekly walk down and committee meetings with the goal of minimising the number of weekly safety findings
- Work with contractors and tender team to ensure adherence to SPB's EHS Requirements and promote best practices on-site

Health and safety initiatives at asset management properties:
- Weekly EHS inspection and risk mitigation plan of all assets
- Achieve zero accidents or public complaints on EHS matters at all assets

<u>Learning and Development</u>

The Group's training and development initiatives are core aspects of employee capability enhancement efforts. In line with the Group's commitment and passion towards lifelong learning, employees are supported by training and development opportunities to enhance their knowledge, improve their skills and broaden their work experience and exposure.

The Group's focus is on both technical and management training. Apart from this, through activities such as team building which nurture bonding and develop team work, employees are also provided with tools for emotional and holistic well-being. There are opportunities in place for superiors and employees to discuss on their performance and needs for development. This process enables identification of gaps and knowledge needs.

AVERAGE TRAINING HOURS **12.6** **HOURS** *per employee*

Team Building 2018

Some 40 employees participated in the team building activity. The aim is to bring employees together by encouraging collaboration and teamwork in a more informal setting. The activity helps connect people with each other in a different setting. Ultimately, the Group's objective is for individuals and teams to continuously build skills in communication, planning, problem-solving and conflict resolution.

Contribution to the Community

Supporting communities towards better opportunities is part of the values the Group holds steadfast as a caring corporate citizen. Thriving and resilient communities are not just a way of giving back but a reflection of the Group's business – The Group can only grow when its communities are empowered. The Group's commitment to community development is reflected through targeted programmes, meaningful partnerships and volunteerism. In 2018, the Group's community contribution efforts were focused on three key areas: empowering women through capacity building and holistic support, education for youth as well as health and well-being. The Group is committed to ensure that the reach and impact of its programmes are nurtured and further scaled up.

Empowering Women

Domestic violence disrupts the lives of women in crisis and their families which in turn has a pervasive impact on community growth and development. The Group supports domestic violence prevention efforts through a long-term partnership with Women's Aid Organisation ("WAO"). A credible non-profit organisation for domestic violence survivors in Malaysia, WAO ensures that women in crisis have a safe space to ask for help as well as provide ongoing reintegration support. The Group has partnered with WAO on different projects since 2015.

Under a new three-year partnership, the Group will continue to reinforce WAO's efforts in advocating for better rights of women in crisis as well as support the safety and well-being of domestic violence survivors and their children. The Group's objective is to increase awareness amongst domestic violence survivors in terms of their rights and the resources available to them in times of crisis. The Group also wants to empower women and girls to be in control of their own lives and have greater choices in shaping their own future.

The Group's contribution will be channelled towards capacity building a team of social workers that are able to provide immediate support as well as essential crisis services to survivors which includes managing police reports, medical treatments, legal matters as well as holistic emotional and legal support. The accessibility and reach of the services provided by the WAO team helps survivors break the enduring cycle of violence as well as provide support to their families.

1 SOCIAL WORKER *supports an average of*
60 WOMEN AND CHILDREN *per year*

RM1,110,000 *for three years*

Funding for **6 SOCIAL WORKERS**

The **6 SOCIAL WORKERS** *supported by the Group have*

PROVIDED ASSISTANCE TO
42 WOMEN
and
58 CHILDREN

ATTENDED TO
143
COURT CASES
for shelter residents, former residents and clients

CONDUCTED
128 SESSIONS
of face-to-face counselling

TRAINED
60
CRISIS SUPPORT OFFICERS *who completed*
49
PRACTICUM SESSIONS
of handling the crisis hotline

Education

Social change can only occur when there is educational intervention. A child's learning and development progresses in tandem with the quality of education received. Children from the lower income segment are often the most marginalised and may miss out on the opportunities for early education.

a. Providing for the Community

The Group undertook the task of setting up a kindergarten in 2018 at the Selayang Mulia Low Cost ("SMLC") housing, one of its completed housing projects which consists of 744 residence units and 44 shop units. The kindergarten is an addition to the two existing tuition centres, which were also set up by the Group for the community.

The kindergarten, named Tabika Perpaduan Selayang Mulia, is managed by the Department of National Unity and Integration, Prime Minister Department (Jabatan Perpaduan Negara dan Integrasi Nasional, Jabatan Perdana Menteri). Working together with the government agencies ensures that we meet the curriculum and emotional needs of very young children.

Children with strong education foundation can transform an entire community for the better. The Group will, in the long-term, continue educational initiatives, in ensuring better opportunities for children who will be future leaders.

Milestones

2015 **Maintenance and Residents' Survey**
- Provided maintenance and repair of SMLC facilities
- Conducted survey at SMLC to understand the needs of the residents
- Result of survey: Requests for tuition centre and early childhood development centre

2016 **Establishment of Tuition Centre**
- Two shop units were set up as tuition centres at Block A for school-going children aged between 10 and 17 years old in SMLC
- Two tutors conduct classes every weeknight covering various school subjects, preparing students for examinations

2017 **Establishment of Kindergarten**
- One shop unit in Block A was renovated into a kindergarten to support the education of children aged 5 and 6

2018 **Maintenance and Contribution for Tuition Centres**
- The Group invested RM20,000 towards repairs and maintenance, utility expenses, registration fees, examination workshops, stationery, back-to-school items, administrative expenses and festive celebration
- 31 students currently attend the tuition centres
- In 2018, as one of the activities by the Group's volunteering programme, the Group's employees repainted the tuition centre

Contribution for Tabika Perpaduan Selayang Mulia
- RM30,000 sponsorship for utility fees, partial cost of daily meals, back-to-school items, reading materials, festive goodies, mural painting, sports day and convocation
- 30 students currently attend the kindergarten

b. Education in High-need Schools

Teach For Malaysia ("TFM") is part of the Teach For All global network, which aims to develop future leaders to teach children in under-resourced schools around the world. In 2018, the Group embarked on a new partnership with TFM with a contribution of RM100,000. The support will enable a TFM Fellow to teach and mentor children in a high-need school for two years.

The selected TFM Fellow, Aisyah Ajib, graduated from the University College London in the United Kingdom with a degree in Architecture and subsequently gained four years of work experience in the architecture industry. She is trained to teach and mentor children in a high-need school on a full-time basis. After seven months of teaching English since she began the fellowship in March 2018, Aisyah has spent more than 20 hours per week interacting with students. In a year, she would be able to teach up to 190 students. In addition to the curriculum, Aisyah instils confidence in the students through confidence-building and motivational sessions.

Besides providing access to quality education for children from high-need communities, the TFM Fellowship also serves as a leadership development programme helping the Fellows hone many important life skills essential for career building.

Teach For Malaysia ("TFM")

"As a whole I feel that students in my classes generally have shown greater motivation and confidence towards learning English and they are on their way to become independent learners. For example, so many of them did not even know how to use the dictionary when I began teaching and now it has become second nature for them to use dictionaries alongside work. It has been worth the time and effort invested to help them build good foundation and growth mindset. They are learning to not be afraid to ask questions and to admit when they do not understand something rather than being passive. They are learning to understand lesson objectives and set their own goals. I think these small daily habits in learning when added up will create a bigger and more impactful difference in the long run."

Aisyah Ajib, 2018

c. Supporting Early Education through Tadika Fatima

Reinforcing its commitment towards early education, the Group has continued the partnership it began with Tadika Fatima in 2014. The kindergarten provides a safe learning space for pre-school children from low-income families and is staffed by only four employees including teachers. The Group's objective is to provide young children from underprivileged backgrounds with a positive start to their education journey.

The kindergarten operates within two flat units and is attended by around 25 children aged between four and six years old from the surrounding area of Desa Mentari in Petaling Jaya. In 2018, the Group contributed RM30,000 to the kindergarten to assist with staff salaries, children's weekly meals and other operational expenses.

d. Youth Education through IDEAS Academy

Gaining access to education is particularly challenging to those from marginalised communities and the Group believes in helping to remove the barrier to quality education caused by socio-economic necessities. This issue is especially acute in the case of girls who, based on reports, have a higher drop-out rate due to social norms and gender stereotypes. Empowering children who are affected by conflict through knowledge attainment promotes a society that is inclusive. Staying in school will help these youths to strive for a more stable future.

IDEAS Academy is a non-profit learning centre which provides secondary school learning support for underprivileged youths, including refugees, and stateless and undocumented youth in Malaysia. The Academy aims to bridge the gap in education for this group of children and adolescents. Located in a 5-storey building in Kuala Lumpur, the academy is fully equipped with multiple classrooms that can cater to 300 students. In 2018, in line with the Group's objective of making quality education accessible to all, the Group sponsored a Science teacher at the Academy who teaches up to 150 students between preparatory classes to Form 5 at RM54,000 a year.

150 STUDENTS
attended the Academy

145 STUDENTS
sat for Science examinations

118 STUDENTS
passed their Science examinations

Passing the exams is a huge milestone for the academy and the students considering how difficult it is for the students to gain access to education and stay on the education path. Apart from academic success, the creation of a safe space where diversity is welcomed, setting rules and expectations and building a classroom for students committed to learning is another key aspect of the holistic approach taken.

e. Vocational Training Opportunities

The Young Women's Christian Association Vocational Training Opportunity Centre ("YWCA VTOC") trains young women from underprivileged backgrounds and equips them with vocational skills and awareness on important issues affecting their lives such as knowledge on social issues, laws and legislation related to women and children. Since its set up in 1998 until 2014, the VTOC has helped 1,251 women from across the country complete their vocational courses.

In 2018, the Group's contribution of RM35,000 supported five trainees aged between 16 and 20 years old, selected by the VTOC, to pursue a one-year culinary and bakery course. The trainees will learn the basics of the culinary and baking industry and with the knowledge gained from the course, have the potential to start their own business, embark on their culinary career and provide employment to others.

Vocational Training Opportunity Centre ("VTOC")

Amongst the selected trainees, one has secured her dream job of working for a cruise line even before the completion of her course. The other trainees will either further their studies or seek employment.

Health and Well-being

Due to lifestyle changes and other contributing factors, the number of people suffering from chronic kidney diseases, including kidney failure, is on the rise. Getting the appropriate treatment is costly and time consuming. Realising this, the Group supported Pusat Dialisis Kurnia ("PDK") Petaling Jaya so that kidney patients can continue to receive quality healthcare. Operational since 2008, the non-governmental organisation supports final stage renal failure patients by providing dialysis treatment and counselling. Staffed by a dedicated team of nurses and nursing aides, treatment session per patient takes up to four hours and is conducted three times a week.

In 2018, the Group contributed RM62,000 to PDK for the purchase of two new automatic dialyzer reprocessors, a specialised equipment vital in the care and cleansing of artificial kidneys. The new reprocessors complements the centre's 14 haemodialysis machines that currently treat 72 patients. The Group's continued support is part of our effort to ensure access to quality healthcare for disadvantaged communities living with chronic health conditions.

The Group's efforts towards health and well-being also extends to mental health, which is as important as physical health but still lacks awareness. The Malaysian Mental Health Association ("MMHA") was set up in 1968 to provide support and services for individuals recovering from mental illness, and their caregivers. In support of mental health, the Group contributed RM5,000 to MMHA and sponsored staff who participated in the 5km and 10km fun run in the 2018 Mind Run & Carnival. The event was held in conjunction with World Mental Health Day and MMHA's 50th anniversary.

Volunteerism

From 2018 onwards, the Group's employees took time off to volunteer via a more structured corporate volunteering programme. Under the programme, employees spent up to four hours on a weekday, or a weekend every month, to give back to society. The corporate volunteering programme was initiated to allow employees to engage with a cause close to their hearts.

Beneficiaries	Employees Participation
MMHA: Mind Run & Carnival	6 October 2018: Nine staff sponsored for the run
SMLC Tuition Centre	13 October 2018: Nine staff painted the centre, 36 volunteer hours
HELP University: Run for National Unity	20 October 2018: Three staff participated in the run

Moving forward, the Group will continue to support the current initiatives. The Group would like to engage in more meaningful and long-term collaboration with beneficiaries. Ultimately, both the community and the Group benefits. The Group also aims to provide more volunteer opportunities for its employees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

This Corporate Governance Overview Statement (the "Statement") outlines the corporate governance framework of Selangor Properties Berhad ("SPB" or the "Company") and its subsidiaries (collectively referred to as the "Group"), including a summary of its corporate governance practices with reference to the Malaysian Code on Corporate Governance ("MCCG"), key focus areas and future priorities. The Board of Directors (the "Board") endeavours to provide stakeholders with forthcoming and detailed disclosure of the Group's corporate governance practices during the financial year under review under the leadership of the Board.

This Statement should be read in conjunction with the Corporate Governance Report ("CG Report") which provides stakeholders with a comprehensive articulation of the Group's corporate governance practices vis-à-vis the MCCG. The CG Report, which is prepared in the format prescribed by Bursa Malaysia Securities Berhad, is made available on the Company's website (www.selangorproperties.com.my) and via an announcement made on the website of Bursa Malaysia Berhad.

The aforementioned disclosures are made in accordance to paragraph 15.25 of Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). In preparing the Statement and the CG Report, guidance was derived from Practice Note 9 of MMLR and the Corporate Governance Guide (3rd Edition) published by Bursa Malaysia Berhad.

This Statement should also be read in conjunction with the other statements in this Annual Report, namely the Audit and Risk Management Committee Report, Statement on Risk Management and Internal Control and Sustainability Statement, for a more holistic and granular understanding of the Group's corporate governance framework and practices.

Our Corporate Governance Approach

The Board acknowledges the paramount importance of a healthy corporate governance culture in driving the long-term success and sustainability of SPB. Premised on the Group's vision and core values of "principled", "passionate" and "personable" to enrich lives through value, quality and service, the Board strives to ensure that high standards of corporate governance practices are observed throughout the Group. This commitment is in line with the Group's objective of delivering sustainable growth and value creation for its stakeholders.

The Group's overall approach to corporate governance is to:

- Apply good governance practices in conjunction with the Group's core values;
- Align vision, mission and core values with good governance practices; and
- Incorporate economic, social and environmental matters into operations and strategies to enhance the long-term sustainability of the Group.

Given its pivotal role in promoting a healthy corporate culture, the Board periodically reviews the Group's prevailing corporate governance policies and procedures to ensure they reflect the evolving expectations of stakeholders, market dynamics and globally-recognized higher order practices whilst simultaneously addressing the needs of the Group.

Summary of Corporate Governance Practices

SPB has benchmarked its practices against the relevant promulgations and higher order practices, across the three principles of MCCG, namely:

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

SPB has consistently applied all the Practices espoused by the MCCG, except for the following:

- Practice 1.3 (Position of Chairman and CEO);
- Practice 4.2 (Tenure of independent directors);
- Practice 4.6 (Sourcing of candidates for directorship using independent sources);
- Practice 6.1 (Policies and procedures to determine remuneration of directors and senior management);
- Practice 7.2 (Disclosure on a named basis the Company's top five senior management's remuneration in bands of RM50,000);
- Practice 11.2 (Adoption of integrated reporting based on a globally recognised framework); and
- Practice 12.3 (Use of technology to facilitate remote shareholders participation during general meetings).

Amongst the four Step-Ups advocated by the MCCG, the Board has adopted Step Up 8.4 which calls for the Audit and Risk Management Committee to comprise exclusively Independent Directors. Step Ups are aspirational practices to facilitate companies in achieving greater excellence in corporate governance. Accordingly, the adoption of Step Ups is voluntary and in the heightened self-interest of SPB. The relevant explanations for the deviations are further disclosed in the appropriate sections below.

In line with the requirements of MCCG, the Group has provided clear and forthcoming explanations for departures from the Practices in the MCCG. With regards to departure in Practices, the Board has provided disclosures on the alternative measures in place which will achieve the similar outcomes of those Intended Outcomes of the MCCG. The explanations on the departures, supplemented with disclosure on the alternative practices are contained in the CG Report.

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

Roles and Responsibilities of the Board

The Board is accountable to the stakeholders of the Group for the overall performance of the Group. The Board's primary role is to provide strategic leadership to the Group and ensure that the Group operates within a framework of prudent and effective controls which enables risks to be appropriately identified, assessed and managed. The Board sets the strategic direction for the Group and ensures that the necessary resources are in place for the Group to deliver its objectives and create sustainable value for its stakeholders.

The Board has established three Board Committees to assist in its oversight function on specific responsibility areas: Audit and Risk Management Committee, Nominating Committee and Remuneration Committee. The Board nevertheless retains collective oversight of the Board Committees and the authority to make decision. Board Committees are guided by their respective Terms of References and have authority to examine issues under their purview and make subsequent recommendations to the Board.

The Board has formalized a Board Charter which serves as a reference and guiding literature for Directors in the discharge of their fiduciary duties. The Board Charter incorporates provisions that provide for the clear demarcation of the respective roles and responsibilities of the Board and Senior Management and includes "Matters reserved for the collective decision of the Board". The Board Charter can be viewed on the Company's website at www.selangorproperties.com.my.

The Executive Chairman is responsible for providing leadership to the Board, including ensuring that the Board fulfils its fiduciary obligations, leading the Board in the oversight of Management, and acting as the spokesperson for the Group. In addition, the Executive Chairman is primarily responsible for managing the Group's day-to-day operations and implementing policies, strategies and decisions adopted by the Board.

The Board maintains a direct line of communication with Senior Management in its role as stewards of the Company, and has unrestricted access to information pertaining to the Group's business affairs. The Board is supported by two suitably qualified Company Secretaries who serve as corporate governance advisers to the Board. The Company Secretaries assist the Board in adhering to the relevant corporate governance legislative promulgations and internal policies and procedures and apprise the Board on the latest statutory and regulatory requirements relating to corporate governance.

During the financial year under review, all Directors have dedicated adequate time and effort to attend Board and Board Committee meetings held to deliberate on matters under their purview. Matters deliberated during the year include strategic planning, significant business and operational issues, significant financial and investment decisions, relevant business policies and procedures, regulatory compliance matters, key performance indicators, significant corporate exercises as well as financial performance of the Group as a whole.

All Directors have complied with the minimum 50% attendance requirement in respect of Board meetings for the financial year ended 31 October 2018 as stipulated under Paragraph 15.05 of the MMLR.

The attendance of Directors at meetings are as follows:

BOARD OF DIRECTORS	No. of Meetings
Puan Sri Datin Chook Yew Chong Wen, Chairman (Resigned on 27 December 2017)	2/2
Wen Chiu Chi, Executive Chairman	6/7
Dato' Zaibedah Binti Ahmad, Independent Non-Executive Director	7/7
Ong Liang Win, Independent Non-Executive Director	7/7
Marcia Kok Suet Ling, Independent Non-Executive Director (Appointed on 27 December 2017)	5/5
Stephen John Scudamore, Independent Non-Executive Director (Appointed on 1 March 2018)	3/3

AUDIT AND RISK MANAGEMENT COMMITTEE	No. of Meetings
Ong Liang Win, Chairman (Independent Non-Executive Director)	6/6
Dato' Zaibedah Binti Ahmad, Member (Independent Non-Executive Director)	6/6
Marcia Kok Suet Ling, Member (Independent Non-Executive Director; appointed on 27 December 2017)	4/4
Stephen John Scudamore, Member (Independent Non-Executive Director; appointed on 1 March 2018)	2/2

NOMINATING COMMITTEE	No. of Meetings
Dato' Zaibedah Binti Ahmad, Chairperson (Independent Non-Executive Director)	3/3
Ong Liang Win, Member (Independent Non-Executive Director)	3/3
Marcia Kok Suet Ling, Member (Independent Non-Executive Director; appointed on 27 December 2017)	2/2
Stephen John Scudamore, Member (Independent Non-Executive Director; appointed on 1 March 2018)	1/1

REMUNERATION COMMITTEE	No. of Meetings
Marcia Kok Suet Ling, Chairperson (Independent Non-Executive Director; appointed on 27 December 2017)	1/1
Wen Chiu Chi, Member (Executive Chairman)	0/1
Ong Liang Win, Member (Independent Non-Executive Director)	1/1
Dato' Zaibedah Binti Ahmad, Member (Independent Non-Executive Director)	1/1
Stephen John Scudamore, Member (Independent Non-Executive Director; appointed on 1 March 2018)	1/1

In upholding good governance culture, the Board continuously strives to set the "tone at the top" and cascade ethical values and standards across every level of the Group. In this regard, the Board has adopted a Code of Ethics and Conduct ("Code") which serves as an authoritative document that governs the conduct of Directors and employees of the Group and can be referred to at www.selangorproperties.com.my. The Code is communicated to employees via the Employee Handbook. As an additional measure to promote ethical conduct, the Board has formalized Whistleblowing Policy and Procedures to enable stakeholders to escalate legitimate ethical concerns without fear and risk of reprisal.

