



ANNUAL | 2017
REPORT

CORE PURPOSE

To build upon our construction heritage to design and deliver exciting, unique and valuable solutions for buildings and communities.

CORE VALUES

Equipping our people to anticipate and respond to the needs of our customers and stakeholders.

Adherence to industry's highest ethics.

Use of designs and processes that promote standards.



BOARD OF DIRECTORS

YBhg. Datuk Roselan Johar bin Johar Mohamed
Independent Non-Executive Chairman

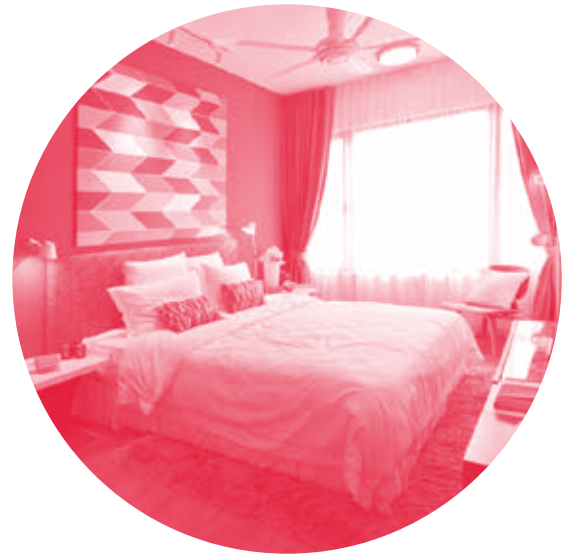
YBhg. Datuk Sia Teong Heng
Managing Director cum Chief Executive Officer

Sia Teong Leng
Executive Director

Lee Kong Leong
Senior Independent Non-Executive Director

YBhg. Dato' Lim Cheang Nyok
Independent Non-Executive Director

CORPORATE INFORMATION



AUDIT COMMITTEE

CHAIRMAN

YBhg. Datuk Roselan Johar bin Johar Mohamed
Independent Non-Executive Chairman

MEMBERS

Lee Kong Leong
Senior Independent Non-Executive Director

YBhg. Dato' Lim Cheang Nyok
Independent Non-Executive Director

REMUNERATION COMMITTEE

CHAIRMAN

Lee Kong Leong
Senior Independent Non-Executive Director

MEMBERS

YBhg. Datuk Roselan Johar bin Johar Mohamed
Independent Non-Executive Chairman

YBhg. Dato' Lim Cheang Nyok
Independent Non-Executive Director

NOMINATING COMMITTEE

CHAIRMAN

Lee Kong Leong
Senior Independent Non-Executive Director

MEMBERS

YBhg. Datuk Roselan Johar bin Johar Mohamed
Independent Non-Executive Chairman

YBhg. Dato' Lim Cheang Nyok
Independent Non-Executive Director



SOLICITORS

Cheang Ariff

39 Court @ Loke Mansion
273A Jalan Medan Tuanku
50300 Kuala Lumpur

Lim & Yeoh

145-M Jalan Maharajalela
50150 Kuala Lumpur

Foong & Partners

13-1 Menara 1MK,
Kompleks 1 Mont' Kiara,
No 1 Jalan Kiara, Mont' Kiara,
50480 Kuala Lumpur

Chur Associates

278 Jalan Sepakat
Taman United
58200 Kuala Lumpur

AUDITORS

Crowe Horwath

Chartered Accountants
Level 16 Tower C, Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur

COMPANIES SECRETARIES

Chong Fook Sin

ATII, MCCS, AFA

Kan Chee Jing

ACIS

PRINCIPAL BANKERS

**Al-Rajhi Banking & Investment
Corporation (Malaysia) Berhad**

Bangkok Bank Berhad

CIMB Bank Berhad

Malayan Banking Berhad

OCBC Bank (Malaysia) Berhad

Public Bank Berhad

RHB Bank Berhad

REGISTRARS

Tacs Corporate Services Sdn. Bhd.

Unit No. 203, 2nd Floor, Block C
Damansara Intan
No.1, Jalan SS20/27
47400 Petaling Jaya
Tel: 03-7118 2688 Fax: 03-7118 2693

REGISTERED OFFICE

Wisma Siah Brothers

74A, Jalan Pahang
53000 Kuala Lumpur
Tel: 03-4041 8118 Fax: 03-4043 5281

STOCK EXCHANGE LISTING

**Main Market of Bursa Malaysia
Securities Berhad**

| | | | |
|----------------------------|----|---|----|
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YBHG. DATUK ROSELAN JOHAR BIN JOHAR MOHAMED

.....
Aged 64

.....
Malaysian

.....
Independent Non-Executive
Chairman

YBhg. Datuk Roselan Johar bin Johar Mohamed,

a Malaysian, male, aged 64, was appointed to the board on 14th June, 2013 as an Independent Non-Executive Director of SBC Corporation Berhad (SBC). He is currently the Independent Non-Executive Chairman, the Chairman of the Audit Committee and a member of both the Nominating Committee and the Remuneration Committee.

He acquired his knowledge in maritime transportation whilst studying the Chartered Institute of Transport at the Mara Institute of Technology, Shah Alam. His 40 years of skills and related experience comes from working with Nakufreight (M) Sdn Bhd, Kontena Nasional Sdn Bhd, as well as international exposure in Hamburg, Bremen and New York. In 1982, he started his own shipping agency in Kota Kinabalu, specialising on log exports, chartering, tugs and barges and stevedorage. He is still the Patron of the KK Bumiputra Petty Traders Association since 2001. Currently, he is the Chairman of the 4 countries of BIMP-EAGA Business Council. He is a licensed Company Secretary and a member of the Institute of Approved Company Secretaries.

He does not hold any securities, direct or indirect, in SBC or any of its subsidiaries.

He has no family relationship with any Director and/or major shareholder of SBC.

He does not have any conflict of interest with SBC.

He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2017.

He attended all the four Board Meetings held during the financial year 2017.

DIRECTORS' PROFILE

YBHG. DATUK ROSELAN JOHAR BIN JOHAR MOHAMED

YBHG. DATUK SIA TEONG HENG

LEE KONG LEONG

SIA TEONG LENG

YBHG. DATO' LIM CHEANG NYOK

DIRECTORS' PROFILE

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SBC CORPORATION BERHAD (199310-P)
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YBHG. DATUK SIA TEONG HENG

Aged 54

Malaysian

Managing Director
cum Chief Executive Officer

YBhg. Datuk Sia Teong Heng,

a Malaysian, male, aged 54, is the Managing Director cum Chief Executive Officer of SBC Corporation Berhad ("SBC"). He was appointed as a Director of SBC on 5th February, 1991. He graduated with a Bachelor of Science degree in Civil Engineering from Loughborough University, United Kingdom ("UK") and in 1986, earned a post graduate Masters of Science degree in Management Science from Imperial College, University of London, UK.

Between 1986 and 1991, prior to his return to Malaysia, he worked in the investment banking industry based in London and Singapore. He joined SBC in 1991. Presently, he also sits on the boards of several subsidiaries of SBC.

He is a major shareholder of SBC. He is a brother of Mr. Sia Teong Leng, the Executive Director and a major shareholder of SBC. He is connected to the Estate of Sia Kwee Mow @ Sia Hok Chai, Deceased and LOM Holdings Sdn. Bhd., both are major shareholders of SBC.

He does not have any conflict of interest with SBC.

He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2017.

He attended all the four Board Meetings held during the financial year 2017.

His holdings in the securities of SBC are as follows:-

| | Direct Interest | Indirect Interest |
|-----------------|---------------------------|---------------------------|
| Ordinary shares | 27,427,982 ^(a) | 48,580,533 ^(b) |

^(a) 26,732,608 shares are held in bare trust by RHB Nominees (Tempatan) Sdn. Bhd. - OSK Capital Sdn. Bhd.

^(b) Deemed interest by virtue of his shareholding in LOM Holdings Sdn. Bhd. (40,808,999 shares) and Evergreen Legacy Sdn. Bhd. (7,771,534 shares).

By virtue of his interest in SBC, he is deemed to have interest in the securities of SBC's subsidiaries to the extent of SBC's interest, in accordance with Section 8 of the Companies Act, 2016.

DIRECTORS' PROFILE

YBHG. DATUK ROSELAN JOHAR
BIN JOHAR MOHAMED

YBHG. DATUK SIA TEONG HENG

LEE KONG LEONG

SIA TEONG LENG

YBHG. DATO' LIM CHEANG NYOK

LEE KONG LEONG

.....
Aged 53
.....

Malaysian
.....

Senior Independent
Non-Executive Director

Lee Kong Leong,

a Malaysian, male, aged 53, was appointed as an Independent Non-Executive Director of SBC Corporation Berhad ("SBC") on 2nd October, 2012. He is currently the Senior Independent Non-Executive Director, the Chairman of both the Nominating Committee and the Remuneration Committee and a member of the Audit Committee of SBC. He graduated with a Bachelor in Accountancy and Information System from the University of New South Wales, Sydney, Australia.

He is a member of the Australian Society of Certified Public Accountants, the Hong Kong Society of Certified Public Accountants and the Hong Kong Securities Institute.

Currently, he is the advisor to the CEC Fund, Hong Kong and he has held this post since 2005. Over the years, he had held various senior management positions in various companies in Hong Kong. He was a Partner of China Enterprise Investment Management Limited, Hong Kong (1994 – 2004), Senior Finance Manager of CP Pokphand Group of Co (1991 – 1994), Manager of Corporate Insolvency Price Waterhouse, Hong Kong (1990 – 1991) and Manager of Ferrier Hodgson & Co, Hong Kong (1989 – 1990).

He does not hold any securities, direct or indirect, in SBC or any of its subsidiaries.

He has no family relationship with any Director and/or major shareholder of SBC.

He does not have any conflict of interest with SBC.

He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2017.

He attended all the four Board Meetings held during the financial year 2017.

DIRECTORS' PROFILE

YBHG. DATUK ROSELAN JOHAR
BIN JOHAR MOHAMED

YBHG. DATUK SIA TEONG HENG

LEE KONG LEONG

SIA TEONG LENG

YBHG. DATO' LIM CHEANG NYOK

DIRECTORS' PROFILE

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SBC CORPORATION BERHAD (199310-P)
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SIA TEONG LENG

Aged 46

Malaysian

Executive Director

Sia Teong Leng,

a Malaysian, male, aged 46, is the Executive Director of SBC Corporation Berhad ("SBC"). He was appointed as a Director of SBC on 27th May, 2014. He graduated with a Bachelor of Arts Degree in Law and Economics from the University of Kent, United Kingdom in 1991. He also holds a Master in Business Administration from the Canterbury Business School, United Kingdom obtained in 1993.

He has more than 18 years of experience in construction and property management. He joined the SBC Group in 1997 where he was the Assistant General Manager of Paling Industries Sdn Bhd, a then manufacturing subsidiary of SBC before returning to the corporate headquarter in 2001. Prior to joining SBC, he worked as a Management Consultant attached with Coopers & Lybrand from 1993 to 1997.

He is a major shareholder of SBC. He is a brother of Datuk Sia Teong Heng, the Managing Director cum Chief Executive Officer and a major shareholder of SBC. He is connected to the Estate of Sia Kwee Mow @ Sia Hok Chai, Deceased and LOM Holdings Sdn. Bhd., both are major shareholders of SBC.

He does not have any conflict of interest with SBC.

He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2017.

He attended all the four Board Meetings held during the financial year 2017.

His holdings in the securities of SBC are as follows:-

| | Direct Interest | Indirect Interest |
|-----------------|-----------------|---------------------------|
| Ordinary shares | - | 48,580,533 ^(a) |

^(a) Deemed interest by virtue of his shareholding in LOM Holdings Sdn. Bhd. (40,808,999 shares) and Evergreen Legacy Sdn. Bhd. (7,771,534 shares).

By virtue of his interest in SBC, he is deemed to have interest in the securities of SBC's subsidiaries to the extent of SBC's interest, in accordance with Section 8 of the Companies Act, 2016.

DIRECTORS' PROFILE

YBHG. DATUK ROSELAN JOHAR
BIN JOHAR MOHAMED

YBHG. DATUK SIA TEONG HENG

LEE KONG LEONG

SIA TEONG LENG

YBHG. DATO' LIM CHEANG NYOK

DIRECTORS' PROFILE

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SBC CORPORATION BERHAD (199310-P)
Annual Report 2017

YBHG. DATO' LIM CHEANG NYOK

Aged 48

Malaysian

Independent

Non-Executive Director

YBhg. Dato' Lim Cheang Nyok,

a Malaysian, male, aged 48, was appointed as an Independent Non-Executive Director of SBC Corporation Berhad ("SBC") on 20th May, 2016. He is currently a member of the Audit Committee, the Nominating Committee and the Remuneration Committee of SBC. He graduated with a Bachelor of Economics (Accounting) and a Bachelor of Law from the Monash University, Melbourne, Australia. He was called to the Malaysian Bar in 1992.

He practices as a lawyer in the areas of corporate conveyancing, banking as well as commercial litigation matters. Besides legal practice, he has been involved in various areas of business including information technology, mining and real property. He sits on the Board of Prestar Resources Berhad and several private limited companies.

He has no family relationship with any Director and/or major shareholder of SBC.

He does not have any conflict of interest with SBC.

He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2017.

He attended all the four Board Meetings held during the financial year 2017.

His holdings in the securities of SBC are as follows:-

| | Direct Interest | Indirect Interest |
|-----------------|----------------------|-------------------|
| Ordinary shares | 1,767 ^(a) | - |

^(a) 1,767 shares are held in bare trust by Maybank Nominees (Tempatan) Sdn. Bhd

DIRECTORS' PROFILE

YBHG. DATUK ROSELAN JOHAR
BIN JOHAR MOHAMED

YBHG. DATUK SIA TEONG HENG

LEE KONG LEONG

SIA TEONG LENG

YBHG. DATO' LIM CHEANG NYOK

KEY MANAGERMENTS' PROFILE

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SBC CORPORATION BERHAD (199310-P)
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LOW AH CHIN

Low Ah Chin, a Malaysian, female, aged 57, was appointed as Senior Manager in 2006.

AC Low is a building industry veteran with nearly 30 years of experience spanning design development, contracts administration as well as sales administration. She is an integral member of SBC's multi-disciplinary design team and oversees SBC's internal administration.

She does not hold any directorship of public companies.

She has no family relationship with any Director and/or major shareholder of SBC.

She does not have any conflict of interest with SBC.

She has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2017.

KHAW CHOON HOOI

Khaw Choon Hooi, a Malaysian, male, aged 61 was appointed as Senior Manager in 2002.

CH Khaw has more than 30 years of experience in building design, land matters and compliance. Mr. Khaw is a trained draftsman well versed with design development and value engineering. Working closely with architectural and design consultants, he is an integral member of SBC's design team, overseeing the design development of SBC projects.

He does not hold any directorship of public companies.

He has no family relationship with any Director and/or major shareholder of SBC.

He does not have any conflict of interest with SBC.

He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2017.

KOH MEI HONG

Koh Mei Hong, a Malaysian, female, aged 54 was appointed as Senior Manager in 2011.

MH Koh is a qualified Quantity Surveyor overseeing SBC's contract administration. She has nearly 30 years of experience practising as the internal QS for SBC's projects and is a highly involved member of SBC's design development team.

She does not hold any directorship of public companies.

She has no family relationship with any Director and/or major shareholder of SBC.

She does not have any conflict of interest with SBC.

She has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2017.

KEY MANAGERMENTS' PROFILE

REUBEN JAMES LIM HUANG

Reuben James Lim Huang, a Malaysian, male, aged 49 was appointed as Senior Manager in 2017.

Reuben Lim is a qualified BA – Major in Psychology with a minor in Sociology from Simon Fraser University, Canada. He has over twenty (20) years experienced in the Malaysian hospitality industry. Mostly with international 5 Star hotel chains as the Director of Sales and Marketing, also responsible for the overall daily operations of the hotel. He was a Chairman of Malaysia Hotel Association (Sabah/Labuan chapter) and Board Member of Sabah Tourism Marketing Committee in 2015 – 2016.

He does not hold any directorship of public companies.

He has no family relationship with any Director and/or major shareholder of SBC.

He does not have any conflict of interest with SBC.

He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2017.

TEOH AEE LING

Teoh Aee Ling, a Malaysian, female, aged 50, was appointed as Senior Finance Manager in 2014.

AL Teoh is a qualified Accountant, she has more than 20 years of experience in Accounting/Finance. Ms AL Teoh is a Senior Finance Manager overseeing and is responsible for SBC's Accounting/Finance and is a highly involved member of SBC's Operation and Accounting. She is a registered member of MIA.

She does not hold any directorship of public companies.

She has no family relationship with any Director and/or major shareholder of SBC.

She does not have any conflict of interest with SBC.

She has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2017.

WONG JERN KEONG

Wong Jern Keong, a Malaysian, male, aged 39 was appointed as Senior Finance Manager in 2015.

JK Wong is a qualified Accountant, he has more than 15 years of experience in Accounting/Finance. Mr JK Wong is a Senior Finance Manager overseeing and is responsible for SBC's Accounting/Finance and is a highly involved member of SBC's Finance and Operation. He is a registered member of MIA.

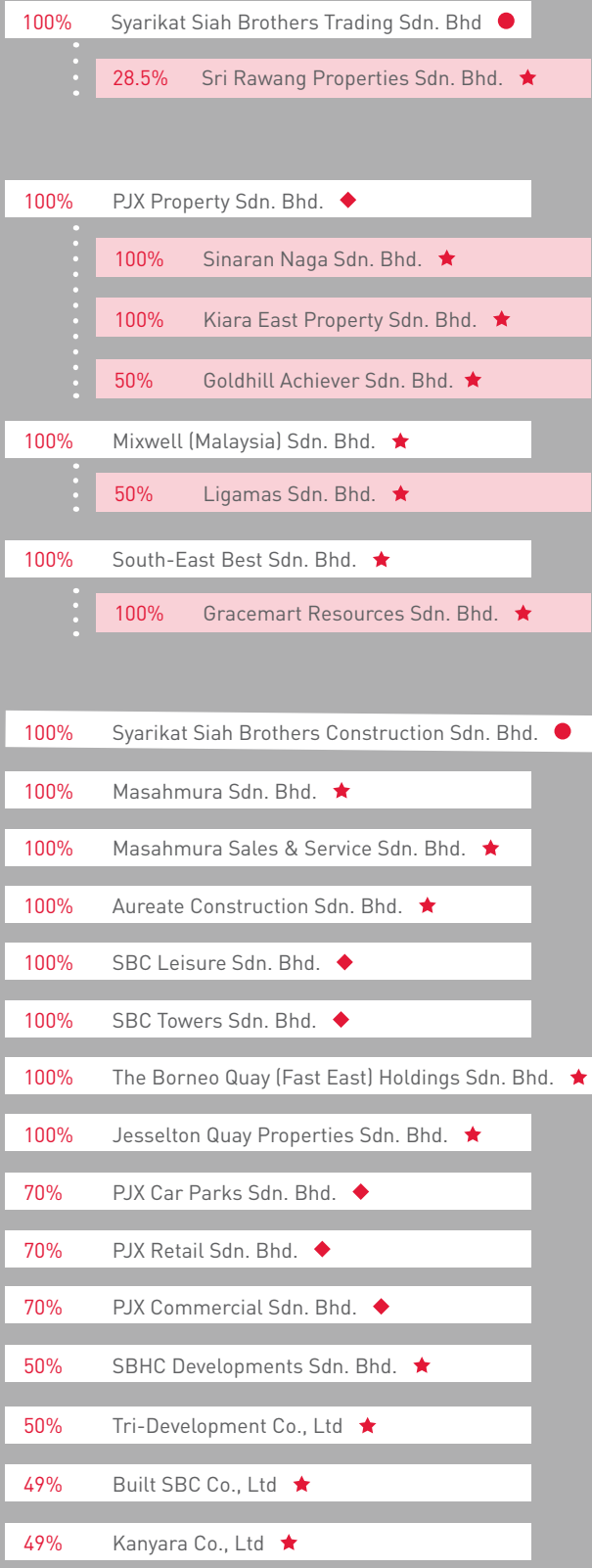
He does not hold any directorship of public companies.

He has no family relationship with any Director and/or major shareholder of SBC.

He does not have any conflict of interest with SBC.

He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2017.

CORPORATE STRUCTURE



- ★ Property Development
- ◆ Investment Holding
- Build/Construction

GROUP FINANCIAL HIGHLIGHTS

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SBC CORPORATION BERHAD (199310-P)
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| | 2017 RM'000 | 2016 RM'000 | 2015 RM'000 | 2014 RM'000 | 2013 (Restated) RM'000 |
|--|----------------|----------------|----------------|----------------|------------------------------|
| INCOME STATEMENTS | | | | | |
| Revenue | 64,603 | 139,480 | 152,812 | 139,000 | 126,025 |
| Profit before taxation | 83 | 17,585 | 25,384 | 47,907 | 38,823 |
| (Loss) / Profit after taxation | (3,694) | 13,303 | 17,597 | 33,184 | 27,911 |
| (Loss) / Profit attributable to equity holders | (3,043) | 13,399 | 17,767 | 33,294 | 28,025 |
| STATEMENT OF FINANCIAL POSITION | | | | | |
| Property, plant and equipment | 4,111 | 4,625 | 5,074 | 5,007 | 4,974 |
| Investments and other assets | 287,135 | 286,013 | 284,046 | 268,282 | 237,769 |
| Net current assets | 145,695 | 161,104 | 97,139 | 121,598 | 85,252 |
| Goodwill and deferred expenditure | 11,542 | 11,421 | 12,141 | 12,124 | 12,489 |
| | 448,483 | 463,163 | 398,400 | 407,011 | 340,484 |
| SHAREHOLDERS EQUITY | | | | | |
| Share capital | 234,780 | 234,780 | 234,780 | 156,522 | 82,385 |
| Reserves | 148,506 | 152,629 | 142,987 | 211,193 | 206,856 |
| Non-controlling Interests | (782) | (131) | (35) | 135 | 245 |
| Deferred liabilities | 65,979 | 75,885 | 20,668 | 39,161 | 50,998 |
| | 448,483 | 463,163 | 398,400 | 407,011 | 340,484 |
| SELECTED RATIOS | | | | | |
| Net (loss) / earnings per share (sen) | (1.30) | 5.71 | 7.57 | 16.45 | 26.20 |
| Net assets per share (sen) | 163 | 165 | 161 | 235 | 351 |
| Gross dividend (%) | - | 0.46 | 1.60 | 4.75 | 4.00 |

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of the Group and the Company for the financial year ended 31 March 2017.

FINANCIAL REVIEW

2016 was an economically challenging year for Malaysia with testing conditions of tight liquidity and soft market sentiments affecting the Group's performance. The Group registered a lower revenue of RM64.60 million for the year compared with the preceding year of RM139.48 million. The profit before tax for the year was RM0.08 million compared to the preceding year profit before tax of RM17.58 million. The decrease in profit before tax is mostly reflective of differences in timing between completion of earlier projects and commencements of new projects.

OPERATIONS REVIEW

During the year under review, the Group focused on completion of ongoing projects and sales of existing stocks. Physical works for DEX's second tower and Cantonment Exchange were completed as planned while submissions for the required final endorsements for handover are in process and on schedule.

Planning development also continued for the Group's projects in Kota Kinabalu, Kiara East, Bandar Ligamas township in Hulu Selangor and at Bukit Bandaraya Bangsar. While all achieved their targets for planning submissions, sales launches were deferred save for Jesselton Quay where the release of the first phase in October 2016 enjoyed good response with brisk uptake.



CHAIRMAN'S STATEMENT

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SBC CORPORATION BERHAD [199310-P]
Annual Report 2017



ECONOMIC AND BUSINESS OUTLOOK

In spite of abated market sentiment, the Group is excited about the opportunities it sees on the ground and remain confident moving forward with the encouraging success at Jesselton Quay auguring well for the Group. The project is expected to generate good prospects and activity for Group and will feature strongly in the coming years given its prominence as the future waterfront city of Kota Kinabalu. The Group is also pleased to note that foundation works have commenced on site.

The Group's property offerings in West Malaysia will seek to feature good value properties with practical design and thoughtful finishes while maintaining reasonable pricing. The bulk of the Group's land available for development is well positioned to fulfil the growing affordable segment. With planning in progress for the new township by Ligamas as well as the remaining phases of Kiara East by the park we find that the Group remains in good stead.

