



**VIZIONE**

*Dedication, Innovation, Creation*

# 2018 ANNUAL REPORT **EMPOWERING** BUSINESS DIVERSITY

# EMPOWERING BUSINESS DIVERSITY

Empowering Business Diversity is a performance focused development methodology geared towards creation of a culturally empowered business environment. It fully recognises the significant benefits of diversity and actively seeks to empower all members with the skills and opportunities needed for organisational success. The primary goal of Empowering Business Diversity is the development of culturally inclusive organisations that generate measurable improvements within individual organisations and industry. As a result of the Empowering Business Diversity culture, it is hoped that the organisation will be able to attract, select and retain the best human resources, thereafter propelling the organisation to the next height.

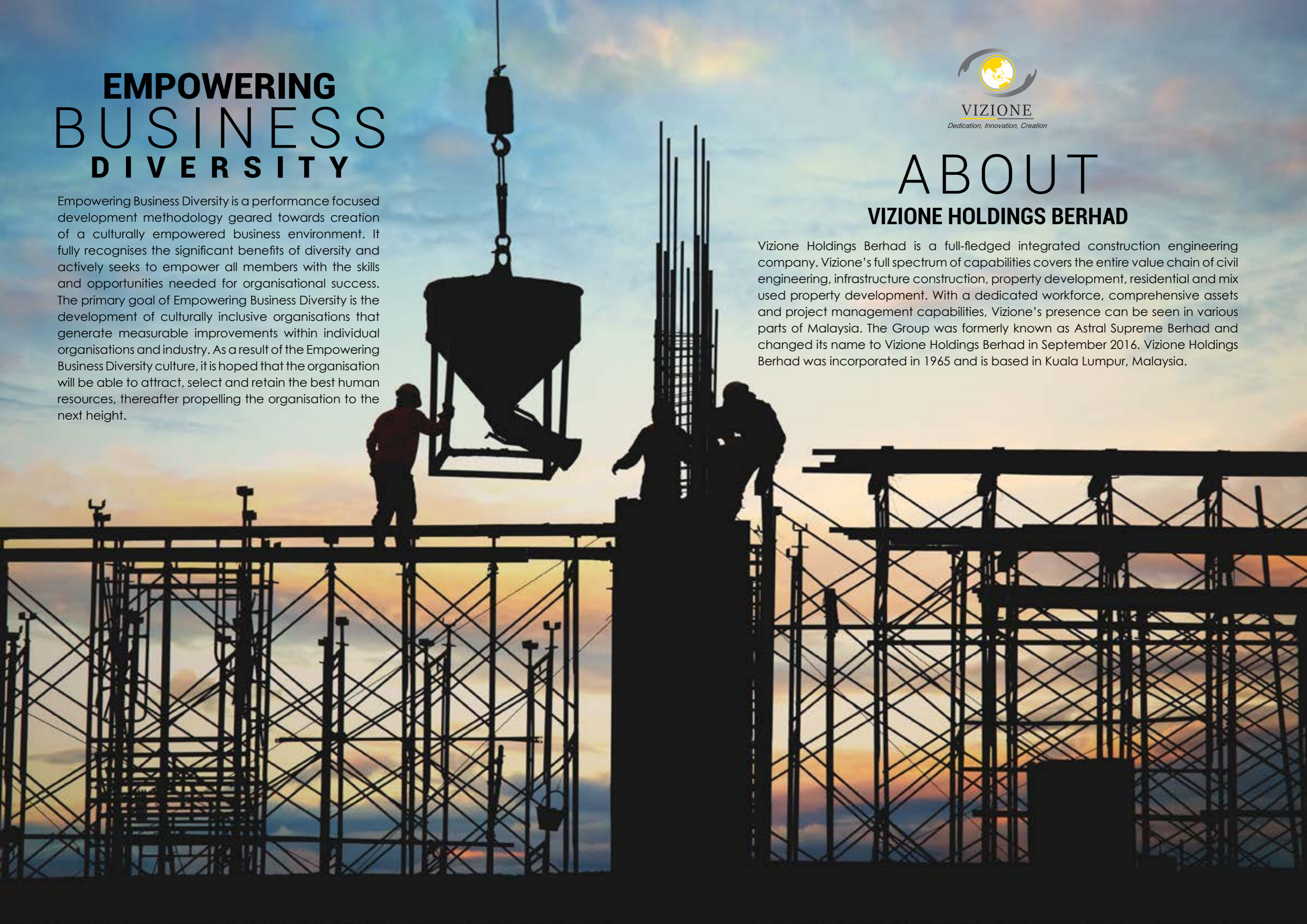


VIZIONE

*Dedication, Innovation, Creation*

## ABOUT VIZIONE HOLDINGS BERHAD

Vizione Holdings Berhad is a full-fledged integrated construction engineering company. Vizione's full spectrum of capabilities covers the entire value chain of civil engineering, infrastructure construction, property development, residential and mix used property development. With a dedicated workforce, comprehensive assets and project management capabilities, Vizione's presence can be seen in various parts of Malaysia. The Group was formerly known as Astral Supreme Berhad and changed its name to Vizione Holdings Berhad in September 2016. Vizione Holdings Berhad was incorporated in 1965 and is based in Kuala Lumpur, Malaysia.



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# VISION & MISSION

## VISION

To be the diversified conglomerate with an outstanding reputation for quality and innovation.

## MISSION

Our Group, consists of an accomplished team of experienced professionals in key positions, provide a full range of property development and construction services to both the public and private sectors through dedicated partnerships and relationships, adding value through insight and effective strategy. In pursuing the mission, our Group:-

- Provides a rewarding working environment which fosters innovation, teamwork, continuous improvement and career advancement, while respecting and promoting individual and family values;
- Delivers sustainable returns to our shareholders.
- Constantly upgrades skills and professionalism and excels in our core businesses.
- Builds strong relationships with strategic partners and consistently delivers excellent service.
- Actively supports the communities through CSR programs.

# CORE VALUE

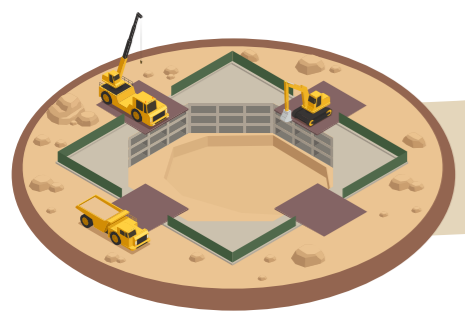
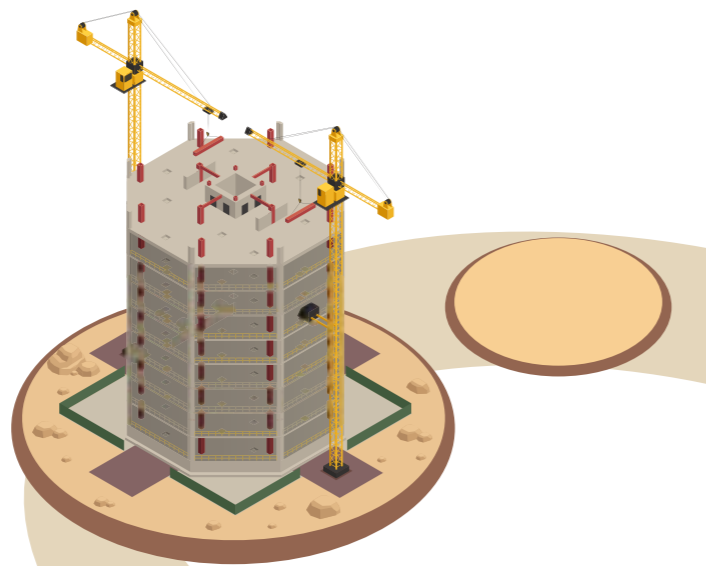
<b>P</b>	PROGRESSIVE
<b>R</b>	RESPONSIBILITY
<b>O</b>	OPPORTUNITY
<b>A</b>	ACCOUNTABILITY
<b>C</b>	CREATIVITY
<b>T</b>	TEAMWORK
<b>I</b>	INTEGRITY
<b>V</b>	VIBRANT
<b>E</b>	ENTHUSIASM



# CORPORATE MILESTONE

## 2016

- Dato' Ng Aun Hooi returned the Company to profitability
- Changed name to Vizione Holdings Berhad ("Vizione") in September 2016
- Completed disposal of legacy business of the Company
- Changed Bursa sector from Industrial Products to Construction
- Completed Par Value Reduction, Capital Reserve Reduction & Premium Reduction

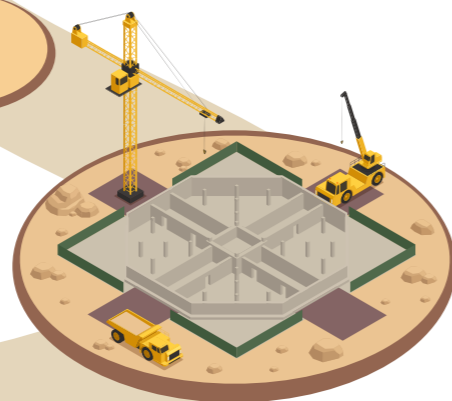


## 1997 -2014

- Listed on Bursa Main Board as Astral Supreme Berhad ("ASB") .
- Principal activity was electronic manufacturing.

## 2015

- Dato' Ng Aun Hooi was appointed as the Managing Director



## 2017

- Completed the acquisition of Wira Syukur (M) Sdn Bhd ("WSSB") for RM280 million on 9 Oct through a cash consideration of RM172.6 million and 976.2 million in new issued Vizione shares at RM0.11 per share
- Raised RM207.5 million via Private Placement through the issuance of 1,687 million (200%) new shares at an issue price of RM0.123 per share
- Awarded contract of RM465 million to construct 5 blocks of RUMAWIP and 14 shoplots in Gombak
- Awarded contract of RM401 million to construct 4 blocks of office suites in Semenyih.