Board Composition

The Board comprises one Executive Director and four (4) Independent Non-Executive Directors.

In driving the long-term vision of the Group, the Board is committed to ensure that its composition has an appropriate mix of skills, qualifications and experiences that can support the Group in responding to changing market dynamics, evolving business models and emergence of novel risks. The combination of the skills, experience and expertise of the incumbent Directors allow the Board to apply a breadth and depth of perspectives when deliberating on contentious issues. The Board has also adopted a policy of having females making up at least 15% of Board members – at present, two (2) out of five (5) members are female.

In recommending the appointment of potential Directors, the Nominating Committee assesses the candidate's skills, expertise and experience and balances these traits against the existing composition of the Board to determine his or her suitability for the position and overall cultural fit within the Board.

Nominating Committee

The Nominating Committee comprises four directors, all of whom are Independent Non-Executive Directors. The members of the Nominating Committee are as follows:

- Dato' Zaibedah Binti Ahmad (Chairperson)
- Ong Liang Win
- Marcia Kok Suet Ling (appointed on 27 December 2017)
- Stephen John Scudamore (appointed on 1 March 2018)

The Board has stipulated specific terms of reference for the Nominating Committee, which is available on the Company's website at www.selangorproperties.com.my.

The Board has in place an annual performance evaluation exercise to assess the effectiveness of the Board, Board Committees and individual Directors including Independent Directors. The evaluation exercise serves as a constructive platform for the Board to address areas for improvement in the functioning of the Board and formulate corrective measures where required. During the financial year under review, the assessment was conducted internally under the purview of the Nomination Committee and facilitated by the Company Secretaries. The Board studies the results of the annual performance evaluation and is generally satisfied with the performance and effectiveness of the Board and Board Committees, the size and composition of the Board as well as the mix of skill sets, competency and the independence of its Independent Non-Executive Directors.

Board Remuneration

The Board has instituted a set of policies and procedures to govern the remuneration of Directors and Senior Management. The policies and procedures serve as guidelines for the Board in remunerating Directors and Senior Management with a view to attract, retain and motivate talented and high-calibre individuals. The Board has established a Remuneration Committee to assist the Board in its oversight function on matters pertaining to Directors' remuneration. The Remuneration Committee comprises a majority of Independent Directors and is chaired by an Independent Director.

In determining the level and component parts of Directors' remuneration, the Remuneration Committee takes into consideration the demands, complexities and performance of the Group as well as the skills and experience that are required of Directors. The detailed disclosure of Directors' remuneration for the financial year ended 31 October 2018 is shown as follows:

The Group					
Director	**Salary**	**Bonus**	**Fees**	**Meeting and Travelling Allowances**	**Total**
	RM	**RM**	**RM**	**RM**	**RM**
Wen Chiu Chi	2,872,019*	535,500	-	-	3,407,519
Dato' Zaibedah Binti Ahmad	-	-	67,000	23,600	90,600
Ong Liang Win	-	-	79,000	23,600	102,600
Marcia Kok Suet Ling	-	-	61,417	21,000	82,417
Stephen John Scudamore	-	-	120,667	-	120,667
TOTAL	**2,872,019**	**535,500**	**328,084**	**68,200**	**3,803,803**

* includes EPF RM600,739

The Company					
Director	**Salary**	**Bonus**	**Fees**	**Meeting and Travelling Allowances**	**Total**
	RM	**RM**	**RM**	**RM**	**RM**
Wen Chiu Chi	2,416,259*	535,500	-	-	2,951,759
Dato' Zaibedah Binti Ahmad	-	-	67,000	23,600	90,600
Ong Liang Win	-	-	79,000	23,600	102,600
Marcia Kok Suet Ling	-	-	61,417	21,000	82,417
Stephen John Scudamore	-	-	120,667	-	120,667
TOTAL	**2,416,259**	**535,500**	**328,084**	**68,200**	**3,348,043**

* includes EPF RM600,739

The tenures of both Dato' Zaibedah Binti Ahmad and Mr. Ong Liang Win as Independent Directors have exceeded the prescribed tenure limit of nine years as advocated by the MCCG. Dato' Zaibedah Binti Ahmad has expressed her intention not to seek re-election as Independent Director upon her retirement under Article 127 of Articles of Association at the upcoming AGM. Mr. Ong Liang Win has expressed his intention to resign as Independent Director upon the conclusion of the AGM. The gratuity sums of RM261,000 and RM297,000 for Dato' Zaibedah Binti Ahmad and Mr. Ong Liang Win respectively have been proposed by the Board in recognition of their services and contributions during their tenure of office and are subject to shareholders' approval at the AGM.

The Board has decided that the remuneration of Key Senior Management personnel is not being disclosed on a named basis in order to allay valid concerns on invasion of staff confidentiality and that such disclosure may be detrimental to its business interest given the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the property development industry. In addition, the Company is of the view that the interest of the shareholders will not be prejudiced as a result of the non-disclosure of the Company's Key Senior Management personnel who are not directors of the Company.

PRINCIPLE B

EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Management Committee

As part of the Board's commitment to provide stakeholders with a clear, balanced and comprehensive assessment of the Group's financial performance, the Board has established an Audit and Risk Management Committee ("ARMC"), comprising four (4) members, all of whom are independent, to assist in safeguarding the integrity of the Group's financial statements. The ARMC, as the Board's delegate, provides a robust and critical oversight on the financial reporting, internal and external audit and risk management and internal control processes. Recognizing that independence is the cornerstone of a well-performing audit committee, the Company has attained the prescribed practice of having an ARMC that comprises solely Independent Directors.

The vast experience of the ARMC members in the areas of accounting, finance and auditing allows the ARMC to collectively possess the requisite financial literacy to have a sound understanding of the financial matters of the Group. The ARMC has unrestricted access to both the internal and external auditors, who in turn reports directly to the ARMC. The ARMC has established formal and transparent arrangements to maintain an appropriate relationship with the external auditor. This includes undertaking an annual assessment to ascertain the suitability, objectivity and independence of the external auditor.

The ARMC Report, which provides detailed articulation on the composition of the ARMC, its responsibilities and main activities during the financial year, is set out on pages 37 and 38 of the Annual Report.

Risk Management and Internal Controls

In an increasingly complex and ever-evolving marketplace, it has become imperative for the Group to have a robust yet dynamic risk management and internal control framework that allows the Group to stay ahead of disruptive forces. Towards this end, the Board has implemented an Enterprise Risk Management ("ERM") framework that incorporates procedures to identify, assess, evaluate, respond, report and monitor risks across the Group, covering operational, financial and compliances risks.

The Board has delegated the tasks of operating and implementing the risk management and internal control framework to the Risk Management Committee ("RMC") which is a subordinate committee of the ARMC. The RMC, which is chaired by an Independent Non-Executive Director and includes the membership of the Senior Management and other management level personnel, meets periodically to deliberate on the prevailing and emerging risks surrounding the Group. Matters deliberated during the RMC meetings are escalated to the ARMC and subsequent recommendations are reported to the Board for the Board's decision.

The Statement on Risk Management and Internal Control furnished on pages 39 to 41 of the Annual Report provides an overview of the Group's risk management and internal control framework and findings during the financial year under review.

PRINCIPLE C

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Board endeavors to promote a candid and transparent relationship with shareholders as well as other stakeholders of the Company. Towards this end, the Board has formalized a set of corporate disclosure policies and procedures to facilitate timely and quality dissemination of information to stakeholders. The Company leverages on various channels of communication to ensure stakeholders receive relevant and material information on the latest developments on the Group. This includes the Company's website, announcements to Bursa Malaysia Securities Berhad, and investors/analysts' briefing sessions.

The Board is cognizant that a proactive approach towards stakeholder engagement will enhance the ability for stakeholders to make informed investment decisions that are based not only on the Group's retrospective performance but also on its business proposition and future outlook.

Conduct of General Meetings

The Annual General Meeting ("AGM") serves as the principal avenue for shareholders to engage the Board and Senior Management in a constructive two-way dialogue. Shareholders are encouraged to actively participate during AGMs by raising questions and providing feedback to the Board and Senior Management. As it is customarily practice, all Directors, including the respective Chairman of the Board Committees, were present during the previous AGM to facilitate shareholder engagement and provide clear and meaningful responses to shareholders' concerns. Feedback gathered during the AGM are evaluated and considered for further action by the Board and Senior Management.

The notice of the upcoming AGM, which is scheduled to be held on 26 April 2019, has been made available to shareholders more than 28 days prior to the meeting in order to accord shareholders with sufficient time to review the Group's financial and operational performance as well as the resolutions that are to be tabled during the AGM. The extended notice period is also intended to enable shareholders to make the necessary arrangements to attend the AGM. The venue of the upcoming AGM, which is in a central location within the Klang Valley area, was a conscious choice by the Company so as to ensure that the venue is easy to reach and easily accessible for shareholders.

FOCUS AREAS ON CORPORATE GOVERNANCE

Sustainability Reporting

During the financial year under review, the Company has included a Sustainability Statement in this Annual Report in pages 17 to 28. The disclosure is made pursuant to the enumerations in MMLR. The Sustainability Statement is an enhancement to the Company's previous Corporate Social Responsibility Statement.

The Board is confident that the publication of the Sustainability Statement is a positive step forward that will allow stakeholders to better appreciate the efforts and initiatives undertaken by the Group in the realm of sustainability.

Boardroom Professional Development

During the financial year, the Nominating Committee reviewed the training needs of individual Directors based on the findings arising from Directors' annual performance evaluation. Accordingly, the Group has organised in-house briefing sessions facilitated by third party experts to keep Directors apprised on the latest market and regulatory developments that may have a bearing on the Group. Directors have also optimised opportunities to further develop and enhance their skills sets and business acumen by attending external training programmes, seminars and conferences on topics relevant to the Company. The training programmes attended by Directors are outlined in the table below:

DIRECTOR	TRAINING PROGRAMME	ORGANISER
Wen Chiu Chi	Sustainability – What Directors Need to be Aware of	Boardroom Corporate Services (KL) Sdn Bhd
Dato' Zaibedah Binti Ahmad	Sustainability – What Directors Need to be Aware of	Boardroom Corporate Services (KL) Sdn Bhd
	The Malaysian Property Market: Where are we heading post-GE14	Rahim & Co
Ong Liang Win	Sustainability – What Directors Need to be Aware of	Boardroom Corporate Services (KL) Sdn Bhd
	Malaysia Code on Corporate Governance and Bursa Malaysia's Corporate Governance Guide	Boardroom Corporate Services (KL) Sdn Bhd
	Corporate Governance Briefing Sessions: MSSG Reporting & CG Guide	Bursa Malaysia Securities Berhad
Marcia Kok Suet Ling	MIA International Accountants Conference 2018	Malaysian Institute of Accountants
	Internal Audit for Board and Audit Committee	Malaysian Institute of Accountants
	Sustainability – What Directors Need to be Aware of	Boardroom Corporate Services (KL) Sdn Bhd
	Malaysian Property Tax and Income Tax Issues	Malaysian Institute of Accountants
	Mandatory Accreditation Programme	The Iclif Leadership and Governance Centre
Stephen John Scudamore	Mandatory Accreditation Programme	The Iclif Leadership and Governance Centre

Boardroom Independence

The Board has not developed a policy which limits the tenure of its Independent Directors to nine years as yet. Nonetheless, the Board is mindful of the prescribed Practice of the MCCG pertaining to Board independence. The Board further recognizes that tenure of directorship is not an absolute indicator of a Director's independence and objectivity wherein the spirit, intention, purpose and attitude should also be considered.

The Nominating Committee has performed an assessment on the independence of all Independent Directors based on criteria approved by the Board and concluded that the Independent Directors have continued to demonstrate their independence through their engagement in meetings, providing objective challenge to the Management and bringing independent judgment to decisions taken by the Board.

As the tenures of both Dato' Zaibedah Binti Ahmad and Mr Ong Liang Win as Independent Non-Executive Directors have exceeded the prescribed tenure limit of nine years as advocated by the MCCG, they have expressed their intention to retire / resign as Independent Non-Executive Directors and hence, the motion on their continuation in office as Independent Non-Executive Directors pursuant to the MCCG will not be tabled to the shareholders for approval at the forthcoming Annual General Meeting ("AGM"). Dato' Zaibedah Binti Ahmad will retire under Article 127 of the Company's Articles of Association while Mr Ong Liang Win has expressed his intention to resign from office as Independent Director upon the conclusion of the AGM.

The Board wishes to express its appreciation of the services of Dato' Zaibedah Binti Ahmad and Mr Ong Liang Win who had been valuable members of the Board throughout their tenure in office as they contribute thoughtful insights and impartial judgment to the Group's business affairs and operations.

Boardroom Diversity and Independence

The Board intends to dedicate its efforts to promote diversity in the boardroom and in the Company's top leadership. Besides the diversity mix based on skill, knowledge and experiences, the Board had also formulated policies on gender diversity, along with specific targets and measures to attain those targets. The targets would incorporate specific quantitative benchmarks that can be monitored for effectiveness. In sourcing for potential candidates for directorships, the Board will consider leveraging on diversified outlets such as directors' registry and industry and professional associations to identify talented and qualified female candidates for directorships.

Presently, 80% of the Board comprises Independent Directors, thus meets the prescribed Practice of having at least half of the Board comprise of Independent Directors, as stipulated in the MCCG. The gender diversity, complementing the other diversity mix aspects, allows the Board to deliberate and make decisions objectively and in the best interest of the Group.

Succession Planning

Succession plan is viewed as a crucial component in assuring the continuity of the business whilst maintaining the confidence of stakeholders. This is essential in the property and construction sector where the development and execution of business strategies are undertaken over a long-term horizon. In line with view, the Board will seek to identify emerging talent and potential successors, from both within and outside of the Company, for Board and key Senior Management positions.

Enhancement of Corporate Governance Policies and Procedures

Corporate governance had undergone a series of reform measures over last year, including the coming into effect of Companies Act 2016, updated version of MCCG, amendments to MMLR and the release of the Corporate Governance Guide (3rd Edition) by Bursa Malaysia Berhad. The Board will continuously review the Company's corporate governance policies and procedures to identify any need to update the current framework and subsequently undertake corrective measures where necessary. Whilst these serve as the primary references and guidance for Directors, the Board is committed to ensure that the Company comply with the requirements of the latest regulations and, expectations of stakeholders in line with the business of the Group.

This CG Overview Statement was approved by the Board on 14 February 2019.

REPORT ON AUDIT AND RISK MANAGEMENT COMMITTEE

COMPOSITION

The Audit and Risk Management Committee ("ARMC") comprise of the following members, all of whom are Independent Non-Executive Directors:

Members	
Mr Ong Liang Win (Chairman)	Independent Non-Executive Director
Dato' Zaibedah Binti Ahmad	Independent Non-Executive Director
Madam Marcia Kok Suet Ling (Appointed on 27 December 2017)	Independent Non-Executive Director
Mr Stephen John Scudamore (Appointed on 1 March 2018)	Independent Non-Executive Director

TERMS OF REFERENCE

The terms of reference of the ARMC is available for reference at the company's website at www.selangorproperties.com.my.

MEETINGS

The ARMC met six (6) times during the financial year ended 31 October 2018. The attendance of the ARMC members for the six (6) meetings are as follows:

Names	Number of Meetings Attended by the Member during Their Tenure in Office	%
Mr Ong Liang Win (Chairman)	6	100
Dato' Zaibedah Binti Ahmad	6	100
Madam Marcia Kok Suet Ling (Appointed on 27 December 2017)	4	100
Mr Stephen John Scudamore (Appointed on 1 March 2018)	2	100

The Executive Chairman, the Chief Operating Officer, the Director of Finance, a representative of the Internal Auditors and a representative of the External Auditors normally attend the meetings. Other members of the Board and Senior Management may attend the meetings upon invitation. The ARMC also met with the External Auditors at least twice a year and Internal Auditors once a year without executive board members' and management's presence.

ACTIVITIES

The work of the ARMC during the financial year ended 31 October 2018 can be summarized as follows:

a) reviewed the quarterly financial statements and the final audited financial statements before recommending to the Board for approval and release to Bursa Securities;

b) reviewed the Audit Planning Memorandum with the External Auditors;

c) reviewed the external auditors' reports in relation to audit and accounting issues arising from the audit and the management's response;

d) reviewed the independence, objectivity and effectiveness of the External Auditors and the services provided, including non-audit services and corresponding fees;

e) reviewed and recommended the re-appointment of External Auditors and the Audit Fees to the Board for its approval;

f) reviewed the annual Statement on Risk Management and Internal Control to be published in the Annual Report;

g) considered and reviewed the business processes presented by the internal auditors to assess the effectiveness of the internal control system;

h) discussed and adopted the internal audit plan;

i) examined findings made by internal auditor and management's response;

j) reviewed the adequacy of the scope, function, competency and resources of the internal audit functions;

k) reviewed the report on enterprise risk management of the Company;

l) reviewed the related party transactions entered into by the Company and the disclosure of such transaction in the Annual Report of the Company; and

m) deliberated the whistleblowing cases with the investigation carried out by the Management. All the issues were addressed accordingly and/or found to be unsubstantiated.

INTERNAL AUDIT FUNCTION

The Company outsourced its internal audit function to a third party service provider, which assists the ARMC in discharging its duties and responsibilities. The third party service provider acts independently with impartiality, proficiency and due professional care and reports directly to the ARMC. The total cost paid by the Group to the third-party provider amounted to RM64,633 for financial year 2018.

In accordance with the annual internal audit plan which had been approved by the ARMC, the Internal Auditors conducted regular reviews of the governance and internal controls processes within the Group. The audits were performed using a risk based approach and is consistent with the Group's established framework in designing, implementing and monitoring of its control systems. The Internal Auditors had regular interactions with members of the ARMC, Senior Management and the External Auditors.

The work of the internal audit function for financial year 2018 covered the areas regarding procurement management on repairs and maintenance, properties management and maintenance, marketing & business management and property development's safety health and environment with regards to:

- established policies, procedures and controls of procurement management and vendor management covering the aspects of:
    - o pre-appointment evaluation and selection of supplier/contractor, and performance management;
    - o initiating, processing, verification and approval of processes;
    - o compliance with approved authority limits;
    - o vendor performance evaluation and documentation of the process;
    - o maintenance of vendor master data files;
    - o repairs and maintenance prices and costs analyses; and
    - o reasonableness of prices and costs procured.

- established policies, procedures and controls for properties management and maintenance in respect of:
    - o compliance with established policies and procedures;
    - o initiating, processing, verification and approval of repair and maintenance services of each asset including its monitoring, reporting and tracking process; and
    - o timeliness and validity of repair and maintenance services.

- established policies, procedures and controls for marketing & business management in respect of:
    - o sales & pricing strategies – alignment with corporate strategies;
    - o comprehensiveness and adequacy of product brief & product awareness campaigns;
    - o effectiveness of advertising & promotion tools/ channels;
    - o monitoring and approval of sales commission scheme;
    - o appropriate performance management of marketing agents;
    - o monitoring and approval of promotion packages; and
    - o monitoring sales progress status (viz successful, unsuccessful deals, pending for financing, etc.).

- established policies, procedures and controls for safety, health and environment management on property development projects in respect of:
    - o compliance with local rules and regulations (Land acquisition, local council, building control, Occupational Safety and Health Act 1994, etc.);
    - o contingency plans are in place and maintenance to deal with emergencies; and
    - o monitoring and reporting of Safety, Health and Environment Management and performance, processes and technology.

The internal audit function also performed the follow-up on the status of implementation of recommendations made for reporting to the ARMC and Management on a quarterly basis.

This report is made in accordance with the approval of the Board of Directors on 14 February 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

THE BOARD'S RESPONSIBILITIES

The Board of Directors ("Board") of the Group acknowledges its overall responsibility in maintaining a sound system of internal control and risk management practices of the Group and for reviewing the adequacy and integrity of the system periodically to safeguard the interest of the Company's shareholders and the Group's assets.

The system of risk management and internal control is designed to manage rather than to eliminate the risk of failure in achieving the Group's corporate objectives and can only provide reasonable but not absolute assurance against any material misstatement or loss.

The Audit and Risk Management Committee ("ARMC") is tasked by the Board to review and oversee the risk management aspects of the operations of the businesses of the Group. The role of the ARMC included responsibilities for the review of the adequacy and effectiveness of internal controls systems, including financial, operational, compliance and information technology controls.

THE RISK MANAGEMENT PROCESS

The Group has in place a risk management framework which includes the following key elements:

- Guiding principles of the risk management framework;
- Approach to risk management;
- Approach in reviewing and monitoring significant risks; and
- Regular review of the effectiveness of internal control.