Whilst charting a forward path towards 2018-2019, the market's property sales will continue to be determined by the extent to which the underlying demand is supported by the availability of mortgages, which we are glad to observe, is currently returning to a sense of normality. Thus our corporate objectives of delivering properties that offer a high visibility of yield/capital potential continue to serve us well. The Group's property offerings will seek to feature properties with designs and specifications that offer best value in the respective price segment, serving niches that are fundamentally underserved, such as our recent overwhelming interest in our waterfront suites at Jesselton Quay, KK.

DIVIDEND

The Board did not recommend any dividend for the financial year ended 31st March 2017 at the forthcoming Annual General Meeting of the Company.

CHAIRMAN'S STATEMENT

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SBC CORPORATION BERHAD (199310-P)
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APPRECIATION AND ACKNOWLEDGEMENT

On behalf of the Board of Directors, we would like to thank our valued shareholders, joint venture partner, business partners, financiers and government authorities for their confidence and continued support of the SBC Group.

We would also like to add our appreciation to our customers and supporters of SBC's products and services, all of whom have placed much trust with us, as custodian to their home and property investments.

Last but not least, we would like to thank the employees of the Group, for their loyalty, dedication and team work in a demanding business environment contributing much to the success of the SBC group.

Thank you.

**YBhg. Datuk Roselan Johar
bin Johar Mohamed**

Independent Non-Executive Chairman



PENYATA PENGERUSI

Bagi pihak Lembaga Pengarah,
saya berbangga menyampaikan
Laporan Tahunan dan Penyata
Kewangan Teraudit Kumpulan
dan Syarikat untuk tahun
kewangan yang berakhir pada
31 Mac 2017.

ULASAN KEWANGAN

Tahun 2016 merupakan satu tahun yang mencabar buat Malaysia di mana situasi amat menguji terhadap mudah tunai yang ketat dan sentimen pasaran yang lemah yang menjejaskan prestasi Kumpulan. Kumpulan merakamkan pendapatan yang lebih rendah iaitu RM64.60 juta untuk tahun tersebut berbanding tahun yang sebelumnya iaitu sebanyak RM139.48 juta. Keuntungan sebelum cukai untuk tahun ini ialah RM0.08 juta berbanding keuntungan sebelum cukai tahun yang sebelumnya iaitu sebanyak RM17.58 juta. Penurunan keuntungan sebelum cukai kebanyakan mencerminkan perbezaan semasa diantara penyelesaian projek-projek yang lebih awal dan permulaan projek-projek baru.

ULASAN OPERASI

Untuk tahun di bawah ulasan, Kumpulan menumpu pada penyelesaian projek-projek yang sedang dijalankan dan penjualan stok yang belum terjual. Kerja-kerja fizikal menara kedua DEX dan Cantonment Exchange telah siap seperti dirancang, manakala kerja-kerja penyerahan akhir masih dalam proses dan mengikut jadual.

Bahagian Perancang Pembangunan masih diteruskan untuk projek-projek Kumpulan di Kota Kinabalu, Kiara East, perbandaran Bandar Ligamas di Hulu Selangor dan di Bukit Bandaraya Bangsar. Walaupun semua projek telah mencapai sasarannya dari segi penyerahan perancangan, hanya projek Jesselton Quay fasa pertama telah dilancarkan pada Oktober 2016 dimana Kumpulan Syarikat menerima sambutan yang menggalakkan melalui penjualan hangat.



PENYATA PENGERUSI

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SBC CORPORATION BERHAD (199310-P)
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TINJAUAN EKONOMI DAN PERNIAGAAN

Walaupun sentimen pasaran yang agak reda, Kumpulan Syarikat teruja dengan peluang yang sedia ada dan yakin untuk maju ke hadapan kerana kejayaan dari prestasi di Jesselton Quay (“Projek JQ”) sudah menunjuk petanda yang baik untuk Kumpulan ini. Projek JQ akan diiktirafkan sebagai bandar utama di persisiran laut Kota Kinabalu dan kerja-kerja asas sudah pun bermula. Projek ini akan menjana prospek yang teruja untuk Kumpulan ini dan akan memainkan peranan utama ditahun-tahun akan datang.

Tawaran hartanah Kumpulan di Malaysia Barat akan mencirikan hartanah bernilai tinggi dengan reka bentuk praktik dan kemasan yang teliti sementara mengekalkan harga yang munasabah. Sebahagian besar daripada hartanah kumpulan yang tersedia untuk pembangunan terletak pada kedudukan yang baik yang memenuhi keperluan segmen mampu milik yang kian meningkat. Dengan perancangan dalam aliran untuk bandar raya baru oleh Ligamas dan juga baki fasa-fasa Kiara East oleh taman tersebut kami mendapati Kumpulan ini kekal pada kedudukan yang kukuh.

Sementara mencatat perjalanan ke hadapan tahun 2018-2019, pasaran jualan hartanah akan terus ditetapkan oleh tahap permintaan dasar yang disokong oleh ketersediaan gadai janji, yang mana kami dapati, sedang pulih ke tahap normal. Lalu, objektif korporat kami demi menyampaikan hartanah yang menawarkan potensi hasil/modal yang tampak tinggi akan terus berkhidmat untuk kami. Tawaran hartanah Kumpulan akan menumpu pada ciri hartanah dengan reka bentuk dan spesifikasi yang menawarkan nilai terbaik berkaitan segmen harga, melayani niche yang pada dasarnya kurang mendapat perkhidmatan, seperti minat yang menggalakkan terhadap suit tepi pantai kami baru-baru ini di Jesselton Quay, KK.

DIVIDEN

Lembaga tidak mengesyorkan apa-apa dividen untuk tahun kewangan yang berakhir 31 Mac 2017 pada Mesyuarat Agung Tahunan Syarikat yang akan datang ini.

PENYATA PENGERUSI

PENGHARGAAN DAN PENGIKTIRAFAN

Bagi pihak Lembaga Pengarah, kami ingin mengucapkan terima kasih kepada pemegang saham kami yang dihargai, rakan usaha sama, pembiaya dan pihak berkuasa kerajaan demi keyakinan dan sokongan yang berterusan mereka terhadap Kumpulan SBC.

Kami juga ingin menyatakan penghargaan kami kepada pelanggan kami dan penyokong-penyokong produk-produk dan perkhidmatan SBC, yang telah menaruh kepercayaan dengan kami, sebagai pengamanah kepada rumah dan pelaburan hartanah mereka.

Akhir kata, kami ingin mengucapkan terima kasih kepada kakitangan Kumpulan, demi kesetiaan, dedikasi dan usaha pasukan dalam keadaan perniagaan yang mencabar yang telah menyumbang kepada kejayaan kumpulan SBC.

Terima kasih,

**YBhg. Datuk Roselan Johar
bin Johar Mohamed**

Pengerusi Bebas Bukan Eksekutif



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group's core purpose is to build upon its construction heritage to design and deliver exciting, unique and valuable solutions for buildings and communities. Current project locations are Jesselton Quay ("JQ") Central at Kota Kinabalu's Waterfront, Cantonment Exchange ("CX") at KL's Jalan Ipoh, , Kiara East ("DEX") at North KL, Bukit Bandaraya Bangsar and Bandar Ligamas Township at the foothills of Genting Highlands.

JQ: Piling works for JQ Central, the first phase of Jesselton Quay, have commenced on site with healthy sales achievement of 70% and steady sales enquiries.

Kiara East, KL: Handover of the second tower of DEX Suites was completed towards the end of year 2016 with an overall sales achievement in excess of 85%.

Cantonment Exchange, KL: Handover delivery is expected towards the third quarter of this year with sales achievement in excess of 75%.

Bukit Bandaraya Bangsar: Pile-cap works have been completed with the porte corche showcase to commence next.

Bandar Ligamas: Building works for the Street Mall Shops and Gated Residences is ongoing, with delivery in stages expected by early year 2018. Sales achieved in excess of 50%.

FINANCIAL PERFORMANCE:

The Group's performance for the financial year under review is reflective of the timing gap between completion of DEX Suites at Kiara East and the commencement of Jesselton Quay's JQ Central. This is against the backdrop of having achieved a high level of sales with profit margins maintained, coupled with strong support from end-financiers and project financiers. The Group's financial position and liquidity remains healthy, thus giving it leverage to continue operating in the property development sector.

RISK EXPOSURE AND MITIGATIONS:

The Group's major business operations are within the property development and construction industry that is cyclical in nature and is susceptible to major risks such as market supply & demand, changes in government policies affecting the industry, credit policy, interest rates and skilled labour shortages. Nevertheless, the Group is taking proactive measures to maintain its competitiveness in the industry.

INDUSTRY OUTLOOK:

Loan growth for property financing is on a recovery stage in the first six months of this year, thus establishing a good foundation from which to be optimistic of the years 2017-2018 outlook. The wider availability of end financing and the commencement of JQ Central should underpin the recovery from the Group's current financial year loss to return to a positive result. In the longer run, the Group's prospects will continue to be determined by its ability to continually innovate solutions to meet the accommodation demands of a young and urbanising population.

DIVIDEND POLICY:

The Board did not recommend any final dividend payment for the financial year ended 31 March 2017 in the interest of prioritising capital towards the project financing needs of JQ Central project worth RM1.8 billion.

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

The Board of Directors of SBC Corporation Berhad remains firmly committed towards ensuring the highest standard of corporate governance is maintained throughout the Company and its subsidiaries ("the Group"). Hence, the Board is fully dedicated to continuously evaluating the Group's corporate governance practices and procedures with a view to ensure the principles and recommendations in corporate governance as promulgated by the Malaysian Code on Corporate Governance 2012 ("the Code") are applied and adhered to in the best interests of the stakeholders.

This disclosure statement sets out the manner in which the Group has applied and complied with the principles and recommendations of the Code and the extent of compliance in respect of the financial year ended 31 March 2017.

PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

Roles and Responsibilities of Board

The Group is led and controlled by an effective Board that currently consists of five (5) members comprising one (1) Independent Non-Executive Chairman, one (1) Managing Director cum Chief Executive Officer, one (1) Executive Director, one (1) Senior Independent Non-Executive Director and one (1) Independent Non-Executive Director.

The Board complies with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") which requires at least two Directors or one-third of the Board of the Company, whichever is the higher, are Independent Directors.

The Board is satisfied that the current Board composition fairly reflects the investment of minority shareholders in the Company and represents the needed mix of skills and experience required to discharge the Board's duties and responsibilities effectively. No individual Director or group of Directors can dominate the Board's decision making process. The composition and size of the Board are to be reviewed from time to time.

There is a clear division of responsibility between the Independent Non-Executive Chairman and the Managing Director cum Chief Executive Officer to ensure that there is a balance of power and authority in decision making. The Board is led by the Independent Non-Executive Chairman and the Executive Management is led by the Managing Director cum Chief Executive Officer. Together, the Directors bring a broad range of competencies, capabilities, technical skills, experiences and knowledge relevant to the business to ensure that the Group continues to be competitive in the industry with a strong reputation for ethics as well as technical and professional competence.

All of the Board members serve as directors in not more than five boards of listed companies, to ensure they devote sufficient time to carry out their responsibilities.

The profiles of the members of the Board are set out in the Annual Report under the section named Directors' Profile.

Clear functions reserved for the Board and those delegated to Management

The Board recognizes its key role in charting the strategic direction, development and control of the Group and has adopted the specific responsibilities that are listed in the Code, which facilitates the discharge of the Board's stewardship responsibilities. In order to deliver both fiduciary and leadership functions, the Board, amongst others, assumes the following key responsibilities as per recommendations of the Code:-

- Setting the objectives, goals and strategic plan for the Company with a view to maximizing shareholder value and promoting sustainability;
- Adopting and monitoring progress of the Company's strategy, budgets, plans and policies;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- To consider and approve reserved matters covering corporate policies, material investment and acquisition / disposal of assets;
- Identifying principal risks and ensure implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- Developing and implementing an investor relations programme or shareholder communications policy for the Company; and
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Executive Directors are responsible for making and implementing policies, operational and corporate decisions as well as developing, coordinating and implementing business and corporate strategies. The Non-Executive Directors play the key roles in contributing knowledge and experience towards the formulation of policies and in the decision-making process. They could provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied. Where a potential conflict of interest may arise, it is mandatory practice for the Director concerned to declare his interest and abstain from the decision-making process.

STATEMENT ON CORPORATE GOVERNANCE

The Board is aware of the need to clearly demarcate the duties and responsibilities of the Board. Along with good governance practices and to enhance transparency, accountability and timely disclosure of material information, the Board has formalized and adopted the following policies and procedures which provide guidance to the Board in fulfillment of its roles, functions, duties and responsibilities and they are made available at the Company's website at <http://www.sbcgroup.com.my>

- Board Charter;
- Code of Ethics and Conduct;
- Whistle Blowing Policy;
- Corporate Disclosure Policy;
- Criteria to assess independence of Independent Directors;
- Procedure of recruitment / selection for directorship;
- Remuneration Policy for Executive Directors; and
- Remuneration Policy for Non-Executive Directors.

Access to and supply of information

The Managing Director cum Chief Executive Officer and the Executive Director have the primary responsibility for organizing information necessary for the Board to deal with the agenda and ensuring all Directors have full and timely access to the information relevant to matters that will be deliberated at the Board meeting

In exercising their duties, all Directors have the same right to access to all information within the Group and authorized whenever necessary to obtain independent professional advice in the furtherance of their duties at the Group's expense. The Directors also have access to the advice and services of the Company Secretary appointed by the Board whether as a full Board or in individual capacity to assist them in discharging their duties and decision making.

All Directors are provided with papers which include the agenda and reports relevant to the issues of the meetings covering areas of strategic, financial, operational and regulatory compliance matters prior to each Board meeting. These are issued in sufficient time to enable the Directors to obtain any further information and/or explanations when necessary.

The Board papers prepared for the quarterly scheduled meetings include, among others, the following :-

- Minutes of previous Board meeting;
- Minutes of the Board Committee's meeting;
- Reports on matters arising;
- Quarterly financial results; and
- Report on operational matters.

The Senior Independent Non-Executive Director provides an additional communication channel between the directors and the shareholders. The Board has identified Mr. Lee Kong Leong to act as the Senior Independent Non-Executive Director to whom any concerns relating to the Group may be conveyed by shareholders.

Independent Professional Advice

The Directors, whether acting as a full Board member or in their individual capacity, in the furtherance of their duties, may obtain independent professional advice at the Company's expense, in the event that circumstances warrant the same.

Company Secretaries

The Company Secretaries are qualified officers and meet the provisions of the Companies Act. The Directors have unrestricted access to the advice and services of the Company Secretaries. The Company Secretaries ensure that all Board meetings are properly convened and are entrusted to record the Board's deliberations, in terms of issues discussed and the conclusions.

The Board is regularly updated by the Company Secretaries on new changes to the legislations and the Listing Requirements and the resultant implications to the Company and the Board in discharging their duties and responsibilities.

PRINCIPLE 2 - STRENGTHEN COMPOSITION OF THE BOARD

In order to assist in the execution of the Board's responsibilities, the Board had delegated certain of its responsibilities to the Board Committees. Clearly defined terms of reference have been given to these Committees to enable them to operate effectively. The Board periodically reviews the Committees' terms of reference.

STATEMENT ON CORPORATE GOVERNANCE

i. Audit Committee

The objective of the Audit Committee is to assist the Board in meeting the responsibilities relating to financial accounting, reporting and control. The Committee will serve as a communicating mechanism among the Directors, External Auditors, Internal Auditors and Senior Management. The Committee has full access to the External Auditors and Internal Auditors, who in turn, have full access at all times to the Chairman of the Audit Committee.

The terms of reference of the Audit Committee together with the Report of the Audit Committee are disclosed on pages 35 to 37 of this Annual Report. The Audit Committee activities during the financial year are also set out in the Report of Audit Committee.

ii. Nominating Committee

The Nominating Committee (NC) is empowered by the Board through clearly defined terms of reference to ensure that there are appropriate procedures in place for the nomination, selection and evaluation of Directors.

Prior to appointment of a director, the NC is fully entrusted to evaluate, propose and then recommend suitable candidates to be approved and appointed by the Board. The NC takes into the account of the qualification, character, skills, expertise, background, experience, integrity, competence, time commitment and diversity in evaluating the potential candidates. The potential candidates must disclose their existing directorships as well as any other commitments so as to determine whether they have adequate time to perform their duties. The Company Secretary will ensure that all appointments are properly made and all information necessary are obtained as well as all legal and regulatory obligations are met.

In accordance with Article 77 of the Company's Articles of Association (Constitution), one third of the Directors shall retire by rotation from office and be eligible for re-election at the annual general meeting. The Article also provides that all Directors shall retire from office at least once in every three years, but shall be eligible for re-election. In accordance with Article 84, any new Director appointed by the Board is subject to re-election by shareholders at the first opportunity after his appointment. Directors who are of or over the age of seventy years shall also retire from office and be eligible for re-appointment at the annual general meeting pursuant to Section 129(6) of the Companies Act, 1965. Under the Companies Act, 2016, the restriction of the maximum age of Directors to retire annually has been abolished.

The assessment of the effectiveness of the Board as a whole, the board committees and the contribution of each director were conducted with the objective to improve the Board and its committees effectiveness and to enhance the director's awareness on the key areas that need to be addressed. The evaluation results were tabled for the consideration of the NC and its recommendation to the Board for improvement.

During the financial year ended 31 March 2017, the NC had held One (1) meeting. The attendance of the members of the NC at the meeting is as follows :-

| Name of members | No. of meetings attended |
|--|---------------------------------|
| Lee Kong Leong (Senior Independent Non-Executive Director - Chairman) | 1/1 |
| YBhg. Datuk Roselan Johar bin Johar Mohamed (Independent Non-Executive Chairman) | 1/1 |
| YBhg. Dato' Lim Cheang Nyok (Independent Non-Executive Director) | 1/1 |

The NC consists entirely of Independent Non-Executive Directors.

The terms of reference of the NC are as follows -

1. Membership

The Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist exclusively of Non-executive Directors, minimum three (3), a majority of whom are Independent Directors.

The members of the Committee shall elect the Chairman from among their number who shall be an independent director.

The quorum shall be 2 members, a majority of whom shall be independent directors.

2. Frequency of Meetings

Meeting shall be held not less than once a year. The Company Secretary shall be the Secretary of the Committee.

3. Authority

The Committee is to recommend new nominees for the Board and the Board Committees and to assess Directors on an ongoing basis. The actual decision as to who shall be nominated should be the responsibility of the full Board after considering the recommendations of the Committee.

STATEMENT ON CORPORATE GOVERNANCE

4. Duty

The duties of the Committee shall be –

- (i) to recommend to the Board, candidates for all directorships taking into consideration the candidates' qualification, character, skills, knowledge, expertise, experience, professionalism, integrity, competence and time commitment and in doing so, preference shall be given to shareholders or existing Board members and candidates proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any director or shareholder may also be considered.
- (ii) to recommend to the Board, directors to fill the seats on board committees.
- (iii) to review annually, on behalf of the Board, the required mix of skills, experience and other qualities, including core competencies, which non-executive directors should bring to the Board, independence and diversity (including gender diversity) required to meet the needs of the Company.
- (iv) to carry out annually, on behalf of the Board, the assessment of the effectiveness of the Board as a whole, the board committees and the contribution of each director.
- (v) to establish a formal and transparent procedures for appointment of new directors to the Board and make recommendations which include establishing selection criteria, short listing, assessing and evaluating suitable candidate against selection criteria and Board's requirements.
- (vi) to review the term of office and performance of an audit committee and each of its members annually to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.

5. Reporting Procedures

The Company Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.

The criteria to assess independence of independent directors and the procedure of recruitment / selection for directorship are made available at the Company's website at <http://www.sbcgroup.com.my>

The main activities undertaken by the NC during the financial year under review were as follows:-

- (i) Reviewed the re-election of the Directors retiring at the forthcoming annual general meeting under Article 77 of the Articles of Association (Constitution) of the Company;
- (ii) Assessment of independence of independent directors;
- (iii) Reviewed the required mix of skills, experience and other qualities of the Board and gender diversity;
- (iv) Reviewed the effectiveness of the Board as a whole and the Board Committees and the performance of each of the Board members and the Audit Committee members; and
- (v) Reviewed the nomination of Director and Board Committees' member.

iii Remuneration Committee

The Remuneration Committee (RC) is delegated with responsibilities to evaluate and recommend to the Board of all elements of the remuneration package of the Executive Directors. The remuneration packages is based on the philosophy to enable the Company to attract and retain Directors of caliber, relevant experience and expertise to manage the Group effectively and successfully.

The Board as a whole would determine the remuneration packages of the Independent Non-Executive Directors.

During the financial year ended 31 March 2017, the RC has held two (2) meeting. The attendance of the members of the RC at the meeting is as follows :-

| Name of members | No. of meetings attended |
|--|---------------------------------|
| Lee Kong Leong (Senior Independent Non-Executive Director) - Chairman | 2/2 |
| YBhg. Datuk Roselan Johar bin Johar Mohamed (Independent Non-Executive Chairman) | 2/2 |
| YBhg. Dato' Lim Cheang Nyok (Independent Non-Executive Director) | 2/2 |

The RC consists entirely of Independent Non-Executive Directors.

STATEMENT ON CORPORATE GOVERNANCE

The terms of reference of the RC are as follows -

1. Membership

The Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist of at least three (3) Directors, wholly or a majority of whom are non-executive directors.

The members of the Committee shall elect the Chairman from among their number who shall be a non-executive director.

The quorum shall be 2 members, a majority of whom shall be non-executive directors.

2. Frequency of Meetings

Meeting shall be held not less than once a year. The Company Secretary shall be the Secretary of the Committee.

3. Authority

The Committee is authorised to draw from outside advice as and when necessary in forming its recommendation to the Board on the remuneration of the executive directors in all its forms. Executive directors should play no part in decisions on their own remuneration and should abstain from discussion of their own remuneration.

The determination of the remuneration packages of the non-executive directors, including non-executive chairman, should be a matter for the Board as a whole. The individuals concerned should abstain from discussion of their own remuneration.

4. Duty

The duty of the Committee is to recommend to the Board the structure and level of remuneration of executive directors.

5. Reporting Procedures

The Company Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.

The remuneration policies for Executive Directors and Non-Executive Directors are made available at the Company's website at <http://www.sbcgroup.com.my>

During the financial year under review, the main activity undertaken by the RC was reviewed the remuneration of the Managing Director cum Chief Executive Officer and the Executive Director for year 2017.

Directors' Remuneration

The remunerations of the Executive Directors are to be structured so as to link rewards to Group and individual performance and for Non-Executive Directors, the level of fees shall reflect the experience, expertise and level of responsibilities undertaken.

All Non-Executive Directors are paid director's fees for serving as Directors on the Board and chairman of the Board or its Committees. The Company also reimburses reasonable expenses incurred by these Directors in the course of their duties. They are paid a meeting allowance of RM300 per meeting for attendance at each Board and its Committees' meetings. The Directors' fees are approved at the annual general meeting by shareholders.

Currently, the Executive Directors' remuneration comprising basic salary and bonus which are reflective of the experience, expertise, level of responsibilities and performance. Benefits in kind such as company car are made available as appropriate.

The details of the remuneration of the Directors of the Company and the Group for the financial year ended 31 March 2017 including proposed Directors' fees are as follows :-

STATEMENT ON CORPORATE GOVERNANCE

(a) Total Remuneration

Company

| | Basic Salary RM'000 | Bonuses RM'000 | Fees RM'000 | Benefits-in-kind RM'000 | Attendance fee RM'000 | Total RM'000 |
|---|------------------------|-------------------|----------------|----------------------------|--------------------------|-----------------|
| Executive | | | | | | |
| YBhg. Datuk Sia Teong Heng | 1,482 | 534 | - | - | - | 2,016 |
| Sia Teong Leng | 424 | 153 | - | - | - | 577 |
| Non-Executive | | | | | | |
| YBhg. Datuk Roselan Johar bin Johar Mohamed | - | - | 38 | - | 3 | 41 |
| Lee Kong Leong | - | - | 38 | - | 3 | 41 |
| YBhg. Dato' Lim Cheang Nyok | - | - | 31 | - | 2 | 33 |
| Total | 1,906 | 687 | 107 | - | 8 | 2,708 |

Group

| | Basic Salary RM'000 | Bonuses RM'000 | Fees RM'000 | Benefits-in-kind RM'000 | Attendance fee RM'000 | Total RM'000 |
|---|------------------------|-------------------|----------------|----------------------------|--------------------------|-----------------|
| Executive | | | | | | |
| YBhg. Datuk Sia Teong Heng | 1,482 | 534 | - | - | - | 2,016 |
| Sia Teong Leng | 424 | 153 | - | - | - | 577 |
| Non-Executive | | | | | | |
| YBhg. Datuk Roselan Johar bin Johar Mohamed | - | - | 38 | - | 3 | 41 |
| Lee Kong Leong | - | - | 38 | - | 3 | 41 |
| YBhg. Dato' Lim Cheang Nyok | - | - | 31 | - | 2 | 33 |
| Total | 1,906 | 687 | 107 | - | 8 | 2,708 |

(b) Directors' remuneration by bands of RM50,000

| | Executive Directors (RM) | | Non-Executive Directors (RM) | |
|--------------------------|--------------------------|-------|------------------------------|-------|
| | Company | Group | Company | Group |
| RM1 to RM50,000 | - | - | 3 | 3 |
| RM50,001 to RM100,000 | 1 | 1 | - | - |
| RM100,001 to RM2,050,000 | 1 | 1 | - | - |

Board Diversity

The Board is aware of the gender diversity policy and target as set out in Recommendation 2.2 of the Code. When appointing a Director, the Nominating Committee and the Board will always evaluate and match the criteria of the candidate to the Board based on experience, skill, competency, knowledge and potential contribution, while the Recommendation 2.2 of the Code will also be given due consideration for boardroom diversity.