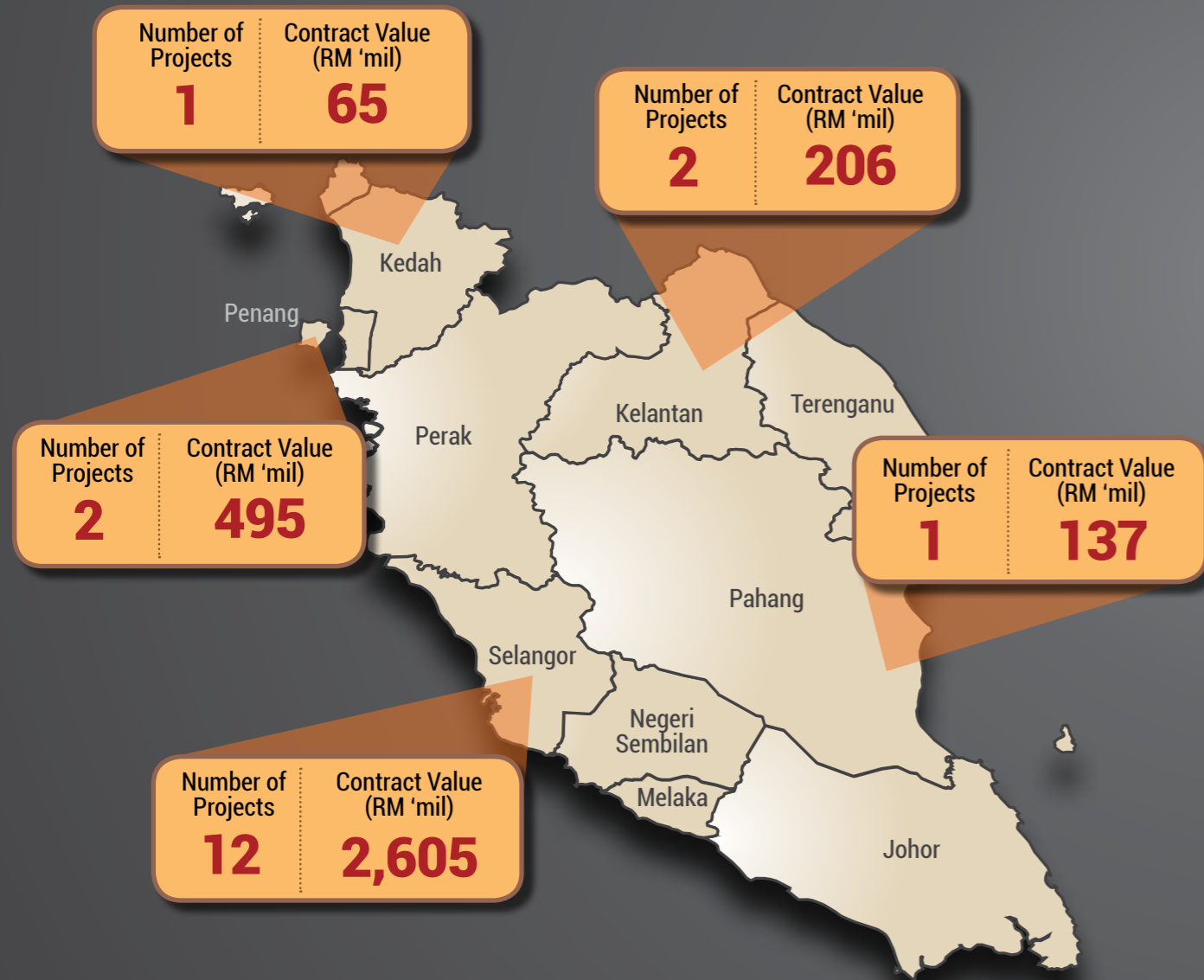
## 2018

- Proposed up to 406.71 million (10%) new share placement and completed 1st tranche private placement of 155.3 million shares at RM0.14 in April at a value of RM21.7 million.
- Awarded contract of RM137 million for road works from Gambang to Segamat
- Company relocate the office to its own premises at PJX - HM Shah Tower in June 2018.
- Awarded contract of RM815 million for by-pass from Bandar Baru Ayer Itam connecting to lebuhraya Tun Dr. Lim Chang Eu.
- Shareholder approval obtained for the share consolidation of 7:1 in Sept 2018.
  - Awarded contract of RM89.9 million to build submarines pipelines from Butterworth to Pulau Pinang



# BUSINESS FOOTPRINT

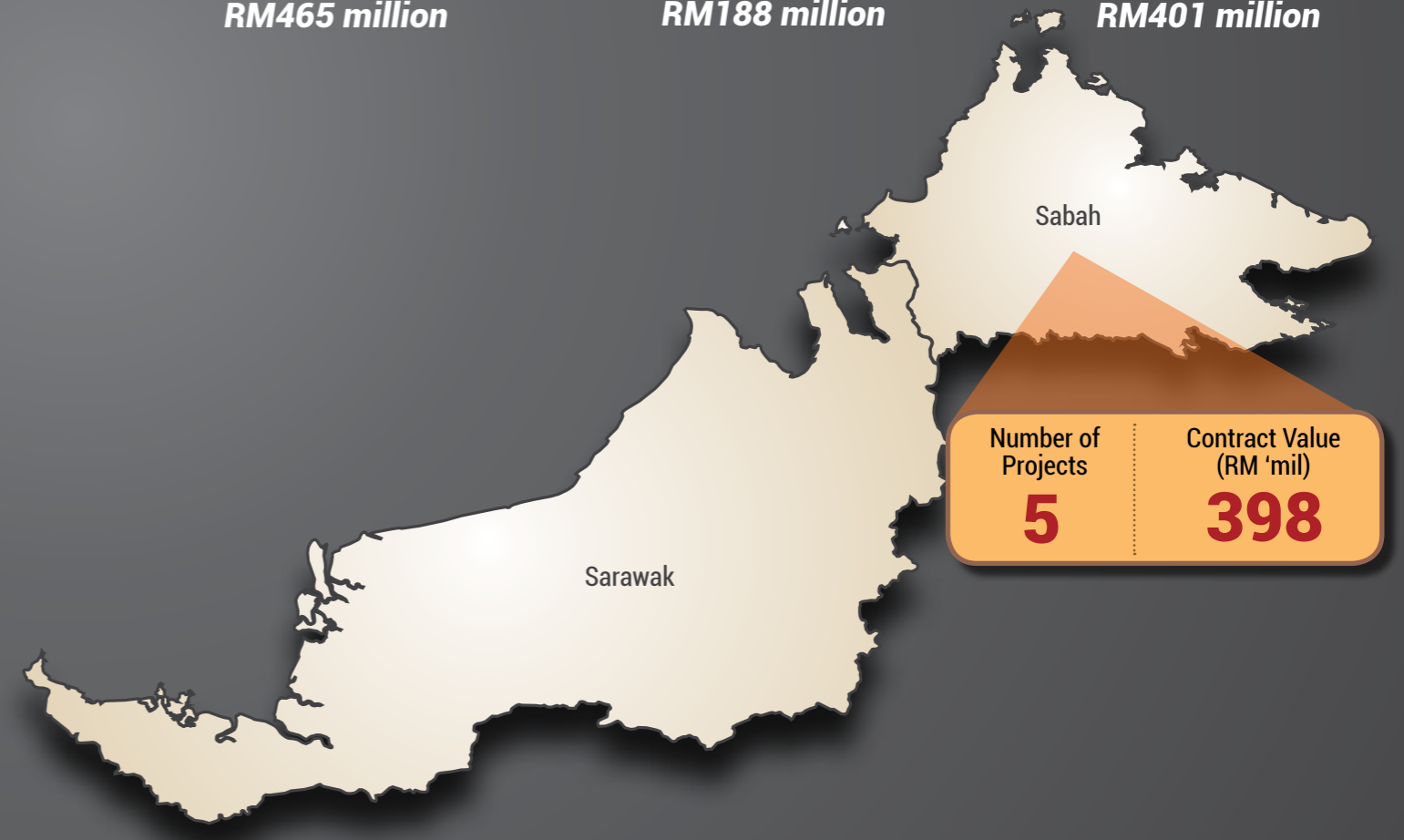
## AT A GLANCE



**Residensi Hektar**  
Contract Value  
**RM465 million**

**Kota Bharu PPR**  
Contract Value  
**RM188 million**

**Grene Park Village**  
Contract Value  
**RM401 million**



**RM1.56 Bil**  
Combined Completed Orderbook



**23**  
Projects In Hand



**RM3.91 Bil**  
Total Orderbook

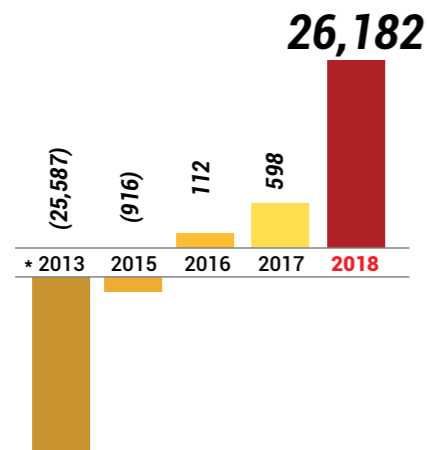


**RM2.4 Bil**  
Tender Book

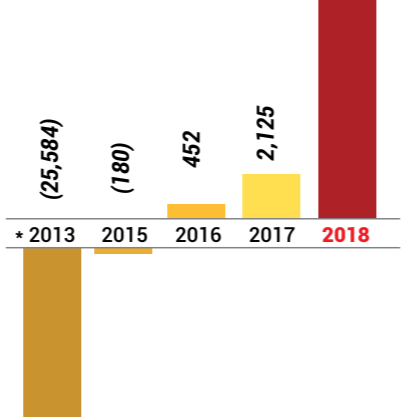
# 5-YEAR Group Financial Summary

# VIZIONE IN NEWS

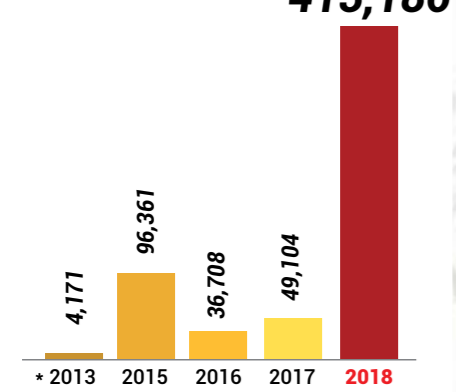
Profit / (Loss) after taxation  
--RM'000