The framework is applied continuously throughout the financial year to determine, evaluate and manage the significant risks of the Group. This is further assured by the implementation of an internal control system that has been integrated in the Group's operations and working culture. Therefore, any significant risk arising from factors within the Group and from changes in business environment can be addressed on a timely basis.

The Group Risk Management Framework ("GRMF") is designed to provide consistency in the management of risks across the various business divisions of the Group. The GRMF is embedded into the corporate culture, processes and structures of the Group. It defines the standard conditions as well as minimum requirements for risk management of the Group and addresses the following key areas:

1. Risk Management

a. Roles and Responsibilities

The Board is primarily responsible for strategic risks management while the responsibility to address all risks associated with the business operations rests with Management.

In providing oversight of risk management framework and policies in the Group, the ARMC is assisted by the Risk Management Committee, a subordinate committee of the ARMC, to:

- ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' investments and the Group's assets; and
- determine the nature and extent of significant risks which the Group is willing to take in achieving its strategic objectives.

During the year, ARMC convened two (2) meetings on risk management to review the execution of the risk management framework as well as to deliberate on the top business risks and the actions to be taken to mitigate the risks identified.

The responsibility for day-to-day risk management resides with the Management and they are accountable for the risks identified and assessed. In managing the risks of the Group, Management works closely with the risk coordinators to ascertain that there is on-going monitoring and review of risks and related controls and that action plans are developed and implemented to manage these risks.

The Risk Officer, supported by key management personnel, reviews and discuss risks in monthly management meetings to update risks status and ensure that the management of risks faced by the divisions are conducted within the boundaries set by the GRMF, prior to escalation to the ARMC.

b. **Risk Identification and Assessment**

As part of the GRMF, a risk management methodology and approach are applied across the Group to facilitate risk identification, assessment, reporting, review and mitigation, as described below:

- A consistent risk likelihood and risk impact criteria are applied across the Group, reflecting the acceptable risk appetite as approved by the Board;
- Risks are identified based on risk categories to ensure a uniform and comprehensive risk identification approach; and
- Risks identified are assessed to determine their impact on the relevant business strategies/ objectives and their likelihood of occurrence.

The outcome of the risk assessment process at respective business divisions will then be consolidated at the Group level in a Corporate Risk Scorecard which enables all divisions within the Group to report risks and risk status using a common platform.

2. Internal Controls

a. **The Internal Control Process**

The other key features of the Group's internal control system include the following:

- An organisation structure with defined lines of responsibility and appropriate reporting structure including proper approval and authorisation limits for approving capital expenditure and expenses within the Group;
- Internal policies and procedures are documented through a series of manuals for all major operations of the Group;
- Strategic planning and annual budgeting are undertaken for the key business units and consolidated at Group level. Senior Management closely monitors the key performance indicators and financial and operating results against budget to identify and where appropriate, to address significant variances;
- The internal auditor will perform regular and systematic review of the internal controls to assess on the effectiveness of the systems of internal control and to highlight significant risks impacting the Group with recommendation for improvement;
- The ARMC regularly reviews and scrutinises the audit report by the Outsourced Internal Auditors ("OIA") and conducts annual assessment on the adequacy of the Internal Audit scope of work and resources; and
- The Board meets at least quarterly and has set a schedule of matters which is required to be brought to its attention for discussion, thus ensuring that it maintains full and effective supervision over appropriate controls. The Management provides explanation in the Board papers on pertinent issues. In addition, the Board is kept updated on the Group's activities and its operations on a regular basis.

The OIA for the Group reports directly to the ARMC. The role of the OIA is to review the adequacy, integrity and effectiveness of the Group's system of risk management and internal controls to mitigate the risks of the Group including financial, operational and compliance risks.

The OIA performs periodic audits of subsidiaries within the Group in accordance with an annual internal audit plan, which is formulated through a comprehensive risk-based methodology and covers all business segments including Australian operations and all aspects of business operations and risk management.

The areas of review undertaken by the OIA during the financial year were as follows:

i) Project management for AIRA Residence project and Bukit Permata Phase 4 project;
ii) Pre-project management for AIRA Residence project and Bukit Permata Phase 4 project – Procurement and contracts management;
iii) Procurement management – repairs and maintenance;
iv) Properties management and maintenance;
v) Marketing and business management for AIRA Residence project; and
vi) Property Development – Safety, health and environment.

b. **Monitoring process**

The ARMC has full and direct access to the OIA and reviews reports on all internal audits performed. The OIA continues to independently and objectively monitor compliance with regard to policies and procedures, and the effectiveness of the internal control systems. Significant findings and recommendations for improvement are highlighted to the Management and the ARMC, with periodic follow-up of the implementation of action plans. The Management is responsible for ensuring that corrective actions were implemented accordingly.

Based on the reports from OIA for the financial year ended 31 October 2018, some findings and areas for process or internal control improvements were identified. The ARMC and the Management view such findings seriously, and have been or are currently taking measures to address them. None of these findings has resulted in any material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

The Group's operations in Australia undertaken by its subsidiary companies, SPB Developments Pty. Ltd and SPB (Australia) Pty. Ltd., are managed by Hawaiian Pty. Ltd. which is a related party of the Group. For the purpose of monitoring performance of these subsidiary companies, the annual budgets, monthly financial reports, board minutes and project reports, which are prepared in compliance with the Group's reporting requirements, are furnished by Hawaiian Pty. Ltd. to the Company on a timely basis for the review by the Management. In addition, the Management also hold meetings with representatives of Hawaiian Pty. Ltd. to discuss operational matters of the subsidiary companies from time to time.

CONCLUSION

The system of risk management and internal control comprising the respective framework, management processes, monitoring processes described in this Statement are considered appropriate. While the Board acknowledges that the system of risk management and internal control does not eliminate the possibility of collusion or deliberate circumvention of procedures by employees, human errors and/or other unforeseen circumstances that result in poor judgment, it has nonetheless received assurance from the Executive Chairman, Chief Operating Officer and the Director of Finance that the Company's risk management and internal control system is operating adequately and effectively.

The Group continues to take measures to enhance and strengthen the internal control environment.

Review of the Statement by External Auditors

The Executive Chairman, Chief Operating Officer and the Director of Finance have provided the Board with assurance that the Group risk management and internal control system is operating adequately and effectively. All internal control weaknesses identified during the period under review have been or are being addressed. The External Auditors have performed limited assurance procedures on the Statement in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000, 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' and Recommended Practice Guide 5 (Revised), 'Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in Annual Report'. They have reported to the Board that nothing has come to their attention that causes them to believe that the Statement intended to be included in the Annual Report is not prepared, in material respects, in accordance with the disclosures required by Paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers, nor is the Statement factually inaccurate.

This Statement is made in accordance with a resolution of the Directors dated 14 February 2019.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

This statement is prepared as required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of each financial year and of their results and their cash flow for that year then ended.

The Directors consider that in preparing the financial statements,

- the Group and the Company have used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgments and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

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

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 October 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, property development and the provision of related services.

The principal activities of the subsidiaries are described in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Net loss for the year	(2,096)	(4,893)

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

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

DIVIDENDS

The amount of dividends paid by the Company since 31 October 2017 were as follows:

	RM'000
In respect of the financial year ended 31 October 2017 as reported in the Directors' report of that year:	
Final tax exempt (single tier) dividend of 12.0 sen on 343,616,761 ordinary shares, approved on 28 February 2018 and paid on 23 March 2018	41,234

The Directors do not recommend the payment of any dividend for the current financial year.

DIRECTORS OF THE COMPANY

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Wen Chiu Chi
Dato' Zaibedah Binti Ahmad
Ong Liang Win
Marcia Kok Suet Ling
Stephen John Scudamore (Appointed on 1 March 2018)

DIRECTORS OF SUBSIDIARIES

The names of the Directors of the Company's subsidiaries in office since the date of the last report and at the date of this report, excluding those who are already listed above are:

Chong Koon San
Kassim Bin Abdul Rahman
Lee Boon Kian
Mohamat Yusof Abu Bakar
Chee Wai Mei (Resigned on 10 July 2018)
Anita Lee Pui Yee
Au Wai Kwan

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company or its subsidiaries was a party, whereby the Directors might acquire benefits by means of acquisition of shares in 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 benefits included in the aggregate amount of emoluments or fees received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company and its related corporations as shown in Notes 26, 27, 28 and 33 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 33 to the financial statements.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company, its ultimate holding company, Kayin (M) Sdn. Bhd. and its holding company, Kayin Holdings Sdn. Berhad during the financial year were as follows:

	Number of ordinary shares				
	1 November 2017	Transferred	Bought	Sold	31 October 2018
The Company					
Direct interest:					
Wen Chiu Chi	71,247	-	-	-	71,247
Indirect interest:					
Puan Sri Datin Chook Yew Chong Wen	234,447,236	(234,447,236)	-	-	-
Wen Chiu Chi	-	234,447,236*	-	-	234,447,236
Ultimate holding company					
Kayin (M) Sdn. Bhd.					
Indirect interest:					
Puan Sri Datin Chook Yew Chong Wen	2,000	(2,000)	-	-	-
Wen Chiu Chi	-	2,000*	-	-	2,000
Holding company					
Kayin Holdings Sdn. Berhad					
Indirect interest:					
Puan Sri Datin Chook Yew Chong Wen	20,220,000	(20,220,000)	-	-	-
Wen Chiu Chi	-	20,220,000*	-	-	20,220,000

Wen Chiu Chi by virtue of his interest in shares in the Company is also deemed interested in shares of the Company's subsidiaries to the extent the Company has an interest.

* Deemed interested by virtue of him being a beneficiary of The Shanti Malaysia Trust with trust company, Shanti (Kayin) Limited., together with 2 other trusts namely The Manisha Malaysia Trust with trust company, Manisha (Kayin) Limited, and The Amita Malaysia Trust with trust company, Amita (Kayin) Limited. The said trust has interest in shares in Kayin (M) Sdn. Bhd., which in turn holds 100% interest in shares in Kayin Holdings Sdn. Berhad. As such, Kayin Holdings Sdn. Berhad and Kayin (M) Sdn. Bhd. are also deemed as corporations connected to Wen Chiu Chi.

Save as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATION

The details of Directors' remuneration as required by 5th schedule of the Companies Act 2016 are set out in Note 28 to the financial statements.

DIRECTORS' INDEMNITY AND INSURANCE COSTS

During the financial year, Directors and officers of the Group and the Company are covered under the Directors' and Officers' Liability Insurance Policy in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and officers of the Group and the Company subject to the terms of the Policy. The total cost of directors' and officers' liability insurance effected for the Directors and officers of the Group and the Company was RM20,000.

OTHER STATUTORY INFORMATION

(a) Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate provision had been made for doubtful debts in the financial statements of the Group. The Directors also satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary in the financial statements of the Company; and

   (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

   (i) the amount written off for any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group inadequate to any substantial extent; and

   (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

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

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

OTHER STATUTORY INFORMATION (CONT'D.)

(f) In the opinion of the Directors:

(i) 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 will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due;

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

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

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

SIGNIFICANT AND SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 41 to the financial statements.

AUDITORS AND AUDITORS' REMUNERATION

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Auditors' remuneration are disclosed in Note 26 to the financial statements.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Group and the Company have agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young during the financial year nor since the end of the financial year.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 14 February 2019.

Wen Chiu Chi **Dato' Zaibedah Binti Ahmad**

STATEMENT BY DIRECTORS

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

We, Wen Chiu Chi and Dato' Zaibedah Binti Ahmad, being two of the Directors of Selangor Properties Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 56 to 137 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 October 2018 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 14 February 2019.

Wen Chiu Chi

Dato' Zaibedah Binti Ahmad

STATUTORY DECLARATION

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

I, Lee Tart Choong, being the officer primarily responsible for the financial management of Selangor Properties Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 56 to 137 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Lee Tart Choong at
Kuala Lumpur in the Federal Territory
on 14 February 2019

Lee Tart Choong
MIA No. 6139

Before me,

Mohd Ibrahim Bin Yaakob (No. W641)
Pesuruhjaya Sumpah
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

to the members of Selangor Properties Berhad (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Selangor Properties Berhad, which comprise the statements of financial position as at 31 October 2018 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, including a summary of significant accounting policies and notes to the financial statements, as set out on pages 56 to 137.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 October 2018, and of their financial performance and their 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 audit opinion.

Independence and other ethical responsibilities

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

Key audit matters

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

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Key audit matters (cont'd.)

1. Valuation of financial instruments

(Refer to Notes 3.2(c), 12 and 37(b) to the financial statements)

The Group and the Company have significant investments in unit trust funds, real estate funds, equity funds, hedge funds, fixed income investment funds and bonds. As at 31 October 2018, the Group's and the Company's investments that are classified as financial assets at fair value through profit or loss amounted to RM559 million and RM28 million, which represent 19% of the Group's total assets and 2% of the Company's total assets respectively. Of these investments, 28% recorded at consolidated financial statements are not publicly traded for which the market prices are not available. Significant management judgement and estimates are involved in determining the fair value of these investments. The use of different valuation techniques and assumptions may result in different fair values. Accordingly, we consider this area to be an area of audit focus.

As part of our audit, we performed the following:

(a) Obtained an understanding of the relevant internal controls of the Group and the Company over the investment valuation process. Amongst others, we obtained an understanding of the management's process in determining and approving new investments, the rationale for maintaining or disposing the investments, and the management's process in reviewing the fair value of investments provided by the fund managers;

(b) For those investments which are not publicly traded for which the market prices are not available:

(i) Assessed the competency, objectivity and the relevant experience of the fund managers engaged by management; and

(ii) Evaluated the models and methodologies developed by the fund managers to determine the fair values and obtained an understanding of the data, the parameters and information included by the fund managers in arriving at the fair value of the investments;

(c) For those investments which are publicly traded, evaluated the fair value of those investments by making reference to available market data; and

(d) Assessed the related disclosures in Notes 3.2(c), 12 and 37(b) to the financial statements.

2. Valuation of investment properties

(Refer to Notes 3.2(b), 6 and 37(a) to the financial statements)

The Group's investment properties, which are located in Malaysia and Australia, comprise office premises, residential premises, commercial premises and shopping malls. The Group adopt fair value model for its investment properties. As at 31 October 2018, the carrying amounts of investment properties of the Group are RM1,208 million which represent 70% of the total non-current assets of the Group.

Key audit matters (cont'd.)

2. Valuation of investment properties (cont'd.)

The management uses external independent valuers to determine fair values of the investment properties. We identified valuation of the Group's investment properties as a key audit matter because of the significance of investment properties to the consolidated financial statements and the significant judgement and estimates involved in the determination of the fair values of investment properties.

As part of our audit, we performed the following:

(a) Assessed the competence, capabilities, independence and objectivity of the external independent valuers;

(b) Obtained an understanding of the methodology adopted by the external independent valuers in determining the fair value of the investment properties and assessed whether such methodology is consistent with those used in the industry;

(c) Discussed the basis and assumptions used in the valuations with the external independent valuers to obtain an understanding of the property related data used as input to the valuation models;

(d) Evaluated the fair values of investment properties by making reference to comparable property transactions registered with local authorities; and

(e) Assessed the related disclosures in Notes 3.2(b), 6 and 37(a) to the financial statements.

3. Recognition of revenue and cost on property development projects

(Refer to Notes 2.4(t), 3.2(d) and 5 to the financial statements)

The Group and the Company are involved in property development activities which span more than one accounting period. The revenue from property development activities is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. The Group and the Company use the percentage of completion method in accounting for the progress towards complete satisfaction of the performance obligation.

We identified revenue and property development costs as key audit matter as significant management judgement and estimates are involved in estimating the total property development cost which is used to determine the percentage of completion of the property development activities undertaken by the Group and the Company.

Key audit matters (cont'd.)

3. Recognition of revenue and cost on property development projects (cont'd.)

For the financial year ended 31 October 2018, the revenue and cost of property development activities contributed to 16% and 11% of the Group's revenue and total expenses, and 68% and 57% of the Company's revenue and total expenses respectively.

As part of our audit, we performed the following:

(a) Evaluated whether the accounting policy adopted by the management is consistent with the requirements of MFRS 15 Revenue from Contracts with Customers;

(b) Obtained an understanding of the internal controls pertaining to management budgeting process for the ongoing property development projects;

(c) Read the sale and purchase agreements entered into with the customers to obtain an understanding of the specific terms and conditions;

(d) Evaluated management's assumptions applied in estimating the total property development costs including the provisions and allocations of common infrastructure costs for the property development projects by comparing the estimated property development costs to the contracts awarded to the contractors;

(e) Assessed the completeness of the property development cost recorded by examining supporting documents such as latest progress claims from the contractors and suppliers' invoices;

(f) Assessed the mathematical accuracy of the revenue and profit based on the percentage of completion computation; and

(g) Assessed the related disclosures in Notes 2.4(t), 3.2(d) and 5 to the financial statements.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the 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 Selangor Properties Berhad (Incorporated in Malaysia)

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation of financial statements so as to 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 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 planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 management's 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 or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based of the Group and of the Company 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.

Auditors' responsibilities for the audit of the financial statements (cont'd.)

- Evaluate the overall presentation, structure and content of the financial statements, 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 and business activities within the Group to express an opinion on the consolidated 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 those charged with governance 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 those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of 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.

Ernst & Young
AF: 0039
Chartered Accountants

Loke Siew Heng
No. 02871/07/2019 J
Chartered Accountant

Kuala Lumpur, Malaysia
14 February 2019

STATEMENTS OF FINANCIAL POSITION

as at 31 October 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Assets					
Non-current assets					
Property, plant and equipment	4	52,195	54,448	13,039	14,607
Land held for property development	5(a)	423,294	426,136	30,453	33,377
Investment properties	6	1,207,708	1,285,464	-	18,374
Investments in subsidiaries	7	-	-	835,087	835,144
Financial assets available for sale ("AFS")	8	24,388	23,675	-	-
Other receivables	11	7,404	7,204	-	-
Deferred tax assets	20	3,622	3,622	-	-
Total non-current assets		1,718,611	1,800,549	878,579	901,502
Current assets					
Property development costs	5(b)	205,342	138,349	166,977	102,977
Inventories	9	720	720	-	-
Trade receivables	10	6,539	4,054	3,608	16
Other receivables	11	3,710	3,698	50,972	50,814
Tax recoverable		4,868	5,481	3,242	3,343
Financial assets at fair value through profit or loss ("FVTPL")	12	559,022	737,028	27,706	79,117
Cash and bank balances	13	430,739	304,131	25,608	19,158
Total current assets		1,210,940	1,193,461	278,113	255,425
Assets held for sale	14	1,608	3,046	-	-
		1,212,548	1,196,507	278,113	255,425
Total assets		2,931,159	2,997,056	1,156,692	1,156,927

Statements of Financial Position
as at 31 October 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	15	545,371	545,371	545,371	545,371
Reserves	16	54,110	88,238	-	-
Retained earnings	17	1,863,288	1,906,618	515,611	561,738
Total equity		2,462,769	2,540,227	1,060,982	1,107,109
Liabilities					
Non-current liabilities					
Borrowings	18	207,620	4,894	-	4,894
Deferred income		636	-	636	-
Cash flow hedge instrument	19	26	-	-	-
Deferred tax liabilities	20	137,931	141,271	-	-
Total non-current liabilities		346,213	146,165	636	4,894
Current liabilities					
Borrowings	18	51,998	253,420	51,998	10,000
Cash flow hedge instrument	19	193	230	-	-
Trade payables and contract liabilities	21	36,860	29,499	35,022	26,805
Other payables	22	23,002	18,510	4,394	6,601
Provisions	23	9,518	8,659	3,660	1,518
Tax payable		606	346	-	-
Total current liabilities		122,177	310,664	95,074	44,924
Total liabilities		468,390	456,829	95,710	49,818
Total equity and liabilities		2,931,159	2,997,056	1,156,692	1,156,927
Net tangible assets per share (RM)		7.17	7.39		