The Company does not set any specific target for boardroom diversity and female representation will be considered when suitable candidates are identified.

Diversity

The Board is committed to provide fair and equal opportunity within the Group and acknowledges the importance of boardroom and workplace diversity as well as the employment of employees who possess the necessary skills and right personal attributes. The Group is committed to workplace diversity and that the workplace is fair, accessible, flexible and free from all kinds of discrimination.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 3 – REINFORCE INDEPENDENCE OF THE BOARD

There are clear roles of the Independent Non-Executive Chairman and the Managing Director cum Chief Executive Officer. The Independent Non-Executive Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Managing Director cum Chief Executive Officer is responsible for the day-to-day running of the business and implementation of Board policies and decisions adopted by the Board.

The presence of the Independent Non-Executive Directors provides a pivotal role in corporate accountabilities. The roles of the Independent Non-Executive Directors, among other compliances, are with the purpose to provide an independent and objective view, advice and fairness in judgment by ensuring the long term interest of stakeholders are considered. The Independent Non-Executive Directors do not participate in the operations of the Group in order to uphold their objectivity and fulfill their responsibilities to provide check and balance to the Board.

The Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interest of the stakeholders. The Board believes that their in-depth knowledge of the Group's business and their experience and expertise continue to provide invaluable contribution to the Board.

According to Recommendation 3.2 of the Code, the tenure of an independent director is capped at nine (9) years. In this regard, the Board wishes to highlight that none of the Independent Directors has served the Company for nine years.

According to Recommendation 3.5 of the Code, the board must comprise a majority of independent directors where the chairman of the board is not an independent director. In this regard, the Board wishes to highlight that the present Chairman of the Board is an Independent Director and the Board complies with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities which requires at least two Directors or one-third of the Board of the Company, whichever is the higher, are Independent Directors.

PRINCIPLE 4 - FOSTER COMMITMENT OF DIRECTORS

The underlying factors of Directors' commitment to the Group are devoting time and continuously improving of knowledge and skills with the objective to efficiently govern and contribute to the Group.

The Board meets at least every quarter and on other occasion when necessary, to approve quarterly financial results, statutory financial statements and any business development plans.

Board Meeting

During the financial year ended 31 March 2017, the Board met on four (4) occasions. Informal meetings and consultations were frequently and freely held to share expertise and experiences. Details of the attendance of the Directors at various meetings are set out below :-

| Name of Director | Designation | Attendance of Board Meeting |
|---|---|-----------------------------|
| YBhg. Datuk Roselan Johar bin Johar Mohamed | Independent Non-Executive Chairman | 4/4 |
| YBhg. Datuk Sia Teong Heng | Managing Director cum Chief Executive Officer | 4/4 |
| Sia Teong Leng | Executive Director | 4/4 |
| Lee Kong Leong | Senior Independent Non-Executive Director | 4/4 |
| YBhg. Dato' Lim Cheang Nyok | Independent Non-Executive Director | 4/4 |

Directors' Training

All members of the Board had attended the Mandatory Accreditation Programme as required by Bursa Securities. Pursuant to Paragraph 15.08 of the Bursa Securities Listing Requirements, the Board is responsible to identify the training needs of its Directors which will aid them in the discharge of their duties on a continuous basis. During the financial year under review, the Board has discussed training programmes proposed for the Directors attendance. The Board noted that the Nominating Committee is satisfied that the Board comprises qualified people with professional background, expertise and practical experience. Nevertheless, the Board encourages its Directors to go for training on their own initiative from time to time in order to keep them abreast of the latest developments in the market-place as well as the current changes in the laws, regulations and accounting standards.

For new Directors, a familiarisation programme will be conducted for them. This includes a presentation of the Group's operations by senior management and visits to the existing project sites.

STATEMENT ON CORPORATE GOVERNANCE

During the financial year, the Directors attended training courses as follows :-

| Name | Training | Date |
|---|---|------------------|
| YBhg. Datuk Roselan Johar bin Johar Mohamed | Impact of the New Companies Act 2016 on Directors & Shareholders | 7 February 2017 |
| YBhg. Datuk Sia Teong Heng | Corporate Disclosure – What every Director needs to know | 31 March 2017 |
| Sia Teong Leng | Are we heading for another Global Recession or do we care | 14 March 2017 |
| Lee Kong Leong | Crowd funding for SMEs | 15 December 2016 |
| YBhg. Dato' Lim Cheang Nyok | Bird's eye view of Intellectual Property. | 27 July 2016 |
| | ISO 9001: 2015 Quality Management System Certification for Legal Firms. | 21 October 2016 |
| | Introduction to the Companies Act 2016. | 28 December 2016 |

PRINCIPLE 5 - UPHOLD INTEGRITY IN FINANCIAL REPORTING

The Board is responsible for ensuring that the Company and the Group maintain accounting records that disclose with reasonable accuracy the financial position of the Company and the Group and which enables them to ensure that the financial statements comply with the provision of the Companies Act, 2016.

The Board is assisted by the Audit Committee to ensure the Group's financial statements comply with applicable financial reporting standards. The Audit Committee is also tasked in assisting the Board in maintaining sound internal control system across the Group.

Financial Reporting

The Board aims to convey a balanced and understandable assessment of the Group's financial position and prospects through the quarterly results and annual reports/financial statements to the Company's shareholders and regulators.

The Statement of the Directors' Responsibilities in respect of the preparation of the annual audited financial statements pursuant to Bursa Securities Listing Requirements is set out on page 38 of this Annual Report.

Internal Control

The Board acknowledges its responsibility for maintaining a sound internal controls system, which provides reasonable assurance in ensuring the effectiveness and efficiency of operations and the safeguard of assets and interest in compliance with laws and regulations as well as with internal financial administration procedures and guidelines.

The Group's Statement on Risk Management and Internal Control is shown on pages 33 to 34 of this Annual Report.

Relationship with External Auditors

The Board through the establishment of the Audit Committee, has established a good working relationship with its External Auditors i.e. M/s. Crowe Horwath, Chartered Accountants. The Group also maintains a transparent relationship with the External Auditors in seeking their professional advice towards ensuring compliance with the accounting standards through the Audit Committee. In the course of audit of the Group's operations, the External Auditors have highlighted all important matters to the Audit Committee. The Audit Committee will then bring up the matters for the Board's attention if it is necessary.

The Audit Committee has assessed the suitability of the External Auditors and has obtained written assurance from the External Auditors confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The External Auditors are appointed every year during the annual general meeting.

Key features underlying the relationship of the Audit Committee and the External Auditors are included in the terms of reference of the Audit Committee which are stated on pages 36 to 37 under the Audit Committee Report.

The Group has paid RM8,000 of non-audit fees to the External Auditors for the financial year ended 31 March 2017.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 6 - RECOGNISE AND MANAGE RISKS

Risk Management

The Board recognizes that risk management is an integral part of the Group's business operations and that risks are inherited in all business activities and is committed to manage the risks involved in the Group business activities. The Group has a Risk Management Working Group ("RMWG") that is chaired by the Managing Director cum Chief Executive Officer and its members comprise the Executive Director, Heads of Departments and staff from key operations. They have been trained to identify the risks relating to their areas; the likelihood of these risks occurring; the consequences if they do occur; and the actions being and/or to be taken to manage these risks to the desired level. The risk profiles and the risk treatment measures determined from this process are documented in risk registers with each business or operations area having its respective risk registers. The risk registers are eventually compiled to form the Group Risk Profile for reporting to the RMWG and the Audit Committee.

Internal Audit

In accordance with the provision in the Code and the Listing Requirements of Bursa Securities, the Board has outsourced the internal audit function to a professional internal audit service provider firm, namely Wensen Consulting Asia (M) Sdn Bhd, who reports directly to the Audit Committee. The Internal Auditors have carried out the internal audits of the Group and highlighted all important issues to the Audit Committee. The Audit Committee will then bring up the issues for the Board's attention if it is necessary.

The internal audit function carried out during the financial year is disclosed in the Audit Committee Report as set out in page 36 of this Annual Report.

The Group's Statement on Risk Management and Internal Control which provides an overview of the risk management framework and the state of internal control within the Group is set out on pages 33 to 34 of this Annual Report.

PRINCIPLE 7 - ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure and Communication Channel

The Board is aware that communication with shareholders and investors are important for enhancing their understanding of and confidence in the Group's business and activities. The Board recognizes that timely and equitable dissemination of relevant information shall be provided to shareholders and investors through public announcements made to Bursa Securities and the importance of information technology for effective dissemination of information.

The Group's quarterly financial results, annual audited accounts, annual reports and other announcements are published via the website of Bursa Securities within the stipulated timeframe. The Company also maintains its website at <http://www.sbcgroup.com.my> containing corporate information for the general public. The Company's website has become a key communication channel for the Company to further enhance shareholder and investor communication.

PRINCIPLE 8 - STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

i. Dialogue between Company and Investors

The Board places great importance of being transparent and accountable to its investors and as such, has maintained an active and constructive communication policy that enables the Board and the Management to communicate effectively and on a timely basis with its investors, stakeholders and the public generally. The information about the Group can be accessed through the Company's website at <http://www.sbcgroup.com.my>

ii. Annual General Meeting

The Annual General Meeting is the principal forum for the Directors, the Management and shareholders to meet and discuss the Group's business developments, strategies, performance, corporate governance, matters affecting shareholders' interests and future prospects. Notice of Annual General Meeting together with annual report is sent out to shareholders at least 21 days before the date of the meeting. At each Annual General Meeting, shareholders are encouraged to participate in the question and answer session. Where appropriate, the Chairman of the Meeting will undertake to provide a written answer to any question that cannot be readily answered on the spot. However, any information, which may be regarded as undisclosed material information about the Group, will not be given to any single shareholder or shareholder group.

The Board always takes active steps to encourage shareholder participation at general meetings such as serving notices for meetings earlier than the minimum notice period. The Board takes note of putting all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution as required by the Listing Requirements. The Company conducted poll voting in respect of all resolutions put before the shareholders at the last AGM. The Company will explore the suitability and feasibility of employing electronic means for poll voting.

STATEMENT ON CORPORATE GOVERNANCE

The Company places utmost importance on effective dissemination of timely, comprehensive and accurate information to shareholders and investors by leveraging on information technology, as recommended under the Code. As an accountable and responsible public listed entity, the Group discloses all corporate developments comprehensively through annual reports, circulars to shareholders, announcements, quarterly financial announcements submitted to Bursa Securities and through regular updates with investors as well as press releases. The quarterly financial announcement is a channel to keep the shareholders informed of the quarterly progress made by the Company during the year.

iii Annual Report

The Directors believe that an important channel to reach shareholders and investors is through Annual Reports which can be obtained from the Company's website at <http://www.sbcgroup.com.my>. Besides including comprehensive financial performance and information on business activities, the Group strives to improve the contents of the Annual Report in line with the developments in corporate governance practices.

Compliance Statement

The Company has committed to achieving high standard of corporate governance throughout the Group and to the highest level of integrity and ethical standards in all its business dealings.

This Statement is made in accordance with a resolution of the Board dated 25 July 2017.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of SBC Corporation Berhad is committed to maintain a sound system of risk management and internal control of the Group and is pleased to provide The Board's Statement on Risk Management and Internal Control ("the Statement"), which outline the nature and scope of risk management and internal control of the Group for the financial year ended 31 March 2017. The Statement is made pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and in accordance with the Principles and Recommendations relating to risk management and internal control provided in the Malaysian Code of Corporate Governance ("MCCG") 2012.

BOARD RESPONSIBILITY

The Board acknowledges that it is ultimately responsible for the Group's systems of risk management and internal control and for reviewing the adequacy and integrity of the Risk Management and Internal Control ("RMIC") systems to ensure that the shareholders' interests and the Group's assets are safeguarded. In this respect, the responsibility of reviewing the adequacy and integrity of the "RMIC" systems has been delegated to the Audit Committee, which is empowered by its terms of reference to seek the assurance on the adequacy and integrity of the "RMIC" systems through reports it receives from independent reviews conducted by the internal audit function and management.

However, as there are inherent limitations in any system on risk management and internal controls, such as "RMIC" systems put into effect by Management can only manage rather than eliminate all the risk that may impede the achievement of the Group's business objective or goals. Therefore, the "RMIC" system can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

RISK MANAGEMENT FRAMEWORK

The Board regards risk management as an integral part of the Group's business operations. The group has an embedded process for the identification, evaluating, reporting, treatment, monitoring, and reviewing of the business and operation risk within the Group. Both the Audit Committee and the Board review the effectiveness of the risk management function and deliberate on the risk management and internal control framework, functions, processes and reports on a regular basis.

Key management staff and Head of Departments are delegated with the responsibility to manage identified risks within defined parameters and standards. Periodic management meetings were held in which key risks and the appropriate mitigating controls were discussed. Significant risks affecting the Group's strategic and business plans are brought to the attention of the Board at their scheduled meetings. The abovementioned risk management practices of the Group serve as the on-going process used to identify, evaluate and manage significant risks. The Process has been in place for the year under review and up to the date of approval of the Statement for the inclusion in the annual report.

INTERNAL AUDIT FUNCTION

The Group's internal audit function was outsourced to a professional service firm, namely Wensen Consulting Asia (M) Sdn Bhd. The internal audit function is an integral part of the assurance mechanism in ensuring that the Group systems of internal controls are adequate and effective. The outsourced internal auditors assist the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control systems. The internal auditors report directly to the Audit Committee.

The internal audit function did not perform any review and assessment of the Group's associate companies as the Group does not have the full management control over the associates.

The costs incurred in maintaining the outsourced internal audit function for the financial year ended 31 March 2017 amounted to RM30,000.

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

- An organizational structure, which clearly defines the lines of responsibility, proper segregation of duties and delegation of authority;
- The results of audit conducted by internal auditor are reported to the Audit Committee. Follow-up action and the review of the status of action taken are properly carried through by Management. The Audit Committee holds regular meetings to deliberate on the findings and recommendations for improvement;
- The Executive Directors are closely involved in the running of business and operation of the Group and they report to the Board on significant changes in the business and external environment, which affect the operation of the Group at large;
- Regular management meeting are held to discuss the Group's performance, business operation and management issues as well as formulate appropriate measures to address them; and
- The Group has established policies and procedures to support the Group's various business activities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

REVIEW BY THE BOARD

The Board also received assurances from the Managing Director cum Chief Executive Officer and Executive Director that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects based on the risk management and internal control system of the Group.

REVIEW ON THE STATEMENT BY THE EXTERNAL AUDITORS

As required by the Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company and of the Group for the financial year ended 31 March 2017. The external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is the statement factually inaccurate.

CONCLUSION

The Board is of the view that the Group's system of risk management and internal controls is adequate to safeguard shareholder's investments and the Group's assets. The Board is conscious of the fact that the system of internal control and risk management practices must continuously evolve to support the Group's operations and changing business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal control.

This Statement is made in accordance with a resolution of the Board dated 25 July 2017.

AUDIT COMMITTEE REPORT

Audit Committee Report

The Board of SBC Corporation Berhad is pleased to present the Audit Committee Report for the financial year ended 31 March 2017.

Composition and Meetings

The Audit Committee presently comprises three members, one Independent Non-Executive Chairman, one Senior Independent Non-Executive Director and one Independent Non-Executive Director. During the financial year ended 31 March 2017, the Committee met four times. The name of the members and their attendance at meetings are as follows:

| Name of members | No. of meetings attended |
|---|--------------------------|
| YBhg. Datuk Roselan Johar bin Johar Mohamed (Independent Non-Executive Chairman) - Chairman | 4/4 |
| Lee Kong Leong (Senior Independent Non-Executive Director) | 4/4 |
| YBhg. Dato' Lim Cheang Nyok (Independent Non-Executive Director) | 4/4 |

The Audit Committee normally meets four times a year with additional meetings convened between scheduled meetings, if necessary, to deliberate on urgent and significant matters.

The Management, the Internal Auditors and representatives of the External Auditors attend the meetings at the invitation of the Audit Committee, where considered necessary. The Company Secretary is responsible for distributing the notice of the meetings and relevant papers to the Audit Committee members prior to their meetings and for recording the proceedings of the meetings thereat.

Internal Audit Function

The Group has outsourced its internal audit function to a professional internal audit service provider firm, namely Wensen Consulting Asia (M) Sdn Bhd. The main role of the internal audit is to review the effectiveness of the Group's system of internal controls and this is performed with impartiality, proficiency and due professional care.

The internal auditor reports directly to the Audit Committee the effectiveness of risk management, internal control system and governance processes within the Group.

The internal audit adopts a risk based auditing approach by focusing on identifying high risk areas and to recommend corrective measurements for compliance with control policies and procedures, identifying business risk which have not been appropriately addressed and evaluating the adequacy and integrity of control.

Summary of Works of the Audit Committee

In line with the terms of reference of the Audit Committee, the following works were carried out by the Audit Committee during the financial year ended 31 March 2017:

- Discussed and reviewed the Audit Planning Memorandum which covers the external auditor's plan, scope and nature of work.
- Reviewed the Audit Review Memorandum in relation to their findings and accounting issues arising from the audit of the Group's annual financial results.
- Reviewed the unaudited quarterly report on the consolidated results of the Group for the quarters ended 31 March 2016, 30 June 2016, 30 September 2016 and 31 December 2016 and the audited financial statements.
- Assessed the Group's financial performance.
- Reviewed related party transactions and conflicts of interest situation that may arise within the Group.
- Reviewed and approved the internal audit plan and the internal audit reports and followed up on the remedial actions implemented by the Management in respect of the internal control weaknesses identified.
- Reviewed the Group's risk management policy and framework.
- Reviewed the Group's compliance with the applicable approved accounting standards issued by the Malaysian Accounting Standards Board and other relevant legal and regulatory requirements.

AUDIT COMMITTEE REPORT

Summary of Works of the Internal Audit Function

The summary of main works undertaken by the internal audit function during the financial year is as below:

- a) Prepared the Group's Internal Audit Plan for the Audit Committee's approval;
- b) Carried out internal audits of the Company and its subsidiary companies to review the adequacy of internal controls in the various auditable areas, such as:-
 - Project Tender Management,
 - Procurement Management,
 - Payment and Cheque Control,
 - Human Resource Management,
 - Project Closure Management (Vacant Possession Process),
 - Financial Statement Close Processing Management, and
 - Follow-up review on the above auditable areas;
- c) Reported the outcomes of audit conducted which highlight the effectiveness of the internal control system and significant risks;
- d) Monitored remedial actions taken by the management in response to the recommendations addressing the internal control deficiencies; and
- e) Presented the internal audit reports at the Audit Committee meetings for the deliberation by its members, and to follow up on the suggestions given by its members.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Membership

The Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist of at least three members. All the members must be non-executive directors, with a majority of them are independent directors. At least one member of the Committee:

- (i) must be a member of the Malaysian Institute of Accountants ("MIA"); or
- (ii) if he is not a member of the MIA, he must have at least three years working experience and
 - he must have passed the examinations specified in Part I of the 1st Schedule to the Accountant Act, 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule to the Accountants Act, 1967; or
- (iii) fulfills such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

The members of the Committee shall elect a Chairman from amongst their number who shall be an independent director. The quorum shall be 2 members, a majority of whom shall be independent directors.

Attendance At Meetings

The Management and the internal auditors and representatives of the external auditors shall normally attend meetings. Other directors and employees of the Company may attend meetings at the Committee's invitation. The Committee shall be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

The Company Secretary shall be the secretary of the Committee.

Frequency Of Meetings

Meetings shall be held not less than four times a year. The external auditors may request a meeting if they consider that one is necessary.

Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all the employees are directed to cooperate with any request made by the Committee.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of an outsider with relevant experience and expertise, if it considers this necessary.

AUDIT COMMITTEE REPORT

Duties

The duties of the Committee shall be:

- (1) to consider the appointment or re-appointment of the external auditors, the audit fees and any questions of nomination, resignation or dismissal.
- (2) to discuss with the external auditors before the audit commences the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved.
- (3) to discuss with the external auditors the evaluation of the system of internal controls, audit report and ensure assistance given by the employees to the external auditors.
- (4) to review the quarterly and year-end financial statements before submission to the Board, focusing particularly on:
 - any changes or implementation of changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
 - the going concern assumption;
 - compliance with accounting standards; and
 - compliance with Bursa Malaysia Securities Berhad and legal requirements.
- (5) to discuss problems and reservations arising from the interim and final audit and any matters the external auditor may wish to discuss (in the absence of management, where necessary).
- (6) to review the external auditors' management letter and management's response.
- (7) to do the following in respect of the internal audit function:
 - review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
 - review the internal audit programme and processes and results of the internal audit programme, processes and investigation and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function.
 - review any appraisal or assessment of the performance of the members of the internal audit function.
 - approve the appointment or termination of senior staff members of the internal audit function.
 - inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- (8) to consider any related party transaction and conflict of interest situations that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (9) to consider the major findings of internal investigations and management's response and ensure co-ordination between internal and external auditors.
- (10) to consider the appointment of the internal auditors, the fee and any questions of nomination, resignation or dismissal.
- (11) to assess the adequacy and integrity of the risk management and internal audit system through independent reviews conducted and reports it received from the internal auditors, the external auditors and the management.
- (12) to verify the allocation of options pursuant to an employee share option scheme to ensure compliance with the allocation criteria.
- (13) to consider other topics, as defined by the Board.

Reporting

The Company Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.

This Report is made in accordance with a resolution of the Board dated 25 July 2017.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board is required under Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to issue a statement explaining its responsibility for preparing the annual audited financial statements.

The Directors are responsible for ensuring that the financial statements of the Group are drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 2016 so as to give a true and fair view of the state of affairs of the Group and the Company as of 31 March 2017 and of the results and cash flows of the Group and Company for the financial year ended on that date.

In preparing the financial statements, the Directors have:

- (a) adopted suitable accounting policies and applied them consistently;
- (b) made judgements and estimates that are prudent and reasonable;
- (c) ensured the adoption of applicable approved accounting standards; and
- (d) used the going concern basis for the preparation of the financial statements.

The Directors are responsible for ensuring proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Company and are kept in accordance with the Companies Act, 2016. The Directors are also responsible for taking such steps as are reasonably open to them to safeguard the Group's assets and to prevent and detect fraud and other irregularities.

This Statement is made in accordance with a resolution of the Board dated 25 July 2017.

ADDITIONAL COMPLIANCE INFORMATION

In conformance with the Listing Requirements of Bursa Malaysia Securities Berhad, the following compliance information is provided:

1. Utilisation of Proceeds from Corporate Proposal

During the financial year under review, there were no proceeds raised by the Company from any corporate proposal.

2. Audit and Non-audit fees

The audit fees and non-audit fees paid or payable to M/s. Crowe Horwath by the Company and the Group during the financial year under review were as follows:-

| | Company (RM) | Group (RM) |
|----------------|-----------------|---------------|
| Audit Fees | 39,000 | 193,000 |
| Non-audit Fees | 8,000 | 8,000 |

The fees paid or payable to a firm or a corporation affiliated to M/s. Crowe Horwath by the Company and the Group during the financial year under review were as follows:-

| | Company (RM) | Group (RM) |
|----------------|-----------------|---------------|
| Tax Agent Fees | - | 39,000 |

3. Materials Contracts Involving Directors' and Major Shareholders' Interest

There were no material contracts being entered into by the Company and / or its subsidiaries involving the directors and major shareholders' interest of the Company or its subsidiaries subsisting at the end of the financial year ended 31 March 2017 or entered into since the end of previous financial year.