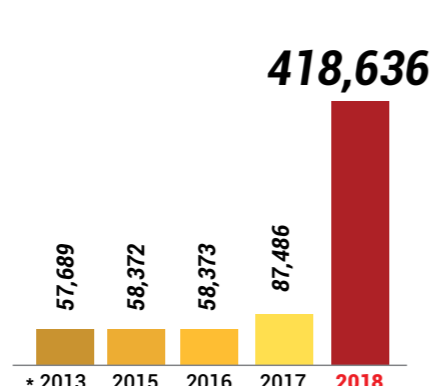
Profit / (Loss) before taxation  
--RM'000



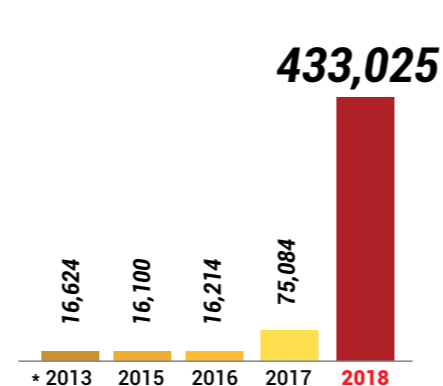
Revenue  
--RM'000



Paid up share capital  
--RM'000



Shareholders' Fund  
--RM'000



\* 17 months period, due to the change of financial closing from 31 December to 31 May

\*\* No Dividends

Visione sasar pertumbuhan perolehan 5.0-10 peratus



Wira Syukur to acquire RM280 mil

WSSB mengumpul tempahan pembinaan kira-kira RM10 bilion pada 24 Mac 2017 dan projek-projek itu dijangka menerima pendapatan untuk enam tahun ke hadapan akan datang.

Bagi prospek masa depan, Ng berkata Visione akan terus membidai tender bagi mendapatkan lebih banyak projek pembinaan dan perumahan termasuk Projek Perumahan Tersebut (PPR).

"Tidak mudah untuk memenuhi pasaran mewah. Oleh itu, kami masih menyasarkan projek-projek keratan dan beberapa unit swasta membolehkan perumahan mampu milik di seluruh negara, kecuali Sarawak," katanya.

Mengulas aliran tunai syarikat itu, beliau berkata hutang semasa Visione adalah 0.90 kali dengan perolehan lebih banyak projek, syarikat tersebut berkemungkinan berdepan masalah aliran tunai pada masa depan.

Visione to double revenue p Wira Syukur acquisition



# CHAIRMAN'S STATEMENT



Dear  
Shareholders,

“ The Group registered a total revenue of RM413 million with corresponding profit after tax of RM26 million for the financial year 2018, reflecting an increase of 8 times and 44 times respectively from the previous financial year. The financial position of the Group has also been strengthened with the balance sheet reflecting a commendable shareholders' funds of RM433 million and total assets of RM574 million as at 31 May 2018. ”

### Empowering Business Diversity

Vizione Holdings Berhad continued to make significant strides with primary focus on empowering business diversity in financial year 2018 through dynamic Change Management and strategic acquisitions. The Group has enriched its capabilities with people across various regions equipped with vast knowledge and experience. The strategic building blocks put in place have helped strengthen our position as a

full fledged construction player and the Group's fully integrated offering continues to spread regionally, across the entire value chain. Going forward, we remain committed to demonstrating strong performance and execution through business diversity and inclusion that will ensure the Group's long term sustainable growth and robust shareholder value creation.



# CHAIRMAN'S STATEMENT

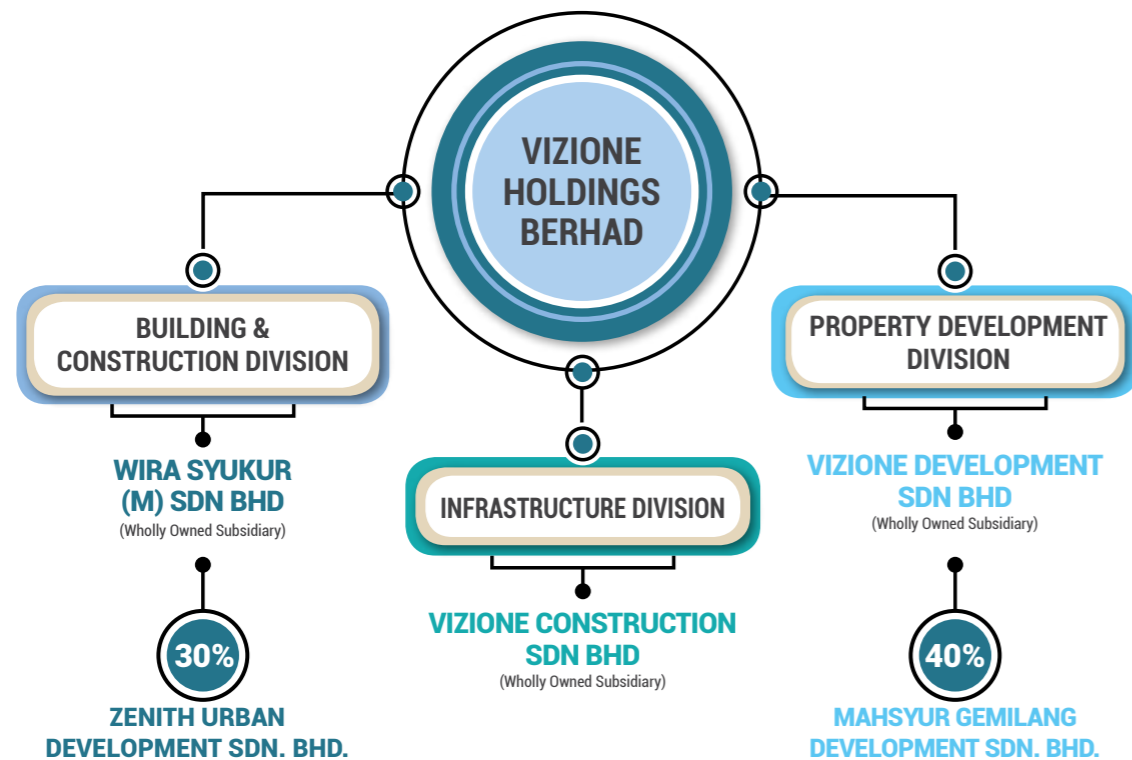
## Business Review

The Group's strategic business direction achieved a major milestone this year with the acquisition of Wira Syukur (M) Sdn Bhd ("WSSB"); an entity with high order books and proven solid experience in construction. The acquisition has immediately catapulted the revenue stream and profitability of the Group by leaps and bounds. WSSB is a Grade 7 contractor with Construction Industry Development Board

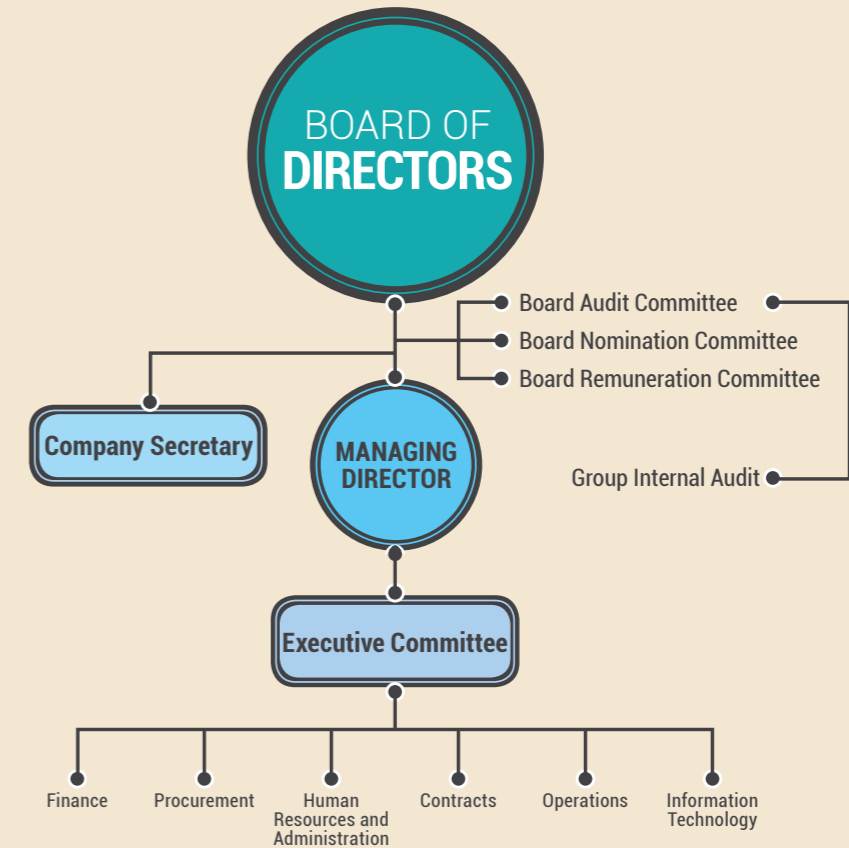
("CIDB") and principally engaged in building and civil engineering as well as construction. Our Group operates in many different regions and locations throughout Malaysia. Given the strong links to the communities in which we operate, our Corporate Responsibility framework targets key social development issues. The highlights of the Group's initiatives are presented in the Sustainability

Statement section of this Annual Report. We have been recognised by our clients and other stakeholders for our commitment to excellence in operations. The changes within our operating landscape brings with it opportunities and with right leadership, focus and execution; will certainly generate growth and value to our stakeholders.