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

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 October 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Revenue	24	153,284	140,165	37,222	27,131
Cost of sales	25	(16,158)	(9,733)	(16,158)	(9,616)
Gross profit		137,126	130,432	21,064	17,515
Other income		19,249	70,208	2,382	2,483
Administration expenses		(20,629)	(18,548)	(14,146)	(10,345)
Other operating expenses		(113,680)	(55,504)	(12,834)	(25,113)
Operating profit/(loss)	26	22,066	126,588	(3,534)	(15,460)
Finance costs	29	(11,167)	(12,139)	(1,326)	(672)
Profit/(loss) before tax		10,899	114,449	(4,860)	(16,132)
Income tax expense	30	(12,995)	(21,850)	(33)	(925)
Net (loss)/profit for the year		(2,096)	92,599	(4,893)	(17,057)
Other comprehensive income					
Items that may be reclassified to profit or loss in subsequent periods:					
- Foreign currency translation		(34,279)	5,293	-	-
- Net gain on cash flow hedge	19	151	786	-	-
Total other comprehensive income to be reclassified to profit or loss in subsequent periods for the year, net of tax		(34,128)	6,079	-	-
Total comprehensive (loss)/income for the year		(36,224)	98,678	(4,893)	(17,057)
(Loss)/profit attributable to owners of the parent		(2,096)	92,599		
Total comprehensive (loss)/income attributable to owners of the parent		(36,224)	98,678		
Earnings per share attributable to owners of the parent (sen per share)					
Basic	31	(0.6)	26.9		
Diluted	31	(0.6)	26.9		

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

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 October 2018

	Attributable to owners of the parent							
		Non-distributable					Distributable	
	Share capital RM'000 (Note 15)	Share premium reserve RM'000 (Note 16)	Capital reserve RM'000 (Note 16)	Foreign currency translation reserve RM'000 (Note 16)	Hedging reserve RM'000 (Note 16)	Total reserves RM'000	Retained earnings RM'000 (Note 17)	Total equity RM'000
Group								
At 1 November 2017	545,371	-	70,870	17,529	(161)	88,238	1,906,618	2,540,227
Total comprehensive (loss)/income for the year	-	-	-	(34,279)	151	(34,128)	(2,096)	(36,224)
	545,371	-	70,870	(16,750)	(10)	54,110	1,904,522	2,504,003
Transactions with owners								
Dividends on ordinary shares (Note 32)	-	-	-	-	-	-	(41,234)	(41,234)
At 31 October 2018	545,371	-	70,870	(16,750)	(10)	54,110	1,863,288	2,462,769
At 1 November 2016	343,617	201,754	70,870	12,236	(947)	283,913	1,882,742	2,510,272
Effect of the Companies Act 2016 (Note 15)	201,754	(201,754)	-	-	-	(201,754)	-	-
Total comprehensive income for the year	-	-	-	5,293	786	6,079	92,599	98,678
	545,371	-	70,870	17,529	(161)	88,238	1,975,341	2,608,950
Transactions with owners								
Dividends on ordinary shares (Note 32)	-	-	-	-	-	-	(68,723)	(68,723)
At 31 October 2017	545,371	-	70,870	17,529	(161)	88,238	1,906,618	2,540,227

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

Statements of Changes in Equity
for the year ended 31 October 2018

		Non-distributable	Distributable	
	Share capital RM'000 (Note 15)	Share premium reserve RM'000 (Note 16)	Retained earnings RM'000 (Note 17)	Total RM'000
Company				
At 1 November 2017	545,371	-	561,738	1,107,109
Total comprehensive loss for the year	-	-	(4,893)	(4,893)
Dividends (Note 32)	-	-	(41,234)	(41,234)
At 31 October 2018	545,371	-	515,611	1,060,982
At 1 November 2016	343,617	201,754	647,518	1,192,889
Effect of the Companies Act 2016 (Note 15)	201,754	(201,754)	-	-
Total comprehensive loss for the year	-	-	(17,057)	(17,057)
Dividends (Note 32)	-	-	(68,723)	(68,723)
At 31 October 2017	545,371	-	561,738	1,107,109

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

STATEMENTS OF CASH FLOWS
for the year ended 31 October 2018

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash flows from operating activities				
Profit/(loss) before tax	10,899	114,449	(4,860)	(16,132)
Adjustments for:				
Unrealised foreign exchange loss/(gain)	20,626	(17,712)	-	-
Interest expense	11,167	12,139	1,326	672
Interest income	(14,294)	(16,969)	(2,364)	(1,737)
Depreciation	4,124	3,371	3,080	2,292
Reversal of foreseeable losses	(468)	-	-	-
Impairment of				
- Receivables	325	267	-	-
- Land held for development	3,142	-	3,142	-
- Investment in subsidiaries	-	-	57	-
- Financial assets available for sale	1,000	-	-	-
Dividend income				
- Subsidiaries	-	-	(10,010)	(10,000)
- Financial assets at FVTPL	(14,426)	(12,785)	-	-
Deposit written off	4	-	-	-
Gain on disposal				
- Property, plant and equipment	(34)	(47)	(4)	-
- Non-current asset held for sale	(1,818)	-	-	-
Net fair values changes				
- Financial assets at FVTPL	22,275	(6,858)	113	(721)
- Non-current receivables	209	(558)	-	-
- Investment properties	17,672	(21,858)	-	14,050
Distribution income from investments	(15,455)	(10,980)	(1,634)	(2,885)
Operating profit/(loss) before working capital changes	44,948	42,459	(11,154)	(14,461)
(Increase)/decrease in receivables	(5,797)	25,931	(3,700)	1,659
Decrease in inventories	-	117	-	-
Increase in development properties	(51,527)	(37,509)	(46,842)	(17,341)
Increase in payables	12,649	20,429	10,348	17,051
Net cash generated from/(used in) operations	273	51,427	(51,348)	(13,092)
Interest received	16,584	13,852	221	1,737
Taxes (paid)/refunded	(6,894)	(7,310)	67	(362)
Net cash generated from/(used in) operating activities	9,963	57,969	(51,060)	(11,717)

Statements of Cash Flows
for the year ended 31 October 2018

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash flows from investing activities				
Additions or purchases during the year				
- Investment properties	(14,640)	(6,719)	-	-
- Property, plant and equipment	(380)	(4,149)	(22)	(646)
- Financial assets at FVTPL	(210,570)	(246,185)	(498)	(27,500)
- AFS financial assets	(4,367)	(2,601)	-	-
Proceeds from disposal of				
- Financial assets at FVTPL	351,562	292,840	53,431	113,009
- Non-current asset held for sale	4,864	-	-	-
- Property, plant and equipment	34	47	4	-
Drawdown/(repayment) of Mezzanine loan	(1,049)	14,632	-	-
Distribution income received from investments	13,822	8,095	-	-
Dividends received				
- Subsidiaries	-	-	10,010	10,000
- Financial assets at FVTPL	14,426	12,785	-	-
Advance to subsidiaries	-	-	(18,316)	(26,815)
Repayment from subsidiaries	-	-	20,553	20,458
Return on capital from AFS financial assets	614	3,747	-	-
Net cash generated from investing activities	154,316	72,492	65,162	88,506
Cash flows from financing activities				
Proceeds from borrowings (a)	22,274	10,894	37,104	10,894
Dividends paid	(41,234)	(68,723)	(41,234)	(68,723)
Interest paid	(9,861)	(8,003)	(181)	(672)
Advance from subsidiaries (a)	-	-	430	200
Repayment to subsidiaries (a)	-	-	(3,771)	(2,792)
Net cash used in financing activities	(28,821)	(65,832)	(7,652)	(61,093)
Net increase in cash and cash equivalents	135,458	64,629	6,450	15,696
Effects of exchange rate changes	(8,850)	6,382	-	-
Cash and cash equivalents at beginning of year	304,131	233,120	19,158	3,462
Cash and cash equivalents at end of year (Note 13)	430,739	304,131	25,608	19,158

Notes:

(a) Changes in liabilities arising from financing activities:

	Group RM'000	Company RM'000
Total borrowings:		
At beginning of year	258,314	14,894
Drawndown of bank borrowings	37,104	37,104
Repayment of bank borrowings	(14,830)	-
Exchange differences	(20,970)	-
At end of the year	259,618	51,998

	Company RM'000
Due to subsidiaries:	
At beginning of year	4,993
Advance from subsidiaries	430
Repayment to subsidiaries	(3,771)
Interest charged	146
Others	(10)
At end of the year	1,788

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

NOTES TO THE FINANCIAL STATEMENTS
31 October 2018

1. CORPORATE INFORMATION

The principal activities of the Company are investment holding, property development, property investment and the provision of related services. The principal activities of the subsidiaries are described in Note 7. There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at Level 2, Block D, Kompleks Pejabat Damansara, Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur.

The holding and ultimate holding companies of the Company are Kayin Holdings Sdn. Berhad and Kayin (M) Sdn. Bhd. respectively and both these companies are incorporated in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 14 February 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company comply with the provisions of Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared on a historical cost basis unless otherwise disclosed in the respective accounting policies note.

The financial statements are presented in Ringgit Malaysia (“RM”), which is also the Company’s functional currency and all values are rounded to the nearest thousand (RM’000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as disclosed below.

On 1 November 2017, the Group and the Company adopted the following new and amended MFRSs mandatory for annual period beginning on or after 1 November 2017.

Effective for annual period beginning on or after 1 January 2017

Amendments to MFRS	Annual Improvements to MFRS Standards 2014 – 2016 Cycle
Amendments to MFRS 101	Presentations of Financial Statements: Disclosure Initiative
Amendments to MFRS 107	Statement of Cash Flows: Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to MFRS 12	Disclosure of Interests in Other Entities:
	Clarification of the scope of disclosure requirements in MFRS 12

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (cont'd.)

The adoption of the above new and Amendments to MFRSs did not have any significant financial impact to the Group, except for:

Amendments to MFRS 101 Presentation of Financial Statements:

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The amendments do not have any impact on the Group's and the Company's financial statements.

Amendments to MFRS 107: Disclosure Initiatives

The amendments to MFRS 107 Statement of Cash Flows requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of these amendments, entities are not required to provide comparative information for preceding periods. The application of these amendments has had no impact on the Group and on the Company.

Amendments to MFRS 112: Recognition of Deferred Tax Assests for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The application of these amendments has had no impact on the Group and on the Company as the Company already assess the sufficiency of future taxable profits in a way that is consistent with these amendments.

Amendments to MFRS 12 Disclosure of Interests in Other Entities:
Clarification of the scope of disclosure requirements in MFRS 12

The amendments clarify that an entity need not provide summarised financial information for interests in related companies or affiliates that are classified (or included in a disposal group that is classified) as held for sale. The application of these amendments has had no effect on the Company as none of the Company's interest in these entities are classified, or included in a disposal group that is classified, as held for sale.

The amendments do not have any impact on the Group's and on the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards and interpretations to standards issued but not yet effective

The standards and interpretations to standards that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Effective for annual period beginning on or after 1 January 2018

MFRS 9	Financial Instruments
MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 140	Transfers of Investment Property
Amendments to MFRSs	Annual Improvements to MFRS Standards 2014 – 2016 Cycle
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

Effective for annual period beginning on or after 1 January 2019

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan amendment, Curtailment or Settlement
Amendments to MFRS 10	Annual Improvements to MFRS Standards 2015 – 2017 Cycle
IC Interpretation 23	Uncertainty over Income Tax Treatments

Effective for annual period beginning on or after 1 January 2021

MFRS 17	Insurance Contracts

Deferred

MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Directors expect that the adoption of the standards and amendments to standards above will have no material impact on the financial statements in the period of initial application, except as disclosed below:

MFRS 9: Financial Instruments

MFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards and interpretations to standards issued but not yet effective (cont'd.)

MFRS 9: Financial Instruments (cont'd.)

During the financial year ended 31 October 2018, the Group and the Company have performed a detailed impact assessment of all three aspects of MFRS 9. The assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group and the Company in the financial year ending 31 October 2019 when the Group and the Company adopts MFRS 9.

Based on the analysis of the financial assets and liabilities as at 31 October 2018 on the basis of facts and circumstances that exist at that date, the directors have assessed the impact of MFRS 9 to the financial statements as follows:

(a) Classification and measurement

The Group and the Company are in the process of assessing the impact on its financial position or equity on applying the classification and measurement requirements of MFRS 9.

Investments in equity instruments are always measured at FVTPL with an irrevocable option at inception to present changes in OCI (provided the instrument is not held for trading). The Group will change the measurement of the investment in equity instruments currently held as available-for-sale ("AFS") to FVTPL.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group and the Company analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

(b) Impairment

MFRS 9 requires the Group and the Company to record expected credit losses on all of its debt securities, loans and receivables, either on a 12-months or lifetime basis. The Group and the Company will apply the simplified approach and record lifetime expected losses on all receivables. Based on readily available information as at the date of this report, the Group and the Company do not expect any significant increase in allowance for doubtful debts.

(c) Hedge accounting

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards and interpretations to standards issued but not yet effective (cont'd.)

MFRS 16 Leases

MFRS 16 will supersede the current lease guidance including MFRS 117: Leases and its related interpretations when it becomes effective.

A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. MFRS 16 requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to pay rental (i.e., the lease liability) with a corresponding asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The Group is in the process of assessing the impact of MFRS 16 and plans to adopt the new standard on the required effective date.

2.4 Summary of significant accounting policies

(a) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(b) Basis of consolidation and business combination

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(b) Basis of consolidation and business combination (cont'd.)

The Company controls an investee if and only if the Company has all the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its investment with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisition of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(c) Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

(d) Investments in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group as a joint operator recognises in relation to its interest in a joint operation:

(i) its assets, including its share of any assets held jointly;
(ii) its liabilities, including its share of any liabilities incurred jointly;
(iii) its revenue from the sale of its share of the output arising from the joint operation;
(iv) its share of the revenue from the sale of the output by the joint operation; and
(v) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the MFRSs applicable to the particular assets, liabilities, revenues and expenses.

Profits and losses resulting from transactions between the Group and its joint operation are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the joint operation.

(e) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(e) Property, plant and equipment and depreciation (cont'd.)

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation on assets under construction will commence when the assets are ready for their intended use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Building	25%
Plant and equipment	7.5% - 33.3%
Office and computer equipment	20% - 50%
Renovation, furniture, fittings and motor vehicles	10% - 33.3%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(f) Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is determined by the Directors with reference to market evidence of transaction prices for similar properties, and valuations performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued on a yearly basis. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

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 gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.4(e) up to the date of change in use.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(g) Land held for property development and property development costs

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.4(i).

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 normal operating cycle.

(ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. The accounting policy for borrowing costs incurred on funding of development activities is set out in Note 2.4(s).

Incremental costs of obtaining a contract with a customer are recognised as assets if the entity expects to recover those costs. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

Where the financial outcome of a development activity can be estimated reliably, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be estimated reliably, property development revenue is recognised only to the extent of property development costs incurred that are likely to be recoverable. Property development costs are recognised as expenses in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

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 profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(h) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of inventories are accounted for using the weighted average cost method. The cost of raw materials includes the cost of purchase and other direct charges. The cost of finished goods and work-in-progress comprise raw materials, direct labour, other direct costs and appropriate proportions of production overheads. The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

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. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(j) Financial assets

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

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

The Group and the Company determine the classification of financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets.

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

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term. The Group's and the Company's financial assets at fair value through profit or loss are as set out in Note 12.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest, dividend and distribution income. Interest, dividend and distribution income on financial assets at fair value through profit or loss are recognised in profit or loss as revenue, whereas exchange differences are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. The Group's and the Company's loans and receivables include trade receivables, other receivables and cash and bank balances.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(j) Financial assets (cont'd.)

(iii) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the other financial assets' categories.

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

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

The Group had classified its investments in unquoted shares outside Malaysia as available-for-sale financial assets.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(k) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

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

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

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

(ii) Available-for-sale financial assets

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

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and deposits with licensed banks or financial institutions that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value.

(m) Financial liabilities

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

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as other financial liabilities.

(i) 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. The Group and the Company have not designated any financial liabilities at fair value through profit or loss.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(n) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(o) Income tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(o) Income tax (cont'd.)

(ii) Deferred tax (cont'd.)

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(p) Leases

(i) As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.4(t).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(q) Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund ("EPF") in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(r) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(r) Foreign currencies (cont'd.)

(ii) Foreign currency transactions (cont'd.)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

(iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

(s) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use. Borrowing costs on assets held under pre-sale and for which related revenue is recognised over time are not capitalised and are recognised in the profit or loss in the period they are incurred.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(t) Revenue recognition

Revenue from contracts with customers is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise in a contract with a customer to transfer to the customer either:

(i) a good or service (or a bundle of goods or services) that is distinct; or

(ii) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Revenue from contract with customers is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The amount of variable consideration is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainly associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

- the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(t) Revenue recognition (cont'd.)

The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract). Revenue from sales of completed properties is recognised upon delivery of properties where the control of the properties has been passed to the buyers.

Revenue from sales of goods is recognised upon delivery of goods where the control of the goods has been passed to the customers, or performance of services, net of sales and goods and service taxes and discounts.

Other revenue earned by the Group are recognised on the following basis:

Dividend income/ distribution income	- when the right to receive payment is established
Interest income	- recognised on a time proportion basis that reflects the effective yield on asset
Rental income	- Rental income from investment property is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(u) Derivative financial instruments and cash flow hedge

The Group uses derivative financial instruments, such as interest swaps to hedge its interest rate. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedging relationship is classified as cash flow hedge, when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(u) Derivative financial instruments and cash flow hedge (cont'd.)

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges which meet the strict criteria for hedge accounting are accounted for as follows:

- The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income into cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss as other operating expenses.

- Amounts recognised in other comprehensive income previously are reclassified from equity to profit or loss when the hedged transaction affects profit or loss, such as when the hedged interest income or interest expense is recognised or when a forecast sale occurs. Where the hedged item is a non-financial asset or a non-financial liability, the amounts recognised previously in other comprehensive income are removed and included in the initial carrying amount of the non-financial asset or liability. The Group has elected not to apply basis adjustments to hedges of forecast transactions that result in the recognition of a non-financial asset or a non-financial liability.

- If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remain in equity until the forecast transaction or firm commitment affects profit or loss.

The Group uses interest rate swap contracts as hedges of its exposure to interest rate risk in forecasted transactions and firm commitments.

(v) Segment reporting

The Group is organised into operating segments based on geographical areas in which the Group operates. For Malaysian operations, the business is managed by the respective segment managers responsible for the performance of its three core businesses, being:

- property investment;
- property development; and
- investment holding.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(v) Segment reporting (cont'd.)

For overseas operations, the two operating segments are other investment holding and Australian operations.

The segment managers report directly to the Management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 40, including the factors used to identify the reportable segments and the measurement basis of segment information.

(w) Fair value measurements

The Group measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each reporting date. Also, fair values of financial instruments are disclosed in Note 37.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(w) Fair value measurements (cont'd.)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Board of Directors ("the Board") determines the policies and procedures for both recurring fair value measurement. External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the Board and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies inputs applied in the latest valuation and verified by agreeing the information in the valuation computation to contracts and other relevant documents which also includes comparison with other relevant external sources to determine if any change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(x) Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the sale will be withdrawn.

Management must be committed to the sale expected within one year from the date of the classification. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is:

- A component of the Group that is a CGU or a group of CGUs;
- Classified as held for sale or distribution or already disposed in such a way; or
- A major line of business or major geographical area.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(y) Discontinued operation

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

(z) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred is not recoverable from the authority, in which case it is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables are recognised inclusive of GST.

The net amount of GST being the difference between output and input of GST, payable to or receivables from the authority at the reporting date, is included in other payables or other receivables in the statements of financial position.

GST ceased to be effective on 1 September 2018.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Classification between investment properties and property, plant and equipment

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

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. Judgement is made to determine the apportionment of value between investment property and property, plant and equipment.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and unutilised investment tax allowances to the extent that it is probable that taxable profit will be available against which the tax losses and allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of unrecognised tax losses and allowances of the Group and of the Company are as detailed in Note 20 to the financial statements.

(b) Investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of comprehensive income. The investment properties of the Group are held to earn rental income or for capital appreciation or both. Fair value is determined by the Directors with reference to market evidence of transaction prices for similar properties, and valuations performed by registered independent valuers. The fair value is determined primarily using the comparison method of valuation, which entails comparing recorded transactions of similar properties in the vicinity and/ or the investment method of valuation, which entails the capitalisation of the net income of the property. The carrying amount of the investment properties carried at fair value at the reporting date is disclosed in Note 6.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

3.2 Key sources of estimation uncertainty (cont'd.)

(c) Fair value estimation of financial instruments classified as Fair Value Through Profit and Loss ("FVTPL")

The Group's investments in funds that are not publicly traded of 28% (2017: 23%) as at the reporting date are subject to the terms and conditions of the respective fund's offering documentation. The investments in these funds are valued based on the latest available redemption price of such units for each funds, as determined by the funds' administrators. The Group reviews the details of the reported information obtained through the portfolio managers and if necessary, the Group may make adjustments to the reported net asset value ("NAV") of various funds based on considerations such as:

- the liquidity of the funds and its underlying investments;
- the value date of the NAV provided;
- any restrictions on redemptions; and
- the basis of accounting and, in instances where basis of accounting is other than fair value, fair valuation information provided by fund's advisors.