4. Corporate Social Responsibility

The Group will continuously ensure that all activities relating to corporate social responsibility are considered and supported in its operations for the well being of stakeholders and community.

The Group had undertaken and participated in the corporate social responsibility activities as follows:-

- Donated RM500.00 and staffs participation in the 2016 BOMBA run; and
- Instituted a series of voluntary periodic cleaning and rubbish collection along Likas Bay at Kota Kinabalu. SBC staffs, service providers as well as SBC partners were involved in the continuing efforts.

As part of the ongoing efforts towards the preservation of environment, the Group ensures there are measures at the construction sites to prevent any adverse impact on the environment. The Group will also maintain priority towards environmentally friendly and locally sourced materials to be used in our projects as far as possible with balance of benefit and cost. The Group also continues to adopt green building principals with a view to promote sustainable practices, reduce energy consumption and minimise waste. Measures such as rain water harvesting and lowered energy loadings, and design measures to capitalise on natural ventilation and reduce solar gain are being progressively explored and implemented in projects.

The Group also recognises the importance of staff welfare and provides continuous training including taking appropriate construction work safety measures for the employees. The Group believes human capital as an important asset, hence constantly invests in them. The Group has a workforce of 89 employees as at 31 March 2017. The workforce consists of 100 % Malaysian and 43% female.

This Statement is made in accordance with a resolution of the Board dated 25 July 2017.

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FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2017.

PRINCIPAL ACTIVITIES

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

RESULTS

| | THE GROUP RM'000 | THE COMPANY RM'000 |
|---|---------------------|-----------------------|
| (Loss)/Profit after taxation for the financial year | (3,694) | 352 |
| Attributable to:- | | |
| Owners of the Company | (3,043) | 352 |
| Non-controlling interests | (651) | - |
| | (3,694) | 352 |

DIVIDENDS

Since the end of the previous financial year, the Company paid a first and final single tier tax-exempt dividend of 0.46 sen per ordinary share, amounting to RM1,080,463 in respect of the financial year ended 31 March 2016, which was approved by the shareholders at the Annual General Meeting held on 21 September 2016 and paid on 3 November 2016.

The directors do not recommend the payment of any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- there were no changes in the issued and paid-up share capital of the Company; and
- there were no issues of debentures by the Company.

TREASURY SHARES

As at 31 March 2017, the Company held as treasury shares a total of 58,900 of its 234,830,785 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM50,502. The details on the treasury shares are disclosed in Note 24 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that no allowance for impairment losses on receivables is required.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS' REPORT

DIRECTORS

The names of directors of the Company who served during the financial year until the date of this report are as follows:-

DATUK SIA TEONG HENG
SIA TEONG LENG
LEE KONG LEONG
DATUK ROSELAN JOHAR BIN JOHAR MOHAMED
DATO' LIM CHEANG NYOK

The names of directors of the Company's subsidiaries who served during the financial year until the date of this report, not including those directors mentioned above, are as follows:-

CHIN YOKE CHUNG, PATRICK
ENG BAK CHIM
HENG GEK HWAH
MOK CHIEW KHUEN
ONG PENG SEANG
SHAHRUM ALI BIN H. M. SHAH

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

| | NUMBER OF ORDINARY SHARES | | | AT 31.3.2017 |
|---------------------------|---------------------------|--------|------|-----------------|
| | AT 1.4.2016 | BOUGHT | SOLD | |
| THE COMPANY | | | | |
| DIRECT INTEREST | | | | |
| DATUK SIA TEONG HENG | 27,427,982 | - | - | 27,427,982 |
| INDIRECT INTERESTS | | | | |
| DATUK SIA TEONG HENG | 48,580,533 | - | - | 48,580,533 |
| SIA TEONG LENG | 48,580,533 | - | - | 48,580,533 |

By virtue of their shareholdings in the Company, Datuk Sia Teong Heng and Sia Teong Leng are deemed to have interests in the shares in its related corporations during the financial year to the extent of the Company's interest, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year did not have any interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

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

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

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 39 to the financial statements.

INDEMNITY AND INSURANCE COST

The Company maintains directors' liability insurance for purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance cover for the Directors and Officers of the Company.

SUBSIDIARIES

The details of the Group's subsidiaries are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 44 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 34 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors as part of the terms of its audit engagement against any claims by third parties arising from the audit. No payment has been made to indemnify the auditors during or since the financial year.

Signed in accordance with a resolution of the directors dated 25 July 2017.

Datuk Sia Teong Heng

Sia Teong Leng

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Datuk Sia Teong Heng and Sia Teong Leng, being two of the directors of SBC Corporation Berhad, state that, in the opinion of the directors, the financial statements set out on pages 51 to 114 are drawn up in accordance with 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 of 31 March 2017 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 45, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 25 July 2017.

Datuk Sia Teong Heng

Sia Teong Leng

STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Sia Teong Leng, I/C No. 700817-10-6211, being the director primarily responsible for the financial management of SBC Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 51 to 114 are, to the best of my knowledge and belief, 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
Sia Teong Leng, I/C No. 700817-10-6211,
at Kuala Lumpur in the Federal Territory
on this 25 July 2017

Sia Teong Leng

Before me

Lai Din (W668)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SBC CORPORATION BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of SBC Corporation Berhad, which comprise the statements of financial position as at 31 March 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information, as set out on pages 51 to 114.

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 March 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

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

KEY AUDIT MATTERS

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SBC CORPORATION BERHAD

REVENUE RECOGNITION FOR PROPERTY DEVELOPMENT ACTIVITIES

| KEY AUDIT MATTER | HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER |
|--|---|
| <p>As disclosed in Note 32 to the financial statements, revenue of the Group was derived mainly from property development activities.</p> <p>The Group recognises property development revenue using the stage of completion method. The stage of completion is determined by the proportion of property development costs incurred for work performed to date over the estimated total property development costs.</p> <p>Accounting for property development activities is inherently complex and there is judgement involved in the following areas:-</p> <p>(a) determination of stage of completion</p> <p>(b) estimated total property development costs and costs to be incurred to complete a project</p> <p>We determined this to be a key audit matter given the complexity and judgemental nature of these areas.</p> | <p>Our procedures included, amongst others:-</p> <p>(a) tested costs incurred to date to supporting documentation such as contractors' claim certificates.</p> <p>(b) assessed the reasonableness of the estimated total property development costs to supporting documentation such as contracts, quotations and variation orders with contractors.</p> <p>(c) checked for any variation orders and checked that changes to contracts and quotations with the contractors, if any, are properly supported, for ongoing projects,</p> <p>(d) tested sales of properties to signed sales and purchase agreements and billings raised to property buyers.</p> <p>(e) Re-computed the stage of completion and checked the journal entries impacting revenue are recognised appropriately with reference to the computation of the stage of completion of the projects.</p> |

IMPAIRMENT ASSESSMENT ON GOODWILL

| KEY AUDIT MATTER | HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER |
|---|---|
| <p>As disclosed in Note 13 to the financial statements, goodwill as at 31 March 2017 amounted to RM9,495,000. It arose from the acquisition of two subsidiaries in prior years.</p> <p>Goodwill requires annual impairment assessment. This has been performed by comparing the carrying amounts to their corresponding recoverable amounts.</p> <p>The recoverable amount was determined using the fair value less costs to sell method, after taking into account the market value of the land held for development based on valuations carried out by an independent firm of professional valuers.</p> <p>We determined this to be a key audit matter given the significant management judgement and estimates applied in determining the recoverable amounts.</p> | <p>Our procedures included, amongst others:-</p> <p>(a) obtained management's impairment analysis and gained an understanding of their impairment assessment process.</p> <p>(b) evaluated the objectivity, independence and capabilities of the professional valuers and obtained an understanding of the work of the professional valuers.</p> <p>(c) assessed the appropriateness of the valuation model, property related data, including estimates used by the professional valuers.</p> <p>(d) assessed the reasonableness of the assumptions used and judgements made in determining the recoverable amount.</p> |

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SBC CORPORATION BERHAD

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SBC CORPORATION BERHAD

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AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 45 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

25 July 2017

Kuala Lumpur

Ooi Song Wan
Approval No: 02901/10/2018 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AT 31 MARCH 2017

| | NOTE | THE GROUP | | THE COMPANY | |
|-------------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2017 | 2016 | 2017 | 2016 |
| | | RM RM'000 | RM RM'000 | RM RM'000 | RM RM'000 |
| ASSETS | | | | | |
| NON-CURRENT ASSETS | | | | | |
| Investments in subsidiaries | 5 | - | - | 215,918 | 215,918 |
| Investments in associates | 6 | 109,191 | 107,762 | 2,740 | 2,740 |
| Investment in a joint venture | 7 | 1,681 | 1,657 | 1,332 | 1,332 |
| Property, plant and equipment | 8 | 4,111 | 4,625 | 190 | 288 |
| Biological assets | 9 | 1,302 | 1,374 | - | - |
| Investment properties | 10 | 47,991 | 49,017 | 565 | 565 |
| Land held for property development | 11 | 126,751 | 125,984 | - | - |
| Other investments | 12 | 219 | 219 | - | - |
| Goodwill | 13 | 9,495 | 9,495 | - | - |
| Deferred tax assets | 14 | 2,047 | 1,926 | - | - |
| | | 302,788 | 302,059 | 220,745 | 220,843 |
| CURRENT ASSETS | | | | | |
| Inventories | 15 | 41,152 | 43,800 | - | - |
| Property development costs | 16 | 129,709 | 151,737 | - | - |
| Receivables | 17 | 46,893 | 57,944 | 113 | 94 |
| Amount owing by contract customers | 18 | 2,788 | 4,075 | - | - |
| Amount owing by subsidiaries | 19 | - | - | 109,156 | 110,126 |
| Amount owing by associates | 20 | 3,366 | 3,383 | - | - |
| Current tax assets | | 4,772 | 686 | 2063 | 2,009 |
| Fixed deposits with a licensed bank | 21 | 600 | - | - | - |
| Cash and bank balances | 22 | 14,411 | 10,100 | 785 | 804 |
| | | 243,691 | 271,725 | 112,117 | 113,033 |
| TOTAL ASSETS | | 546,479 | 573,784 | 332,862 | 333,876 |

STATEMENTS OF FINANCIAL POSITION

AT 31 MARCH 2017

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| | NOTE | THE GROUP | | THE COMPANY | |
|---|------|----------------------|----------------------|----------------------|----------------------|
| | | 2017 RM RM'000 | 2016 RM RM'000 | 2017 RM RM'000 | 2016 RM RM'000 |
| EQUITY AND LIABILITIES | | | | | |
| EQUITY | | | | | |
| Share capital | 23 | 234,831 | 234,831 | 234,831 | 234,831 |
| Treasury shares | 24 | (51) | (51) | (51) | (51) |
| Reserves | 25 | 148,506 | 152,629 | 18,791 | 19,519 |
| TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | | 383,286 | 387,409 | 253,571 | 254,299 |
| NON-CONTROLLING INTERESTS | | (782) | (131) | - | - |
| TOTAL EQUITY | | 382,504 | 387,278 | 253,571 | 254,299 |
| NON-CURRENT LIABILITIES | | | | | |
| Deferred tax liabilities | 14 | 1,500 | 1,500 | - | - |
| Long-term borrowings | 26 | 51,573 | 62,302 | 14 | 68 |
| Payable | 29 | 12,906 | 12,083 | - | - |
| | | 65,979 | 75,885 | 14 | 68 |
| CURRENT LIABILITIES | | | | | |
| Payables | 29 | 49,826 | 58,452 | 201 | 93 |
| Amount owing to contract customers | 18 | 5,216 | 3,547 | - | - |
| Amount owing to subsidiaries | 19 | - | - | 79,021 | 78,272 |
| Short-term borrowings | 30 | 41,341 | 45,396 | 55 | 1,055 |
| Current tax liabilities | | 1,613 | 3,226 | - | 89 |
| | | 97,996 | 110,621 | 79,277 | 79,509 |
| TOTAL LIABILITIES | | 163,975 | 186,506 | 79,291 | 79,577 |
| TOTAL EQUITY AND LIABILITIES | | 546,479 | 573,784 | 332,862 | 333,876 |
| NET ASSETS PER ORDINARY SHARE (RM) | 31 | 1.63 | 1.65 | | |

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH

| | NOTE | THE GROUP | | THE COMPANY | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| REVENUE | 32 | 64,603 | 139,480 | 6,877 | 5,900 |
| COST OF SALES | 33 | (48,486) | (111,519) | - | - |
| GROSS PROFIT | | 16,117 | 27,961 | 6,877 | 5,900 |
| OTHER INCOME | | 2,716 | 7,089 | 2 | 17 |
| ADMINISTRATIVE EXPENSES | | (14,890) | (16,759) | (6,398) | (4,888) |
| OTHER EXPENSES | | (576) | (607) | (99) | (94) |
| FINANCE COSTS | | (5,059) | (4,460) | (43) | (587) |
| SHARE OF RESULTS IN ASSOCIATES | | 1,751 | 4,345 | - | - |
| SHARE OF RESULTS IN JOINT VENTURE | | 24 | 16 | - | - |
| PROFIT BEFORE TAXATION | 34 | 83 | 17,585 | 339 | 348 |
| INCOME TAX EXPENSE | 35 | (3,777) | (4,282) | 13 | (3) |
| (LOSS)/PROFIT AFTER TAXATION | | (3,694) | 13,303 | 352 | 345 |
| OTHER COMPREHENSIVE (EXPENSE)/INCOME | | - | - | - | - |
| TOTAL COMPREHENSIVE (EXPENSE)/INCOME | | (3,694) | 13,303 | 352 | 345 |
| (LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:- | | | | | |
| Owners of the Company | | (3,043) | 13,399 | 352 | 345 |
| Non-controlling interests | | (651) | (96) | - | - |
| | | (3,694) | 13,303 | 352 | 345 |
| TOTAL COMPREHENSIVE (EXPENSE)/INCOME ATTRIBUTABLE TO:- | | | | | |
| Owners of the Company | | (3,043) | 13,399 | 352 | 345 |
| Non-controlling interests | | (651) | (96) | - | - |
| | | (3,694) | 13,303 | 352 | 345 |
| (LOSS)/EARNINGS PER SHARE (SEN) | | | | | |
| - basic | 36 | (1.30) | 5.71 | | |
| - diluted | 36 | (1.30) | 5.71 | | |
| DIVIDEND PER ORDINARY SHARE (SEN) | | | | | |
| - final | 37 | - | 0.46 | | |

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

| THE GROUP | NOTE | SHARE CAPITAL RM'000 | TREASURY SHARES RM'000 | ← NON-DISTRIBUTABLE → | | | DISTRIBUTABLE | | ATTRIBUTABLE TO OWNERS OF THE GROUP RM'000 | NON- CONTROLLING INTERESTS RM'000 | TOTAL EQUITY RM'000 |
|---|------|-------------------------|------------------------------|----------------------------|----------------------------|-------------------------------|-------------------------------|-------|---|--|------------------------|
| | | | | SHARE PREMIUM RM'000 | LEGAL RESERVE RM'000 | RETAINED PROFITS RM'000 | RETAINED PROFITS RM'000 | | | | |
| Balance at 1.4.2015 | | 234,831 | (51) | 6,387 | 265 | 136,335 | 377,767 | (35) | 377,732 | | |
| Profit after taxation/Total comprehensive income for the financial year | | - | - | - | - | 13,399 | 13,399 | (96) | 13,303 | | |
| Distributions to owners of the Company: - dividend | 37 | - | - | - | - | (3,757) | (3,757) | - | (3,757) | | |
| Balance at 31.3.2016/1.4.2016 | | 234,831 | (51) | 6,387 | 265 | 145,977 | 387,409 | (131) | 387,278 | | |
| Loss after taxation/Total comprehensive expense for the financial year | | - | - | - | - | (3,043) | (3,043) | (651) | (3,694) | | |
| Distributions to owners of the Company: - dividend | 37 | - | - | - | - | (1,080) | (1,080) | - | (1,080) | | |
| Balance at 31.3.2017 | | 234,831 | (51) | 6,387 | 265 | 141,854 | 383,286 | (782) | 382,504 | | |

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH

| THE COMPANY | NOTE | SHARE CAPITAL RM'000 | TREASURY SHARES RM'000 | NON- DISTRIBUTABLE | | TOTAL EQUITY RM'000 |
|--|------|----------------------------|------------------------------|----------------------------|--|---------------------------|
| | | | | SHARE PREMIUM RM'000 | DISTRIBUTABLE RETAINED PROFITS RM'000 | |
| Balance at 1.4.2015 | | 234,831 | (51) | 6,387 | 16,544 | 257,711 |
| Profit after taxation/Total comprehensive income for the financial year | | - | - | - | 345 | 345 |
| Distributions to owners of the Company: - dividend | 37 | - | - | - | (3,757) | (3,757) |
| Balance at 31.3.2016/1.4.2016 | | 234,831 | (51) | 6,387 | 13,132 | 254,299 |
| Profit after taxation/Total comprehensive income for the financial year | | - | - | - | 352 | 352 |
| Distributions to owners of the Company: - dividend | 37 | - | - | - | (1,080) | (1,080) |
| Balance at 31.3.2017 | | 234,831 | (51) | 6,387 | 12,404 | 253,571 |

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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| | THE GROUP | | THE COMPANY | | |
|--|-----------|----------------|----------------|----------------|----------------|
| | NOTE | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES | | | | | |
| Profit before taxation | | 83 | 17,585 | 339 | 348 |
| Adjustments for:- | | | | | |
| Accretion of payables | | 823 | (3,667) | - | - |
| Amortisation of biological assets | | 72 | 60 | - | - |
| Amortisation of investment properties | | 1,026 | 1,027 | - | - |
| Depreciation of property, plant and equipment | | 626 | 658 | 99 | 95 |
| Interest expense | | 4,724 | 3,910 | 43 | 587 |
| Dividend income from subsidiaries | | | - | (919) | - |
| Interest income | | (362) | (109) | - | (7) |
| Share of results in associates | | (1,751) | (4,345) | - | - |
| Share of results in joint venture | | (24) | (16) | - | - |
| Operating profit before working capital changes | | 5,217 | 15,103 | (438) | 1,023 |
| Decrease in amount owing by associates | | 17 | 1,953 | - | - |
| Decrease in inventories | | 2,648 | 1,488 | - | - |
| Decrease in property development costs | | 21,598 | 15,921 | - | - |
| Decrease/(Increase) in receivables | | 11,051 | (15,859) | (19) | (40) |
| (Decrease)/Increase in payables | | (8,626) | (15,210) | 108 | (1,027) |
| Net decrease in amount owing by contract customers | | 2,956 | 1,910 | - | - |
| CASH FROM/(FOR) OPERATIONS | | 34,861 | 5,306 | (349) | (44) |
| Interest paid | | (4,724) | (3,910) | (43) | (587) |
| Net tax paid | | (9,597) | (13,464) | (130) | (215) |
| NET CASH FROM/(FOR) OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD | | 20,540 | (12,068) | (522) | (846) |

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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SBC CORPORATION BERHAD [199310-P]
Annual Report 2017

| | NOTE | THE GROUP | | THE COMPANY | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| BALANCE BROUGHT FORWARD | | 20,540 | (12,068) | (522) | (846) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Repayment from subsidiaries | | - | - | 970 | 15,418 |
| Interest received | | 362 | 109 | - | 7 |
| Dividends received from subsidiaries | | - | - | 919 | - |
| Dividends received from associates | | 205 | 7,027 | - | - |
| Payment for land held for property development | | (337) | (978) | - | - |
| Costs incurred on biological assets | | - | (37) | - | - |
| Purchase of property, plant and equipment | | (112) | (209) | (1) | (85) |
| Capital returned from associates | | 117 | | | |
| NET CASH FROM INVESTING ACTIVITIES | | 235 | 5,912 | 1,888 | 15,340 |
| CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES | | | | | |
| Advances from subsidiaries | | - | - | 749 | 6,580 |
| (Repayment to)/Advances from a director | | - | (14,000) | - | (14,000) |
| Dividend paid to shareholders of the Company | 37 | (1,080) | (3,757) | (1,080) | (3,757) |
| Net repayment of bankers' acceptances | | (6,734) | (2,000) | - | - |
| Drawdown of term loans | | 17,000 | 55,000 | - | - |
| Repayment of term loans | | (16,345) | (15,941) | (1,000) | (3,000) |
| Repayment of hire purchase obligations | | (237) | (258) | (54) | (55) |
| NET CASH (FOR)/FROM FINANCING ACTIVITIES | | (7,396) | 19,044 | (1,385) | (14,232) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | 13,379 | 12,888 | (19) | 262 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR | | (6,231) | (19,119) | 804 | 542 |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR | 38 | 7,148 | (6,231) | 785 | 804 |

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office, which is also the principal place of business, is at Wisma Siah Brothers, 74A, Jalan Pahang, 53000 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 25 July 2017.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

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

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

FRSs and/or IC Interpretations (Including The Consequential Amendments)

FRS 14 Regulatory Deferral Accounts

Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities – Applying the Consolidation Exception

Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to FRS 101: Disclosure Initiative

Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to FRS 127: Equity Method in Separate Financial Statements

Annual Improvements to FRSs 2012-2014 Cycle

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:

FRSs and/or IC Interpretations (Including The Consequential Amendments)

Effective Date

FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

1 January 2018

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

1 January 2018

Amendments to FRS 2: Classification and Measurement of Share-based Payment Transactions

1 January 2018

Amendments to FRS 4: Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts

1 January 2018

Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Deferred until further notice

Amendments to FRS 107: Disclosure Initiative

1 January 2017

Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

1 January 2017

Amendments to FRS 140 – Transfers of Investment Property

1 January 2018

Annual Improvements to FRS Standards 2014-2016 Cycles:

- Amendments to FRS 12: Clarification of the Scope of Standard

1 January 2017

Annual Improvements to FRS Standards 2014-2016 Cycles:

- Amendments to FRS 1: Deletion of Short-term Exemptions for First-time Adopters

- Amendments to FRS 128: Measuring an Associate or Joint Venture at Fair Value

1 January 2018

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

3. BASIS OF PREPARATION (CONT'D)

As disclosed in Note 3.3 to the financial statements, the Group will be applying the Malaysian Financial Reporting Standards Framework for the annual period beginning on or after 1 April 2018. Therefore, the FRSs which are effective for annual periods beginning on or after 1 January 2018 above will not be applicable to the Group. The adoption of the other accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

- 3.3 MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), that are to be applied by all entities other than private entities; with the exception of entities that are within the scope of MFRS 141 (Agriculture) and IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venturer (herein called "transitioning entities").

As further announced by MASB on 28 October 2015, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2018.

Accordingly, as a transitioning entity as defined above, the Group has chosen to defer the adoption of MFRSs and will only prepare its first set of MFRS financial statements for the financial year ending 31 March 2019. The Group is currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still ongoing.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Critical Accounting Estimates and Judgements

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

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Income Taxes

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

(c) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(d) Property Development

The Group recognised property development revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that the property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical Accounting Estimates and Judgements (cont'd)

(e) Construction Contracts

Construction contracts accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

(i) Contract Revenue

Construction contracts accounting requires that variation claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

(ii) Contract Costs

Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the profitability of the contract on an individual basis at any particular time.

(f) Classification Between Investment Properties and Owner-Occupied Properties

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 accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(g) Impairment of Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

(h) Fair Value Estimates for Certain Financial Assets and Financial Liabilities

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets would affect profit and/or equity.

(i) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(j) Impairment of Trade Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical Accounting Estimates and Judgements (cont'd)

(k) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

4.2 Financial Instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in FRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets or available-for-sale financial assets, as appropriate.

(i) *Financial Assets at Fair Value Through Profit or Loss*

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

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

(ii) *Held-to-maturity Investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

(iii) *Loans and Receivables Financial Assets*

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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

(iv) *Available-for-sale Financial Assets*

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

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.

(b) Financial Liabilities

(i) *Financial Liabilities at Fair Value through Profit or Loss*

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises consideration in a business combination.

(ii) *Other Financial Liabilities*

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

Financial liabilities 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Financial Instruments (Cont'd)

(c) Equity Instruments

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

(i) Ordinary shares

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from proceeds.