## Group Corporate Structure



## Group Organisational Structure



## Corporate Governance

The Board of Directors is committed to the highest standards of corporate governance and risk management practices throughout the Group's operations. To this end, the Group has implemented stringent and transparent governance controls to safeguard the Group's reputation and continue to ensure the creation of shareholders value. The Corporate Governance ("CG") framework is guided by the four principles of fairness, transparency, accountability

and responsibility. Our Board, undertakes fiduciary duties, committed to high standards of CG with international best practices and strengthening CG practices in accordance with Malaysian Code on Corporate Governance ("MCCG"), to ensure our Group's foreseeable business sustainability and managing risk effectively.

We view diversity as an integral component of the Group's culture, enabling us to ideate and resolving issues efficiently and creatively by drawing

on different perspectives. In financial year 2018, our Board has been realigned with appointments of new members. I am confident that our new Board members will continue the good work of their predecessors to take Vizione to the next height. The Board, comprises of members of varying backgrounds, capabilities and age, reflecting our belief in the strategic importance of diversity within the Group.

# Business

## Potentials & Opportunities

While the immediate future will be challenging for the industry and the Group, we are confident that we are well poised; positioning business pillars complimented with resilience and resources in hand to continue delivering with utmost excellence. We believe that the Group's focus in optimising operations, developing talents, as well as immediate presence in new and existing markets will ultimately create additional shareholders value. As we chart our growth for the coming years, we will continue to invest in knowledge based human capital that will drive higher level of productivity and firmly entrench Vizione's presence in civil engineering space, in and beyond Malaysia; while making strategic and opportunistic collaborations to spur future growth. All these amazing plans will be executed within the framework of governance, risk management and controls to safeguard the Group's assets and addresses potential concerns of stakeholders, as we continuously innovate to ramp up Vizione's position as Malaysia's leading construction company.

The construction industry has evolved rapidly over the last few years and the Group is seeding fundamentals blocks to stay abreast with the dynamics. The government's plan to build more affordable homes auger well to the Group as Vizione is steadily cultivating and nurturing its operations team to stay competitive and efficient as Malaysia progresses in aspiring to be a developed nation. Vizione is steadfast not only in keeping pace but maintaining a lead position in the business and venturing into innovative new opportunities for long term business sustainability. The trust of our customers developed through time remains an invaluable asset as we continue to transform to stay ahead of the curve whilst rejuvenating our value proposition for our customers. The key priority of our Board and Executive Committee Team is to forge ahead vis-a-vis in continuing to be relevant to our customers by providing unrivalled construction facades, with most cost effective and environmentally friendly deliverables.



Sunway Gandaria Bangi, perspective view

## Acknowledgements

On behalf of the Board of Directors, I wish to express my deepest gratitude to our team members for their relentless hard work, professionalism and commitment. To our shareholders, thank you for your unwavering support and for your confidence in the team even during these challenging times. I extend my sincere appreciation to our clients for their continued long term partnership and confidence in the Group.

**Datuk Dr Raman bin Ismail**

Chairman

18 September 2018

# GROUP CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Chairman

**Datuk Dr Raman bin Ismail**

*Independent Non-Executive Chairman*

### Member

**Dato' Ng Aun Hooi**

*Managing Director*

**Bee Jian Ming**

*Executive Director*

*(appointed on 26 December 2017)*

**Chan Chee Wing**

*Executive Director*

*(redesignated on 26 December 2017)*

**Dato' IR Mohamad Shokri bin Abdullah**

*Senior Independent Non-Executive Director*

**Ng Fun Kim**

*Independent Non-Executive Director*

*(appointed on 26 December 2017)*

**YM Syed Haizam Hishamuddin Putra Jamalullail**

*Non-Independent Non-Executive Director*

*(appointed on 1 August 2018)*

### Audit Committee

Ng Fun Kim **(Chairman)**

Dato' Ir Mohamad Shokri bin Abdullah

Datuk Dr Raman bin Ismail

### Auditors

UHY (AF1411)

Suite 11.05, Level 11,

The Gardens South Tower,

Mid Valley City,

Lingkaran Syed Putra,

59200 Kuala Lumpur.

### Company Secretaries

Wong Yuet Chyn **(MAICSA 7047163)**

Lee Wee Hee **(MAICSA 0773340)**

### Nomination Committee

Dato' Ir Mohamad Shokri bin Abdullah **(Chairman)**

Datuk Dr Raman bin Ismail

Ng Fun Kim

### Remuneration Committee

Dato' Ir Mohamad Shokri bin Abdullah **(Chairman)**

Dato' Ng Aun Hooi

Ng Fun Kim

### Principal Bankers

Malayan Banking Berhad

AmBank (M) Berhad

United Overseas Bank (Malaysia) Bhd

### Share Registrar

ShareWorks Sdn Bhd

No. 2-1, Jalan Sri Hartamas 8

Sri Hartamas

50480 Kuala Lumpur

Wilayah Persekutuan (KL)

Tel : (03) 6201 1120

Fax : (03) 6201 3121

### Registered Office

No. 2-1, Jalan Sri Hartamas 8

Sri Hartamas

50480 Kuala Lumpur

Wilayah Persekutuan (KL)

Tel : (03) 6201 1120

Fax : (03) 6201 3121

### Corporate Office

Level 22, PJX – HM Shah Tower,

No.16A, Persiaran Barat,

46050 Petaling Jaya,

Selangor, Malaysia.

Tel : (03) 8605 3355

Fax : (03) 8605 3688

### Stock Exchange

Main Market of Bursa Malaysia

Securities Berhad

Stock name : VIZIONE

Stock code : 7070

### Company Website

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

# BOARD OF DIRECTORS

## Standing from Left to Right

**Bee Jian Ming**

*Executive Director*

**Chan Chee Wing**

*Executive Director*

**Datuk Dr Raman bin Ismail**

*Independent Non-Executive Chairman*

**Ng Fun Kim**

*Independent Non-Executive Director*

## Sitting from Left to Right

**Dato' Ng Aun Hooi**

*Managing Director*

**Dato' IR Mohamad Shokri bin Abdullah**

*Senior Independent Non-Executive Director*

**YM Syed Haizam Hishamuddin Putra Jamalullail**

*Non-Independent Non-Executive Director*



# PROFILE OF Board of *Directors*



## Datuk Dr Raman bin Ismail

Chairman  
Independent Non-Executive Director

Age	Nationality	Gender
59	Malaysian	Male

### Academic & Professional Qualifications

- Degree of Doctor of Medicine
- Post Graduate Degree in Clinical Epidemiology, Reproductive Medicine & Vaccinology

### MEMBERSHIP OF BOARD COMMITTEES

Member of Audit Committee  
Member of Nomination Committee

### RELEVANT EXPERIENCE

Datuk Dr Raman was appointed as Chairman of the Company on 1 October 2015. He was a Member of Parliament Malaysia for Gombak constituency (2004-2008), is a medical specialist, scientist, corporate figure and social activist. After completing his service with the Ministry of Health Malaysia he joined a world renowned Multinational Vaccine organization (Sanofi Pasteur) as the Regional Head of Medical, Research and Scientific Affairs for the Asia Pacific Region. He served the organisation for 15 years in which the head office was located in Lyon, France. Datuk Dr Raman during his term as a Member of Parliament was appointed to few Government Link Companies. He was made Chairman of Sabaco Sdn Bhd, a subsidiary of Tabung Haji Plantation, Director of Puncak Niaga Sdn Bhd and Executive Chairman of Merchante Sdn Bhd (renowned remittance company). Currently Datuk Dr Raman hold position as Chief Medical Director at INCLINICA, a leading and renown US base Clinical Research Organisation where he is in charge for Asia Pacific and Middle East region.

## Dato' Ng Aun Hooi

Managing Director

Age	Nationality	Gender
56	Malaysian	Male

### Academic & Professional Qualifications

- Diploma in Building Technology, Tunku Abdul Rahman College
- Master of Business Administration (MBA) from Southern California University for Professional Studies (SCUPS)



### MEMBERSHIP OF BOARD COMMITTEES

Member of Remuneration Committee

### RELEVANT EXPERIENCE

Dato' Ng was appointed as an Independent Non-Executive Director of Vizione on 7 March 2014. He was re-designated as Executive Director on 8 May 2014 and re-designated as Managing Director on 29 May 2015. Dato' Ng has more than 30 years of experience in Infrastructure and Building Construction and 17 years in Property Development.

# PROFILE OF Board of *Directors*



## Bee Jian Ming

Executive Director

Age	Nationality	Gender
54	Malaysian	Male

### Academic & Professional Qualifications

- Quantity Surveying, Tunku Abdul Rahman Collage

### MEMBERSHIP OF BOARD COMMITTEES

Nil

### RELEVANT EXPERIENCE

Mr. Bee Jian Ming was appointed an Executive Director on 26 December 2017. Mr. Bee started his career in the construction industry 27 years ago. He was involved in the property and construction business since 1997 and had completed 47 projects with significant exposure in design and building developments, government turnkey projects, industrial, residential and commercial development and construction projects.

Mr. Bee had partnered with Dato' Ng for development and construction of properties in Peninsula Malaysia and the development of the National Housing Authority ("NHA") housing project in Bangkok, Thailand.

## Chan Chee Wing

Executive Director

Age	Nationality	Gender
56	Malaysian	Male

### Academic & Professional Qualifications

- Member of the Malaysian Institute of Certified Public Accountants (MICPA)



### MEMBERSHIP OF BOARD COMMITTEES

Nil

### RELEVANT EXPERIENCE

Mr. Chan was appointed on 30 March 2017 and was re-designated as Executive Director on 26 December 2018. He started his career with KPMG. Mr. Chan has over 30 years of local and international financial and management experience.