The models used to determine fair values are validated and periodically reviewed by the portfolio managers and the Group. Judgements on the considerations for the above inputs may result in the carrying values of the investments in the funds to be materially different to the values ultimately realised upon redemption. The financial instruments classified at FVTPL at the reporting date are disclosed in Note 12.

(d) Property development revenue

Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract). In making the estimate, management relies on opinion/service of experts, past experience and a continuous monitoring mechanism.

The carrying amounts of assets and liabilities of the Group arising from property development activities are disclosed in Note 5. A 5% difference in the estimated total property development revenue or costs would result in approximately 1% (2017: 1%) variance in the Group's revenue and 5% (2017: 1%) variance in the Group's cost of sales.

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4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Building RM'000	Plant and equipment RM'000	Office and computer equipment RM'000	Renovation, furniture, fittings and motor vehicles RM'000	Assets under construction RM'000	Total RM'000
Group							
At 31 October 2018							
Cost							
At beginning of year	34,000	13,140	45,893	1,839	8,751	-	103,623
Additions	-	1,491	180	32	168	-	1,871
Disposals	-	-	-	-	(265)	-	(265)
Written off	-	-	-	(63)	(14)	-	(77)
At end of year	34,000	14,631	46,073	1,808	8,640	-	105,152
Accumulated depreciation							
At beginning of year	-	1,714	41,306	1,287	4,868	-	49,175
Disposals	-	-	-	-	(265)	-	(265)
Written off	-	-	-	(63)	(14)	-	(77)
Charge for the year (Note 26)	-	2,025	582	254	1,263	-	4,124
At end of year	-	3,739	41,888	1,478	5,852	-	52,957
Net carrying amount	34,000	10,892	4,185	330	2,788	-	52,195
At 31 October 2017							
Cost							
At beginning of year	34,000	15,000	42,306	1,473	8,293	425	101,497
Additions	-	-	489	366	621	2,673	4,149
Disposals	-	-	-	-	(163)	-	(163)
Adjustment/ reclassification	-	(1,860)	3,098	-	-	(3,098)	(1,860)
At end of year	34,000	13,140	45,893	1,839	8,751	-	103,623
Accumulated depreciation							
At beginning of year	-	313	40,826	1,053	3,775	-	45,967
Disposals	-	-	-	-	(163)	-	(163)
Charge for the year (Note 26)	-	1,401	480	234	1,256	-	3,371
At end of year	-	1,714	41,306	1,287	4,868	-	49,175
Net carrying amount	34,000	11,426	4,587	552	3,883	-	54,448

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

	Building RM'000	Plant and equipment RM'000	Furniture, fittings and computers RM'000	Motor vehicles RM'000	Total RM'000
Company					
At 31 October 2018					
Cost					
At beginning of year	13,140	1,977	4,877	1,208	21,202
Additions	1,491	-	21	-	1,512
Disposal	-	-	-	(106)	(106)
Transfer	-	-	(1,190)	1,190	-
At end of year	14,631	1,977	3,708	2,292	22,608
Accumulated depreciation					
At beginning of year	1,714	1,977	2,247	657	6,595
Charge for the year (Note 26)	2,025	-	754	301	3,080
Disposal	-	-	-	(106)	(106)
Transfer	-	-	(310)	310	-
At end of year	3,739	1,977	2,691	1,162	9,569
Net carrying amount	10,892	-	1,017	1,130	13,039
At 31 October 2017					
Cost					
At beginning of year	15,000	1,977	4,631	808	22,416
Additions	-	-	246	400	646
Reclassification	(1,860)	-	-	-	(1,860)
At end of year	13,140	1,977	4,877	1,208	21,202
Accumulated depreciation					
At beginning of year	313	1,977	1,503	510	4,303
Charge for the year (Note 26)	1,401	-	744	147	2,292
At end of year	1,714	1,977	2,247	657	6,595
Net carrying amount	11,426	-	2,630	551	14,607

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5. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for property development

	Freehold land RM'000	Long term leasehold land RM'000	Development expenditure RM'000	Total RM'000
Group				
Net carrying amount				
At 31 October 2018				
At beginning of year	321,003	13,873	91,260	426,136
Additions	-	-	1,908	1,908
Transfer to assets held for sale (Note 14)	(1,606)	-	(2)	(1,608)
Allowance for impairment loss (Note 26)	(3,142)	-	-	(3,142)
At end of year	316,255	13,873	93,166	423,294
At 31 October 2017				
At beginning of year	322,288	13,873	85,286	421,447
Additions	-	-	7,735	7,735
Transfer to assets held for sale (Note 14)	(1,285)	-	(1,761)	(3,046)
At end of year	321,003	13,873	91,260	426,136

	Freehold land RM'000	Development expenditure RM'000	Total RM'000
Company			
Net carrying amount			
At 31 October 2018			
At beginning of year	33,142	235	33,377
Additions	-	218	218
Allowance for impairment loss (Note 26)	(3,142)	-	(3,142)
At end of year	30,000	453	30,453
At 31 October 2017			
At beginning of year	33,142	23	33,165
Additions	-	212	212
At end of year	33,142	235	33,377

5. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D.)

(b) Property development cost

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Land and development expenditure				
Cost				
At beginning of year	138,349	115,144	102,977	87,648
Additions	64,777	34,621	61,784	26,745
Recognised during the year (Note 25)	(16,158)	(9,616)	(16,158)	(9,616)
Reclassified from/(to) investment properties (Note 6)	18,374	(1,800)	18,374	(1,800)
At end of year	205,342	138,349	166,977	102,977

During the financial year, the following costs are capitalised to property development expenditure:

Group and Company	2018 RM'000	2017 RM'000
Sales commission	1,928	1,311
Staff costs (Note 27)	314	449
Finance costs (Note 29)	-	129

The Group and the Company capitalised sales commission in relation to the property development contracts entered into as incremental costs of obtaining contracts with customers in property development costs when incurred. The sales commission is then amortised based on percentage of completion of the property. The amortisation charge associated with the sales commission amounted to RM1,306,000 (2017: RM303,000).

6. INVESTMENT PROPERTIES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At beginning of year	1,285,464	1,245,520	18,374	30,624
Fair value adjustment (Note 26)	(17,672)	21,858	-	(14,050)
Additions	14,640	6,719	-	-
Reclassified (to)/from development properties (Note 5(b))	(18,374)	1,800	(18,374)	1,800
Foreign exchange differences	(56,350)	9,567	-	-
At end of year	1,207,708	1,285,464	-	18,374

Investment properties of the Group with carrying value of RM938,200,000 (2017: RM1,002,939,000) are pledged to financial institutions for a local and foreign currency term loans granted as referred in Note 18.

Investment properties in Malaysia were revalued by a registered member of the Board of International Property Consultants, Valuers & Estate Agents. Valuations were made on 31 October 2018 based on open market values of the subject properties using comparison method, investment method and free from all encumbrances and with vacant possession, which are further detailed in Note 37(a).

Investment properties in Australia were revalued by an accredited independent valuer. Valuation was made on 31 October 2018 based on the investment method, which uses capitalisation approach, which is detailed in Note 37(a).

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2018 RM'000	2017 RM'000
Unquoted shares, at cost	835,144	835,144
Less: Allowance for impairment (Note 26)	(57)	-
	835,087	835,144

7. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2018 %	2017 %
Held by the Company:				
Bungsar Hill Holdings Sdn. Bhd.	Malaysia	Property investment and investment holding	100	100
Chong Chook Yew Sdn. Berhad	Malaysia	Property investment and investment holding	100	100
Friendly Target Sdn. Bhd.	Malaysia	Investment holding	100	100
Keruan Jaya Sdn. Bhd.	Malaysia	Property development	100	100
Sabaran (Malaysia) Sdn. Bhd.	Malaysia	Property development	100	100
Sagu Mestika Sdn. Bhd.	Malaysia	Investment holding	100	100
T.K. Wen & Company Sdn. Berhad	Malaysia	Property investment	100	100
Wenworth Hotel (K.L.) Sdn. Bhd.	Malaysia	Property investment	100	100
Wenworth Hotel Sdn. Bhd.	Malaysia	Dormant	100	100
Held through Chong Chook Yew Sdn. Berhad				
Damansara Developments Sdn. Berhad	Malaysia	Property investment	100	100
Held through Sagu Mestika Sdn. Bhd.				
Orisix Sdn. Bhd.	Malaysia	Property investment	100	100
Oriseven Sdn. Bhd.	Malaysia	Dormant	100	100
Orieight Sdn. Bhd.	Malaysia	Dormant	100	100
Orinine Sdn. Bhd.	Malaysia	Property investment	100	100
Oriland Sdn. Bhd.	Malaysia	Property investment	100	100
Selayang Mulia Sdn. Bhd.	Malaysia	Property development	100	100

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7. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Details of the subsidiaries are as follows: (cont'd.)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2018 %	2017 %
Held through Friendly Target Sdn. Bhd.				
SPB (Australia) Pty. Ltd.*	Australia	Investment holding	100	100
Allied Provincial Investments Inc.	The British Virgin Islands	Investment holding	100	100
SPB International Holdings Ltd.	The British Virgin Islands	Investment holding	100	100
Held through SPB International Holdings Ltd.				
SPB Development Pty. Ltd.*	Australia	Investment holding	100	100
Allied Provincial Invest Ltd.	The British Virgin Islands	Investment holding	100	100
Held through SPB Development Pty. Ltd.				
SPB Investments (Australia) Pty. Ltd.*	Australia	Investment holding	100	100
Held through Bungsar Hill Holdings Sdn. Bhd.				
Editry Sdn. Bhd.[#]	Malaysia	Struck off	-	59
Pusat Bandar Damansara Sdn. Bhd.	Malaysia	Property investment	100	100
Held through Damansara Developments Sdn. Berhad				
Puncak Madu Sdn. Bhd.	Malaysia	Property development	100	100

* Audited by affiliates of Ernst & Young.

[#] The subsidiary had been struck off from the register of the Companies Commission of Malaysia and dissolved following the publication of the notice of striking off pursuant to Section 551(3) of the Companies Act 2016 in the Gazette on 4 July 2018. The strike off did not have any significant impact to the Group.

8. FINANCIAL ASSETS AVAILABLE FOR SALE ("AFS")

	Group	
	2018 RM'000	2017 RM'000
Unquoted shares, at cost		
In Malaysia	3,996	-
Outside Malaysia	21,392	23,675
	25,388	23,675
Less: Allowance for impairment (Note 26)	(1,000)	-
	24,388	23,675

9. INVENTORIES

	Group	
	2018 RM'000	2017 RM'000
At net realisable value:		
Developed properties held for sale	720	720

Cost of inventories recognised as an expense during the financial year amounted to Nil (2017: RM117,000).

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10. TRADE RECEIVABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade receivables	7,130	4,396	3,608	16
Less: Allowance for impairment	(591)	(342)	-	-
Trade receivables, net	6,539	4,054	3,608	16

The Group's normal trade credit term ranges from 1 to 60 days (2017: 1 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

<u>Ageing analysis of trade receivables</u>

The ageing analysis of the Group's and the Company's trade receivables is as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Neither past due nor impaired	2,210	2,865	907	-
Past due but not impaired				
1 to 30 days past due but not impaired	1,775	665	977	-
31 to 60 days past due but not impaired	1,262	67	918	-
61 to 90 days past due but not impaired	95	76	19	-
91 to 120 days past due but not impaired	60	8	-	-
More than 120 days past due not impaired	1,137	373	787	16
	4,329	1,189	2,701	16
Impaired	591	342	-	-
	7,130	4,396	3,608	16

<u>Receivables that are neither past due nor impaired</u>

Receivables that are neither past due nor impaired are creditworthy debtors with good payment records.

<u>Receivables that are past due but not impaired</u>

These relate to customers that have a good track record with the Group and the Company. Based on past experience, the Directors of the Group and the Company are of the opinion that no allowance for impairment is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable. The receivables that are past due but not impaired are unsecured in nature.

10. TRADE RECEIVABLES (CONT'D.)

Receivables that are impaired

The trade receivables of the Group that are individually impaired at the reporting date and the movement in allowance for impairment of trade receivables are as follows:

	Group	
	2018 RM'000	2017 RM'000
Trade receivables	591	342
Less: Allowance for impairment	(591)	(342)
	-	-
Movement in allowance accounts:		
At beginning of year	342	75
Allowance for impairment losses (Note 26)	281	267
Reversal of allowance for impairment (Note 26)	(32)	-
At end of year	591	342

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

There is no impairment loss arising from receivables that have been collectively assessed for impairment.

11. OTHER RECEIVABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current				
Sundry receivables - Mezzanine loans	7,404	7,204	-	-
Current				
Due from subsidiaries	-	-	50,184	50,256
Deposits	1,287	1,851	452	432
Prepayments	685	493	72	-
Sundry receivables	1,814	1,354	264	126
	3,786	3,698	50,972	50,814
Less: Allowance for impairment (Note 26)	(76)	-	-	-
	3,710	3,698	50,972	50,814

11. OTHER RECEIVABLES (CONT'D.)

Receivables that are impaired

The other receivables of the Group that are individually impaired at the reporting date and the movement of the allowance accounts are as follows:

	Group	
	2018	2017
	RM'000	RM'000
Movement in allowance accounts:		
At beginning of year	-	-
Allowance for impairment (Note 26)	76	-
At end of year	76	-

Other receivables (excluding deposits and prepayments) that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

There is no impairment loss arising from receivables that have been collectively assessed for impairment.

The amounts due from subsidiaries are unsecured, repayable on demand and bear interest ranging from 4.18% to 4.43% (2017: ranging from 4.14% to 4.39%) per annum.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors other than the Mezzanine loans advanced to third parties for development projects amounting to AUD2,497,000 (2017: AUD2,219,000) or RM7,404,000 (2017: RM7,204,000) equivalent. The receivables are neither past due nor impaired.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
In Malaysia:				
Unit trust funds	27,706	79,117	27,706	79,117
Outside Malaysia:				
Equity funds and real estate funds	66,153	65,625	-	-
Hedge funds	6,866	16,020	-	-
Fixed income investments funds	373,102	484,915	-	-
Other unquoted investment funds	85,195	91,351	-	-
	531,316	657,911	-	-
	559,022	737,028	27,706	79,117

13. CASH AND BANK BALANCES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash at banks and on hand	66,657	89,713	25,608	19,158
Deposits with foreign licensed banks	364,082	214,418	-	-
Total cash and bank balances	430,739	304,131	25,608	19,158

Included in cash at banks of the Group and the Company is an amount of RM 26,730,000 (2017: RM19,990,000) and RM 24,118,000 (2017: RM17,489,000) respectively held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 which is restricted from use in other operations.

The range of interest rates per annum and maturities of deposits as at reporting date were as follows:

	Group		Group	
	2018	2017	2018	2017
	Interest rates (%)		Maturities (days)	
Tenures of 3 months or less				
- Foreign licensed banks	1.10% - 2%	0.01% - 1%	1	1

Cash and cash equivalents are placed with licensed financial institutions with good ratings.

14. ASSETS HELD FOR SALE

	Group	
	2018 RM'000	2017 RM'000
At beginning of year	3,046	-
Transfer from land held for property development (Note 5(a))	1,608	3,046
Disposal	(3,046)	-
At end of year	1,608	3,046

During the year, a subsidiary of the Group decided to dispose a parcel of freehold land identified as CT7150, Lot No 5251, Mukim of Kajang measuring in total 20,361 square meters, for a total consideration of RM7,307,000. The transaction has not been completed as at the year end.

In the previous year, a subsidiary of the Group entered into Sale and Purchase Agreements with third parties to dispose three parcels of freehold lands identified as Phase 6 of Bukit Permata, measuring in total 4,659 square meters, for a total consideration of RM4,864,000. The transaction has been completed on 11 October 2018.

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15. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2018 '000	2017 '000	2018 RM'000	2017 RM'000
Issued and fully paid				
At beginning of year	343,617	343,617	545,371	343,617
Transition to no par value regime on 31 January 2017 (Note 16)	-	-	-	201,754
At end of year	343,617	343,617	545,371	545,371

The new Companies Act 2016 ("the Act"), which came into operation on 31 January 2017 has abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act.

As disclosed in Note16(i), notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM201,754,000 for purposes as set out in Section 618(3) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transaction.

16. RESERVES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
(i) Share premium				
At beginning of year	-	201,754	-	201,754
Transition to no par value regime on 31 January 2017 (Note 15)	-	(201,754)	-	(201,754)
At end of year	-	-	-	-
(ii) Capital reserve*				
At beginning/end of year	70,870	70,870	-	-
(iii) Foreign currency translation reserves				
At beginning of year	17,529	12,236	-	-
Foreign currency translation	(34,279)	5,293	-	-
At end of year	(16,750)	17,529	-	-
(iv) Cash flow hedge reserve#				
At beginning of year	(161)	(947)	-	-
Net gain on cash flow hedges (Note 19)	151	786	-	-
At end of year	(10)	(161)	-	-
Total reserves	54,110	88,238	-	-

* Capital reserve comprises gain on disposal of properties in prior years and the capitalisation of retained earnings for bonus issue by a subsidiary.

The cash flow hedge reserve represents the effective portion of the cash flow hedge relationships incurred as at the reporting date.

17. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings under the single tier system.

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18. BORROWINGS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Short term				
Unsecured				
Revolving credits	4,004	4,000	4,004	4,000
Secured				
Term loan	47,994	6,000	47,994	6,000
Foreign term loan 1	-	129,824	-	-
Foreign term loan 2	-	113,596	-	-
	51,998	253,420	51,998	10,000
Long term				
Secured				
Term loan	-	4,894	-	4,894
Foreign term loan 1	103,810	-	-	-
Foreign term loan 2	103,810	-	-	-
	207,620	4,894	-	4,894
Total borrowings				
Revolving credits	4,004	4,000	4,004	4,000
Term loan	47,994	10,894	47,994	10,894
Foreign term loan 1	103,810	129,824	-	-
Foreign term loan 2	103,810	113,596	-	-
	259,618	258,314	51,998	14,894
Maturity of borrowings:				
Within one year	51,998	253,420	51,998	10,000
More than 2 years but not more than 5 years	207,620	4,894	-	4,894
	259,618	258,314	51,998	14,894

The weighted average effective interest rates (% per annum) of borrowings at the reporting date were as follows:

	Group		Company	
	2018 %	2017 %	2018 %	2017 %
Revolving credits	4.46	4.29	4.46	4.29
Term loan	4.13	3.93	4.13	3.93
Foreign term loan 1	3.39	2.96	-	-
Foreign term loan 2	1.97	1.77	-	-

18. BORROWINGS (CONT'D.)

Revolving credits of the Company

The revolving credits of the Group and of the Company bear interest of 4.30% to 4.52% (2017: 4.29% to 4.30%) per annum and are secured by a negative pledge over the Company's assets both present and future in the form and substance acceptable to the financial institutions.

Term loan facilities of the Company

In July 2016, the Company obtained Commodity Murabahah Financing-i ("Islamic term loan") and bank guarantee facilities of RM160,000,000 and RM18,000,000, respectively. These facilities are secured as follows:

- by way of third party first legal charge over an investment property of a subsidiary, Oriland Sdn Bhd, as disclosed in Note 6; and
- corporate guarantee of RM178,000,000 by a subsidiary, Oriland Sdn Bhd.

These facilities were obtained to finance a development project of the Company. The outstanding loan sum of RM47,994,000 has been classified under short-term borrowings due to the non-fulfillment of one of the financial covenants under the loan agreement as at the financial year end. Subsequent to the financial year end, the Bank has granted a waiver for the financial covenant concerned.

Foreign currency term loans of a subsidiary

These foreign currency term loans are secured by the Group's 50% share in investment properties, as disclosed in Note 6.

The foreign term loans have the following maturity dates:

	Maturity dates
Foreign term loan 1	28 February 2021
Foreign term loan 2	28 February 2021

19. CASH FLOW HEDGE INSTRUMENT

	Group	
	2018 RM'000	2017 RM'000
Current		
Interest rate swap	193	230
Non-current		
Interest rate swap	26	-
	219	230
Fair value gain (Note 16(iv))	151	786

Notional amount	Terms	Maturity period
For the financial year ended 2018:		
AUD20,000,000	Pays fixed interest rate of 1.88% per annum and receives a variable rate equal to the average bank bill swap bid rate ("BBSY") per annum on the notional amount.	28 May 2017 to 29 May 2019
AUD20,000,000	Pays fixed interest rate of 2.0675% per annum and receives a variable rate equal to the average bank bill swap bid rate ("BBSY") per annum on the notional amount.	1 March 2018 to 3 March 2020
For the financial year ended 2017:		
AUD20,000,000	Pays fixed interest rate of 1.88% per annum and receives a variable rate equal to the average bank bill swap bid rate ("BBSY") per annum on the notional amount.	28 May 2017 to 29 May 2019
AUD30,000,000	Pays fixed interest rate within the range of 2.345% per annum and receives a variable rate equal to the average bank bill swap bid rate ("BBSY") per annum on the notional amount.	27 February 2015 to 27 February 2018

The interest rate swap is being used to hedge the exposure to changes in cash flow of the floating rate secured term loans amounting to AUD70,000,000, equivalent to RM207,620,000 (2017: AUD75,000,000, equivalent to RM243,420,000) as disclosed in Note 18.