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

(ii) Treasury Shares

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

Where treasury shares are sold, the difference between the sales consideration and the carrying amount of the treasury shares are shown as a movement in equity. When the consideration received is more than the carrying amount, the credit difference arising is taken to the share premium account. Where the consideration received is less than the carrying amount, the debit difference is offset against reserves.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and reward of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration is paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Financial Guarantee Contracts

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

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

4.3 Functional and Foreign Currencies

(a) Functional and Presentation Currency

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Functional and Foreign Currencies (cont'd)

(b) Foreign Currency Transactions and Balances

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

(c) Foreign Operations

Assets and liabilities of foreign operations are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity, attributed to the owner of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from 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 end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate and joint ventures that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate and joint ventures that includes a foreign operation while retaining significant influence and joint control, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

4.4 Basis of Consolidation

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

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Basis of Consolidation (cont'd)

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

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

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

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Business combinations from 1 April 2011 onwards

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

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

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

Business combinations before 1 April 2011

All subsidiaries are consolidated using the purchase method. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

4.5 Goodwill

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

Business combinations from 1 April 2011 onwards

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Goodwill (cont'd)

Business combinations before 1 April 2011

Under the purchase method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

Interest in Associates and Joint Ventures

In respect of equity-accounted associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allowed to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint ventures.

4.6 Investments in Subsidiaries

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

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

4.7 Investments in Associates

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

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

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

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

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

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with FRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

4.8 Joint Arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Joint Arrangements (Cont'd)

(a) Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, the obligations for the liabilities, relating to the arrangement. The Group accounts for each of its interest in the joint operations the assets, liabilities, revenue and expenses (including its share of those held or incurred jointly with the other investors) in accordance with the applicable accounting standards.

(b) Joint Ventures

A joint venture is a joint arrangement whereby the Group has rights only to the net assets of the arrangement.

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

The investment in a joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the joint venture made up to date. The Group's share of the post acquisition profits and other comprehensive income of the joint venture is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that joint control commences up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's interest in the joint venture is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

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

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with FRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in joint ventures are recognised in profit or loss.

4.9 Property, Plant and Equipment

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Property, Plant and Equipment (Cont'd)

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

| | |
|--|----------|
| Building | 2% - 5% |
| Plant and machinery, construction machinery and equipment, formwork, scaffoldings and containers | 5% - 25% |
| Office renovation, office equipment, computers, furniture and fittings, tools and sales office | 5% - 20% |
| Motor vehicles | 20% |

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

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

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

4.10 Biological Assets

Biological assets are stated at cost less accumulated amortisation and impairment loss, if any.

Planting expenditure incurred on land clearing, upkeep of immature trees, administrative expenses directly attributable to planting and interest incurred during the pre-cropping period is capitalised at cost as biological assets. Upon maturity, all subsequent maintenance expenditure is recognised in profit or loss.

Pre-cropping cost is amortised on a straight-line basis over 20 years, the expected useful lives of oil palm trees, upon maturity.

4.11 Impairment

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss, investment in subsidiaries and investments in associates and joint venture), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

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

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity into profit or loss.

With the exception of available-for-sale debt instruments, 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 through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 Impairment (Cont'd)

(b) Impairment of Non-financial Assets

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

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

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

4.12 Investment Properties

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

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

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

Depreciation is charged to profit or loss on the straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are 50 years.

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

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

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

4.13 Leased assets

(a) Finance Assets

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Leased assets (Cont'd)

(b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

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

4.14 Inventories

Inventories, which consist of completed development properties held for sale, are stated at the lower of cost and net realisable value. The cost of completed development properties is determined on the specific identification basis and comprises cost associated with the acquisition of land, direct building and construction 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.

4.15 Property Development Costs

(a) Land Held For Property Development

Land held for property development consist of land costs where no development activities are carried out or where development activities are not expected to be completed within the normal operating cycle. Such land and development costs are carried at cost less any accumulated impairment losses.

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

Land held for property development is classified 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.

(b) Property Development Costs

Property development costs that are not recognised as an expense are recognised as an asset and carried at the lower of cost and net realisable value.

When the financial outcome of a development activity can be reliably estimated, the amount of property revenue and expenses recognised in profit or loss are determined by reference to the stage of completion method. The stage of completion is determined based on the proportion that the property development costs incurred for work performed to date bear to the estimated total property development costs at the end of the reporting period.

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that will be recoverable. The property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Where it is probable that property development costs will exceed property development revenue, any expected loss is recognised as an expense in profit or loss immediately, including costs to be incurred over the defects liability period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 Progress Billings/Accrued Billings

In respect of progress billings/accrued billings:-

- (i) where billings to purchasers exceed the revenue recognised in profit or loss, the balance is shown as progress billings under current liabilities; and
- (ii) where revenue recognised in profit or loss exceeds the billings to purchasers, the balance is shown as accrued billings under current assets.

4.17 Amounts Owing By/(To) Contract Customers

The amounts owing by/(to) contract customers are stated at cost plus profits attributable to contracts in progress less progress billings and allowance for foreseeable losses, if any. Cost includes direct materials, labour and applicable overheads.

4.18 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

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

4.19 Income Taxes

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 Income Taxes (Cont'd)

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

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

4.20 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.21 Provisions

Provisions are recognised when the Group has a present obligation (legal and construction) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

4.22 Employee Benefits

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss and included in the development costs, where appropriate, in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to a defined contribution plan are recognised in profit or loss and included in the development costs, where appropriate, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4.23 Related Parties

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 Related Parties (Cont'd)

- (b) An entity is related to a reporting entity if any of the following conditions applies:-
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others.)
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
 - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

4.24 Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

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

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.25 Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable, net of returns, goods and services tax, cash and trade discounts.

(a) Construction Contracts

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on surveys of work performed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.25 Revenue and Other Income (Cont'd)

(b) Property Development Revenue

Revenue from property development is recognised from the sale of completed and uncompleted development properties.

Revenue from sale of completed properties is recognised when the sale is contracted.

Revenue on uncompleted properties contracted for sale is recognised based on the stage of completion method unless the outcome of the development cannot be reliably determined in which case the revenue on the development is only recognised to the extent of development costs incurred that are recoverable.

The stage of completion is determined based on the proportion that the development costs incurred for work performed to date bear to the estimated total development costs.

Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the development will result in a loss.

(c) Services

Revenue is recognised upon rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(d) Management Fee and Administrative Charges

Management fee and administrative charges are recognised on an accrual basis.

(e) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

(f) Dividend Income

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

(g) Interest Income

Interest income is recognised on an accrual basis using the effective interest rate.

Interest income on late payment is recognised on a receipt basis.

4.26 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.27 Earnings Per Ordinary Share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and weighted average number of ordinary shares outstanding, adjusted for own shares held.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

5. INVESTMENTS IN SUBSIDIARIES

THE COMPANY

| | 2017 | 2016 |
|--|--------|--------|
| | RM'000 | RM'000 |

| | | |
|--------------------------|---------|---------|
| Unquoted shares, at cost | 215,918 | 215,918 |
|--------------------------|---------|---------|

Details of the subsidiaries, which are all incorporated and having principal place of business in Malaysia, are as follows:-

| Name of Subsidiary | Percentage of Issued Share Capital Held by Parent | | Principal Activities |
|--|---|-----------|---|
| | 2017 % | 2016 % | |
| Subsidiaries of the Company:- | | | |
| Syarikat Siah Brothers Trading Sdn. Bhd. | 100 | 100 | General building construction and investment holding. |
| Syarikat Siah Brothers Construction Sdn. Bhd. | 100 | 100 | Building and civil engineering contractor. |
| PJX Property Sdn. Bhd. | 100 | 100 | Investment holding and property investment. |
| Mixwell (Malaysia) Sdn. Bhd. | 100 | 100 | Project management and property development. |
| South-East Best Sdn. Bhd. | 100 | 100 | Project management and property development. |
| Masahmura Sdn. Bhd. * | 100 | 100 | Trading of building materials. |
| Masahmura Sales & Service Sdn. Bhd. | 100 | 100 | Property development. |
| Aureate Construction Sdn. Bhd. | 100 | 100 | Project management and property development. |
| SBC Leisure Sdn. Bhd. * | 100 | 100 | Investment holding. |
| SBC Towers Sdn. Bhd. * | 100 | 100 | Investment holding. |
| PJX Car Parks Sdn. Bhd. | 70 | 70 | Property investment and car park operator. |
| PJX Retail Sdn. Bhd. | 70 | 70 | Property investment, property management and leasing. |
| PJX Commercial Sdn. Bhd. | 70 | 70 | Property investment. |
| SBHC Developments Sdn. Bhd. | 50 | 50 | Dormant. |
| The Borneo Quay (Fast East) Holdings Sdn. Bhd. | 100 | 100 | Dormant. |
| Jesselton Quay Properties Sdn. Bhd. | 100 | 100 | Property development. |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

| Name of Subsidiary | Percentage of Issued Share Capital Held by Parent | | Principal Activities |
|---|---|-----------|-----------------------|
| | 2017 % | 2016 % | |
| Subsidiary of South-East Best Sdn. Bhd.:- | | | |
| Gracemart Resources Sdn. Bhd. | 100 | 100 | Property development. |
| Subsidiaries of PJX Property Sdn. Bhd.:- | | | |
| Sinaran Naga Sdn. Bhd. | 100 | 100 | Property development. |
| Kiara East Property Sdn. Bhd. | 100 | 100 | Property development. |
| Goldhill Achiever Sdn. Bhd. # | 50 | 50 | Property development. |

* Not audited by Messrs. Crowe Horwath.

Goldhill Achiever Sdn. Bhd. is considered a subsidiary although the Company does not own more than 50% of its equity interest because the Company has the power to appoint and remove the majority of the Board of Directors and therefore control the Board.

The information on non-controlling interests is not presented, as the non-controlling interests at the end of the reporting period are immaterial to the Group.

6. INVESTMENTS IN ASSOCIATES

| | THE GROUP | | THE COMPANY | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Unquoted shares, at cost | 93,569 | 93,686 | 2,740 | 2,740 |
| Share of post acquisition reserves | 15,622 | 14,076 | - | - |
| | 109,191 | 107,762 | 2,740 | 2,740 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

6. INVESTMENTS IN ASSOCIATES (CONT'D)

The details of the associates are as follows:-

| Name of Associate | Country of Incorporation/ Principal Place of Business | Effective Equity Interest | | Principal Activities |
|---|--|---------------------------|-----------|--|
| | | 2017 % | 2016 % | |
| Built SBC Co., Ltd * | Thailand | 49.0 | 49.0 | Dormant. |
| Kanyara Co., Ltd * | Thailand | 49.0 | 49.0 | Dormant. |
| Associate of Mixwell (Malaysia) Sdn. Bhd.:- | | | | |
| Ligamas Sdn. Bhd. * | Malaysia | 50.0 | 50.0 | Property development. |
| Associate of Syarikat Siah Brothers Trading Sdn Bhd.:- | | | | |
| Sri Rawang Properties Sdn. Bhd. * | Malaysia | 28.5 | 28.5 | Investment in properties and rubber estates. |
| Batu Bata Kampung Jawa Sdn. Bhd.* (In Members' Voluntary Winding-Up) | Malaysia | - | 13.3 | Winding up during the financial year. |

* Not audited by Messrs. Crowe Horwath.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

6. INVESTMENTS IN ASSOCIATES (CONT'D)

- (a) The statutory financial year end of Ligamas Sdn. Bhd. is 30 April. The share of results in the associate is based on the unaudited financial statements for the 12 months ended 31 March 2017.
- (b) The statutory financial year end of the associates other than Ligamas Sdn. Bhd. is 31 December. The share of results in the associates is based on the unaudited financial statements for the 12 months ended 31 March 2017.
- (c) The summarised unaudited financial information (after any fair value adjustment at acquisition date and the alignment of the Group's accounting policies) for each associate that is material to the Group is as follows:-

| | Ligamas Sdn. Bhd. | |
|--|--------------------------|----------------|
| | 2017 | 2016 |
| | RM'000 | RM'000 |
| <u>At 31 March</u> | | |
| Non-current assets | 208,792 | 191,319 |
| Current assets | 13,883 | 22,281 |
| Non-current liabilities | - | (15) |
| Current liabilities | (9,150) | (3,731) |
| Net assets | <u>213,525</u> | <u>209,854</u> |
| <u>12 months period ended 31 March</u> | | |
| Revenue | 24,771 | 39,685 |
| Profit for the financial year | 3,671 | 7,172 |
| Total comprehensive income | <u>3,671</u> | <u>7,172</u> |
| Group's share of profit for the financial year | 1,835 | 3,586 |
| Dividend received | - | <u>6,000</u> |
| <u>Reconciliation of net assets to carrying amount</u> | | |
| Group's share of net assets above | <u>106,762</u> | <u>104,927</u> |
| Carrying amount of the Group's interests in this associate | <u>106,762</u> | <u>104,927</u> |

- (d) The summarised unaudited financial information for all the associates that are individually immaterial to the Group is as follows:-

| | Other Individually Immaterial Associates | |
|---|---|---------------|
| | 2017 | 2016 |
| | RM'000 | RM'000 |
| <u>Financial year ended 31 March</u> | | |
| Group's share of profit for the financial year | (84) | 759 |
| Group's share of total comprehensive income | (84) | 759 |
| Aggregate carrying amount of the Group's interest in these associates | <u>2,429</u> | <u>2,835</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

7. INVESTMENT IN A JOINT VENTURE

| | THE GROUP | | THE COMPANY | |
|----------------------------------|----------------|----------------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Unquoted shares, at cost | 1,332 | 1,332 | 1,332 | 1,332 |
| Share of post acquisition profit | 349 | 325 | - | - |
| | <u>1,681</u> | <u>1,657</u> | <u>1,332</u> | <u>1,332</u> |

Details of the joint venture, which is incorporated and having principal place of business in Thailand, are as follows:-

| Name of Joint Venture | Effective Equity Interest | | Principal Activity |
|-----------------------------|---------------------------|-----------|-----------------------|
| | 2017 % | 2016 % | |
| Tri-Development Co., Ltd. * | 50.0 | 50.0 | Property development. |

* Not audited by Messrs. Crowe Horwath.

- (a) The statutory financial year end of Tri-Development Co., Ltd. is 31 December. The share of the results of the joint venture is based on the unaudited financial statements made up to 31 March 2017.
- (b) The summarised unaudited financial information (after fair value adjustment at acquisition date and the alignment of the Group's accounting policies) for the joint venture is as follows:-

| | Tri-Development Co., Ltd. | |
|--|---------------------------|----------------|
| | 2017 RM'000 | 2016 RM'000 |
| <u>At 31 March</u> | | |
| Non-current assets | 2 | 2 |
| Current assets | 3,216 | 3,166 |
| Current liabilities | (8) | (7) |
| Net assets | <u>3,210</u> | <u>3,161</u> |
| <u>12 months period ended 31 March</u> | | |
| Profit for the financial year | 48 | 32 |
| Total comprehensive income | 48 | 32 |
| Group's share of results for the financial year | <u>24</u> | <u>16</u> |
| <u>Reconciliation of net assets to carrying amount</u> | | |
| Group's share of net assets above | 1,605 | 1,581 |
| Goodwill | 76 | 76 |
| Carrying amount of the Group's interests in this joint venture | <u>1,681</u> | <u>1,657</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

8. PROPERTY, PLANT AND EQUIPMENT

| | AT 1.4.2016 | ADDITIONS | DEPRECIATION CHARGE | AT 31.3.2017 |
|---|-------------|-----------|------------------------|--------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| THE GROUP | | | | |
| NET BOOK VALUE | | | | |
| Freehold land | 2,220 | - | - | 2,220 |
| Building | 518 | - | (100) | 418 |
| Plant and machinery, construction machinery and equipment, formwork, scaffoldings and containers | 11 | - | (2) | 9 |
| Office renovation, office equipment, computers, furniture and fittings, tools and sales office | 1,251 | 112 | (209) | 1,154 |
| Motor vehicles | 625 | - | (315) | 310 |
| Total | 4,625 | 112 | (626) | 4,111 |

| | AT 1.4.2015 | ADDITIONS | DEPRECIATION CHARGE | AT 31.3.2016 |
|---|-------------|-----------|------------------------|--------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| NET BOOK VALUE | | | | |
| Freehold land | 2,220 | - | - | 2,220 |
| Building | 618 | - | (100) | 518 |
| Plant and machinery, construction machinery and equipment, formwork, scaffoldings and containers | 13 | - | (2) | 11 |
| Office renovation, office equipment, computers, furniture and fittings, tools and sales office | 1,282 | 209 | (240) | 1,251 |
| Motor vehicles | 941 | - | (316) | 625 |
| Total | 5,074 | 209 | (658) | 4,625 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

| | AT COST | ACCUMULATED DEPRECIATION | NET BOOK VALUE |
|---|---------|-----------------------------|-------------------|
| | RM'000 | RM'000 | RM'000 |
| THE GROUP | | | |
| AT 31.3.2017 | | | |
| Freehold land | 2,220 | - | 2,220 |
| Building | 1,520 | (1,102) | 418 |
| Plant and machinery, construction machinery and equipment, formwork, scaffoldings and containers | 8,676 | (8,667) | 9 |
| Office renovation, office equipment, computers, furniture and fittings, tools and sales office | 6,228 | (5,074) | 1,154 |
| Motor vehicles | 1,916 | (1,606) | 310 |
| Total | 20,560 | (16,449) | 4,111 |

AT 31.3.2016

| | | | |
|---|--------|----------|-------|
| Freehold land | 2,220 | - | 2,220 |
| Building | 1,520 | (1,002) | 518 |
| Plant and machinery, construction machinery and equipment, formwork, scaffoldings and containers | 8,676 | (8,665) | 11 |
| Office renovation, office equipment, computers, furniture and fittings, tools and sales office | 6,197 | (4,946) | 1,251 |
| Motor vehicles | 1,916 | (1,291) | 625 |
| Total | 20,529 | (15,904) | 4,625 |

| | AT 1.4.2016 | ADDITIONS | DEPRECIATION CHARGE | AT 31.3.2017 |
|--|-------------|-----------|------------------------|--------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| THE COMPANY | | | | |
| NET BOOK VALUE | | | | |
| Office equipment, computers, furniture and fittings | 170 | 1 | (40) | 131 |
| Motor vehicles | 118 | - | (59) | 59 |
| Total | 288 | 1 | (99) | 190 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

| | AT 1.4.2015 | ADDITIONS | DEPRECIATION CHARGE | AT 31.3.2016 |
|--|-------------|-----------|------------------------|--------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| THE COMPANY | | | | |
| NET BOOK VALUE | | | | |
| Office equipment, computers, furniture and fittings | 120 | 85 | (35) | 170 |
| Motor vehicles | 178 | - | (60) | 118 |
| | 298 | 85 | (95) | 288 |

| | AT COST | ACCUMULATED DEPRECIATION | NET BOOK VALUE |
|---|---------|-----------------------------|-------------------|
| | RM'000 | RM'000 | RM'000 |
| THE COMPANY | | | |
| AT 31.3.2017 | | | |
| Office equipment, computers, furniture and fittings | 575 | (444) | 131 |
| Motor vehicles | 296 | (237) | 59 |
| | 871 | (681) | 190 |
| AT 31.3.2016 | | | |
| Office equipment, computers, furniture and fittings | 574 | (404) | 170 |
| Motor vehicles | 296 | (178) | 118 |
| | 870 | (582) | 288 |

At the end of the reporting period, the net book value of the motor vehicles of the Group and of the Company acquired under hire purchase terms amounted to RM271,000 (2016 - RM561,000) and RM59,000 (2016 - RM118,000) respectively.

The freehold land and building of the Group with a total net book value of RM2,638,000 (2016 - RM2,738,000) have been charged to financial institutions for banking facilities granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

9. BIOLOGICAL ASSETS

| | AT 1.4.2016 RM'000 | ADDITION RM'000 | AMORTISATION RM'000 | AT 31.3.2017 RM'000 |
|---------------------|-----------------------|--------------------|---------------------------------------|-----------------------------|
| THE GROUP | | | | |
| NET BOOK VALUE | | | | |
| Oil palm plantation | 1,374 | - | [72] | 1,302 |
| | | | | |
| | AT 1.4.2015 RM'000 | ADDITION RM'000 | AMORTISATION RM'000 | AT 31.3.2016 RM'000 |
| NET BOOK VALUE | | | | |
| Oil palm plantation | 1,397 | 37 | [60] | 1,374 |
| | | | | |
| | | COST RM'000 | ACCUMULATED AMORTISATION RM'000 | NET BOOK VALUE RM'000 |
| AT 31.3.2017 | | | | |
| Oil palm plantation | | 1,434 | [132] | 1,302 |
| | | | | |
| AT 31.3.2016 | | | | |
| Oil palm plantation | | 1,434 | [60] | 1,374 |

10. INVESTMENT PROPERTIES

| | THE GROUP | | THE COMPANY | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Buildings, at cost | | | | |
| At 1 April / 31 March | 52,288 | 52,288 | 565 | 565 |
| Accumulated amortisation:- | | | | |
| At 1 April 2016/2015 | (3,271) | (2,244) | - | - |
| Addition during the financial year | (1,026) | (1,027) | - | - |
| At 31 March | (4,297) | (3,271) | - | - |
| Net carrying value | 47,991 | 49,017 | 565 | 565 |

The carrying amounts of the investment properties approximated their fair values.

Investment properties of the Group with a total carrying value of RM18,021,000 (2016 - RM18,463,000) have been charged to financial institutions for banking facilities granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

11. LAND HELD FOR PROPERTY DEVELOPMENT

| | THE GROUP | |
|--|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 |
| At cost:- | | |
| At 1 April 2016/2015 | 126,401 | 120,718 |
| Additions during the financial year | 337 | 978 |
| Transfer from property development costs (Note 16) | 430 | 23,756 |
| Transfer to property development costs (Note 16) | - | (19,051) |
| At 31 March | 127,168 | 126,401 |
| Accumulated impairment losses | (417) | (417) |
| | 126,751 | 125,984 |
| Land held for property development comprises:- | | |
| Freehold land, at cost | 41,984 | 41,984 |
| Leasehold land, at cost | 42,936 | 42,936 |
| Development expenditure | 42,248 | 41,481 |
| Allowance for impairment losses | (417) | (417) |
| | 126,751 | 125,984 |

Included in land held for property development is land amounting to RM77,554,000 (2016 - RM98,061,000) charged to financial institutions for banking facilities granted to the Group.

Included in development expenditure is interest expense capitalised during the financial year amounting to RM301,000 (2016 - RM397,000).

12. OTHER INVESTMENTS

| | THE GROUP | |
|-------------------------------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 |
| Quoted shares in Singapore | 11 | 11 |
| Investment in club membership | 208 | 208 |
| At fair value | 219 | 219 |

Investments in quoted shares and club membership of the Group are designated as available-for-sale financial assets and measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

13. GOODWILL

| | THE GROUP | |
|-------------------------------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 |
| Goodwill | 27,305 | 27,305 |
| Accumulated impairment losses | (17,810) | (17,810) |
| | <u>9,495</u> | <u>9,495</u> |

The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

| | THE GROUP | |
|-------------------------------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 |
| Mixwell (Malaysia) Sdn. Bhd. | 7,145 | 7,145 |
| Kiara East Property Sdn. Bhd. | 2,350 | 2,350 |
| | <u>9,495</u> | <u>9,495</u> |

Goodwill arose from the investment in subsidiaries made in prior years.

Goodwill is stated at cost and reviewed for impairment annually.

The recoverable amount used is based on fair value less costs to sell.

The fair value less costs to sell has been determined after taking into account the intrinsic value of the land held for development. The fair value of the land held for development is determined using a valuation carried out by an independent firm of professional valuers.

14. DEFERRED TAX ASSETS/(LIABILITIES)

| | THE GROUP | |
|--|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 |
| At 1 April 2016/2015 | 426 | 1,146 |
| Recognised in profit or loss (Note 35) | 121 | (720) |
| At 31 March | <u>547</u> | <u>426</u> |
| Represented by:- | | |
| Deferred tax assets | 2,047 | 1,926 |
| Deferred tax liabilities | (1,500) | (1,500) |
| | <u>547</u> | <u>426</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

14. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Deferred tax assets and liabilities are attributable to the following items:-

| | THE GROUP | |
|--|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 |
| Deferred tax assets:- | | |
| Allowance for impairment losses on receivables | 320 | 320 |
| Unrealised profits on contract works | 1,727 | 1,606 |
| | <u>2,047</u> | <u>1,926</u> |
| Deferred tax liabilities:- | | |
| Surplus arising from revaluation of land held for property development | (967) | (967) |
| Others | (533) | (533) |
| | <u>(1,500)</u> | <u>(1,500)</u> |
| | <u>547</u> | <u>426</u> |

No deferred tax assets are recognised in respect of the following items:-

| | THE GROUP | |
|-------------------------------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 |
| Unutilised tax losses | 11,539 | 14,662 |
| Unutilised capital allowances | 1,121 | 1,144 |
| | <u>12,660</u> | <u>15,806</u> |

15. INVENTORIES

| | THE GROUP | |
|--------------------------------------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 |
| Unsold completed properties, at cost | <u>41,152</u> | <u>43,800</u> |

The inventories recognised as an expense in cost of sales amounted to RM2,705,000 (2016 – RM1,488,000).