He was formally a director of SEAL Berhad, Wing Teik Holdings Berhad, General Manager of MBF Hotels Group, Special Advisor to KLIH Holdings Berhad, General Manager in the Corporate Finance division of MBF Holdings Berhad and as the director of Garnet Ventures Limited. He is currently the managing partner of Matheus Allen Groswell.

# PROFILE OF Board of *Directors*



## Dato' IR Mohamad Shokri bin Abdullah

Senior Independent  
Non-Executive Director

Age	Nationality	Gender
65	Malaysian	Male

### Academic & Professional Qualifications

- Member of Institute of Engineers Malaysia, Board of Engineers
- Member of The Road Engineering Association of Malaysia
- Member of Malaysia Water Association
- Professional Engineer (PE) and International Professional Engineer (Int. PE)

### MEMBERSHIP OF BOARD COMMITTEES

Chairman of Remuneration Committee  
Chairman of Nomination Committee  
Member of Audit Committee

### RELEVANT EXPERIENCE

Dato' IR Mohamad Shokri was appointed as Independent Non-Executive Director on 7 March 2014 and was redesignated as Senior Independent Non-Executive Director on 30 March 2017. Dato' Ir. Mohamad Shokri is currently the Executive Chairman of Jurutera Konsult Maju Sdn Bhd. He started his engineering career as a Road Engineer at Jabatan Kerja Raya Kelantan in July 1978. He then served in various positions including District Engineer of Kuala Krai/Gua Musang, Timbalan Pengarah Jabatan Kerja Raya Perlis and Senior Project Engineer of Johor Water Supply. He opted for an early retirement in September 1996 after serving as Pengarah JKR Perlis from 1988.

## Ng Fun Kim

Independent Non-Executive  
Director

Age	Nationality	Gender
53	Malaysian	Male

### Academic & Professional Qualifications

- The Association of Chartered Certified Accountants (ACCA), United Kingdom.
- Member of The Malaysian Institute of Accountants (MIA)



### MEMBERSHIP OF BOARD COMMITTEES

Chairman of Audit Committee  
Member of Remuneration Committee  
Member of Nomination Committee

### RELEVANT EXPERIENCE

Mr. Ng was appointed to the Board of Vizione on 26 December 2017. Mr. Ng started his career in the IT industry as a database programmer in a PLC in Birmingham, United Kingdom. He gained his audit experience from working in audit firms within Malaysia and Singapore. He was also a Financial Controller in Bangkok and CFO for a group of companies which required him to travel to many Asian countries.

Mr. Ng currently owns an Advisory and Consultancy firm. He has done investigations and forensic investigations in Criminal Breach of Trust ("CBT") cases, working closely with Deputy Public Prosecutors ("DPPs") and to attend courts as subject matter expert. He has designed and implemented various internal audits controls for multi-national companies ("MNC") and medium sized companies.

# PROFILE OF Board of *Directors*



## YM Syed Haizam Hishamuddin Putra Jamalullail

Non-Independent  
Non-Executive Director

Age	Nationality	Gender
35	Malaysian	Male

### Academic & Professional Qualifications

- BA (Hons.) and MA (Hons.) in Human Sciences, University of Oxford
- Graduated Diploma in Law (GDL), BPP Professional Education

### MEMBERSHIP OF BOARD COMMITTEES

Nil

### RELEVANT EXPERIENCE

YM Syed Haizam was appointed as Non-Independent Non-Executive Director on 1 August 2018. YM Syed Haizam Jamalullail is currently a Principal of Tuas Capital Partners, a private equity investment group and an Investment Director of KFM Advisory Sdn. Bhd. (formerly KAF Fund Management Sdn. Bhd.). He is also a Director of a few private companies including Segi Value Holdings Sdn. Bhd., the operator of a wholesale hypermarket chain under the brand name, "Segi Fresh," and Srivijaya Sdn. Bhd., the Master Franchise holder of Cold Stone Creamery outlets in Malaysia. Apart from that, Syed Haizam is currently on the Board of Trustees for Yayasan Raja Muda Selangor and the Selangor Youth Community (SAY).

YM Syed Haizam previously spent 3 years in London working for F&C Investments as a Governance and Sustainable Investment Analyst covering the ASEAN Region. He was also attached for a year in Naqiz & Partners, a corporate and commercial legal firm in Kuala Lumpur.

### OTHER INFORMATION

- Family Relationship**  
None of the Directors have any family relationship with any Director and/or major shareholder of Vizione Holdings Berhad.
- Conflict of Interest**  
Other than the related parties transactions disclosed in page 135 of the Annual Report which involving the companies that Dato' Ng Aun Hooi has interest, none of the directors have any conflict of interest with the company.
- Conviction for Offences**  
Other than traffic offences, none of the Directors have been convicted for any offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
- Directorship in other Public Companies**  
None of the other Directors hold any directorships in other public listed companies.
- Directors' attendance for Board Meetings for the financial year ended 31 May 2018**  
The Directors' attendance for the Board Meetings for the financial year ended 31 May 2018 is presented on page 75 of the Annual Report.
- Directors' Shareholdings**  
Except for Dato' Ng Aun Hooi and Mr. Bee Jian Ming, none of the other Directors hold any shares, direct or indirect in the company or its subsidiaries. Dato' Ng and Mr. Bee's shareholdings in the Company are disclosed in page 83 of the Annual Report.



Certificate of  
Appreciation

Anugerah Mutu  
Kerja Unggul

2017 Sunway  
Property Best  
Project Award  
Winner

Certificate  
of Hilti VIP



# SENIOR LEADERSHIP TEAM

## Standing from Left to Right

**IR. Beh Kim Boon**

*General Manager Operations*

**Razman bin Kamarudin**

*Assistant Contracts Manager*

**Henry Chow Tiam Chye**

*Chief Financial Officer*

**Goon Mong Yee**

*Project Director*

**Hon Huey Teng**

*Treasury Manager*

## Sitting from Left to Right

**Lai Yeh How**

*Contracts Manager*

**Teoh Boon Keong**

*General Manager Power Plant and Concession*



## Profile of Senior Leadership Team



### GOON MONG YEE

Project Director

**Age | Nationality | Gender** 51 | Malaysian | Male

**Date Appointed to Senior Leadership Team** 9 October 2017

#### Academic & Professional Qualifications

- Diploma in Architecture, Tunku Abdul Rahman College

Mr. Goon Mong Yee was appointed as the Project Director and is a member of the Executive Committee of Vizione Holdings Berhad. He is a veteran in the architecture field and had successfully implemented and executed numerous projects.

Mr. Goon started his career in the construction industry 25 years ago. He was involved in the property and construction business since 1997 and had completed 41 projects with good exposure in design and building developments, government turnkey projects, industrial, residential and commercial development and construction projects.

Mr. Goon is also involved in the development of mixed development projects and has partnered with Dato' Ng for development and construction of properties in Peninsula Malaysia and the development of the National Housing Authority (NHA) housing project in Bangkok, Thailand.



### HENRY CHOW TIAM CHYE

Chief Financial Officer

**Age | Nationality | Gender** 45 | Malaysian | Male

**Date Appointed to Senior Leadership Team** 1 June 2018

#### Academic & Professional Qualifications

- Member of The Association of Chartered Certified Accountants (ACCA)
- Member of The Malaysian Institute of Certified Public Accountants (MICPA)
- Member of The Malaysian Institute of Accountants (MIA)
- Member of The Chartered Tax Institute of Malaysia (CTIM)

Henry was appointed as the Chief Financial Officer and is a member of the Executive Committee of Vizione Holdings Berhad. In this new role, he will be primarily responsible to steer the corporate planning platform, charting the business value chain and business process reengineering. A Chartered Accountant by training, he was previously the Chief Financial Officer of Hume Industries Berhad, a leading Malaysia conglomerate, where he spearheaded the financial planning and operational strategy. Prior to that, he was the Chief Financial Officer of Landmarks Berhad, a prominent Malaysia property developer with key responsibilities in investment analysis, corporate finance and management accounting. Predominantly an oil and gas finance professional, Henry has worked in SapuraKencana Petroleum Berhad as the Financial Controller and Petronas Group in senior roles, where he was responsible for corporate reporting, financial management, investment evaluation, mergers & acquisition and strategic finance.

### IR. BEH KIM BOON

General Manager Operations

**Age | Nationality | Gender** 47 | Malaysian | Male

**Date Appointed to Senior Leadership Team** 1 September 2014

#### Academic & Professional Qualifications

- Bachelor of Engineering (Civil), University of Malaya
- Member of The Board of Engineers Malaysia (BEM)

Ir. Beh Kim Boon was appointed as the General Manager Operations of Vizione Construction Sdn. Bhd.. He has 20 years of working experience in infrastructure and construction industry. In the early years of his engineering career, he worked as a Design Engineer in structural division. He was involved in the project management of the Kuala Lumpur Monorail and Putrajaya Monorail projects. Before joining Vizione Holdings Berhad, he built his credentials through a partnership construction company specialising in infrastructure and building construction works. Projects completed include the Selayang Pasar Borong Interchange, Sunway Pyramid II Sykramp, CT5 Wharf Westport Pulau Indah and the Dewan Kuliah Pusat Ke-2 for Universiti Malaysia Sabah.