The increase in fair value of the interest rate swap of RM151,000 (2017: RM786,000) has been recognised in other comprehensive income as net gain on cash flow hedge to reflect the year-end hedging reserve amounting to RM10,000 (2017: RM161,000).

20. DEFERRED TAXATION

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
At beginning of year	137,649	121,561	-	-
Recognised in profit or loss (Note 30)	5,191	14,589	-	-
Exchange differences	(8,531)	1,499	-	-
At end of year	134,309	137,649	-	-

Presented after appropriate offsetting as follows:

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Deferred tax assets	(3,622)	(3,622)	-	-
Deferred tax liabilities	137,931	141,271	-	-
	134,309	137,649	-	-

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

Deferred tax liabilities of the Group:

	Property development RM'000	Property, plant and equipment RM'000	Investment properties RM'000	Others RM'000	Total RM'000
2018					
At beginning of year	1,096	275	145,973	7,405	154,749
Recognised in profit or loss	-	103	2,338	-	2,441
Exchange differences	-	-	(9,595)	-	(9,595)
	1,096	378	138,716	7,405	147,595
Set off with deferred tax assets					(9,664)
At end of year					137,931

20. DEFERRED TAXATION (CONT'D.)

Deferred tax liabilities of the Group: (cont'd.)

	Property development RM'000	Property, plant and equipment RM'000	Investment properties RM'000	Others RM'000	Total RM'000
2017					
At beginning of year	1,096	363	131,476	7,405	140,340
Recognised in profit or loss	-	(88)	13,074	-	12,986
Exchange differences	-	-	1,423	-	1,423
	1,096	275	145,973	7,405	154,749
Set off with deferred tax assets					(13,478)
At end of year					141,271

Deferred tax assets of the Group:

	Unused tax losses and unabsorbed capital allowances RM'000	Others RM'000	Total RM'000
2018			
At beginning of year	(16,165)	(935)	(17,100)
Recognised in profit or loss	2,702	47	2,749
Exchange differences	1,016	49	1,065
	(12,447)	(839)	(13,286)
Set off with deferred tax liabilities			9,664
At end of year			(3,622)
2017			
At beginning of year	(17,682)	(1,097)	(18,779)
Recognised in profit or loss	1,774	(171)	1,603
Exchange differences	(257)	333	76
	(16,165)	(935)	(17,100)
Set off with deferred tax liabilities			13,478
At end of year			(3,622)

20. DEFERRED TAXATION (CONT'D.)

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unused tax losses	55,678	50,826	25,000	21,728
Unabsorbed capital allowances	3,193	9,431	1,693	1,626
Unutilised investment tax allowances	7,668	7,668	5,060	-
	66,539	67,925	31,753	23,354

The unused tax losses and unabsorbed capital allowances of the Group and the Company are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

Deferred tax assets of the Group have not been recognised in respect of unutilised investment tax allowances amounting to RM7,668,000 (2017: RM7,668,000). This incentive is in respect of Wenworth Hotel (K.L.) Sdn. Bhd.'s business as a hotelier which has temporary ceased in year of assessment 2001 and may not be able to offset taxable profits arising from other businesses.

21. TRADE PAYABLES AND CONTRACT LIABILITIES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade payables	16,906	10,680	15,068	7,986
Contract liabilities	19,954	18,819	19,954	18,819
	36,860	29,499	35,022	26,805

Trade payables

The normal trade credit terms granted to the Group and the Company range from 1 to 60 days (2017: 1 to 60 days).

Contract liabilities

Contract liabilities consist of advance billings in excess of revenue recognised, typically resulting from the timing differences in revenue recognition and the milestone billings. The milestone billings for housing development contracts are governed by the Housing Development (Control and Licensing) Act 1996 ("HDA").

Contract value yet to be recognised as revenue

As of 31 October 2018, revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) is RM262,377,000 (2017: 169,236,000). The Group expects to recognise this revenue as the building is completed, which is expected to occur over the next 12 - 24 months.

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22. OTHER PAYABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Due to subsidiaries	-	-	1,788	4,993
Refundable deposits	1,739	932	22	-
Tenants' deposits	11,772	11,706	12	33
Accruals	6,360	2,614	2,453	1,537
Sundry payables	3,131	3,258	119	38
	23,002	18,510	4,394	6,601

Sundry payables are unsecured, non-interest bearing and normally settled on an average term of two months (2017: average term of two months).

The amounts due to subsidiaries are unsecured, repayable on demand and bear interest rates ranging from 4.18% to 4.43% (2017: 3.95% to 4.04%) per annum.

23. PROVISIONS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Subsidy for low cost project (a)	1,470	1,470	-	-
Provision for foreseeable losses (b)	264	1,075	-	-
Provision for development expenses (c)	3,341	3,341	-	-
Provision for employee benefits (d)	2,510	2,660	1,723	1,405
Others	1,933	113	1,937	113
	9,518	8,659	3,660	1,518

(a) Subsidy for low cost project

Subsidy for low cost project represents the present obligation for construction of low cost houses.

(b) Provision for foreseeable losses

Provision for foreseeable lossess relates to anticipated losses to be incurred for the development of low cost housing under the requirement of the State Government.

(c) Provision for development expenses

Provision for development expenses is in respect of development project undertaken by its subsidiary as they had a present obligation as a result of a past event and it was probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

(d) Provision for employee benefits

Provision for employee benefits relates to provision for staff costs such as bonus and annual leave.

24. REVENUE

Revenue comprise the following:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue from contract with customers				
- Property development revenue	25,213	14,246	25,213	14,246
- Sales of completed properties	-	617	-	-
- Fit out revenue	365	-	365	-
Revenue from other sources				
- Rental income	86,268	87,787	-	-
- Interest income from fixed income investment funds	11,557	13,750	-	-
- Dividend income				
- financial assets at FVTPL	14,426	12,785	-	-
- subsidiaries	-	-	10,010	10,000
- Distribution income from investments	15,455	10,980	1,634	2,885
	153,284	140,165	37,222	27,131

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue comprise the following:				
Timing of revenue recognition arising from revenue from contracts with customers				
- At a point in time	365	617	365	-
- Over time	25,213	14,246	25,213	14,246
	25,578	14,863	25,578	14,246

25. COST OF SALES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cost of completed properties sold (Note 9)	-	117	-	-
Property development costs (Note 5(b))	16,158	9,616	16,158	9,616
	16,158	9,733	16,158	9,616

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26. OPERATING PROFIT/(LOSS)

The following amounts have been charged/(credited) in arriving at the operating profit:

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Staff costs	27	16,582	15,109	11,141	8,052
Non-executive Directors' remuneration	28	396	281	396	281
Auditors' remuneration					
- Statutory audit		308	288	136	116
- Other services		85	50	77	34
Depreciation	4	4,124	3,371	3,080	2,292
Reversal of provision for foreseeable losses		(468)	-	-	-
Net impairment of					
- Trade receivables	10	249	267	-	-
- Other receivables	11	76	-	-	-
- Financial assets available for sale	8	1,000	-	-	-
- Land held for property development	5(a)	3,142	-	3,142	-
- Investment in subsidiaries	7	-	-	57	-
Direct operating expenses of investment properties that are revenue generating during the year		21,995	22,481	-	-
Loss/(gain) on fair value changes					
- FVTPL financial assets		22,275	(6,858)	113	(721)
- Non-current receivables		209	(558)	-	-
Net fair value loss/(gain) of investment properties	6	17,672	(21,858)	-	14,050
Gain on disposal of					
- Property, plant and equipment		(34)	(47)	(4)	-
- Development properties		(1,818)	-	-	-
Foreign exchange loss/(gain)		20,626	(17,712)	-	-
Interest income from					
- Third parties		(2,737)	(3,219)	(221)	(78)
- Subsidiaries		-	-	(2,143)	(1,659)

27. STAFF COSTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Wages and salaries	14,576	13,023	10,138	7,221
Employees Provident Fund ("EPF")	1,607	1,609	1,079	1,077
Social security costs	48	42	18	12
Other staff related expenses	665	884	220	191
	16,896	15,558	11,455	8,501
Amount capitalised in property development cost (Note 5(b))	(314)	(449)	(314)	(449)
	16,582	15,109	11,141	8,052

Included in staff costs of the Group and of the Company are Executive Directors' remuneration amounting to RM3,410,000 (2017: RM3,135,000) and RM2,954,000 (2017: RM2,642,000) respectively as further disclosed in Note 28.

28. DIRECTORS' REMUNERATION

The details of remuneration receivable by Directors of the Company and its subsidiaries during the year are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Executive Directors' remuneration (Note 27):				
Fees	456	493	-	-
Salaries and other emoluments	2,954	2,642	2,954	2,642
	3,410	3,135	2,954	2,642
Non-executive Directors' remuneration (Note 26):				
Fees	328	213	328	213
Other emoluments	68	68	68	68
	396	281	396	281
Total Directors' remuneration including benefits-in-kind	3,806	3,416	3,350	2,923

28. DIRECTORS' REMUNERATION (CONT'D.)

The details of remuneration receivable by Directors of the Company during the year are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Executive:				
Salaries and other emoluments	1,818	1,704	1,818	1,704
Fees	456	493	-	-
Bonus	535	500	535	500
Employees Provident Fund ("EPF")	601	438	601	438
	3,410	3,135	2,954	2,642
Non-executive:				
Fees	328	213	328	213
Other emoluments	68	68	68	68
	3,806	3,416	3,350	2,923

The number of Directors of the Company whose total remuneration for the Group during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2018	2017
Executive Directors:		
Below RM50,000	1	1
RM2,500,001 - RM3,000,000	-	-
RM3,000,001 - RM3,500,000	1	1
Non-executive Directors:		
Below RM50,000	-	-
RM50,001 - RM100,000	3	3
RM100,001 - RM150,000	1	-

29. FINANCE COSTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest expense on:				
Foreign term loans	9,987	11,968	-	-
Inter-company advances	-	-	146	501
Revolving credits	181	171	181	171
Term loan	999	129	999	129
	11,167	12,268	1,326	801
Amount capitalised in property development cost (Note 5(b))	-	(129)	-	(129)
	11,167	12,139	1,326	672

30. INCOME TAX EXPENSE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Malaysian income tax:				
Tax expense for the year	6,924	6,022	-	-
Under/(over) provided in prior years	421	1,239	(426)	925
Malaysian Real Property Gain Tax ("RPGT")	459	-	459	-
	7,804	7,261	33	925
Deferred tax (Note 20):				
Relating to origination and reversal of temporary differences	2,150	15,013	-	-
Over provided in prior years	(24)	(424)	-	-
Effect of change in tax rates	3,065	-	-	-
	5,191	14,589	-	-
	12,995	21,850	33	925

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

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Foreign income tax for subsidiaries incorporated in Australia is calculated at the Australian statutory tax rate of 30% (2017: 30%). Income derived from subsidiaries incorporated in the British Virgin Islands are not taxable.

30. INCOME TAX EXPENSE (CONT'D.)

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

	2018 RM'000	2017 RM'000
Group		
Profit before tax	10,899	114,449
Tax at Malaysian statutory tax rate of 24% (2017: 24%)	2,616	27,468
Effects of different tax rates in other countries	2,153	3,428
Effect on opening deferred tax of increase in Malaysia RPGT rate	2,605	-
Effect of reintroduction of RPGT at 10% (2017: 5%)	730	2,273
Effect of income not subject to tax	(12,949)	(17,633)
Effect of expenses not deductible for tax purposes	13,715	3,874
Utilisation of previously unrecognised tax losses	-	(705)
Deferred tax assets not recognised in respect of unused tax losses and unabsorbed capital allowance	3,728	2,330
Under provision of deferred tax in prior years	1	(424)
Over provision of tax expense in prior years	396	1,239
Tax expense for the year	12,995	21,850
Company		
Loss before tax	(4,860)	(16,132)
Tax at Malaysian statutory tax rate of 24% (2017: 24%)	(1,166)	(3,872)
Effect of RPGT (5%)	-	2,670
Effect of income not subject to tax	(2,768)	(3,373)
Effect of expenses not deductible for tax purposes	1,091	2,416
Deferred tax assets not recognised in respect of unused tax losses and unabsorbed capital allowance	3,302	2,159
(Over)/under provision of tax expense in prior years	(426)	925
Tax expense for the year	33	925

31. EARNINGS PER SHARE

The basic and diluted earnings per share is calculated by dividing (loss)/profit for the year attributable to ordinary equity holders of the Company by the number of ordinary shares in issue during the financial year.

	Group	
	2018	2017
(Loss)/profit attributable to owners of the parent (RM'000)	(2,096)	92,599
Number of ordinary shares in issue ('000)	343,617	343,617
Basic earnings per share (sen)	(0.6)	26.9
Diluted earnings per share (sen)	(0.6)	26.9

32. DIVIDENDS

	Dividend recognised in year	
	2018 RM'000	2017 RM'000
Group and Company		
Dividends on 343,616,761 ordinary shares		
- in respect of financial year 2017		
• First and final 12.0 sen single tier exempt dividend	41,234	-
- in respect of financial year 2016		
• First and final 12.0 sen single tier exempt dividend	-	41,234
• Special 8.0 sen single tier exempt dividend	-	27,489
	41,234	68,723

At the forthcoming Annual General Meeting, no dividends will be proposed for shareholders' approval.

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33. RELATED PARTY DISCLOSURES

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year.

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Rental and utilities deposits paid to a subsidiary	-	-	164	202
(Expense)/income:				
Provision of property management services in respect of the Group's properties in Australia, payable to a Director's related company, Hawaiian Pty. Ltd.	(3,167)	(3,432)	-	-
Interest income from subsidiaries	-	-	2,143	1,659
Interest expense to subsidiaries	-	-	(146)	(501)
Rental expense to subsidiaries	-	-	(726)	(874)
Corporate charge paid to a subsidiary	-	-	(421)	(47)
Amounts waived on the outstanding of the striked off subsidiaries	-	-	-	(136)
Dividend income from subsidiaries	-	-	10,010	10,000

Information regarding related party balances as at end of the financial year are disclosed in Note 11 and Note 22.

The Directors are of the opinion that the transactions above, except for the dividend income from subsidiaries, have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

33. RELATED PARTY DISCLOSURES (CONT'D.)

(b) Compensation of key management personnel

The remuneration of Directors and other members of key management during the year was as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Executive Directors and key management personnel				
Short-term employee benefits	4,136	3,895	3,680	3,403
Employees Provident Fund ("EPF")	601	644	601	644
Benefits-in-kind	-	26	-	26
	4,737	4,565	4,281	4,073
Non-executive Directors				
Directors fees	396	281	396	281
	5,133	4,846	4,677	4,354

34. INTEREST IN JOINT OPERATION ARRANGEMENTS

The Group, via its Australian subsidiaries, has interests in the following joint operation arrangements as at the following reporting dates:

	Interests	
	2018	2017
Joint operation arrangements:		
Outside Malaysia		
Claremont Quarter	50%	50%
7 Bayview Terrace	50%	50%
21 Bayview Terrace	50%	-

34. INTEREST IN JOINT OPERATION ARRANGEMENTS (CONT'D.)

The proportionate share of assets and liabilities of the above joint operation arrangements which are included in the Group's financial statements are as follows:

	Group	
	2018 RM'000	2017 RM'000
Assets		
Non-current assets		
Investment properties	607,364	650,432
Current assets		
Cash and bank balances	-	78
Trade receivables	2,756	1,621
Share of assets employed in joint operation arrangements	610,120	652,131
Liabilities		
Current liabilities		
Trade and other payables	(2,611)	(564)
Non-current liabilities		
Deferred tax liabilities	(104,274)	(110,326)
Share of liabilities in joint operation arrangements	(106,885)	(110,890)

The proportionate share of income and expenses of the joint operation arrangements included in the Group's statements of comprehensive income are as follows:

	Group	
	2018 RM'000	2017 RM'000
Income	52,308	82,961
Expenses	(16,290)	(17,881)
Profit before tax	36,018	65,080

35. CAPITAL COMMITMENTS

	Group	
	2018 RM'000	2017 RM'000
Improvements for investment properties		
Approved and contracted	6,470	245
Approved and not contracted	63,629	58,936
	70,099	59,181

36. OPERATING LEASE ARRANGEMENTS

The Group as lessor

The Group has entered into rental lease agreements on its portfolio of investment properties. These leases have remaining lease terms of between 1 and 12 years. Certain contracts include a clause to enable revision of rental charge based on prevailing market conditions upon renewal. All lease contracts entered into are for fixed amounts.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as receivables, are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Not later than 1 year	122,321	94,874	-	-
Later than 1 year and not later than 5 years	232,577	184,988	-	-
Later than 5 years	108,202	73,902	-	-
	463,100	353,764	-	-

Investment property rental income recognised in profit or loss during the financial year is disclosed in Note 24.

37. FAIR VALUE OF ASSETS AND LIABILITIES

The carrying amounts of assets and liabilities of the Group and of the Company that are classified as current are reasonable approximations of fair values due to their short-term nature. The long term borrowings of the Group is a floating rate instrument that are re-priced to market interest rates on or near the reporting date. The non-current portion of other payable in previous years and other receivables of the Group are reasonable approximations of fair values due to the insignificant impact of discounting.

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 Quoted prices 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. as prices) or indirectly (i.e. derived from prices).
- Level 3 Inputs for the asset or liability that are not based on observable market data such as prices based on internal models or other valuation methods.

The following tables show the carrying amounts and fair value of assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

37. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D.)

(a) Non-financial assets measured at fair value

The fair value of the Group's and of the Company's investment properties of RM1,207,708,000 (2017: RM1,285,464,000) and Nil (2017: RM18,374,000), respectively has been categorised under Level 3 of the fair value hierarchy, based on the inputs to the valuation technique used.

As described in Note 6, the methods used by the valuers are the comparison method and investment method below:

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market comparison technique:		
Entails analysis on recent transactions and asking prices of similar properties in and around the locality for comparison to derive adjusted properties for location, quality and finishing of the building, design and size of the building, size, shape of land, tenure and title restrictions and other relevant characteristics to arrive at the market value.	• Estimated basic area value per square foot • Risk adjusted discount rate	The estimated fair value would increase/(decrease) if: • the estimated basic area value per square foot were higher/(lower) • the risk-adjusted discount rates were lower/(higher)
Income capitalisation method:		
Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating income generated by the property (as those for the discounted cash flows method), which is divided by the capitalisation rate (the investor's rate of return).	• Capitalisation rate • Passing rent • Outgoings and capital adjustments	The estimated fair value would increase/(decrease) if: • capitalisation rate were lower/(higher); • passing rent was higher/(lower); or • outgoings and capital adjustments were lower/(higher)

The reconciliation from beginning to ending balances for investment properties which are classified under Level 3 of the fair value hierarchy is as provided in Note 6.

37. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D.)

(b) Financial assets and liabilities

Group

At 31 October 2018	Note	Carrying amount						Fair value hierarchy			
		Designated at fair value RM'000	Available-for-sale RM'000	Fair value - hedging instruments RM'000	Other financial liabilities RM'000	Loans and receivables RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets measured at fair value											
Unit trust funds	12	27,706	-	-	-	-	27,706	27,706	-	-	27,706
Equity funds and real estate funds	12	66,153	-	-	-	-	66,153	-	-	66,153	66,153
Hedge funds	12	6,866	-	-	-	-	6,866	-	-	6,866	6,866
Fixed income investments funds	12	373,102	-	-	-	-	373,102	-	373,102	-	373,102
Other unquoted investments funds	12	85,195	-	-	-	-	85,195	-	-	85,195	85,195
		559,022	-	-	-	-	559,022	27,706	373,102	158,214	559,022
Financial liabilities measured at fair value											
Interest rate swap	19	-	-	219	-	-	219	-	-	219	219
Financial assets not measured at fair value											
Unquoted shares outside Malaysia^^	8	-	24,388	-	-	-	24,388				
Trade receivables^	10	-	-	-	-	6,539	6,539				
Other receivables^	11	-	-	-	-	3,025	3,025				
Mezzanine loans^	11	-	-	-	-	7,404	7,404				
Cash and bank balances^	13	-	-	-	-	430,739	430,739				
		-	24,388	-	-	447,707	472,095				
Financial liabilities not measured at fair value											
Borrowings^	18	-	-	-	259,618	-	259,618				
Trade payables^	21	-	-	-	16,906	-	16,906				
Other payables^	22	-	-	-	23,002	-	23,002				
		-	-	-	299,526	-	299,526				

^ The Group has not disclosed the fair values for these financial instruments because their carrying amounts are reasonable approximations of fair values, or the impact of discounting is immaterial.