Inventories of the Group with a total carrying value of RM17,548,000 (2016 – RM20,196,000) have been charged to financial institutions as security for banking facilities granted to the Group.

None of the inventories is carried at net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

16. PROPERTY DEVELOPMENT COSTS

| | THE GROUP | |
|---|----------------|-----------------|
| | 2017 RM'000 | 2016 RM'000 |
| At cost:- | | |
| At 1 April 2016/2015: | | |
| - land | 58,091 | 34,748 |
| - development costs | 322,068 | 255,829 |
| | <u>380,159</u> | <u>290,577</u> |
| Costs incurred during the financial year: | | |
| - land | - | 13,500 |
| - development costs | 23,193 | 80,787 |
| | <u>23,193</u> | <u>94,287</u> |
| Transfer from land held for property development (Note 11): | | |
| - land | - | 13,500 |
| - development costs | - | 5,551 |
| | - | <u>19,051</u> |
| Transfer to land held for property development (Note 11): | | |
| - land | - | (3,657) |
| - development costs | (430) | (20,099) |
| | <u>(430)</u> | <u>(23,756)</u> |
| At 31 March: | | |
| - land | 58,091 | 58,091 |
| - development costs | 344,831 | 322,068 |
| Sub-total carried forward | <u>402,922</u> | <u>380,159</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

16. PROPERTY DEVELOPMENT COSTS (CONT'D)

| | THE GROUP | |
|--|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 |
| Sub-total brought forward | 402,922 | 380,159 |
| Cost recognised as an expense in profit or loss: | | |
| - previous year | (228,422) | (118,214) |
| - current year | (44,791) | (110,208) |
| | (273,213) | (228,422) |
| At 31 March | 129,709 | 151,737 |
| Cumulative revenue recognised in profit or loss | 352,503 | 291,539 |
| Cumulative billings to purchasers | (357,009) | (282,907) |
| Net progress billings | (4,506) | 8,632 |
| The net progress billings are represented by:- | | |
| Accrued billings (Note 17) | 5,322 | 22,147 |
| Progress billings (Note 29) | (9,828) | (13,515) |
| | (4,506) | 8,632 |

Included in development expenditure is interest expense capitalised during the financial year amounting to RM3,290,000 (2016 - RM5,110,000).

Certain land of the Group with a carrying amount of RM77,561,000 (2016 - RM54,494,000) have been charged to financial institutions as security for banking facilities granted to the Group.

17. RECEIVABLES

| | THE GROUP | | THE COMPANY | |
|--|----------------|----------------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Trade receivables | 28,830 | 25,364 | - | - |
| Other receivables, deposits and prepayment | 12,741 | 10,433 | 113 | 94 |
| Accrued billings (Note 16) | 5,322 | 22,147 | - | - |
| | 46,893 | 57,944 | 113 | 94 |

The Group's normal trade credit terms range from 14 to 30 days (2016 - 14 to 30 days).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

18. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

| | THE GROUP | |
|--------------------------------------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 |
| Amount owing by contract customers:- | | |
| Contract costs incurred to date | 65,211 | 182,970 |
| Attributable profits | 5,606 | 20,267 |
| | 70,817 | 203,237 |
| Progress billings | (68,029) | (199,162) |
| Amount owing by contract customers | 2,788 | 4,075 |
| Amount owing to contract customers:- | | |
| Contract costs incurred to date | 414,494 | 359,316 |
| Attributable profits | 42,227 | 37,093 |
| | 456,721 | 396,409 |
| Progress billings | (461,937) | (399,956) |
| Amount owing to contract customers | (5,216) | (3,547) |

19. AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amounts owing are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

20. AMOUNT OWING BY ASSOCIATES

| | THE GROUP | |
|-------------------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 |
| Amount owing by:- | | |
| - trade | 3,366 | 3,366 |
| - non-trade | - | 17 |
| | 3,366 | 3,383 |

The Group's normal trade credit term is 90 days (2016 - 90 days). Other credit terms are assessed and approved on a case-by-case basis.

The non-trade amount was unsecured, interest free and is expected to be collected upon the expiry of defect liability period.

The amounts owing are to be settled in cash.

21. FIXED DEPOSITS WITH A LICENSED BANK

The fixed deposits with a licensed bank of the Group at the end of the reporting period bore an effective interest rate of 3.05% (2016 - nil) per annum. The fixed deposits are subject to monthly renewal upon maturity. The fixed deposits have a maturity period of 30 (2016 - nil) days for the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

22. CASH AND BANK BALANCES

| | THE GROUP | | THE COMPANY | |
|------------------------|-----------|--------|-------------|--------|
| | 2017 | 2016 | 2017 | 2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash and bank balances | 14,411 | 10,100 | 785 | 804 |

The foreign currency exposure profile of the cash and bank balances is as follows:-

| | THE GROUP | | THE COMPANY | |
|-----------|-----------|--------|-------------|--------|
| | 2017 | 2016 | 2017 | 2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Thai Baht | 233 | 233 | 233 | 233 |

Included in the cash and bank balances of the Group is an amount of RM6,599,000 (2016 - RM3,520,000) maintained under the Housing Development Accounts pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966.

Included in the cash and bank balances of the Group is an amount of RM16,000 (2016 - RM16,000) held under the Housing Development Account pursuant to Section 8A of the Housing Developer (Control and Licensing) Enactment 1978 and which is restricted from use in other operations.

23. SHARE CAPITAL

| | THE GROUP/THE COMPANY | | | |
|-----------------------------|-------------------------|---------|--------|---------|
| | 2017 | 2016 | 2017 | 2016 |
| | NUMBER OF SHARES ('000) | | RM'000 | RM'000 |
| AUTHORISED | | | | |
| ORDINARY SHARES OF RM1 EACH | N/A* | 300,000 | N/A* | 300,000 |

| | THE GROUP/THE COMPANY | | | |
|---|-------------------------|---------|---------|---------|
| | 2017 | 2016 | 2017 | 2016 |
| | NUMBER OF SHARES ('000) | | RM'000 | RM'000 |
| ISSUED AND FULLY PAID-UP | | | | |
| ORDINARY SHARES WITH NO PAR VALUE (2016 - Par Value of RM1 Each) | 234,831 | 234,831 | 234,831 | 234,831 |

* Not Applicable.

(a) The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company.

(b) (b) On 31 January 2017, the concepts of authorized share capital and par value of share capital were abolished in accordance with the Companies Act 2016. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

24. TREASURY SHARES

Of the total 234,830,785 (2016 - 234,830,785) issued and fully paid ordinary shares as at the end of the reporting period, 58,900 ordinary shares (2016 - 58,900 ordinary shares) are held as treasury shares by the Company. None of the treasury shares were resold or cancelled during the financial year.

25. RESERVES

| | NOTE | THE GROUP | | THE COMPANY | |
|------------------|------|----------------|----------------|----------------|----------------|
| | | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Share premium | (a) | 6,387 | 6,387 | 6,387 | 6,387 |
| Legal reserve | (b) | 265 | 265 | - | - |
| Retained profits | (c) | 141,854 | 145,977 | 12,404 | 13,132 |
| | | <u>148,506</u> | <u>152,629</u> | <u>18,791</u> | <u>19,519</u> |

(a) The Company has adopted the transitional provisions set out in Section 618(3) of the Companies Act 2016 ("Act") where the sum standing to the credit of the share premium may be utilised within twenty four (24) months from the commencement date of 31 January 2017 in the manner as allowed for under the Act. Therefore, the Group and the Company have not consolidated the share premium into share capital until the expiry of the transitional period.

(b) Under Section 116 of the Public Companies Act B.E. 2535 in Thailand, the joint venture is required to allocate not less than 5% of its annual net profit to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised share capital. The legal reserve is not available for distribution.

(c) Under the single tier tax system, tax on the Company's profit is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

26. LONG-TERM BORROWINGS

| | THE GROUP | | THE COMPANY | |
|----------------------------------|----------------|----------------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Term loans (Note 27) | 51,421 | 61,957 | - | - |
| Hire purchase payables (Note 28) | 152 | 345 | 14 | 68 |
| | <u>51,573</u> | <u>62,302</u> | <u>14</u> | <u>68</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

27. TERM LOANS

| | THE GROUP | | THE COMPANY | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Current portion: | | | | |
| - repayable within one year (Note 30) | 22,013 | 10,822 | - | 1,000 |
| Non-current portion: | | | | |
| - repayable between one to two years | 19,966 | 17,092 | - | - |
| - repayable between two to five years | 27,527 | 34,457 | - | - |
| - repayable after five years | 3,928 | 10,408 | - | - |
| Total non-current portion (Note 26) | 51,421 | 61,957 | - | - |
| | <u>73,434</u> | <u>72,779</u> | - | <u>1,000</u> |

Details of the term loans outstanding at the end of the reporting period are as follows:-

| | THE GROUP | | THE COMPANY | |
|-----------|----------------|----------------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Term loan | | | | |
| I | - | 1,000 | - | 1,000 |
| II | 2,103 | 6,623 | - | - |
| III | 1,386 | 1,914 | - | - |
| IV | 8,020 | 19 | - | - |
| V | - | 1,389 | - | - |
| VI | - | 604 | - | - |
| VII | 5,875 | 6,230 | - | - |
| VIII | 23,050 | 25,000 | - | - |
| IX | 30,000 | 30,000 | - | - |
| X | 3,000 | - | - | - |
| | <u>73,434</u> | <u>72,779</u> | - | <u>1,000</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

27. TERM LOANS (CONT'D)

| Term loan | Interest Rate Per Annum | Date of Commencement of Repayment |
|-----------|-------------------------|---|
| I | 7.40% | August 2013 |
| II | 7.55% | September 2015 |
| III | 8.30% | One month upon full drawdown |
| IV | 6.72% | October 2018 |
| V | 6.85% | September 2012 |
| VI | 6.85% | November 2011 |
| VII | 4.85% | Upon full drawdown or the 37th month from the date of offer letter, whichever earlier |
| VIII | 8.05% | September 2016 |
| IX | 6.60% | May 2017 |
| X | 8.75% | December 2016 |

- (a) Term loan I has a tenure of four and a half years and was repayable in 7 half-yearly instalments of RM1,500,000. Term loan I was secured by:-
- (i) a facility agreement;
 - (ii) a charge/assignment over two office units of the subsidiary;
 - (iii) corporate guarantees of subsidiaries;
 - (iv) a negative pledge from subsidiaries;
 - (v) a charge over the designated account; and
 - (vi) first legal charge over a property of a subsidiary.
- (b) Term loan II is repayable in 23 monthly instalments of RM417,000 and a final instalment of RM409,000. Term loan II is secured by:-
- (i) a facility agreement;
 - (ii) a first party second legal charge over a property of a subsidiary;
 - (iii) a corporate guarantee of the Company;
 - (iv) a specific debenture on the project land; and
 - (v) an assignment of project account.
- (c) Term loan III has a tenure of five years and repayable in 47 monthly instalments of RM44,000 and a final instalment of RM22,000. Term loan III is secured by:-
- (i) a Facility Agreement of RM12,272,000 as principal instrument in form and substance;
 - (ii) a second party legal charge over a piece of development land of a subsidiary; and
 - (iii) a corporate guarantee of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

27. TERM LOANS (CONT'D)

- (d) Term loan IV is repayable in 36 monthly instalments of RM246,834 and is secured by:-
 - (i) a first legal charge over the land of a subsidiary;
 - (ii) a debenture creating a fixed and floating charge over the assets of a subsidiary;
 - (iii) a corporate guarantee of the Company; and
 - (iv) a third legal charge over the land of a shareholder of a subsidiary.
- (e) Term loan V has a tenure of four and a half years and repayable in 54 monthly instalments of RM129,374 and was secured by:-
 - (i) a Facility Agreement of RM6,030,000;
 - (ii) a registered open all monies first party charge over a freehold land of a subsidiary; and
 - (iii) a corporate guarantee of the Company.
- (f) Term loan VI has a tenure of four and a half years and repayable in 54 monthly instalments of RM101,268 and was secured by:-
 - (i) a Facility Agreement of RM6,720,000 to cover all facilities with the term loan as the principal instrument;
 - (ii) a registered open all monies first party charge stamped nominally over a piece of land held for future development of a subsidiary as the supplementary instrument; and
 - (iii) a corporate guarantee of the Company.
- (g) Term loan VII is repayable in 180 monthly instalments of RM54,270 and is secured by:-
 - (i) a Facility Agreement of RM7,000,000;
 - (ii) an assignment of all the rights, title and interest in respect of a property of a subsidiary;
 - (iii) a first legal charge over a property of a subsidiary;
 - (iv) a corporate guarantee of the Company; and
 - (v) a Power of Attorney in respect of a property of a subsidiary.
- (h) Term loan VIII is repayable in 9 quarterly instalment of RM650,000 and a final instalment of RM19,150,000. Term loan VIII is secured by:-
 - (i) a Facility Agreement of RM40,000,000;
 - (ii) a first party legal charge over properties of a subsidiary;
 - (iii) a corporate guarantee of the Company; and
 - (iv) an overdraft undertaking.
- (i) Term loan IX is repayable in 5 semi-annual instalments of RM6,000,000 and is secured by:-
 - (i) a first party legal charge over 9 pieces of leasehold land (with the building(s) erected and/or to be erected thereon) of subsidiaries;
 - (ii) a specific debenture over the project;
 - (iii) a corporate guarantee of the Company;
 - (iv) an irrevocable letter of undertaking of the Company; and
 - (v) a legal charge over the designated accounts.
- (j) Term loan X is repayable in 3 instalments of RM3,000,000 and is secured by:-
 - (i) the Company's shares held by Datuk Sia Teong Heng

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

28. HIRE PURCHASE PAYABLES

| | THE GROUP | | THE COMPANY | |
|---|----------------|----------------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Minimum hire purchase payments: | | | | |
| - not later than one year | 219 | 274 | 61 | 61 |
| - later than one year and not later than five years | 177 | 389 | 15 | 76 |
| | 396 | 663 | 76 | 137 |
| Less: Future finance charges | (45) | (75) | (7) | (14) |
| Present value of hire purchase payables | 351 | 588 | 69 | 123 |

| | THE GROUP | | THE COMPANY | |
|---|----------------|----------------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Current: | | | | |
| - not later than one year (Note 30) | 199 | 243 | 55 | 55 |
| Non-current: | | | | |
| - later than one year and not later than five years (Note 26) | 152 | 345 | 14 | 68 |
| | 351 | 588 | 69 | 123 |

The hire purchase payables at the end of the reporting period bore effective interest rates ranging from 4.45% to 5.43% (2016 - 4.45% to 5.43%) per annum.

29. PAYABLES

| | THE GROUP | | THE COMPANY | |
|-----------------------------|----------------|----------------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Current:- | | | | |
| Trade payables | 3,422 | 8,908 | - | - |
| Retention sums | 10,650 | 13,121 | - | - |
| Total trade payables | 14,072 | 22,029 | - | - |
| Other payables and accruals | 25,926 | 22,908 | 201 | 93 |
| Progress billings (Note 16) | 9,828 | 13,515 | - | - |
| | 49,826 | 58,452 | 201 | 93 |
| Non-current:- | | | | |
| Long-term payable | 12,906 | 12,083 | - | - |
| Total payables | 62,732 | 70,535 | 201 | 93 |

Credit terms of the trade payables range from 30 to 60 days (2016 - 30 to 60 days).

The retention sums are unsecured, interest free and are expected to be collected upon the expiry of defect liability period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

29. PAYABLES (CONT'D)

Included in other payables is the following item:-

| | THE GROUP | |
|--|-----------|--------|
| | 2017 | 2016 |
| | RM'000 | RM'000 |
| Amount owing to shareholders of subsidiaries | 23,215 | 22,393 |

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand.

The long-term payable represents amount owing to a shareholder of a subsidiary. The amount owing is unsecured, interest free and not repayable within the next twelve months.

30. SHORT-TERM BORROWINGS

| THE GROUP | 2017 | | | 2016 | | |
|----------------------------------|---------|-----------|--------|---------|-----------|--------|
| | SECURED | UNSECURED | TOTAL | SECURED | UNSECURED | TOTAL |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Bankers' acceptances | 1,266 | - | 1,266 | 8,000 | - | 8,000 |
| Bank overdrafts | 7,863 | - | 7,863 | 16,331 | - | 16,331 |
| Revolving loan | 10,000 | - | 10,000 | 10,000 | - | 10,000 |
| Term loans (Note 27) | 22,013 | - | 22,013 | 10,822 | - | 10,822 |
| Hire purchase payables (Note 28) | - | 199 | 199 | - | 243 | 243 |
| | 41,142 | 199 | 41,341 | 45,153 | 243 | 45,396 |

| THE COMPANY | 2017 | | | 2016 | | |
|----------------------------------|---------|-----------|--------|---------|-----------|--------|
| | SECURED | UNSECURED | TOTAL | SECURED | UNSECURED | TOTAL |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Term loans (Note 27) | - | - | - | 1,000 | - | 1,000 |
| Hire purchase payables (Note 28) | - | 55 | 55 | - | 55 | 55 |
| | - | 55 | 55 | 1,000 | 55 | 1,055 |

The weighted average effective interest rates at the end of the reporting period for borrowings which bore interest at floating rates, were as follows:-

| | THE GROUP | | THE COMPANY | |
|----------------------|-------------|------|-------------|------|
| | 2017 | 2016 | 2017 | 2016 |
| | % | % | % | % |
| Bankers' acceptances | 5.75 | 6.10 | - | - |
| Bank overdrafts | 7.75 - 9.15 | 8.50 | - | - |
| Revolving loan | 6.25 | 6.60 | - | - |
| Term loans | 4.85 - 8.75 | 7.23 | - | 7.40 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

30. SHORT-TERM BORROWINGS (CONT'D)

The bankers' acceptances are secured by:-

- (i) corporate guarantees of the Company;
- (ii) a negative pledge on the assets of a subsidiary; and
- (iii) a letter of undertaking cum indemnity of a subsidiary.

The bank overdrafts are secured by:-

- (i) a letter of negative pledge of the Company;
- (ii) corporate guarantees of a subsidiary and the Company;
- (iii) negative pledges against the plant and equipment of a subsidiary ranking pari passu amongst the bankers;
- (iv) a third party charge over two parcels of land and a building of the subsidiaries; and
- (v) a guarantee of a director of the Company.

The revolving loan is secured by:-

- (i) corporate guarantees of the Company;
- (ii) a negative pledge on the assets of a subsidiary;
- (iii) third party first legal charge over 12 units of properties of a subsidiary; and
- (iv) power of attorney in respect of a property of the Company.

The security for the term loans are disclosed in Note 27 to the financial statements.

31. NET ASSETS PER ORDINARY SHARE

The net assets per ordinary share is calculated based on the net assets value of RM382,504,000 (2016 - RM387,278,000) divided by the number of ordinary shares in issue (excluding treasury shares) at the end of the reporting period of 234,772,000 (2016 - 234,772,000) shares.

32. REVENUE

| | THE GROUP | | THE COMPANY | |
|---|----------------|----------------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Proportionate sales value of development properties | 60,775 | 135,364 | - | - |
| Dividend income from a subsidiary | - | - | 919 | - |
| Management and administrative charges | - | - | 5,958 | 5,900 |
| Sale of completed properties | 2,500 | 3,029 | - | - |
| Others | 1,328 | 1,087 | - | - |
| | 64,603 | 139,480 | 6,877 | 5,900 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

33. COST OF SALES

| | THE GROUP | | THE COMPANY | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Cost of contract | 343 | - | - | - |
| Property development cost | 44,600 | 107,463 | - | - |
| Cost of completed properties | 2,705 | 1,488 | - | - |
| Others | 838 | 2,568 | - | - |
| | 48,486 | 111,519 | - | - |

34. PROFIT BEFORE TAXATION

| | THE GROUP | | THE COMPANY | |
|---|----------------|----------------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Profit before taxation is arrived at after charging/(crediting):- | | | | |
| Amortisation of biological assets | 72 | 60 | - | - |
| Amortisation of investment properties | 1,026 | 1,027 | - | - |
| Auditors' remuneration: | | | | |
| - current financial year | 203 | 212 | 39 | 38 |
| - (over)/underprovision in the previous financial year | (5) | 23 | 1 | 3 |
| Depreciation of property, plant and equipment | 626 | 658 | 99 | 95 |
| Directors' fees | 107 | 75 | 107 | 75 |
| Directors' non-fee emoluments | 2,601 | 2,078 | 2,601 | 2,078 |
| Direct operating expenses arising from investment properties | 1,315 | 1,329 | - | - |
| Interest expense: | | | | |
| - bankers' acceptances | 9 | 7 | - | - |
| - bank overdrafts | 1,195 | 1,506 | - | - |
| - hire purchase | 30 | 32 | 6 | 6 |
| - revolving loan | 640 | 653 | - | - |
| - term loans | 2,815 | 1,712 | 37 | 581 |
| - others | 35 | - | - | - |
| Staff costs: | | | | |
| - salaries, allowances and bonuses | 4,664 | 4,361 | 2,125 | 2,041 |
| - defined contribution plan | 533 | 510 | 258 | 249 |
| - other benefits | 103 | 98 | 67 | 70 |
| Dividend income from associate | (205) | (7,027) | - | - |
| Interest income: | | | | |
| - accretion of payables | 823 | (3,667) | - | - |
| - licensed financial institutions | (362) | (106) | - | (7) |
| - others | - | (3) | - | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

35. INCOME TAX EXPENSE

| | THE GROUP | | THE COMPANY | |
|--|----------------|----------------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Current tax expense: | | | | |
| - for the financial year | 3,515 | 2,931 | 22 | 191 |
| - under/(over)provision in the previous financial year | 383 | 631 | (35) | (188) |
| | 3,898 | 3,562 | (13) | 3 |
| Deferred tax expense (Note 14): | | | | |
| - origination and reversed of temporary differences | (121) | 720 | - | - |
| | 3,777 | 4,282 | (13) | 3 |

Domestic income tax is calculated at Malaysian Statutory tax rate of 24% (2016 - 24%) of the estimated assessable profit for the financial year.

A reconciliation of the income tax expense applicable to the profit before taxation at the statutory tax rate to the income tax expense at the effective tax rate of the Group and of the Company is as follows:-

| | THE GROUP | | THE COMPANY | |
|--|----------------|----------------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Profit before taxation | 83 | 17,585 | 339 | 348 |
| Tax at statutory tax rate of 24% (2016 - 24%) | 20 | 4,221 | 81 | 84 |
| Tax effects of:- | | | | |
| Non-deductible expenses | 2,410 | 457 | 161 | 107 |
| Non-taxable gains | (253) | (634) | (220) | - |
| Share of results of associates | (420) | (1,043) | - | - |
| Share of results of a joint venture | (6) | (4) | - | - |
| Deferred tax assets not recognised during the financial year | 1,665 | 664 | - | - |
| Utilisation of deferred tax assets previously not recognised | (22) | (10) | - | - |
| Under/(Over)provision of current tax in the previous financial year | 383 | 631 | (35) | (188) |
| Income tax expense for the financial year | 3,777 | 4,282 | (13) | 3 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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36. (LOSS)/EARNINGS PER SHARE

| | THE GROUP | |
|--|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 |
| (Loss)/Profit after tax attributable to owners of the Company (RM'000) | (3,043) | 13,399 |
| Weighted average number of ordinary shares in issue ('000) | 234,772 | 234,772 |
| Basic earnings per share (Sen) | (1.30) | 5.71 |

The basic earnings per share of the Group is calculated by dividing the Group's profit after tax attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares of the Company.