### TEOH BOON KEONG

General Manager Power Plant and Concession

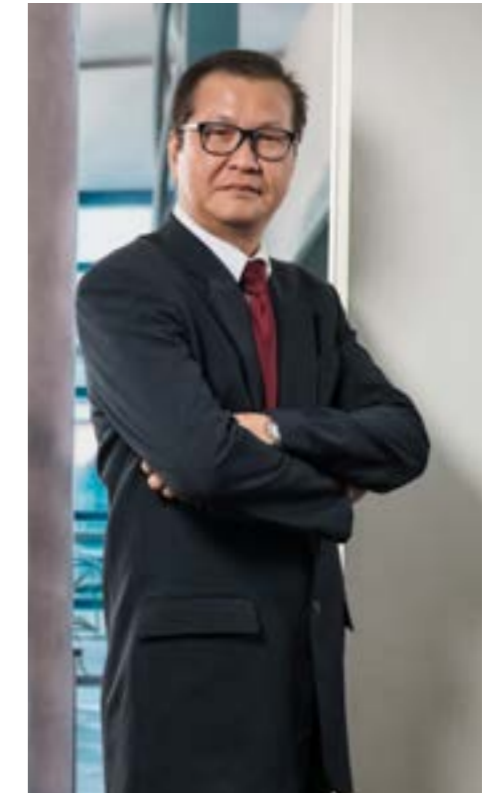
**Age | Nationality | Gender** 56 | Malaysian | Male

**Date Appointed to Senior Leadership Team** 16 October 2017

#### Academic & Professional Qualifications

- Bachelor of Engineering (Civil), University of Louisiana
- Member of The Board of Engineers Malaysia (BEM)

Mr. Teoh was appointed as the General Manager Power Plant and Concession Division of Vizione Construction Sdn. Bhd.. With over 25 years of accumulated experience spanning over his career years, Mr. Teoh has garnered extensive experience in managing large scale EPCC projects in the African continent and Middle East region in the industries of oil & gas, power plant and offshore works and completed many infrastructure and high-rise building projects in the local construction sector. Apart from the above, Mr. Teoh has experience in delivering project registered for the United States Green Building Council (USGBC)'s LEED Platinum rating certification and FM Global compliance.



## Profile of Senior Leadership Team



### LAI YEH HOW

Contracts Manager

**Age | Nationality | Gender** 44 | Malaysian | Male

**Date Appointed to Senior Leadership Team** 9 October 2017

#### Academic & Professional Qualifications

- Diploma in Quantity Surveying, Institut Teknologi Pertama

Mr. Lai was appointed as the Head of Contracts Department of Wira Syukur (M) Sdn. Bhd.. Mr Lai brings with him more than 20 years of experience in contract administration and management of private and government contracting development services. He continuously improves and introduces best practices and procedures to support project management team in order to achieve the Company's objectives and goals. He manages in house development and conventional contract from inception to completion.



### RAZMAN BIN KAMARUDIN

Assistant Contracts Manager

**Age | Nationality | Gender** 40 | Malaysian | Male

**Date Appointed to Senior Leadership Team** 1 Sept 2018

#### Academic & Professional Qualifications

- Diploma in Building, MARA University of Technology

Razman Bin Kamarudin was appointed as the Assistant Contracts Manager of Vizione Construction Sdn. Bhd.. Razman brings 19 years of experience, in which he has demonstrated specialist knowledge and expertise in residential & non-residential projects in the diverse construction industry. He participates in continuous professional development while handling government housing projects for the past 15 years. He has a good track record of adhering to company procedures; executing plans with commitment and determination in achieving high quality results while building useful network of contacts and relationships to achieve the Company's objectives. Razman is also a good team leader and able to co-operate well with others; shares knowledge, experience and information; supports others in the pursuit of team goals.

### HON HUEY TENG

Treasury Manager

**Age | Nationality | Gender** 43 | Malaysian | Female

**Date Appointed to Senior Leadership Team** 5 May 2015

#### Academic & Professional Qualifications

- Master in Business Administration, Multimedia University Malaysia
- Bachelor of Economics (Hons.), University Kebangsaan Malaysia

Ms. Hon was appointed as Treasury Manager of Vizione Holdings Berhad. Ms. Hon started her career in multinational companies in the field of purchasing and marketing from 1999 to 2002. She was attached to financial institution for 7 years and gained exposure and extensive experience in both Private and Commercial Banking. Thereafter, she was tasked to handle and manage the Finance & Administration and the Human Resources Department of a private listed company for 5 years. She joined Vizione as Treasury Manager and was one of the pioneer members of the management team in 2015.



### OTHER INFORMATION

- Family Relationship**  
None of the Senior Leadership Team have any family relationship with any Director and/or major shareholder of Vizione Holdings Berhad.
- Conflict of Interest**  
None of the Senior Leadership Team have any conflict of interest with the company.
- Conviction for Offences**  
Other than traffic offences, none of the Senior Leadership Team have been convicted for any offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
- Directorship in other Public Companies**  
None of the other Senior Leadership Team hold any directorships in other public listed companies.

# MANAGEMENT DISCUSSION AND ANALYSIS

## From the desk of **The Managing Director**

### Dear Stakeholders,

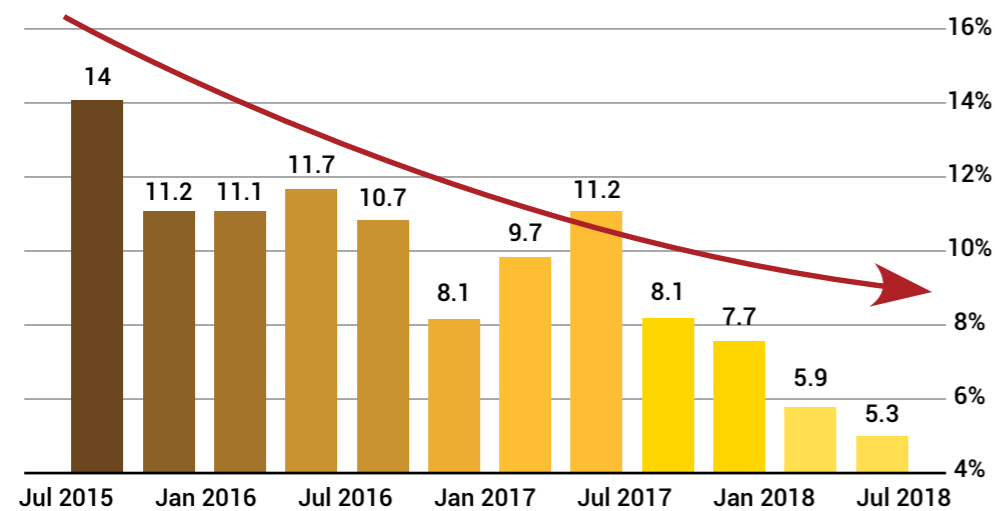
I am pleased to report that Vizione Holdings Berhad (“Vizione” or “Group”) has performed well on all fronts for the financial year ended 31 May 2018. We continued our transformational journey through the course of the year by strengthening our capabilities and range of service offerings, generating greater acceptance within the industry as well as better visibility into our earnings profile. As evidenced by a growing portfolios, Vizione has positioned itself as one of the largest integrated construction company with the ability to deliver solutions with strong execution capabilities across the entire business value chain. This has been largely attributable to a strong and dedicated technical team supported by the government’s plan in aspiring to be a developed nation in near future.



Revenue  
RM 413 Million



MALAYSIA CONSTRUCTION OUTPUT



The Business Climate

The global economy is expected to witness broad-based recovery to 3.1% growth in 2018, driven by improved economic activities in major economies, amidst increased access to funding and a turnaround in commodity prices. Meanwhile, Malaysia's economy is projected to grow by 5.5% to 6.0% in 2018 from 5.9% in 2017, on its strong economic

fundamentals, diversified structure and inherent dynamism. Based on the improving economic conditions and gradual recovery in the industry, the Group is optimistic about the medium to long term prospects for Vizione. We believe that we are on the right footing for recovery following the solid groundwork the Group has instilled over the last recent years.

Construction output in Malaysia rose by 5.3% year-on-year in the second quarter of 2018, following a 5.9% growth in the preceding three months and reaching the weakest increase since a contraction seen in the second quarter of 2011. While civil engineering output (23.6% from 19.5% in the first quarter) and special trade activities (12.6% from 8.6%) increased at

a faster pace, activity plunged for residential building (-7.6% from -3.4%) and non-residential building (-4.8% from -1.2%). Construction Output in Malaysia averaged 13.53% from 2011 until 2016, reaching an all time high of 35.30% in the second quarter of 2012 and a record low of -6.00% in the second quarter of 2011.



Paya Rumpit PPR, aerial view


## Industry Outlook

The infrastructure construction market is expected to maintain its leading share in the industry over the forecast period accounting for 33.0% of the industry's total value in 2022. The government has allocated RM5.0 billion for the construction of Lebuhraya Persisiran Pantai Barat highway between Banting in Selangor to Taiping in Perak and plans to invest RM230.0 million to develop new central spine road project which will establish a link between Raub, Bentong, Gua Musang and Kampung Relong. Under the 2018 budget, the government is focusing on plans to develop 210,000 housing units under Perumahan Rakyat 1Malaysia Program, 25,000 housing units under the 1Malaysia Civil Servants Housing Program, 17,300 housing units under the People's Housing Program, 3,000 housing units under the People's Friendly Home Program, 2,000 housing units under the My Deposit Program and 600 housing units under the My Beautiful New Homes Program.

In line with the growing energy demand, in early 2017 the government announced plans to develop 12 new power plants in the country by 2023, with a total installed capacity of 9,171MW. It is expected that the industrial construction market will register a forecast Compound Annual Growth Rate (CAGR) of 7.33% in nominal terms, supported by the government's effort to transform the country's manufacturing sector into a more diverse and high-value sector by 2020. In order to equip all households with broadband connection by 2020, the government launched High-Speed Broadband 2 (HSBB 2) and Suburban Broadband (SUBB) programs under the 11th Malaysia Plan 2016-2020. As a part of the move, in the 2018 budget, the government allocated RM1.0 billion to develop internet infrastructure in the states of Sarawak and Sabah.

 **Profit before Tax**  
RM **36** Million

 **Profit After Tax**  
RM **26** Million

 **Shareholders Funds**  
RM **433** Million



Tawau PPR, aerial view



Kota Bharu PPR, low angle view

## Challenges

Vizione Group is an integrated construction outfit with capabilities in civil engineering and construction of residential and mixed use development properties. Within the construction segment, there are three core businesses namely Building Construction Services, Infrastructure Construction Services and Development Services. The Group remained resilient amidst the challenging economic environment in financial year ended 31 May 2018, underpinned by strong business fundamentals, bold growth strategy, prudent risk

management practices and a dynamic approach to cost management. The Group's long term sustainability strategy will anchor on broadening its infrastructure revenue stream, strengthening its profit margin and capitalising on growing investment opportunities. The strategic positioning in investing into other construction segment helps in embarking on different revenue stream.