^^ Unquoted shares outside Malaysia are carried at cost because fair value cannot be measured reliably. These investments do not have any comparable industry peer. Accordingly, the variability in range of reasonable fair value estimates derived should valuation techniques be used may be significant.

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37. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D.)

(b) Financial assets and liabilities (cont'd.)

Group

		Carrying amount						Fair value hierarchy			
At 31 October 2017	Note	Designated at fair value RM'000	Available-for-sale RM'000	Fair value - hedging instruments RM'000	Other financial liabilities RM'000	Loans and receivables RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets measured at fair value											
Unit trust funds	12	79,117	-	-	-	-	79,117	79,117	-	-	79,117
Equity funds and real estate funds	12	65,625	-	-	-	-	65,625	-	-	65,625	65,625
Hedge funds	12	16,020	-	-	-	-	16,020	-	-	16,020	16,020
Fixed income investments funds	12	484,915	-	-	-	-	484,915	-	484,915	-	484,915
Other unquoted investments funds	12	91,351	-	-	-	-	91,351	-	-	91,351	91,351
		737,028	-	-	-	-	737,028	79,117	484,915	172,996	737,028
Financial liabilities measured at fair value											
Interest rate swap	19	-	-	230	-	-	230	-	230	-	230
Financial assets not measured at fair value											
Unquoted shares outside Malaysia^^	8	-	23,675	-	-	-	23,675				
Trade receivables^	10	-	-	-	-	4,054	4,054				
Other receivables^	11	-	-	-	-	3,205	3,205				
Mezzanine loans^	11	-	-	-	-	7,204	7,204				
Cash and bank balances^	13	-	-	-	-	304,131	304,131				
		-	23,675	-	-	318,594	342,269				
Financial liabilities not measured at fair value											
Borrowings^	18	-	-	-	258,314	-	258,314				
Trade payables^	21	-	-	-	10,680	-	10,680				
Other payables^	22	-	-	-	18,510	-	18,510				
		-	-	-	287,504	-	287,504				

^ The Group has not disclosed the fair values for these financial instruments because their carrying amounts are reasonable approximations of fair values, or the impact of discounting is immaterial.

^^ Unquoted shares outside Malaysia are carried at cost because fair value cannot be measured reliably. These investments do not have any comparable industry peer. Accordingly, the variability in range of reasonable fair value estimates derived should valuation techniques be used may be significant.

37. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D.)

(b) Financial assets and liabilities (cont'd.)

Company

At 31 October 2018	Note	Carrying amount						Fair value hierarchy			
		Designated at fair value RM'000	Available-for-sale RM'000	Fair value - hedging instruments RM'000	Other financial liabilities RM'000	Loans and receivables RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets measured at fair value											
Unit trust funds	12	27,706	-	-	-	-	27,706	27,706	-	-	27,706
Financial assets not measured at fair value											
Trade receivables^	10	-	-	-	-	3,608	3,608				
Other receivables^	11	-	-	-	-	50,900	50,900				
Cash and bank balances^	13	-	-	-	-	25,608	25,608				
		-	-	-	-	80,116	80,116				
Financial liabilities not measured at fair value^											
Borrowings^	18	-	-	-	51,998	-	51,998				
Trade payables^	21	-	-	-	15,068	-	15,068				
Other payables^	22	-	-	-	4,394	-	4,394				
		-	-	-	71,460	-	71,460				

^ The Company has not disclosed the fair values for these financial instruments because their carrying amounts are reasonable approximations of fair values, or the impact of discounting is immaterial.

37. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D.)

(b) Financial assets and liabilities (cont'd.)

Company

		Carrying amount						Fair value hierarchy			
At 31 October 2017	Note	Designated at fair value RM'000	Available-for-sale RM'000	Fair value - hedging instruments RM'000	Other financial liabilities RM'000	Loans and receivables RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets measured at fair value											
Unit trust funds	12	79,117	-	-	-	-	79,117	79,117	-	-	79,117
Financial assets not measured at fair value											
Trade receivables^	10	-	-	-	-	16	16				
Other receivables^	11	-	-	-	-	50,814	50,814				
Cash and bank balances^	13	-	-	-	-	19,158	19,158				
		-	-	-	-	69,988	69,988				
Financial liabilities not measured at fair value^											
Borrowings^	18	-	-	-	14,894	-	14,894				
Trade payables^	21	-	-	-	7,986	-	7,986				
Other payables^	22	-	-	-	6,601	-	6,601				
		-	-	-	29,481	-	29,481				

^ The Company has not disclosed the fair values for these financial instruments because their carrying amounts are reasonable approximations of fair values, or the impact of discounting is immaterial.

37. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D.)

(b) Financial assets and liabilities (cont'd.)

The following tables show the valuation techniques used in measuring Level 3 and Level 2 fair values, as well as the significant unobservables inputs used:

Type of assets or liabilities	Valuation techniques	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<u>Level 3</u> Equity funds and real estate funds Hedge funds Other unquoted investment funds	*Market comparison technique:* The fair values are based on • fund managers' statements at the value date of the funds which is quarterly, plus any interim capital calls and less any distributions made to 31 October, without adjustments; or • based on the statements of account as at 31 October received from the fund managers.	Capital called/ (distributed) from value date to 31 October.	Additional capital called/ (distributed) capital called to 31 October will have higher/(lower) fair value.
<u>Level 2</u> Fixed income investments funds	*Market comparison technique:* The fair values are determined based on the statements of account as at 31 October received from the fund managers.	Not applicable	Not applicable
Interest rate swap	*Discounted cash flows:* The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable market data.	Not applicable	Not applicable

37. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D.)

(b) Financial assets and liabilities (cont'd.)

Group

The reconciliation from beginning to ending balances for financial assets classified under Level 3 of the fair value hierarchy are as follows:

Group	Fair value measurement at end of the reporting date using Level 3: 2018 RM'000	2017 RM'000
Financial assets designated at fair value ("FVTPL")		
At beginning of year	172,996	164,127
Additions	21,192	31,488
Disposals	(23,385)	(17,243)
Loss on fair value changes	(9,813)	(7,501)
Foreign exchange (loss)/gain	(2,776)	2,125
At end of year	158,214	172,996

The fair value assets under Level 3 of the hierarchy were derived from third-party pricing information, without adjustments.

It is not expected that a reasonably possible change in unobservable inputs will result in the fair value of the assets carried under Level 3 of the fair value hierarchy to change significantly.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Director of Finance. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group applies hedge accounting.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and sundry receivables while the Company's exposure to credit arises primarily from trade and sundry receivables and amount due from subsidiaries. For other financial assets (including investment securities, cash and cash equivalents and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties and reputable financial institutions.

The Group's objective is to seek continued revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis.

The Group does not have any significant exposure to any individual customer nor does it have any major concentration of credit risk related to any financial instrument other than those described in Note 10 and Note 11.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group actively manages operating cash flows so as to ensure that all funding needs are met. As part of overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet working capital requirements.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(ii) Liquidity risk (cont'd.)

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual repayment obligations:

	Group			Company		
	On demand or within one year RM'000	One to five years RM'000	Total RM'000	On demand or within one year RM'000	One to five years RM'000	Total RM'000
Financial liabilities:						
31 October 2018						
Trade payables	16,906	-	16,906	15,068	-	15,068
Accruals and sundry payables	9,491	-	9,491	2,572	-	2,572
Amount due to subsidiaries	-	-	-	1,788	-	1,788
Borrowings	51,998	207,620	259,618	51,998	-	51,998
Total undiscounted financial liabilities	78,395	207,620	286,015	71,426	-	71,426
31 October 2017						
Trade payables	10,680	-	10,680	7,986	-	7,986
Accruals and sundry payables	5,872	-	5,872	1,575	-	1,575
Amount due to subsidiaries	-	-	-	4,993	-	4,993
Borrowings	253,420	4,894	258,314	10,000	4,894	14,894
Total undiscounted financial liabilities	269,972	4,894	274,866	24,554	4,894	29,448

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group hedges its floating rate foreign currency term loans with interest rate swap.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. At the reporting date, after taking into account the effect of interest rate swap, approximately 46% (2017: 63%) of the Group's borrowings are at fixed rates of interest.

Sensitivity analysis of interest rate risk

At the reporting date, if interest rates had been 75 basis points higher (2017: 75 basis points higher), with all other variables held constant, the Group's and the Company's profit net of tax and equity would have been lower by RM1,387,000 (2017: RM1,363,000) and RM296,000 (2017: RM85,000) respectively, arising mainly as a result of higher interest expense on floating rate borrowings in Australia. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment in Australia.

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group does not have any significant financial liabilities denominated in foreign currencies as at the reporting date. The Group's exposure to foreign currency risk mainly arises from its financial assets which are denominated in Singapore Dollar ("SGD"), United States Dollar ("USD"), Australian Dollar ("AUD") and Euro. The following table indicates the currencies to which the Group had significant exposure at the reporting date.

	RM'000				
	SGD	USD	AUD	Euro	Total
31 October 2018					
Financial assets at FVTPL	292,746	230,393	-	8,176	531,315
Cash and cash equivalents	221,559	131,881	109	10,534	364,083
	514,305	362,274	109	18,710	895,398
31 October 2017					
Financial assets at FVTPL	284,304	365,655	-	7,952	657,911
Cash and cash equivalents	173,587	30,651	119	10,061	214,418
	457,891	396,306	119	18,013	872,329

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(iv) Foreign currency risk (cont'd.)

Sensitivity analysis for foreign currency risk

The following tables demonstrate the sensitivity of the Group's profit net of tax to a reasonably possible change in the SGD, USD, AUD and Euro exchange rates against the respective functional currencies of the Group entities at the end of the reporting period, with all other variables held constant.

		Increase	
		2018 RM'000	2017 RM'000
SGD	strengthen 1% (2017: 1%)	5,143	4,579
USD	strengthen 1% (2017: 1%)	3,623	3,963
AUD	strengthen 1% (2017: 1%)	1	1
Euro	strengthen 1% (2017: 1%)	187	180

A 1% weakening of the above foreign currencies against Ringgit Malaysia at the end of the reporting period would have result in an equal but opposite effect on the profit net of tax of the Group.

(v) Market price risk

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

The Group is exposed to market price risk arising from its investments in unquoted investment funds. These instruments are classified as held for trading.

Sensitivity analysis for price risk

At the reporting date, if the market price had been 1% higher/lower (2017: 1% higher/lower), with all other variables held constant, the Group's profit net of tax and equity would have been RM5,590,000 (2017: RM7,370,000) higher/lower, arising as a result of higher/lower fair value changes on financial assets at FVTPL.

39. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. To achieve this, the Company takes into consideration the sufficiency of funds for operations, risk management and development.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made to the capital management objectives, policies or processes during the years ended 31 October 2018 and 31 October 2017.

39. CAPITAL MANAGEMENT (CONT'D.)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, borrowings, trade and other payables, less cash and bank balances and unit trust funds. Capital includes equity attributable to the owners of the parent.

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Borrowings	259,618	258,314	51,998	14,894
Trade payables	16,906	10,680	15,068	7,986
Other payables	23,002	18,510	4,394	6,601
Less: Cash and cash equivalents	(430,739)	(304,131)	(25,608)	(19,158)
Unit trust funds	(27,706)	(79,117)	(27,706)	(79,117)
Net (cash)/debt	(158,919)	(95,744)	18,146	(68,794)
Equity attributable to the owners of the parent, representing total capital	2,462,769	2,540,227	1,060,982	1,107,109
Capital and net debt	2,303,850	2,444,483	1,079,128	1,038,315
Gearing ratio	-6.9%	-3.9%	1.7%	-6.6%

40. SEGMENTAL REPORTING

The Group is organised into operating segments based on geographical areas in which the Group operates. For Malaysian operations, the business is managed by the respective segment managers responsible for the performance of its three core businesses, being:

- Property investment;
- Property development; and
- Investment holding

For overseas operations, the two operating segments are other investment holding and the Australian operations.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Group income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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40. SEGMENTAL REPORTING (CONT'D.)

At 31 October 2018

	In Malaysia			Outside Malaysia				
	Property investment RM'000	Property development RM'000	Investment holding RM'000	Other investment holding RM'000	Australian operations RM'000	Eliminations RM'000	Notes	Consolidated RM'000
Revenue								
External sales	46,917	25,578	1,634	25,983	53,172	-		153,284
Inter-segment sales	718	-	-	-	-	(718)	A	-
Total revenue	47,635	25,578	1,634	25,983	53,172	(718)		153,284
Results								
Interest income	-	260	-	-	2,477	-		2,737
Fair value (loss)/gain on investment properties	(19,099)	-	-	-	1,427	-		(17,672)
Depreciation	(1,043)	(3,081)	-	-	-	-		(4,124)
Unrealised foreign exchange loss	-	-	-	(20,626)	-	-		(20,626)
Finance costs	-	(1,180)	-	-	(9,987)	-		(11,167)
Segment profit/(loss) before tax	7,261	(16,854)	1,522	(20,189)	39,159	-		10,899
Tax expenses	(5,883)	(256)	-	-	(6,856)	-		(12,995)
Assets								
Segment assets	648,530	681,934	27,846	896,367	667,991	-		2,922,668
Tax recoverable	1,105	3,703	61	-	-	-		4,869
Deferred tax assets	-	3,622	-	-	-	-		3,622
Total assets	649,635	689,259	27,907	896,367	667,991	-		2,931,159
Liabilities								
Segment liabilities	17,537	101,206	133	21	210,956	-		329,853
Tax payable	581	25	-	-	-	-		606
Deferred tax liabilities	34,582	7,900	-	-	95,449	-		137,931
Total liabilities	52,700	109,131	133	21	306,405	-		468,390
Additions to non-current assets:								
Property, plant and equipment	178	1,693	-	-	-	-		1,871
Land held for property development	-	1,908	-	-	-	-		1,908

A Inter-segment sales are eliminated on consolidation.

40. SEGMENTAL REPORTING (CONT'D.)

At 31 October 2017

	In Malaysia			Outside Malaysia				
	Property investment RM'000	Property development RM'000	Investment holding RM'000	Other investment holding RM'000	Australian operations RM'000	Eliminations RM'000	Notes	Consolidated RM'000
Revenue								
External sales	47,083	14,863	2,885	26,535	48,799	-		140,165
Inter-segment sales	874	-	-	-	-	(874)	A	-
Total revenue	47,957	14,863	2,885	26,535	48,799	(874)		140,165
Results								
Interest income	-	124	-	-	3,095	-		3,219
Fair value (loss)/gain on investment properties	(6,594)	-	-	-	28,452	-		21,858
Depreciation	(997)	(2,374)	-	-	-	-		(3,371)
Unrealised foreign exchange gain	-	-	-	17,712	-	-		17,712
Finance costs	-	(171)	-	-	(11,968)	-		(12,139)
Segment profit/(loss) before tax	19,048	(16,644)	3,606	47,383	61,056	-		114,449
Tax expenses	(7,159)	(915)	(14)	-	(13,762)	-		(21,850)
Assets								
Segment assets	656,327	629,616	79,240	874,580	748,190	-		2,987,953
Tax recoverable	1,673	3,705	103	-	-	-		5,481
Deferred tax assets	-	3,622	-	-	-	-		3,622
Total assets	658,000	636,943	79,343	874,580	748,190	-		2,997,056
Liabilities								
Segment liabilities	15,617	52,889	951	17	245,738	-		315,212
Tax payable	320	26	-	-	-	-		346
Deferred tax liabilities	36,456	7,692	-	-	97,123	-		141,271
Total liabilities	52,393	60,607	951	17	342,861	-		456,829
Additions to non-current assets:								
Property, plant and equipment	352	3,797	-	-	-	-		4,149
Land held for property development	-	7,735	-	-	-	-		7,735

A Inter-segment sales are eliminated on consolidation.

40. SEGMENTAL REPORTING (CONT'D.)

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2018 RM'000	2017 RM'000
Property, plant and equipment	52,195	54,448
Land held for property development	423,294	426,136
Investment properties	1,207,708	1,285,464
Other investments	24,388	23,675
Other receivables	7,404	7,204
Deferred tax assets	3,622	3,622
	1,718,611	1,800,549

41. SIGNIFICANT SUBSEQUENT EVENTS

(a) Proposed selective capital reduction

The Company had on 25 October 2018 received a letter from its major shareholder, Kayin Holdings Sdn Bhd ("Kayin") ("Proposal Letter"), requesting for SPB to undertake a selective capital reduction and repayment exercise pursuant to Section 116 of the Companies Act 2016 ("Proposed SCR").

The Proposed SCR entailed a selective capital reduction and a corresponding capital repayment of proposed cash amount of RM5.70 ("SCR Offer Price") per ordinary share in SPB held by all the shareholders of SPB (other than Kayin), whose names appear in the Record of Depositors of SPB as at the close of business on an entitlement date to be determined and announced later by the Board. The Proposed SCR is subject to the approval of the shareholders of SPB (other than Kayin) at an Extraordinary General Meeting to be held.

On 17 December 2018, Kayin notified the Board of Directors that they wish to revise the SCR Offer Price for each existing share held by the shareholders (other than Kayin) to RM6.00 ("Revised SCR Offer Price"). On 15 January 2019, Kayin notified the Board of Directors of a revision of the Revised SCR Offer Price to RM6.30 ("Final SCR Offer Price") per ordinary share.

Consequential to the Final SCR Offer Price, the issued share capital of SPB will be reduced by up to RM687,768,008 pursuant to the Proposed SCR. As a result of the Final SCR Offer Price, the capital reduction is still higher than the existing issued share capital of SPB and hence, a bonus issue is proposed to be undertaken by SPB to increase the share capital of SPB to a level which is sufficient for the capital reduction to facilitate the Proposed SCR. All SPB shares, including the bonus shares, will be cancelled save for those shares held by Kayin. Upon completion of the Proposed SCR, Kayin will hold the remaining SPB shares which are not cancelled and will own 100% equity interest in the Company.

Kayin has indicated vide the Proposal Letter that it does not intend to maintain the listing status of the Company on the Main Market of Bursa Malaysia Securities Berhad upon the completion of the exercise.

At an Extraordinary General Meeting held on 14 February 2019, the shareholders, save for Kayin, have voted in favour of the Proposed SCR. Following the shareholders' approval, the Company will file a petition to the High Court to obtain an order under Section 116 of the Companies Act 2016 to proceed with the process of the capital reduction and repayment exercise.

41. SIGNIFICANT SUBSEQUENT EVENTS (CONT'D.)

(b) Litigation on Bungsar Hill Holdings Sdn Bhd

Bungsar Hill Holdings Sdn Bhd, BHHSB, a wholly-owned subsidiary, had on 3 January 2019 received a Writ of Summons and Statement of Claim, both dated 24 December 2018, pursuant to which Yeoh Eng Kong ("Plaintiff") alleged that a Settlement Agreement ("Settlement Agreement") entered into between the Plaintiff, Syarikat Perumahan Pegawai Kerajaan Sdn Bhd ("SPPK") and BHHSB dated 26 December 2012 was entered into under a mutual mistake. The Settlement Agreement was entered into for the full and final settlement of a Counterclaim by the Plaintiff against inter alia SPPK and BHHSB in an earlier legal suit commenced on or about 2007 ("Previous Suit").

Under the Settlement Agreement, a Vacant Land was to be transferred to the Plaintiff. The "Vacant Land" was defined in the Settlement Agreement as "the portion of the strip of land west of the monsoon drain which forms part of the piece of land held under HS(D) 31777, Lot PT1499, Mukim Kuala Lumpur, District of Kuala Lumpur and has not been subdivided and the exact size and area have not been specifically determined. The location of the said land is generally identified by the area marked in red in the Detail and Spot Level Survey on Lot PT1499 prepared by Jurukur Generasi annexed in the 1st Schedule hereto" and further, "the Vacant Land is to be transferred to him (Plaintiff) on an "as is where is" basis and that the actual area and size of the Vacant Land has not been determined." The total land size for the Title of PT1499, including the Vacant Land and the monsoon drain measures approximately 1.05 acres, located in the area of Damansara Heights.