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

37. DIVIDEND

| | THE COMPANY | |
|---|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 |
| Paid:- | | |
| First and final single tier tax-exempt dividend of 1.60% per ordinary share in respect of the previous financial year ended 31 March 2015 | - | 3,757 |
| Paid:- | | |
| First and final single tier tax-exempt dividend of 0.46% per ordinary share in respect of the previous financial year ended 31 March 2016 | 1,080 | - |

38. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

| | THE GROUP | | THE COMPANY | |
|---|----------------|----------------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Fixed deposits with a licensed bank (Note 21) | 600 | - | - | - |
| Cash and bank balances (Note 22) | 14,411 | 10,100 | 785 | 804 |
| Bank overdrafts (Note 30) | (7,863) | (16,331) | - | - |
| | 7,148 | (6,231) | 785 | 804 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

39. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

| | THE GROUP/COMPANY | |
|--|-------------------|----------------|
| | 2017 RM'000 | 2016 RM'000 |
| <i>Directors' Fees:-</i> | | |
| <u>Non-executive directors</u> | | |
| 1. Datuk Roselan Johar bin Johar Mohamed | 38 | 37 |
| 2. Lee Kong Leong | 38 | 38 |
| 3. Dato' Lim Cheang Nyok | 31 | - |
| | <u>107</u> | <u>75</u> |
| <i>Directors' Non-Fee Emoluments:-</i> | | |
| <u>Executive directors</u> | | |
| 1. Datuk Sia Teong Heng | 2,016 | 1,612 |
| 2. Sia Teong Leng | 577 | 458 |
| <u>Non-executive directors</u> | | |
| 1. Datuk Roselan Johar bin Johar Mohamed | 3 | 4 |
| 2. Lee Kong Leong | 3 | 4 |
| 3. Dato' Lim Cheang Nyok | 2 | - |
| | <u>2,601</u> | <u>2,078</u> |

40. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, associates, joint ventures, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

| | THE COMPANY | |
|-------------------------------------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 |
| (i) Subsidiaries | | |
| Management fee paid/payable | 10 | 10 |
| Rental paid/payable | 171 | 36 |
| Dividend income received/receivable | 919 | - |
| Management fee received/receivable | 5,958 | 5,900 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

41. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into three main reportable business segments as follows:-

(i) Construction

The Group undertakes earthworks and buildings contracts.

(ii) Property development

The Group also undertakes the development of commercial and residential properties.

(iii) Investment

The Group involved in investment activities and provision of management and administrative services.

The Group Executive Committee assesses the performance of the reportable segments based on their operating profit or loss which is measured differently from those disclosed in the consolidated financial statements. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Borrowings and investment-related activities are managed on a group basis by the central treasury function and are not allocated to reportable segments.

Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than investments in associates and tax-related assets.

Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly investments and related income, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

41. OPERATING SEGMENTS (CONT'D)

THE GROUP 2017

| | CONSTRUCTION | PROPERTY DEVELOPMENT | INVESTMENT | ELIMINATIONS | GROUP |
|---|--------------|-------------------------|------------|--------------|---------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | - | 63,671 | 1,122 | (190) | 64,603 |
| Intersegment revenue | 13,133 | - | 6,877 | (20,010) | - |
| Total revenue | 13,133 | 63,671 | 7,999 | (20,200) | 64,603 |
| Results: | | | | | |
| Segment results | (1,502) | 1,889 | 359 | 2,621 | 3,367 |
| Finance costs | | | | | (5,059) |
| Share of results in associates | | | | | 1,751 |
| Share of results in a joint venture | | | | | 24 |
| Profit from ordinary activities before taxation | | | | | 83 |
| Income tax expense | | | | | (3,777) |
| Loss from ordinary activities after taxation | | | | | (3,694) |
| Non-controlling interests | | | | | 651 |
| Net loss attributable to shareholders | | | | | (3,043) |

| | CONSTRUCTION | PROPERTY DEVELOPMENT | INVESTMENT | ELIMINATIONS | GROUP |
|--|--------------|-------------------------|------------|--------------|--------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Segment profit/(loss) before interest and taxation includes the following:- | | | | | |
| Interest income | - | (357) | (5) | - | (362) |
| Interest expense | 1,341 | 3,044 | 339 | - | 4,724 |
| Depreciation and amortisation | 272 | 205 | 1,252 | (5) | 1,724 |
| Share of results in associates | - | - | 1,751 | - | 1,751 |
| Share of results in a joint venture | - | - | 24 | - | 24 |

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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41. OPERATING SEGMENTS (CONT'D)

THE GROUP 2017

| | CONSTRUCTION RM'000 | PROPERTY DEVELOPMENT RM'000 | INVESTMENT RM'000 | ELIMINATIONS RM'000 | GROUP RM'000 |
|--------------------------------------|------------------------|-----------------------------------|----------------------|------------------------|-----------------|
| Segment assets | 75,150 | 480,468 | 338,117 | (354,075) | 539,660 |
| Unallocated assets | | | | | 6,819 |
| | | | | | <u>546,479</u> |
| Segment liabilities | 34,109 | 237,178 | 59,002 | (169,427) | 160,862 |
| Unallocated liabilities | | | | | 3,113 |
| | | | | | <u>163,975</u> |
| Capital expenditure: | | | | | |
| - property, plant and equipment | 1 | 49 | 62 | - | 112 |
| - land held for property development | - | 337 | - | - | 337 |

THE GROUP 2016

| | CONSTRUCTION RM'000 | PROPERTY DEVELOPMENT RM'000 | INVESTMENT RM'000 | ELIMINATIONS RM'000 | GROUP RM'000 |
|---|------------------------|-----------------------------------|----------------------|------------------------|-----------------|
| Revenue | - | 141,195 | 1,031 | (2,746) | 139,480 |
| Intersegment revenue | 60,426 | - | 5,900 | (66,326) | - |
| Total revenue | <u>60,426</u> | <u>141,195</u> | <u>6,931</u> | <u>(69,072)</u> | <u>139,480</u> |
| Results: | | | | | |
| Segment results | (1,210) | 16,903 | 441 | 1,550 | 17,684 |
| Finance costs | | | | | (4,460) |
| Share of results in associates | | | | | 4,345 |
| Share of results in a joint venture | | | | | 16 |
| Profit from ordinary activities before taxation | | | | | <u>17,585</u> |
| Income tax expense | | | | | (4,282) |
| Profit from ordinary activities after taxation | | | | | <u>13,303</u> |
| Non-controlling interests | | | | | 96 |
| Net profit attributable to shareholders | | | | | <u>13,399</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

41. OPERATING SEGMENTS (CONT'D)

THE GROUP 2016

| | CONSTRUCTION RM'000 | PROPERTY DEVELOPMENT RM'000 | INVESTMENT RM'000 | ELIMINATIONS RM'000 | GROUP RM'000 |
|---|------------------------|-----------------------------------|----------------------|------------------------|-----------------|
| Segment profit/(loss) before interest and taxation includes the following:- | | | | | |
| Interest income | - | (99) | (10) | - | (109) |
| Interest expense | 913 | 2,093 | 904 | - | 3,910 |
| Depreciation and amortisation | 273 | 240 | 1,237 | (5) | 1,745 |
| Share of results in associates | - | - | (4,345) | - | (4,345) |
| Share of results in a joint venture | - | - | (16) | - | (16) |

| | CONSTRUCTION RM'000 | PROPERTY DEVELOPMENT RM'000 | INVESTMENT RM'000 | ELIMINATIONS RM'000 | GROUP RM'000 |
|-------------------------|------------------------|-----------------------------------|----------------------|------------------------|-----------------|
| Segment assets | 170,829 | 522,043 | 340,516 | (462,216) | 571,172 |
| Unallocated assets | | | | | 2,612 |
| | | | | | <u>573,784</u> |
| Segment liabilities | 125,034 | 268,967 | 59,919 | (272,140) | 181,780 |
| Unallocated liabilities | | | | | 4,726 |
| | | | | | <u>186,506</u> |

Capital expenditure:

| | | | | | |
|--------------------------------------|----|-----|-----|---|-----|
| - property, plant and equipment | 12 | 71 | 126 | - | 209 |
| - land held for property development | - | 978 | - | - | 978 |

GEOGRAPHICAL INFORMATION

The Group operates predominantly in one business segment in Malaysia. Accordingly, the information by business and geographical segments is not presented.

MAJOR CUSTOMERS

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

| | REVENUE | | SEGMENT |
|------------|---------|--------|----------------------|
| | 2017 | 2016 | |
| | RM'000 | RM'000 | |
| Customer A | 6,574 | - | Property Development |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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42. FOREIGN EXCHANGE RATE

The principal closing foreign exchange rate used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of the foreign currency balances at the end of the reporting period is as follows:-

| | THE GROUP | |
|-----------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 |
| Thai Baht | 0.128 | 0.111 |

43. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

43.1 Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on investments and bank balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currency giving rise to this risk is Thai Baht. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

Foreign currency risk sensitivity analysis

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have material impact on the profit/loss after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in FRS 7 since neither they carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is summarised as follows:-

| | THE GROUP | | THE COMPANY | |
|----------------------------------|----------------|----------------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Floating rate instruments | | | | |
| Bank overdrafts | 7,863 | 16,331 | - | 1,000 |
| Term loans | 73,434 | 72,779 | - | - |
| Bankers' acceptances | 1,266 | 8,000 | - | - |
| Revolving credit | 10,000 | 10,000 | - | - |
| | 92,563 | 107,110 | - | 1,000 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rate as at the end of the reporting period, with all other variables held constant:-

| | THE GROUP | | THE COMPANY | |
|--|----------------|----------------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Effect on Profit After Taxation | | | | |
| Increase of 100 basis points | 703 | (814) | - | (8) |
| Decrease of 100 basis points | (703) | 814 | - | 8 |

(iii) *Equity Price Risk*

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risks by maintaining a portfolio of equity with different risk profiles.

Equity Price Risk Sensitivity Analysis

Any reasonably possible change in the prices of quoted investments at the end of the reporting period does not have material impact on the profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 30 days, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

The Company provides financial guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by a customer which constituted approximately 31% of its trade receivables at the end of the reporting period.

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Ageing Analysis

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:-

| | GROSS AMOUNT RM'000 | INDIVIDUAL IMPAIRMENT RM'000 | COLLECTIVE IMPAIRMENT RM'000 | CARRYING AMOUNT RM'000 |
|------------------|---------------------------|------------------------------------|------------------------------------|------------------------------|
| THE GROUP | | | | |
| 2017 | | | | |
| Not past due | 143 | - | - | 143 |
| Past due: | | | | |
| - 31 - 60 days | 275 | - | - | 275 |
| - 61 - 90 days | 8,878 | - | - | 8,878 |
| - 91 - 120 days | 310 | - | - | 310 |
| - > 120 days | 19,244 | - | - | 19,244 |
| | <u>28,830</u> | <u>-</u> | <u>-</u> | <u>28,830</u> |

| | GROSS AMOUNT RM'000 | INDIVIDUAL IMPAIRMENT RM'000 | COLLECTIVE IMPAIRMENT RM'000 | CARRYING AMOUNT RM'000 |
|------------------|---------------------------|------------------------------------|------------------------------------|------------------------------|
| THE GROUP | | | | |
| 2016 | | | | |
| Not past due | 4,510 | - | - | 4,510 |
| Past due: | | | | |
| - 31 - 60 days | 2,084 | - | - | 2,084 |
| - 61 - 90 days | 1,638 | - | - | 1,638 |
| - 91 - 120 days | 3,841 | - | - | 3,841 |
| - > 120 days | 13,291 | - | - | 13,291 |
| | <u>25,364</u> | <u>-</u> | <u>-</u> | <u>25,364</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Ageing Analysis (Cont'd)

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

The Group believes that no impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

Property development segment

The management is of the opinion that the recoverability of the amount owned by the purchasers is fully recoverable, due to the following reasons:-

- (a) the transfer of the property to the purchaser is subject to the full payment of the outstanding amount;
- (b) most of the purchasers have end financing arrangements, and payments are slow because of the credit processes of the end financiers; and
- (c) in the event the sale is terminated for non-payment, the Group will be able to recover the property.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

| THE GROUP | CONTRACTUAL | CARRYING | CONTRACTUAL | WITHIN 1 | 1 - 5 YEARS | OVER 5 |
|---|-------------|----------|--------------|----------|-------------|--------|
| | INTEREST | | UNDISCOUNTED | | | |
| | RATE | AMOUNT | CASH FLOWS | | | |
| | % | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 2017 | | | | | | |
| <u>Non-derivative Financial Liabilities</u> | | | | | | |
| Payables | - | 52,904 | 52,904 | 52,904 | - | - |
| Bankers' acceptances | 5.75 | 1,266 | 1,266 | 1,266 | - | - |
| Bank overdrafts | 7.75 - 9.15 | 7,863 | 7,863 | 7,863 | - | - |
| Revolving loan | 6.25 | 10,000 | 10,090 | 10,090 | - | - |
| Term loans | 4.85 - 8.75 | 73,434 | 82,126 | 26,177 | 51,119 | 4,830 |
| Hire purchase payables | 4.45 - 4.92 | 351 | 396 | 219 | 177 | - |
| | | 145,818 | 154,645 | 98,519 | 51,296 | 4,830 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

| THE GROUP | CONTRACTUAL INTEREST RATE % | CARRYING AMOUNT RM'000 | CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000 | WITHIN 1 YEAR RM'000 | 1 - 5 YEARS RM'000 | OVER 5 YEARS RM'000 |
|--|--------------------------------------|------------------------------|---|----------------------------|-----------------------|---------------------------|
| 2016 | | | | | | |
| <u>Non-derivative Financial Liabilities</u> | | | | | | |
| Payables | - | 57,020 | 57,020 | 57,020 | - | - |
| Bankers' acceptances | 6.10 | 8,000 | 8,000 | 8,000 | - | - |
| Bank overdrafts | 8.10 - 9.35 | 16,331 | 16,331 | 16,331 | - | - |
| Revolving loan | 6.60 | 10,000 | 10,278 | 10,278 | - | - |
| Term loans | 4.95 - 8.35 | 72,779 | 85,699 | 15,693 | 64,443 | 5,563 |
| Hire purchase payables | 4.45 - 5.43 | 588 | 663 | 274 | 389 | - |
| | | 164,718 | 177,991 | 107,596 | 64,832 | 5,563 |
| 2017 | | | | | | |
| <u>Non-derivative Financial Liabilities</u> | | | | | | |
| Payables | - | 201 | 201 | 201 | - | - |
| Amount owing to subsidiaries | - | 79,021 | 79,021 | 79,021 | - | - |
| Hire purchase payables | 4.45 | 69 | 76 | 61 | 15 | - |
| Financial guarantee contracts in relation to corporate guarantees extended to banks for banking facilities granted to subsidiaries | - | - | 89,564 | 89,564 | - | - |
| | | 79,291 | 168,862 | 168,847 | 15 | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

43. FINANCIAL INSTRUMENTS (CONT'D)

43.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

| THE COMPANY | CONTRACTUAL INTEREST RATE % | CARRYING AMOUNT RM'000 | CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000 | WITHIN 1 YEAR RM'000 | 1 - 5 YEARS RM'000 | OVER 5 YEARS RM'000 |
|--|-----------------------------|------------------------|--|----------------------|--------------------|---------------------|
| 2016 | | | | | | |
| <u>Non-derivative Financial Liabilities</u> | | | | | | |
| Payables | - | 93 | 93 | 93 | - | - |
| Amount owing to subsidiaries | - | 78,272 | 78,272 | 78,272 | - | - |
| Term loan | 4.95 - 8.35 | 1,000 | 1,024 | 1,024 | - | - |
| Hire purchase payables | 4.45 | 123 | 137 | 61 | 76 | - |
| Financial guarantee contracts in relation to corporate guarantees extended to banks for banking facilities granted to subsidiaries | - | - | 106,110 | 106,110 | - | - |
| | | 79,488 | 185,636 | 185,560 | 76 | |

43.2 Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

| | THE GROUP | |
|---|-------------|-------------|
| | 2017 RM'000 | 2016 RM'000 |
| Bankers' acceptances (Note 30) | 1,266 | 8,000 |
| Bank overdrafts (Note 30) | 7,863 | 16,331 |
| Revolving loan (Note 30) | 10,000 | 10,000 |
| Term loans (Note 27) | 73,434 | 72,779 |
| Hire purchase payables (Note 28) | 351 | 588 |
| | 92,914 | 107,698 |
| Less: | | |
| Fixed deposits with a licensed bank (Note 21) | (600) | - |
| Cash and bank balances (Note 22) | (14,411) | (10,100) |
| Net debts | 77,903 | 97,598 |
| Total equity | 382,504 | 387,278 |
| Debt-to-equity ratio | 0.20 | 0.25 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

43. FINANCIAL INSTRUMENTS (CONT'D)

43.3 Classification Of Financial Instruments

| | THE GROUP | | THE COMPANY | |
|---|----------------|----------------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Financial assets | | | | |
| <u>Available-for-sale Financial Assets</u> | | | | |
| Other investments, at fair value (Note 12) | 219 | 219 | - | - |
| <u>Loans and receivables Financial Assets</u> | | | | |
| Receivables (Note 17) | 41,319 | 35,547 | 113 | 94 |
| Amount owing by subsidiaries (Note 19) | - | - | 109,156 | 110,126 |
| Amount owing by associates (Note 20) | 3,366 | 3,383 | - | - |
| Fixed deposits with a licensed bank (Note 21) | 600 | - | - | - |
| Cash and bank balances (Note 22) | 14,411 | 10,100 | 785 | 804 |
| | <u>59,696</u> | <u>49,030</u> | <u>110,054</u> | <u>111,024</u> |
| Financial liabilities | | | | |
| <u>Other Financial Liabilities</u> | | | | |
| Payables (Note 29) | 52,904 | 57,020 | 201 | 93 |
| Amount owing to subsidiaries (Note 19) | - | - | 79,021 | 78,272 |
| Bankers' acceptances (Note 30) | 1,266 | 8,000 | - | - |
| Bank overdrafts (Note 30) | 7,863 | 16,331 | - | - |
| Revolving loan (Note 30) | 10,000 | 10,000 | - | - |
| Term loans (Note 27) | 73,434 | 72,779 | - | 1,000 |
| Hire purchase payables (Note 28) | 351 | 588 | 69 | 123 |
| | <u>145,818</u> | <u>164,718</u> | <u>79,291</u> | <u>79,488</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

43. FINANCIAL INSTRUMENTS (CONT'D)

43.4 Fair Value Information

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

| | Fair Value of Financial Instruments Carried At Fair Value | | | Fair Value of Financial Instruments Not Carried At Fair Value | | | Total Fair Value | Carrying Amount |
|------------------------------|--|---------|---------|--|---------|---------|---------------------|--------------------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | | |
| The Group | | | | | | | | |
| 2017 | | | | | | | | |
| <u>Financial Assets</u> | | | | | | | | |
| Other investments: | | | | | | | | |
| - quoted shares | 11 | - | - | - | - | - | 11 | 11 |
| - other | 208 | - | - | - | - | - | 208 | 208 |
| <u>Financial Liabilities</u> | | | | | | | | |
| Term loans | - | - | - | - | 73,434 | - | 73,434 | 73,434 |
| Hire purchase payables | - | - | - | - | 351 | - | 351 | 351 |
| <hr/> | | | | | | | | |
| | Fair Value of Financial Instruments Carried At Fair Value | | | Fair Value of Financial Instruments Not Carried At Fair Value | | | Total Fair Value | Carrying Amount |
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | | |
| The Group | | | | | | | | |
| 2016 | | | | | | | | |
| <u>Financial Assets</u> | | | | | | | | |
| Other investments: | | | | | | | | |
| - quoted shares | 11 | - | - | - | - | - | 11 | 11 |
| - other | 208 | - | - | - | - | - | 208 | 208 |
| <u>Financial Liabilities</u> | | | | | | | | |
| Term loans | - | - | - | - | 72,779 | - | 72,779 | 72,779 |
| Hire purchase payables | - | - | - | - | 588 | - | 588 | 588 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

43. FINANCIAL INSTRUMENTS (CONT'D)

43.4 Fair Value Information (Cont'd)

| | Fair Value of Financial Instruments Carried At Fair Value | | | Fair Value of Financial Instruments Not Carried At Fair Value | | | Total Fair Value RM'000 | Carrying Amount RM'000 |
|------------------------------|---|---------|---------|---|---------|---------|----------------------------|---------------------------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | | |
| The Company | | | | | | | | |
| 2017 | | | | | | | | |
| <u>Financial Liabilities</u> | | | | | | | | |
| Hire purchase payables | - | - | - | - | 69 | - | 69 | 69 |
| 2016 | | | | | | | | |
| <u>Financial Liabilities</u> | | | | | | | | |
| Term loans | - | - | - | - | 1,000 | - | 1,000 | 1,000 |
| Hire purchase payables | - | - | - | - | 123 | - | 123 | 123 |

(a) Fair Value of Financial Instruments Carried at Fair Value

- (i) The fair value of quoted investments is determined at their quoted closing bid prices at the end of the reporting period.
- (ii) There were no transfer between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:

- (i) The fair values of hire purchase payables and term loans are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

| | GROUP | | COMPANY | |
|------------------------|-------------|-------------|---------|------|
| | 2017 | 2016 | 2017 | 2016 |
| | % | % | % | % |
| Hire purchase payables | 4.45 - 4.92 | 4.45 - 5.43 | 4.45 | 4.45 |

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The Companies Act 2016 came into effect on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaces the existing Companies Act 1965.

Amongst the key changes introduced under the Companies Act 2016 that will affect the financial statements of the Group and of the Company upon its initial adoption are:-

- (i) Removal of the authorised share capital;
- (ii) Ordinary shares will cease to have par value; and
- (iii) Share premium account will become part of the share capital.