Our resilience to embark on such a strategic vision proved to be the right course of action as renewed optimism gradually

returns in the industry. Our goal was to be well-positioned and ready to capitalise on emerging opportunities. Driven by disciplined cost optimisation efforts, including pro-active capital management and reprioritisation of capex plans, as well as improved operational effectiveness were some of the prudent measures we had taken to enhance the Group's fundamentals. Combined with a robust business model and people capabilities, we made good progress in our growth strategy in financial year 2018.



Kota Belud PPR, perspective view

In construction sector, we continue to expand our regional foot print and have positioned our capabilities to undertake work in new business segments, including civil engineering and infrastructure works. These new segments are expected to benefit us in the near and long term as the market propels through increasing levels of activities.

The year in review was indeed challenging and the unwavering commitments from the Group has kept the business momentum in rhythm. Nonetheless, the organisation remains resilient and focuses on pursuing its operations and business strategies as well as ramping up the order book. The challenges include reduction in average project margin due to rising operating costs, transport, fuel and regulatory compliances.

The Group's conventional income, noticeably from Government Housing Scheme will be the primary focused. The Group expects more dwellings in the form of affordable homes will continue to be the fundamental catalyst in intensifying the organisation's growth. All key projects were on track and moving progressively into advance phases into the coming financial year. Despite the operating shortcomings and through consistent perseverance, the Group recorded a commendable performance in profit before tax of RM36 million in financial year 2018. The Group recorded a record high revenue of RM 413 million for the FY2018, an increase of RM364 million as compared to RM49 million recorded in the preceding year.



Ayer Panas PPR, Aerial View




Market Capitalisation  
as at  
16 Jan 2018

RM **739**  
million



Acquisition of  
**Wira Syukur (M) Sdn Bhd**   
Price **RM 280 Million**

Comprises of   
**24** Projects

OrderBook   
**RM 3.1** Billion

For the year under review, RM288 million from the rights issue and private placement proceeds were spent for the purchase of Wira Syukur (M) Sdn Bhd ("WSSB"). The acquisition of WSSB is vital for the Group's operations as it allows for business opportunities that contributes to the revenue and earnings growth of the Group.

The Group's net cash for the year improved by RM18 million from RM34 million to a surplus of RM52 million and this was a result of improved working capital management through synchronisation and better matching of project inflows against outflows. The net cash from investing activities and the drawdown of bank borrowings and proceeds from private placement of shares further enhanced the cash position of Group as at year end.

## Business Demographic

### Share Consolidation

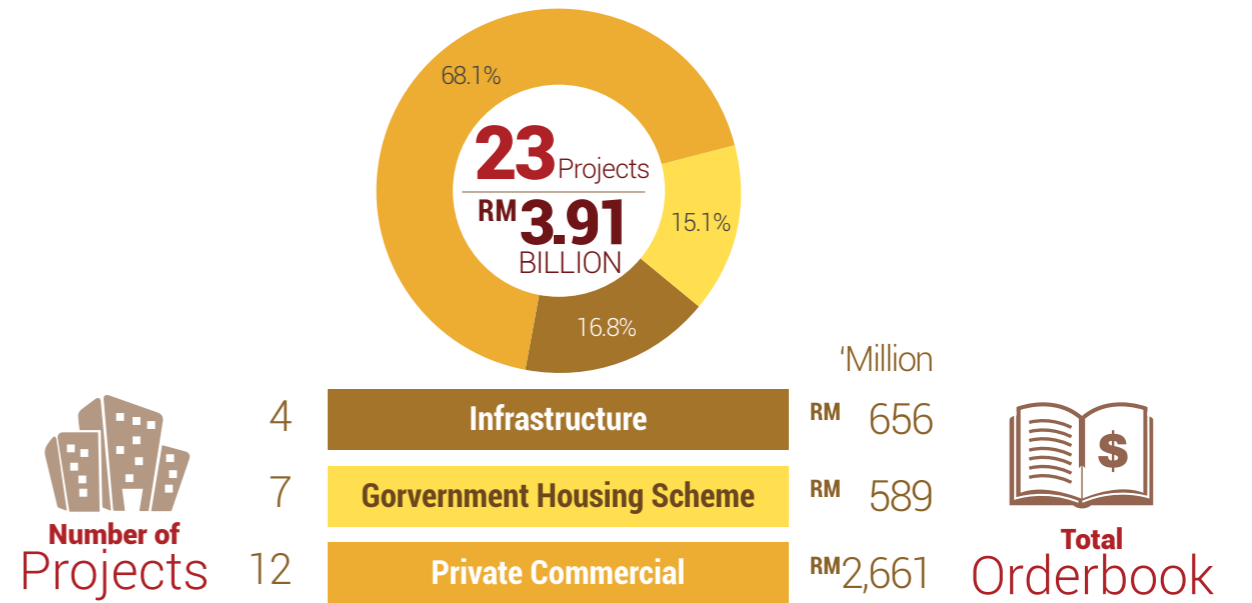
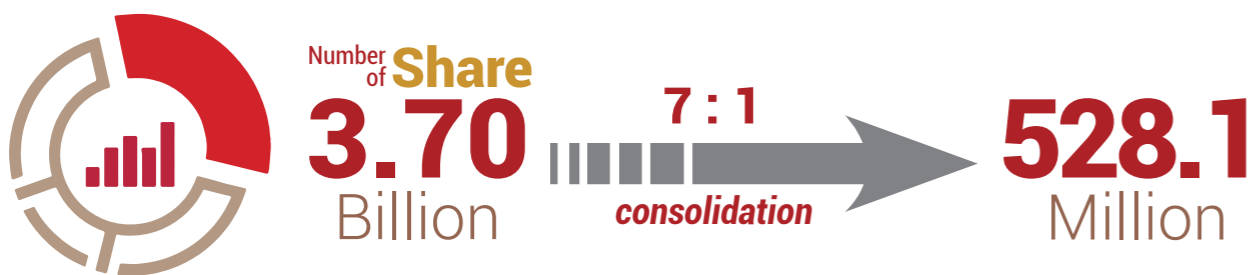
Vizione is setting its sights on expanding its presence in the local construction industry and attracting larger investors. Vizione took its first step towards this goal after it gained shareholders' approval at an extraordinary general meeting for a share consolidation exercise. A near unanimous vote approved the management's proposal to consolidate the current group share base. It will be on the basis of seven existing Vizione shares into one Vizione share. Vizione's share base is over three billion which is quite massive. More importantly, the share consolidation exercise is

deemed necessary to make the stock attractive to a larger pool of investors. The group believes the move will raise Vizione's profile and put it on the radar of more research houses and fund managers.

Vizione's issued share capital stood at RM418.64 million comprising 3.70 billion shares as of August 16 2018. Following the consolidation its share base will decrease to an estimated 528.1 million shares.



Machang PPR, perspective view



### Affordable Housing

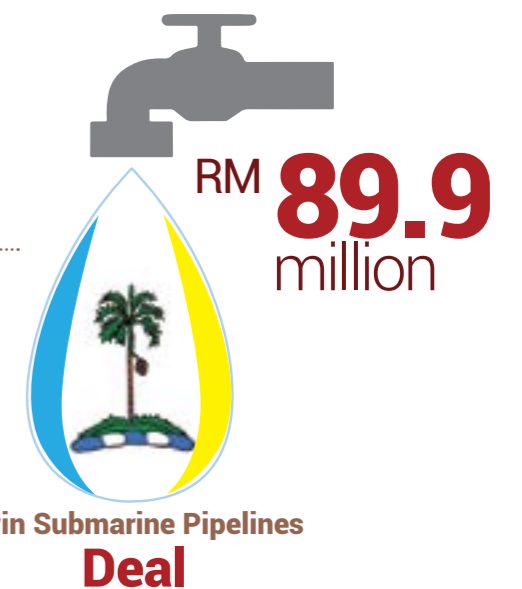
Basic housing affordability is a global concern plaguing cities around the world in both developing and advanced economies. The key factors that have contributed to these predicaments include urbanisation and rising income driven by better job opportunities within cities. As a consequence, purchasing of dwellings has become an upheaval task and at times near impossible. Urbanisation in Malaysia have resulted in failure of the market to provide an adequate supply of affordable housing for the masses. Growth in household income has not kept up with the rise in house prices. Cultural preference towards home ownership instead of renting have contributed to the high demand for house purchases. Houses in Malaysia remain seriously unaffordable by international standards with a median multiple of 5. However, actual median house price was RM313,000, beyond the means of many households, where the median national household income is only RM5,228.

**(Note : Under the Median Multiple approach, housing is deemed affordable if median house prices are less than 3 times annual median household income)**

Affordable housing has long been the group's core contributor and will continue to be the key business driver. It makes sense to remain active in this segment given the government's focus on affordable housing. The ruling Pakatan Harapan's manifesto has a pledge to build one million affordable homes within two terms of it being in power. Vizione viewed this as a great opportunity and poised to be a strong competitor for such projects despite the change in government and is confident that the group stands a good chance to clinch deals. The group has participated in the construction of high rise condominiums with private developers such as Sunway group and will be penetrating into similar stream as and when the opportunity arises.

### Penang Opportunities

Apart from affordable housing and high rise property development segment, Vizione is also working to expand its footprint into other construction segments. Over the past two years the group has been progressively developing its expertise in infrastructure projects.