The Plaintiff had alleged that the parties to the Settlement Agreement had labored under a mutual mistake insofar as they identified the Vacant Land in the 1st Schedule. He alleged that the monsoon drain shown in the 1st Schedule was not a monsoon drain but a Rainwater Channel/Drain. The Plaintiff further alleged that there was a reserved location identified in the Title of PT 1499 ("Reserved Location") for the monsoon drain to be constructed and the Vacant Land should have been identified by an actual monsoon drain which is to be properly constructed, instead of the Rainwater Channel/Drain.

The Plaintiff is seeking for, inter alia, the following orders from the Court:

(a) rectification of the definition of Vacant Land in Clause 1.1 of the Settlement Agreement to be read as 'the portion of the strip of land west of the monsoon drain which is to be constructed at the reserved location for a Monsoon Drain set out in PT 1499 and which forms part of the piece of land held under PT 1499; and has not been subdivided and the exact size and area have not been specifically determined';

(b) an Order that SPPK and BHHSB do take all necessary steps to construct, at their own cost and expense, a Monsoon Drain at the Reserved Location;

(c) an Order that SPPK and BHHSB do take all necessary steps to divert, at their own cost and expense, the Rainwater Channel/Drain to the Monsoon Drain at the Reserved Location; and

(d) an Order that the Plaintiff be notified periodically by SPPK and/or BHHSB of the progress made by SPPK and/or BHHSB in complying with the Order in paragraphs (b) and (c).

The case was fixed for case management on 25 January 2019. On the aforesaid date, the Court has fixed the case for another case management on 5th March 2019.

The solicitors for SPB are of the view that the present claim by the Plaintiff against BHHSB is baseless and devoid of any merit.

DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS

At the Fifty-Sixth Annual General Meeting held on 28 February 2018, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

In accordance with Paragraph 3.1.5 of Practice Note No. 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the details of recurrent related party transactions conducted during the financial year ended 31 October 2018 pursuant to the shareholders' mandate are disclosed as follows:-

Transacting Parties.	SPB Group subsidiaries	Type of recurrent transactions	Transacted value during financial year RM'000
Hawaiian Pty Ltd	SPB Developments Pty Ltd	Provision of property management services in Australia	255
Hawaiian Pty Ltd	SPB (Australia) Pty Ltd	Provision of property management services in Australia	2,969

Please refer to Sections 2.3 and 2.5 of the Circular to Shareholders dated 28 February 2019 on the name of the related parties and the Company's relationship with the related parties.

ANALYSIS OF SHAREHOLDINGS
as at 7 February 2019

Total number of issued shares	:	343,616,761
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share

Size of Shareholdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares held	% of Issued Capital
1 - 99	87	1.693	1,822	0.001
100 to 1,000	1,484	28.883	1,349,723	0.393
1,001 to 10,000	2,672	52.005	11,006,104	3.203
10,001 to 100,000	763	14.850	23,717,401	6.902
100,001 to 17,180,837*	130	2.530	73,094,475	21.272
17,180,838 and above**	2	0.039	234,447,236	68.229
TOTAL	5,138	100.000	343,616,761	100.000

*	Less than 5% of issued shares
**	5% and above of issued shares

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 7 FEBRUARY 2019

The Company

	Direct		Indirect	
Name	No. of Shares held	% of Issued Capital	No. of Shares held	% of Issued Capital
Wen Chiu Chi	71,247	0.02	234,447,236(1)	68.23

(1) Deemed interested by virtue of him being a beneficiary of The Shanti Malaysia Trust with trust company, Shanti (Kayin) Limited. The said trust, together with two other trusts, namely The Amita Malaysia Trust with trust company, Amita (Kayin) Limited and The Manisha Malaysia Trust with trust company, Manisha (Kayin) Limited, has interest in shares in Kayin (M) Sdn. Bhd., which in turn holds 100% interest in shares in Kayin Holdings Sdn.Berhad. As such, Kayin Holdings Sdn. Berhad and Kayin (M) Sdn. Bhd. are also deemed as corporations connected to Wen Chiu Chi.

Analysis of Shareholdings
as at 7 February 2019

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 7 FEBRUARY 2019

	Direct		Indirect	
Name	No. of Shares held	% of Issued Capital	No. of Shares held	% of Issued Capital
Kayin Holdings Sdn Berhad ("Kayin")	234,447,236[1]	68.23	0	-
Kayin (M) Sdn Bhd ("Kayin (M)")	-	-	234,447,236[2]	68.23
Wen Chiu Chi	71,247	0.02	234,447,236[3]	68.23
Wen Ming Kang	-	-	234,447,236[4]	68.23
Wen Hsia Min	-	-	234,447,236[5]	68.23

[1] The total 234,447,236 SPB Shares are held as follows:
(i) 194,447,236 SPB Shares are registered in the name of Kayin; and
(ii) 40,000,000 SPB Shares are registered in the name of HSBC Nominees (Tempatan) Sdn. Bhd - Pledged Securities Account for Kayin.

[2] Deemed interested in Kayin Holdings Sdn. Berhad, the holding company of the Company, by virtue of Kayin (M) Sdn. Bhd., which holds 100% of the shares in Kayin Holdings Sdn. Berhad. The entire paid up share capital of Kayin (M) Sdn. Bhd. are collectively controlled by trusts, The Shanti Malaysia Trust, The Amita Malaysia Trust and The Manisha Malaysia Trust.

[3] Deemed interested in Kayin Holdings Sdn. Berhad, the holding company of the Company, by virtue of Kayin (M) Sdn. Bhd., which holds 100% of the shares in Kayin Holdings Sdn. Berhad. The entire paid up share capital of Kayin (M) Sdn. Bhd. are collectively controlled by trusts, The Shanti Malaysia Trust, The Amita Malaysia Trust and The Manisha Malaysia Trust. Mr Wen Chiu Chi is the beneficiary of The Shanti Malaysia Trust.

[4] Deemed interested in Kayin Holdings Sdn. Berhad, the holding company of the Company, by virtue of Kayin (M) Sdn. Bhd., which holds 100% of the shares in Kayin Holdings Sdn. Berhad. The entire paid up share capital of Kayin (M) Sdn. Bhd. are collectively controlled by trusts, The Shanti Malaysia Trust, The Amita Malaysia Trust and The Manisha Malaysia Trust. Mr Wen Ming Kang is the beneficiary of The Amita Malaysia Trust.

[5] Deemed interested in Kayin Holdings Sdn. Berhad, the holding company of the Company, by virtue of Kayin (M) Sdn. Bhd., which holds 100% of the shares in Kayin Holdings Sdn. Berhad. The entire paid up share capital of Kayin (M) Sdn. Bhd. are collectively controlled by trusts, The Shanti Malaysia Trust, The Amita Malaysia Trust and The Manisha Malaysia Trust. Ms Wen Hsia Min is the beneficiary of The Manisha Malaysia Trust.

THIRTY LARGEST SHAREHOLDERS/DEPOSITORS
AS AT 7 FEBRUARY 2019

No.	Name	Number of Share held	Holdings %
1	KAYIN HOLDINGS SDN. BERHAD	194,447,236	56.588
2	HSBC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KAYIN HOLDINGS SDN. BERHAD (301-334256-089)	40,000,000	11.641
3	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	15,304,850	4.454
4	VALUECAP SDN BHD	8,320,700	2.422
5	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG SINGAPORE FOR PANGOLIN ASIA FUND	4,299,400	1.251
6	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)	2,855,900	0.831
7	CARTABAN NOMINEES (TEMPATAN) SDN BHD ICAPITAL.BIZ BERHAD	2,853,000	0.830
8	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,831,296	0.533
9	WONG YU @ WONG WING YU	1,650,000	0.480
10	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR RAKAMAN ANGGUN SDN BHD (PB)	1,540,000	0.448
11	GAN TENG SIEW REALTY SDN.BERHAD	1,023,100	0.298
12	SEGAMAT HOLDINGS SDN BHD	1,000,000	0.291
13	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SURINDER SINGH A/L WASSAN SINGH	900,000	0.262
14	LEE SOON HIAN	899,900	0.262
15	VAST UPTREND COMPANY SDN BHD	800,000	0.233
16	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TAN HOCK HIN (PB)	735,000	0.214
17	TAN KIM KEE @ TAN KEE	720,800	0.210
18	LEE SOON HIAN	716,000	0.208
19	ENG GUAN CHAN SDN. BERHAD	699,900	0.204

Analysis of Shareholdings
as at 7 February 2019

THIRTY LARGEST SHAREHOLDERS/DEPOSITORS (CONT'D.)
AS AT 7 FEBRUARY 2019

No.	Name	Number of share held	Holdings %
20	CHONG YEAN FONG	628,500	0.183
21	JOHAN ENTERPRISE SDN. BHD.	616,000	0.179
22	LIM KHUAN ENG	571,000	0.166
23	OH SIEW HEONG	542,500	0.158
24	ENG SIM LEONG @ NG LEONG SING	522,000	0.152
25	CIMSEC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	518,500	0.151
26	FONG-YUNG ASSOCIATES SDN BHD	516,400	0.150
27	YING HOLDING SDN BHD	514,000	0.150
28	CHINCHOO INVESTMENT SDN. BERHAD	500,000	0.146
29	M & A NOMINEE (TEMPATAN) SDN BHD TITAN EXPRESS SDN BHD	491,800	0.143
30	HUANG PHANG LYE	490,900	0.142
		286,508,682	**83.380**

LIST OF PROPERTIES
held by the Group as at 31 October 2018

No.	Location Malaysia	Tenure	Site Area	Description	Approx. Age (years)	Book Value (RM'000)	Date of Revaluation/ *Date of Acquisition
1	Jalan Batai Damansara Heights Kuala Lumpur	Freehold	131,083 sq ft	17-storey apartment building known as SPB Tower and vacant land	40	167,976	31.10.2018
2	Jalan Batai Damansara Heights Kuala Lumpur	Freehold	96,900 sq. ft	16 units of 2-storey shops building and parking	46	44,100	31.10.2018
3	Jalan Batai Damansara Heights Kuala Lumpur	Freehold	213,658 sq. ft	Commercial Land	-	66,000	31.10.2018
4	Jalan Batai Damansara Heights Kuala Lumpur	Freehold	56,539 sq. ft	Vacant Land	-	30,453	03.02.2016*
5	Jalan Dungun Damansara Heights Kuala Lumpur	Freehold	156,030 sq. ft	5 blocks of 4-storey office building known as Kompleks Pejabat Damansara	45	85,000	31.10.2018
6	Bukit Tunku Kuala Lumpur	Freehold	84,286 sq. ft	3 blocks of 4-storey shop/apartment flats known as Taman Tunku flats	55	37,770	31.10.2018
7	Bukit Tunku Kuala Lumpur	Freehold	11,162 sq. ft	One unit residential house	58	3,950	31.10.2018
8	Jalan Yew Kuala Lumpur	Freehold	56,953 sq. ft	Wenworth Hotel	27	18,500	31.10.2018
9	Damansara Heights Kuala Lumpur	Freehold	15.3 acres	Commercial Land in Pusat Bandar Damansara	-	251,051	-
10	Jalan Gelenggang Damansara Heights Kuala Lumpur	Freehold	45,619 sq. ft	Marketing Gallery and Show Apartment	-	34,000	31.10.2018
11	Jalan Semantan Damansara Heights Kuala Lumpur	Freehold	391,884 sq. ft	Land with building known as Wisma Damansara	-	252,324	31.10.2018
12	Jalan Damanlela Damansara Heights Kuala Lumpur	Freehold	163,579 sq. ft	25-storey office building and a four storey annexe block known as Menara Milenium	19	341,839	31.10.2018
13	Bukit Permata Batu Caves Gombak Selangor	Freehold	33.74 acres	Land for development at Mukim Bandar Selayang District of Gombak	-	68,387	12.07.1999*

List of Properties
held by the Group as at 31 October 2018

No.	Location Malaysia	Tenure	Site Area	Description	Approx. Age (years)	Book Value (RM'000)	Date of Revaluation/ *Date of Acquisition
14	Sungei Tua Selayang Selangor	Leasehold (Expiry 19/2/2094)	50.73 acres	Land for development at Mukim Selayang	-	57,181	08.03.2000*
15	Sungei Tua Selayang Selangor	Leasehold (Expiry 19/2/2094)	4,488 sq. ft	6 units shop lots	11	720	31.10.2018
16	Batu 14 Ulu Langat Selangor	Freehold	151.0 acres	Vacant land in Mukim of Ulu Langat	-	34,010	12.07.1999*

No.	Location Australia	Tenure	Site Area	Description	Approx. Age (years)	Book Value (AUD'000)	Date of Revaluation/ *Date of Acquisition
17	Claremont Quarter Western Australia	Freehold	13,029 sqm	Claremont Shopping Centre	7	200,000	31.10.2018
18	7 Bayview Terrace, Claremont Western Australia	Freehold	266 sqm	2 storey Retail Shop Lot	4	2,675	31.10.2018
19	21 Bayview Terrace, Claremont Western Australia	Freehold	193 sqm	2 storey Retail Shop Lot	1	2,100	31.10.2018

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Seventh Annual General Meeting ("57th AGM") of the Company will be convened and held at Banquet Hall, 1st Floor, TPC Kuala Lumpur (Kuala Lumpur Golf & Country Club Berhad), 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Friday, 26 April 2019 at 10.00 a.m. to transact the following businesses:-

AGENDA
As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 October 2018 together with the Directors' and Auditors' Reports thereon.

2. To approve the increase of Directors' Fees of the Company and its subsidiary to RM328,084.00 for Independent Non-Executive Directors for the financial year ended 31 October 2018 and the payment thereof. **Ordinary Resolution 1**

3. To approve the Benefits Payable to the Independent Non-Executive Directors up to an aggregate amount of RM690,000.00 from 27 April 2019 until the next Annual General Meeting of the Company and the payment thereof. **Ordinary Resolution 2**

4. To re-elect Mr Stephen John Scudamore who is retiring pursuant to Article 92 of the Company's Articles of Association. **Ordinary Resolution 3**

   Dato' Zaibedah Binti Ahmad, who retire in accordance with Article 127 of the Company's Articles of Association, has expressed her intention not to seek re-election at the 57th AGM and will retire at the conclusion of the 57th AGM.

5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

As Special Business
To consider and, if thought fit, to pass the following resolutions:-

6. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

   "THAT, the Mandate granted by the shareholders of the Company at the Annual General Meeting held on 28 February 2018 pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, authorising the Company and its subsidiaries ("SPB Group") to enter into the recurrent transactions of a revenue or trading nature as set out in Section 2.4 of the Circular to Shareholders dated 28 February 2019 ("Circular") with the related parties mentioned therein which are necessary for the SPB Group's day-to-day operations, be and is hereby renewed;

   AND THAT the scope of such renewed mandate be and is hereby extended to apply to the recurrent transactions likewise of revenue or trading nature as set out in Section 2.4 of the Circular.

   THAT the SPB Group be and is hereby authorised to enter into the recurrent transactions with the related parties mentioned therein provided that:-

Notice of Annual General Meeting

a) the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

b) the disclosure of the aggregate value of the transactions concluded during a financial year will be disclosed in the Annual Report for the said financial year.

THAT authority conferred by such renewed mandate will continue to be in force until:

i) the conclusion of the next Annual General Meeting of SPB following the forthcoming Annual General Meeting at which the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is approved, at which time it will lapse, unless by a resolution(s) passed at the Annual General Meeting, the authority is again renewed;

ii) the expiration of the period within which the next Annual General Meeting after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extensions as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

Ordinary Resolution 5

iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to this resolution."

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)
CHOONG LEE WAH (MAICSA 7019418)
Company Secretaries

Selangor Darul Ehsan
Date: 28 February 2019

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies as his/her proxy or proxies to attend and vote in his/her stead. Where a member appoints two (2) proxies, the member shall specify the proportion of the member's shareholding to be represented by each proxy.

2. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

3. A proxy need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or, if such appointor is a corporation under its common seal, or the hand of its attorney or duly authorised officer or in some other manner approved by the Directors. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Share Registrar's Office of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than forty-eight (48) hours before the time for holding of the meeting or any adjournment thereof.

5. In respect of deposited securities, only members whose names appear on the Record of Depositors on 19 April 2019 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 57th AGM will be put to vote by way of poll.

Explanatory Notes

1. To receive the Audited Financial Statements

   Agenda item no. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

2. Ordinary Resolution 2 - Benefits Payable to the Independent Non-Executive Directors up to an aggregate amount of RM690,000.00 from 27 April 2019 until the next Annual General Meeting of the Company and the payment thereof.

   Section 230(1) of the Act requires the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries to be approved at a general meeting. In this respect, shareholders' approval will be sought at the 57th AGM for the payment of Benefits Payable up to an aggregate amount of RM690,000.00 to the Independent Non-Executive Directors for the period from 27 April 2019 until the next AGM of the Company in year 2020.

   The Benefits Payable to the Independent Non-Executive Directors comprises meeting allowance, training allowance and gratuity payable to Dato' Zaibedah Binti Ahmad and Ong Liang Win, in recognition and appreciation to their contribution to the Company as well as their long and dedicated services to the Company.

In the event that the proposed Benefits Payable to the Independent Non-Executive Directors during the above period exceed the estimated amount sought at the forthcoming 57th AGM, approval will be sought at the next AGM for additional benefits to meet the shortfall.

3. Ordinary Resolution 6 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

   The Ordinary Resolution 6, if passed, will allow the SPB Group to enter into recurrent related party transactions in the ordinary course of business and the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur would not arise. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the SPB Group or adversely affecting the business opportunities available to the SPB Group. The shareholders' mandate is subject to renewal on an annual basis.

Personal data privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

SELANGOR PROPERTIES BERHAD (5199-X)
(Incorporated in Malaysia)

Number of shares held	CDS Account No.	Contact No.

I/We, ……………………………………….. (name of shareholder as per NRIC, in capital letters) NRIC No./ID No./Company No. ....…….........…………… (new) ………….......……………… (old) of..……………………………… ………………………….................. (full address) being a member of SELANGOR PROPERTIES BERHAD hereby appoint ……………………..…………..........…........................ (name of proxy as per NRIC, in capital letters) NRIC No …………………….................. (new) ………………................................ (old) or failing him/her …………………..………….......................…………. (name of proxy as per NRIC, in capital letters) NRIC No ………………….......…… (new) ……….………......……… (old) or failing him/her, *the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Fifty-Seventh Annual General Meeting ("57th AGM") of the Company to be held at Banquet Hall, 1st Floor, TPC Kuala Lumpur (Kuala Lumpur Golf & Country Club), 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Friday, 26 April 2019 at 10.00 a.m. or at any adjournment thereof. My/our proxy is to vote as indicated below.

** Please delete the words "Chairman of the Meeting" if you wish to appoint some other person to be your proxy.*

No.	Resolution	For	Against
Ordinary Resolution 1	Approval on the increase of Directors' Fees for the financial year ended 31 October 2018		
Ordinary Resolution 2	Approval of benefit payable to the Independent Non-Executive Directors from 27 April 2019 until the next Annual General Meeting		
Ordinary Resolution 3	Re-election of Mr Stephen John Scudamore as Director		
Ordinary Resolution 4	Re-appointment of Messrs Ernst & Young as Auditors		
Ordinary Resolution 5	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.]

Dated this .... day of .... 2019.
The proportions of my/our holding to be represented by my/our proxies are as follows:

1st proxy		%
2nd proxy		%
TOTAL	100	%

....
Signature of Shareholder or
Common Seal of Shareholder

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies as his/her proxy or proxies to attend and vote in his/her stead. Where a member appoints two (2) proxies, the member shall specify the proportion of the member's shareholding to be represented by each proxy.
2. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
3. A proxy need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or, if such appointor is a corporation under its common seal, or the hand of its attorney or duly authorised officer or in some other manner approved by the Directors. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Share Registrar's Office of the Company Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than forty-eight (48) hours before the time for holding of the meeting or any adjournment thereof
5. In respect of deposited securities, only members whose names appear on the Record of Depositors on 19 April 2019 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.
6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 57th AGM will be put to vote by way of poll.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the members accept and agree to the personal data privacy terms set out in the Notice of 57th AGM dated 28 February 2019.

Please fold here to seal

STAMP

SHARE REGISTRAR
SELANGOR PROPERTIES BERHAD
UNIT 32-01, LEVEL 32, TOWER A
VERTICAL BUSINESS SUITE, AVENUE 3
BANGSAR SOUTH, NO. 8
JALAN KERINCHI
59200 KUALA LUMPUR
WILAYAH PERSEKUTUAN
MALAYSIA

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