The adoption of the Companies Act 2016 has been applied prospectively and the impacts of adoption are disclosed in the respective Notes 23(b) and 25(a) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

45. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of retained profits of the Group and of the Company as at the end of the reporting period into realised and unrealised profits are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

| | THE GROUP | | THE COMPANY | |
|--|----------------|----------------|----------------|----------------|
| | 2017 RM'000 | 2016 RM'000 | 2017 RM'000 | 2016 RM'000 |
| Total retained profits: | | | | |
| - realised | 210,950 | 221,396 | 12,404 | 13,132 |
| - unrealised | (6,455) | (6,578) | - | - |
| | 204,495 | 214,818 | 12,404 | 13,132 |
| Total share of retained profit of associates: | | | | |
| - realised | 15,622 | 14,075 | - | - |
| Total share of retained profit of a joint venture: | | | | |
| - realised | 349 | 325 | - | - |
| | 220,466 | 229,218 | 12,404 | 13,132 |
| Less: Consolidation adjustments | (78,612) | (83,241) | - | - |
| At 31 March | 141,854 | 145,977 | 12,404 | 13,132 |

LIST OF PROPERTIES

AT 31 MARCH 2017

| | Location | Tenure/ (Age of building or date of expiry) | Land/ (Built-Up) Area Sq. Ft. | Net Book Value As At 31. 03. 2017 RM | Description | Date of Acquisition */ Revaluation |
|----|---|--|-------------------------------------|---|--|--|
| 1 | 74, 74A-E, Wisma Siah Brothers Jalan Pahang 53000 Kuala Lumpur | Freehold (35-38 years) | 5,513/ (38,238) | 3,739,156 | 6 1/2 storey commercial building for office headquarters and for rental | 28/03/2000 |
| 2 | Lot 48611 held under PN 48589 Mukim Batu, Daerah Kuala Lumpur Wilayah Persekutuan KL | Leasehold expiring on 04/07/2109 | 130,675 | 7,794,533 | Vacant land for future development | 16/06/2010 |
| 3 | Lot 48610 held under PN 22337 & Lot 48612 held under PN 22336 Mukim Batu, Daerah Kuala Lumpur Wilayah Persekutuan KL | Leasehold expiring on 22/04/2086 | 379,560 | 184,110 | Vacant landfor future development | 28/03/2000 |
| 4 | Lot 80667 held under PN 51022 Mukim Batu, Daerah Kuala Lumpur Wilayah Persekutuan KL | Leasehold expiring on 22/04/2111 | 178,629 | 23,072,340 | Land currently under development | 26/12/2013* |
| 5 | Lot 80668 held under PN 51023, Lot 80669 held under PN 51024, Lot 80670 held under PN 51025, Lot 80671 held under PN 51026, Lot 80672 held under PN 51027, Lot 80673 held under PN 51028, Mukim Batu, Daerah Kuala Lumpur Wilayah Persekutuan KL | Leasehold expiring on 22/04/2111 | 271,899 | 3,188,620 | Vacant land for future development | 28/03/2000 |
| 6 | Lot 48685 (Lot 80421) held under PN 22411 Mukim Batu, Daerah Kuala Lumpur Wilayah Persekutuan KL | Leasehold expiring on 22/04/2086 | 96,445 | 3,376,222 | Sales gallery | 28/03/2000 |
| 7 | Lot 48686 held under PN 22549 Mukim Batu, Daerah Kuala Lumpur Wilayah Persekutuan KL | Leasehold expiring on 22/04/2086 | 20,495 | 17,924 | Vacant land for future development | 28/03/2000 |
| 8 | Lot 45197 held under GRN 11712 Mukim Kuala Kuantan Daerah Kuantan Pahang Darul Makmur | Freehold | 497,727 | 911,408 | Vacant landfor future development | 16/12/1993* |
| 9 | Lot 3 held under TL 017546486 Signal Hill, Tanjung Lipat Daerah Kota Kinabalu Sabah | Leasehold expiring on 31/12/2093 | 197,087 | 29,261,088 | Vacant land for future development of hotel | 30/04/2002* |
| 10 | Lot 5871, Seksyen 20, held under GRN 149859 Bandar Serendah, Daerah Ulu Selangor Selangor Darul Ehsan | Freehold | 49,213 | 315,815 | Vacant land for future development | 03/06/2008 |

LIST OF PROPERTIES

AT 31 MARCH 2017

| Location | Tenure/ (Age of building or date of expiry) | Land/ (Built-Up) Area Sq. Ft. | Net Book Value As At 31. 03. 2017 RM | Description | Date of Acquisition */ Revaluation |
|--|--|-------------------------------------|---|--|--|
| 11 Lot 6 held under TL 017560879 Signal Hill, Tanjung Lipat Daerah Kota Kinabalu Sabah | Leasehold expiring on 12/31/09 | 66,133 | 2,985,000 | Vacant land for future development | 16/11/2011* |
| 12 CT 10166 for Lot 2398 (GRN 52189) Mukim Batang Kali Daerah Ulu Selangor Selangor Darul Ehsan | Freehold | 2,178,149 | 25,010,000 | Vacant landfor future development | 16/04/2004* |
| 13 PT 2186 held under HS(M) 1622 Pekan Ulu Yam Lama Mukim Ulu Yam Daerah Hulu Selangor Selangor Darul Ehsan | Leasehold expiring on 16/05/2055 | 236,983 | 829,000 | Vacant land for future development | 16/04/2004* |
| 14 Lot 40443 held under GRN 7649 Mukim Kuala Lumpur Daerah Kuala Lumpur Wilayah Persekutuan KL | Freehold | 22,066 | 13,500,000 | Land currently under development | 29/11/2011* |
| 15 Lot 40441 held under GRN 7647 Mukim Kuala Lumpur Daerah Kuala Lumpur Wilayah Persekutuan KL | Freehold | 19,935 | 13,500,000 | Land currently under development | 28/03/2014* |
| 16 Lot 414-417, 543-545, 677 & 624, held under GRN 37628, 37629, 37631, 37632, 5484, 5485, 5486, 43804 & 65305 Section 47, Bandar Kuala Lumpur Daerah Kuala Lumpur Wilayah Persekutuan KL | Freehold | 24,692 | 8,620,000 | Vacant landfor future development | 28/01/2011* |
| 17 Lot 26 held under GRN 24742 Section 47, Bandar Kuala Lumpur Daerah Kuala Lumpur Wilayah Persekutuan KL | Freehold | 17,995 | 6,740,000 | Vacant land for future development | 28/01/2011* |
| 18 Lot 80896 held under GRN 78423 Mukim Batu, Daerah Kuala Lumpur Wilayah Persekutuan KL | Freehold | 129,146 | 27,827,753 | Land currently under development | 27/05/2011* |
| 19 20, Jalan Suria Setapak Taman Suria Setapak 53000 Kuala Lumpur | Freehold | (1,359) | 372,428 | Unit for rental | 01/08/2008* |
| 20 Unit No. L11-05, PJX-HM Shah Tower No. 16A, Persiaran Barat 46050 Petaling Jaya Selangor Darul Ehsan | Leasehold expiring on 27/07/2105 | (1,621) | 926,259 | Unit for rental | 12/10/2011 |
| 21 Unit No. L26-06, PJX-HM Shah Tower No. 16A, Persiaran Barat 46050 Petaling Jaya Selangor Darul Ehsan | Leasehold expiring on 27/07/2105 | (811) | 463,415 | Unit for rental | 12/10/2011 |

LIST OF PROPERTIES

AT 31 MARCH 2017

| | Location | Tenure/ (Age of building or date of expiry) | Land/ (Built-Up) Area Sq. Ft. | Net Book Value As At 31. 03. 2017 RM | Description | Date of Acquisition */ Revaluation |
|----|---|--|-------------------------------------|---|---------------------------------------|--|
| 22 | Unit No. L26-08, PJX-HM Shah Tower No. 16A, Persiaran Barat 44050 Petaling Jaya Selangor Darul Ehsa | Leasehold expiring on 27/07/2105 | (1,621) | 926,259 | Unit for rental | 12/10/2011 |
| 23 | 31-0-2 and 31-0-3, Intan Kenny Condo Persiaran Bukit Tunku 50480 Kuala Lumpur | Freehold | (3,851) | 1,351,382 | Unit for rental | 27/03/2000 |
| 24 | A-33-03A, Suasana Sentral Loft Condominium No. 6, Jalan Stesen Sentral 5, KL Sentral 50470 Kuala Lumpur | Freehold | (811) | 408,369 | Unit for rental | 06/06/2005* |
| 25 | Unit nos. S-01 to S-12, Ground Floor The Peak Suites, Signal Hill, Tanjung Lipat 88400 Kota Kinabalu, Sabah | Leasehold expiring on 31/12/2093 | (22,490) | 7,866,000 | Units for rental and sales gallery | 02/09/2009 |
| 26 | No. J-3-12, The Peak Suites Signal Hill, Tanjung Lipat 88400 Kota Kinabalu, Sabah | Leasehold expiring on 31/12/2093 | (965) | 437,510 | Unit for staff hostel | 02/09/2009 |
| 27 | No. J-3-07, The Peak Suites Signal Hill, Tanjung Lipat 88400 Kota Kinabalu, Sabah | Leasehold expiring on 31/12/2093 | (972) | 361,299 | Unit for staff hostel | 02/09/2009 |
| 28 | Unit nos. G-S1 to G-S9, Ground Floor & Unit nos. 1-S10 to 1-S18, First Floor, Retail Shops The Peak Vista, Block B Lorong Puncak 1, Tanjung Lipat 88400 Kota Kinabalu, Sabah | Leasehold expiring on 31/12/2093 | (18,923) | 5,481,984 | Units for rental and sales office | 03/12/2012 |
| 29 | No. 8/7, 2nd Floor, Building No. A Ideo Blucove Sathon, Klong Ton Zai, Klong San, Bangkok, Thailand | Freehold | (744) | 564,557 | Unit for rental and sale | 05/08/2008* |
| 30 | Unit No. L20-01-08, PJX-HM Shah Tower No. 16A, Persiaran Barat 44050 Petaling Jaya Selangor Darul Ehsan | Leasehold expiring on 27/07/2105 | (13,353) | 8,854,130 | Unit for rental | 01/12/2011* |
| 31 | Unit No. L-01-01, PJX-HM Shah Tower No. 16A, Persiaran Barat 44050 Petaling Jaya Selangor Darul Ehsan | Leasehold expiring on 27/07/2105 | (12,792) | 8,698,560 | Unit for rental | 27/07/2012* |

LIST OF PROPERTIES

AT 31 MARCH 2017

| Location | Tenure/ (Age of building or date of expiry) | Land/ (Built-Up) Area Sq. Ft. | Net Book Value As At 31. 03. 2017 RM | Description | Date of Acquisition */ Revaluation |
|--|--|-------------------------------------|---|----------------------------------|--|
| 32 Unit No. L-01-02, PJX-HM Shah Tower No. 16A, Persiaran Barat 46050 Petaling Jaya Selangor Darul Ehsan | Leasehold expiring on 27/07/2105 | (3,478) | 2,365,040 | Unit for rental | 27/07/2012* |
| 33 Unit No. L-01-03, PJX-HM Shah Tower No. 16A, Persiaran Barat 46050 Petaling Jaya Selangor Darul Ehsan | Leasehold expiring on 27/07/2105 | (658) | 447,440 | Unit for rental | 27/07/2012* |
| 34 Unit No. L9-01-08, PJX-HM Shah Tower No. 16A, Persiaran Barat 46050 Petaling Jaya Selangor Darul Ehsan | Leasehold expiring on 27/07/2105 | (54,479) | 18,781,402 | Unit for rental | 27/07/2012* |
| 35 Unit Nos. L2-L8, PJX-HM Shah Tower No. 16A, Persiaran Barat 46050 Petaling Jaya Selangor Darul Ehsan | Leasehold expiring on 27/07/2105 | N/A | 12,732,400 | Commercial car park operation | 27/07/2012* |

SHAREHOLDERS' INFORMATION

AT 21 JUNE 2017

Issued and Fully Paid Up Capital : RM234,830,785 consisting of 234,830,785 ordinary shares
 Class of Shares : Ordinary shares
 Voting Right : 1 vote per ordinary share

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DISTRIBUTION SCHEDULE

| Shareholding Category | No. of Shareholders | % of Shareholders | No. of Shares | % of Issued Capital |
|-----------------------------------|---------------------|-------------------|--------------------------------|---------------------|
| Less than 100 shares | 397 | 8.01 | 14,906 | 0.01 |
| 100 - 1,000 shares | 275 | 5.55 | 117,683 | 0.05 |
| 1,001 - 10,000 shares | 2,618 | 52.84 | 12,383,388 | 5.27 |
| 10,001 - 100,000 shares | 1,457 | 29.40 | 44,964,394 | 19.15 |
| 100,001 to less than 5% of shares | 206 | 4.16 | 109,749,907 | 46.75 |
| 5% and above of shares | 2 | 0.04 | 67,541,607 | 28.77 |
| Total | 4,955 | 100.00 | 234,771,885^a | 100.00 |

^a is equivalent to 234,830,785 less 58,900 shares bought back and retained as treasury shares

THIRTY LARGEST SHAREHOLDERS (As per Record of Depositors)

| Name of Shareholders | No. of Shares Held | % of Issued Capital |
|---|--------------------|---------------------|
| 1. LOM Holdings Sdn. Bhd. | 40,808,999 | 17.38 |
| 2. RHB Nominees (Tempatan) Sdn. Bhd. - OSK Capital Sdn. Bhd. for Sia Teong Heng | 26,732,608 | 11.39 |
| 3. Morisem Consolidated Sdn. Bhd. | 11,250,000 | 4.79 |
| 4. Tan Han Chuan | 10,192,400 | 4.34 |
| 5. Mun Oi @ Mun Oi Lin | 8,216,675 | 3.50 |
| 6. Evergreen Legacy Sdn. Bhd. | 7,771,534 | 3.31 |
| 7. Maybank Securities Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Tan Ching Ching | 5,135,700 | 2.19 |
| 8. Amsec Nominees (Tempatan) Sdn. Bhd. - Mtrustee Berhad for Pacific Dividend Fund (UT-PM-DIV) | 2,658,300 | 1.13 |
| 9. Mun Oi @ Mun Oi Lin | 2,221,200 | 0.95 |
| 10. Yu Kok Ann | 2,000,000 | 0.85 |
| 11. Nican Asia Limited | 1,800,000 | 0.77 |
| 12. Ho Fook Seng @ Ho Pock Seng | 1,769,000 | 0.75 |
| 13. CIMB Group Nominees (Asing) Sdn. Bhd. - Exempt An for DBS Bank Ltd (SFS) | 1,585,400 | 0.68 |
| 14. Siah Chong Hock | 1,396,350 | 0.59 |
| 15. Gnanalingam a/l Gunanath Lingam | 1,393,500 | 0.59 |
| 16. Alliancegroup Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Ong Siew Eng @ Ong Chai (8040800) | 1,384,000 | 0.59 |
| 17. RHB Capital Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Phoa Boon Ting (CEB) | 1,296,000 | 0.55 |
| 18. Meer Sadik bin Habib Mohamed | 1,260,003 | 0.54 |
| 19. Lim Boon Liat | 1,193,200 | 0.51 |
| 20. Lee Eng Hock & Co. Sendirian Berhad | 1,100,000 | 0.47 |

SHAREHOLDERS' INFORMATION

AT 21 JUNE 2017

| Name of Shareholders | No. of Shares Held | % of Issued Capital |
|--|--------------------|---------------------|
| 21. Yayasan Guru Tun Hussein Onn | 1,066,250 | 0.45 |
| 22. Malacca Equity Nominees (Tempatan) Sdn. Bhd. - Exempt An for Phillip Capital Management Sdn. Bhd. (EPF) | 977,206 | 0.42 |
| 23. Universal Trustee (Malaysia) Berhad- Pacific Premier Fund | 952,200 | 0.41 |
| 24. Lem Kim Seong | 913,485 | 0.39 |
| 25. Lim Jit Hai | 857,000 | 0.37 |
| 26. Affin Hwang Nominees (Asing) Sdn. Bhd. - DBS Vickers Secs (S) Pte Ltd for Woo Kim Fong | 794,800 | 0.34 |
| 27. Yong Yin Siew | 778,200 | 0.33 |
| 28. Mun Chong Shing @ Mun Chong Tian | 700,000 | 0.30 |
| 29. Alliancegroup Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Siah Teong Chein (8061998) | 685,908 | 0.29 |
| 30. RHB Nominees (Asing) Sdn. Bhd.- Exempt An for RHB Securities Singapore Pte. Ltd. (A/C Client) | 666,500 | 0.28 |
| TOTAL | 139,556,418 | 59.45 |

The thirty largest shareholders refer to the thirty securities account holders having the largest number of securities according to the Record of Depositors (without aggregating the securities from different securities accounts belonging to the same depositor).

DIRECTORS' SHAREHOLDINGS (As per Register of Directors' Shareholdings)

| Name of Directors | Direct Interest | | Indirect Interest | |
|---------------------------------------|---------------------------|-------|---------------------------|-------|
| | Shareholdings | % | Shareholdings | % |
| Datuk Sia Teong Heng | 27,427,982 ^(a) | 11.68 | 48,580,533 ^(b) | 20.69 |
| Lee Kong Leong | - | - | - | - |
| Datuk Roselan Johar bin Johar Mohamed | - | - | - | - |
| Sia Teong Leng | - | - | 48,580,533 ^(b) | 20.69 |
| Dato' Lim Cheang Nyok | 1,767 ^(c) | 0.001 | - | - |

Notes –

(a) 26,732,608 shares are held in bare trust by RHB Nominees (Tempatan) Sdn. Bhd. – OSK Capital Sdn. Bhd.

(b) Deemed interest by virtue of his shareholding in LOM Holdings Sdn. Bhd. (40,808,999 shares) and Evergreen Legacy Sdn. Bhd. (7,771,534 shares).

(c) 1,767 shares are held in bare trust by Maybank Nominees (Tempatan) Sdn. Bhd.

SHAREHOLDERS' INFORMATION

AT 21 JUNE 2017

SUBSTANTIAL SHAREHOLDERS (excluding bare trustees)
(As per Register of Substantial Shareholders)

| Name of Substantial Shareholders | No. of shares held or beneficially interested in | | % of Issued Capital | |
|---|--|---------------------------|---------------------|----------|
| | Direct | Indirect | Direct | Indirect |
| The Estate of Sia Kwee Mow @ Sia Hok Chai, Deceased | 2,221,200 ^(a) | 48,580,533 ^(b) | 0.95 | 20.69 |
| Datuk Sia Teong Heng | 27,427,982 ^(c) | 48,580,533 ^(b) | 11.68 | 20.69 |
| LOM Holdings Sdn. Bhd. | 40,808,999 | 7,771,534 ^(d) | 17.38 | 3.31 |
| Sia Teong Leng | - | 48,580,533 ^(b) | - | 20.69 |

Notes –

- (a) 2,221,200 shares are held by Mun Oi @ Mun Oi Lin as the Executor
- (b) Deemed interest by virtue of his shareholding in LOM Holdings Sdn. Bhd. (40,808,999 shares) and Evergreen Legacy Sdn. Bhd. (7,771,534 shares)
- (c) 26,732,608 shares are held in bare trust by RHB Nominees (Tempatan) Sdn. Bhd. – OSK Capital Sdn. Bhd.
- (d) Deemed interest by virtue of its shareholding in Evergreen Legacy Sdn. Bhd.

NOTICE OF ANNUAL GENERAL MEETING

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SBC CORPORATION BERHAD (199310-P)
Annual Report 2017

NOTICE IS HEREBY GIVEN that the Twenty-Seventh Annual General Meeting of SBC Corporation Berhad will be held at the SBC Sales Gallery, Lot PT 9076, Jalan 4/18A, Off Jalan Ipoh, Batu 5½, Taman Mastiara, 51200 Kuala Lumpur on Wednesday, 20 September, 2017 at 10.00 a.m. to transact the following business -

AGENDA

As Ordinary Business

1. To receive and adopt the Directors' Report and the Audited Financial Statements for the year ended 31 March, 2017 together with the Auditors' Report thereon. **(Ordinary Resolution 1)**
2. To approve the following payment to Directors:-
 - (a) Fees totalling RM112,000 payable for the year ending 31 March, 2018. **(Ordinary Resolution 2)**
 - (b) Benefits of up to RM100,000 from 1 February 2017 until the next annual general meeting of the Company. **(Ordinary Resolution 3)**
3. To re-elect the following Directors retiring by rotation pursuant to Article 77 of the Articles of Association (Constitution) of the Company:-
 - (a) YBhg. Datuk Sia Teong Heng **(Ordinary Resolution 4)**
 - (b) Mr. Sia Teong Leng **(Ordinary Resolution 5)**
4. To re-appoint Messrs. Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

As Special Business, to consider and, if thought fit, to pass the following resolutions:-

5. **AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE SHARES** **(Ordinary Resolution 7)**

"THAT subject always to the Companies Act, 2016, the Articles of Association (Constitution) of the Company and the approval from the Bursa Malaysia Securities Berhad and other governmental/regulatory bodies, where such approval shall be necessary, the Directors be and are hereby authorised pursuant to Section 76 of the Companies Act, 2016, to allot and issue shares in the Company, at any time and upon such terms and conditions and for such purposes as they may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per cent (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

6. **PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK** **(Ordinary Resolution 8)**

"THAT subject to compliance with all applicable rules, regulations and orders made pursuant to the Companies Act, 2016 ("the Act"), the provisions of the Company's Memorandum and Articles of Association (Constitution) and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, approval be and is hereby given to renew the authority for the Company to purchase its own shares through Bursa Securities, subject to the following:-

NOTICE OF ANNUAL GENERAL MEETING

- (a) the maximum number of shares which may be purchased by the Company (which includes the shares already purchased and held as treasury shares) shall be 23,483,078 representing 10% of the total number of issued shares of the Company as at 21 June, 2017;
- (b) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the audited retained profits of the Company as at 31 March, 2017 of RM12.40 million;
- (c) the authority conferred by this Ordinary Resolution will be effective immediately upon the passing of this Ordinary Resolution and will expire at the conclusion of the next Annual General Meeting or the expiry of the period within which the next Annual General Meeting is required by law to be held, whichever occurs first (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting) but not so as to prejudice the completion of purchase(s) by the Company or any person before the aforesaid expiry date and in any event, in accordance with the provisions of the requirements issued by Bursa Securities or any other relevant authorities;
- (d) upon completion of the purchase by the Company of its own shares, the shares shall be dealt with in the following manner:-
 - (i) to cancel the shares so purchased; or
 - (ii) to retain the shares so purchased in treasury for distribution as dividend to the shareholders of the Company and/or resell through Bursa Securities and/or subsequently cancel the treasury shares and/or transfer the treasury shares for the purposes of or under an employees' share scheme or as purchase consideration; or
 - (iii) to retain part of the shares so purchased as treasury shares and cancel the remainder,

and in any other manner as prescribed by Section 127 of the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to effect the purchase(s) of the shares with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments as may be imposed by the relevant authorities from time to time and to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company."

- 7. To consider any other business for which due notice shall have been given.

By Order of the Board

CHONG FOOK SIN
KAN CHEE JING
Company Secretaries

Kuala Lumpur
28 July, 2017

NOTICE OF ANNUAL GENERAL MEETING

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NOTES -

(1) A member whose name appear in the Record of Depositors as at 13 September, 2017 shall be regarded as a member entitled to attend, speak and vote at the meeting.

(2) Proxy -

A member entitled to attend and vote at the meeting is entitled to appoint any person as his proxy to attend, speak and vote instead of him. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. To be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company not less than twenty-four (24) hours before the time set for holding the meeting or any adjournment thereof. If the appointor is a corporation, this Form must be executed under its common seal or under the hand of its attorney.

Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(3) Ordinary Resolution 3 -

The Directors' benefits comprise the following:-

- (a) Meeting allowance of RM300 per meeting; and
- (b) Training benefits and directors & officers liability insurance coverage.

(4) Ordinary Resolution 7 -

This resolution, if passed, will give the Directors authority to issue and allot new ordinary shares up to an amount not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority will commence from the date of this Annual General Meeting and unless revoked or varied by the Company at a general meeting, expire at the next Annual General Meeting.

The approval is a renewed general mandate and is sought to provide flexibility and to avoid delay and cost in convening a general meeting for such issuance of shares.

As at the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the last Annual General Meeting held on 21 September 2016 and which will lapse at the conclusion of the Twenty-Seventh Annual General Meeting.

Should there be a decision to issue new shares after the authority is sought, the Company will make an announcement of the actual purpose and utilization of proceeds arising from such issuance of shares.

(5) Ordinary Resolution 8 -

The detailed text on this resolution on the Proposed Renewal of Authority for Share Buy-Back is included in the Statement to Shareholders dated 28 July 2017 which is enclosed together with the Annual Report 2017.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD

(1) The following are the Directors standing for re-election pursuant to Article 77 of the Article of Association (Constitution) of the Company at the Twenty-Seventh Annual General Meeting –

- (a) YBhg. Datuk Sia Teong Heng
- (b) Mr. Sia Teong Leng

The profiles of the Directors as mentioned in the above paragraph are set out on pages 6 and 8 of this Annual Report.

(2) The statement relating to the general mandate for authority to Directors to allot and issue shares is set out in the Notes to the Notice of the Twenty-Seventh Annual General Meeting on page 123 of this Annual Report.

PROXY FORM

| | |
|-----------------|--|
| CDS Account No. | |
| Contact No. | |

SBC CORPORATION BERHAD

(199310-P)

(Incorporated in Malaysia)

I/We, _____

Company No./NRIC No. (new) _____ (old) _____

of _____

being (a) member(s) of SBC Corporation Berhad do hereby appoint: _____

NRIC No. (new) _____ (old) _____

of _____

and/or failing whom _____ NRIC No. (new) _____

(old) _____ of _____

or failing whom, the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Twenty-Seventh Annual General Meeting of the Company to be held at the SBC Sales Gallery, Lot PT 9076, Jalan 4/18A, Off Jalan Ipoh, Batu 5½, Taman Mastiara, 51200 Kuala Lumpur on Wednesday, 20 September 2017 at 10.00 a.m. and at any adjournment thereof in the manner indicated below:-

| No. | Ordinary Resolution | For | Against |
|-----|--|-----|---------|
| 1. | Adoption of Reports and Audited Financial Statements | | |
| 2. | Payment of Directors' fees | | |
| 3. | Payment of Directors' benefits | | |
| 4. | Re-election of Director : YBhg. Datuk Sia Teong Heng | | |
| 5. | Re-election of Director : Mr. Sia Teong Leng | | |
| 6. | Re-appointment of Auditors | | |
| 7. | Authority to Directors to allot and issue shares | | |
| 8. | Proposed Renewal of Authority for Share Buy-Back | | |

(Please indicate with an 'X' in the appropriate box against each resolution how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote at his/her discretion.)

Dated this _____ day of _____, 2017

| | |
|-----------------------|--|
| Number of Shares held | |
|-----------------------|--|

Signature(s)/Common Seal of Member(s)

NOTES -

A member whose name appear in the Record of Depositors as at 13 September 2017 shall be regarded as a member entitled to attend, speak and vote at the meeting.

A member entitled to attend and vote at the meeting is entitled to appoint any person as his proxy to attend, speak and vote instead of him. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. To be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company not less than twenty-four (24) hours before the time set for holding the meeting or any adjournment thereof. If the appointor is a corporation, this Form must be executed under its common seal or under the hand of its attorney. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

| For appointment of two proxies, percentage of shareholdings to be represented by proxies: | | |
|---|---------------|-------------|
| | No. of shares | Percentage |
| Proxy 1 | | |
| Proxy 2 | | |
| Total | | 100% |

Fold this flap for sealing

Then fold here

Affix
Stamp

The Company Secretaries
SBC CORPORATION BERHAD (199310-P)
Wisma Siah Brothers,
74A, Jalan Pahang,
53000 Kuala Lumpur.

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SBC CORPORATION BERHAD 199310 P

WISMA SIAH BROTHERS, 74A, JALAN PAHANG, 53000 KUALA LUMPUR, MALAYSIA

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