## Penang Opportunities

On August 14, 2018, Vertice Berhad and Vizione announced an agreement to incorporate a JV company ("JVA") of fifty percent (50%) respectively. Consortium Zenith, which is 13.2% owned by Vertice Berhad, had in 2012 participated in an open tender by the Penang state government and were among 60 companies that had placed their bids for the mega infrastructure project. Consortium Zenith was awarded the contract due to its competent technical and competitive financial bid of RM6.3 billion that comprised of:

- Package 1:**  
Major Road 1 - a paired road to the existing northern coastal road from Tanjung Bungah to Teluk Bahang
- Package 2:**  
Major Road 2 - a by-pass from Bandar Baru Ayer Itam connecting to Lebuhraya Tun Dr Lim Chong Eu
- Package 3:**  
Major Road 3 - a by-pass from Persiaran Gurney connecting to Lebuhraya Tun Dr Lim Chong Eu
- Package 4:**  
Penang Undersea Tunnel - the design, construction, operation, management and maintenance of a third link (undersea tunnel) from Penang Island (Persiaran Gurney) to the mainland (Seberang Perai North District)

The Penang mega infrastructure project was an initiative by the state government to relieve the traffic congestion on the island with the proposed alternative routes, interconnecting roads, by-passes and interchanges, including tunnels within the island and to the mainland. With the construction of the four packages, the traffic congestion in Penang is expected to be relieved.

The joint venture with Vertice Bhd has won a RM815 million contract from Consortium Zenith Construction Sdn Bhd for a project on Penang island. The contract is for the construction of a bypass from Bandar Baru Ayer Itam to Lebuhraya Tun Dr Lim Chong Eu. It comes under Package 2 of the RM6.3 billion Penang undersea tunnel project which will connect the island to the mainland. Vizione has already bid for some Public Works Department road projects and plans to be more aggressive in this area going forward.

Vizione Holdings Bhd has bagged a RM89.9 million contract from PBA Holdings Bhd to build submarine pipelines from Butterworth to the Macallum area on Penang Island. Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP) intends to develop new water supply pipelines from Sungai Dua Water Treatment Plant in the mainland to the island. This involves laying of approximately 3.2km of 1,200mm diameter twin submarine pipelines from Butterworth to Penang island.

The implementation of the new Butterworth-Penang Island Twin Submarine Pipeline project includes coastal reclamation and shore protection work of 4ha of land at Macallum area to provide space for pipeline stringing and launchway construction.



### Tawau PPR

Design, Build and Deliver  
470-units 5-storey  
Apartments for Program  
Perumahan Rakyat (PPR)  
at Jalan Merotai, Tawau,  
Sabah.

Contract Value:  
RM38 million

### Machang PPR

Design, Build and Deliver  
418-units 5-Storey  
Apartments for Program  
Perumahan Rakyat (PPR)  
at Machang, Kelantan  
Darul Naim.

Contract Value:  
RM58 million



### Alor Setar PPR

Design, Build and Deliver  
500-Unit Apartments  
for Program Perumahan  
Rakyat (PPR) at Kota Setar,  
Alor Setar, Kedah Darul  
Aman.

Contract Value:  
RM95 million

## Future Outlook

Moving ahead into 2019, the construction industry is expected to expand, albeit at a relatively slower pace. The industry's expansion is expected to be supported by the government's on-going efforts to promote economic growth through large-scale investments. This plan is part of the government's aim to achieve the status of a developed economy by 2020. The Group envisions to be one of the respectable builders in the industry. Barring any unforeseen circumstances, moving forward the Group anticipates a better outlook in its financial performance within the next twelve months after taking into consideration that most of the major projects would be in acceleration phase, therefore giving the Group a stronger accretion in revenue and earnings.

Malaysia's construction industry is expected to grow from 2018 to 2020, supported by the Government's plan to improve the country's transportation network and tourism infrastructure, as well as increase in the volume of renewable energy projects. While there are many challenges in the construction industry, the Group has put in place a strategy to navigate the business and the Group remains committed to improve its efficiency and focus of its operations. The year ahead looks promising for the Group as it fills up its running order book with construction jobs worth approximately RM 3.9 billion. We would welcome the year 2019 with a new vigour and cautious optimistic outlook. We certainly hope the Group could scale up to greater heights as we look forward to a rejuvenated and a better performance for Vizione in 2019.

RM **6.3** Billion  
Penang Undersea Tunnel

won

RM **815** million  
bypass Deal

Bandar Baru Ayer Itam to  
Lebuhraya Tun Dr. Lim Chong Eu



## Message from the Chairman of the Sustainability Committee

The Vizione Sustainability Committee has the duty to formulate and review sustainability policies in the environment it operates. To ensure efficient implementation and effective outcomes, we prioritise issues that are material to business sustainability. Materiality prioritisation allows us to come up with policies, direction and strategies for implementation to address materiality that is compatible to Vizione's business operations. We also set targets for sustainability that can be communicated, so stakeholders are on the same page on issues including safety, human rights, energy and climate change. Vizione's materiality has been broadened and enriched through a participatory process with stakeholders which drives sustainability within the economic, environment and social space.

# SUSTAINABILITY S T A T E M E N T



# SUSTAINABILITY APPROACH

Sustainability is one of the strategic pillars for Vizione Holdings Berhad. Our sustainability performance is considered fundamental to our business success and sustainability is in fact embedded in our day to day operations. Central to our approach is a strong emphasis on Health and Safety. It is a core value for our culture and provides the framework for the way employees are expected to behave. We are committed to enthral and engage with communities within which we operate through regular dialogues, socioeconomic footprint studies and community activities. It is an opportunity for us to gain feedback on our operations and how we impact them.

Integrating sustainable practices in all that we do is an on-going process that we continuously inculcate in our people. We are resolute in nurturing our actions into sustainable practices and we do this by constantly engaging and inspiring our workforce through various channels including townhalls, floor walks, social and community initiatives. We encourage two way communication by initiating floor walks to stay connected with our people. Through these open dialogues, we are able to understand the needs of our people, provide an opportunity for them to ask questions directly and to address any immediate concerns. Essentially, sustainable growth means cultivating a sustainable workforce.

Vizione Holdings Berhad and its subsidiaries ("the Group") strives to become a construction market leader and creating sustainable contribution to the economy, environment and society in the environment it operates. The Group is committed in developing value to its employees, suppliers, customers and stakeholders. Its stringent management

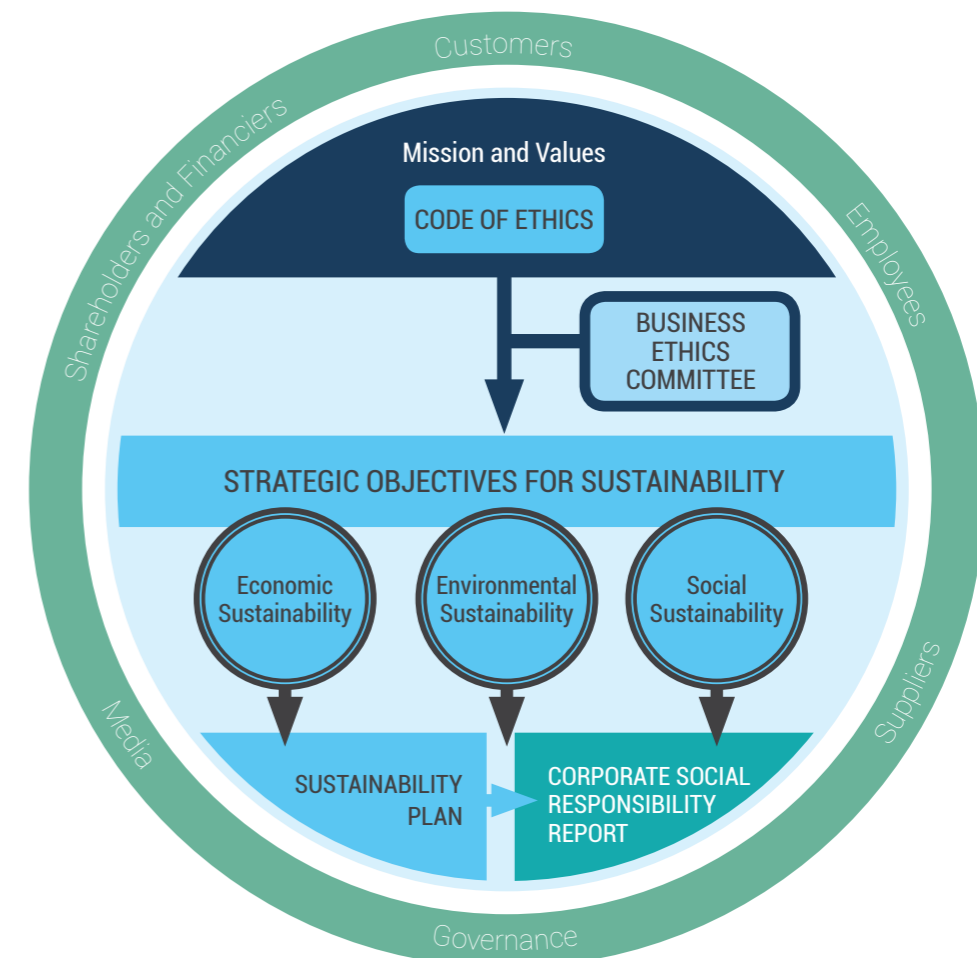


methodology conforms to good corporate governance and business ethics. We aim to enhance the quality of life and wellbeing of people through delivery of excellent products and services developed through proven processes, technology and innovations. The Group seeks to be recognised as an innovative workplace of choice and a role model in corporate governance and sustainability. We believe in the value and potential of employees, working together within a constructive,

energetic and harmonious atmosphere. The Group's employees adhere to and comply with the Group's Business Philosophy and the Vizione Group Code of Ethics. The Group has valued the development of employees of diverse ethnicity, culture, and experiences to be committed in responding to market dynamics.

The Group adheres to conducting its business with ethics and responsibility to all stakeholders for sustainable mutual benefits. The Group has set its Sustainable Development Framework in accordance with global practices, covering

three dimensions of economy, social and the environment, with corporate governance as an overarching principle. This is to ensure that operations by our business units are aligned. We are dedicated to creating value to the society through its environmentally friendly business operations. We are willing to share knowledge, experiences and success by engaging with all parties such as its relevant businesses throughout upstream and downstream communities, business organisations, institutes, including social and community-based enterprise.

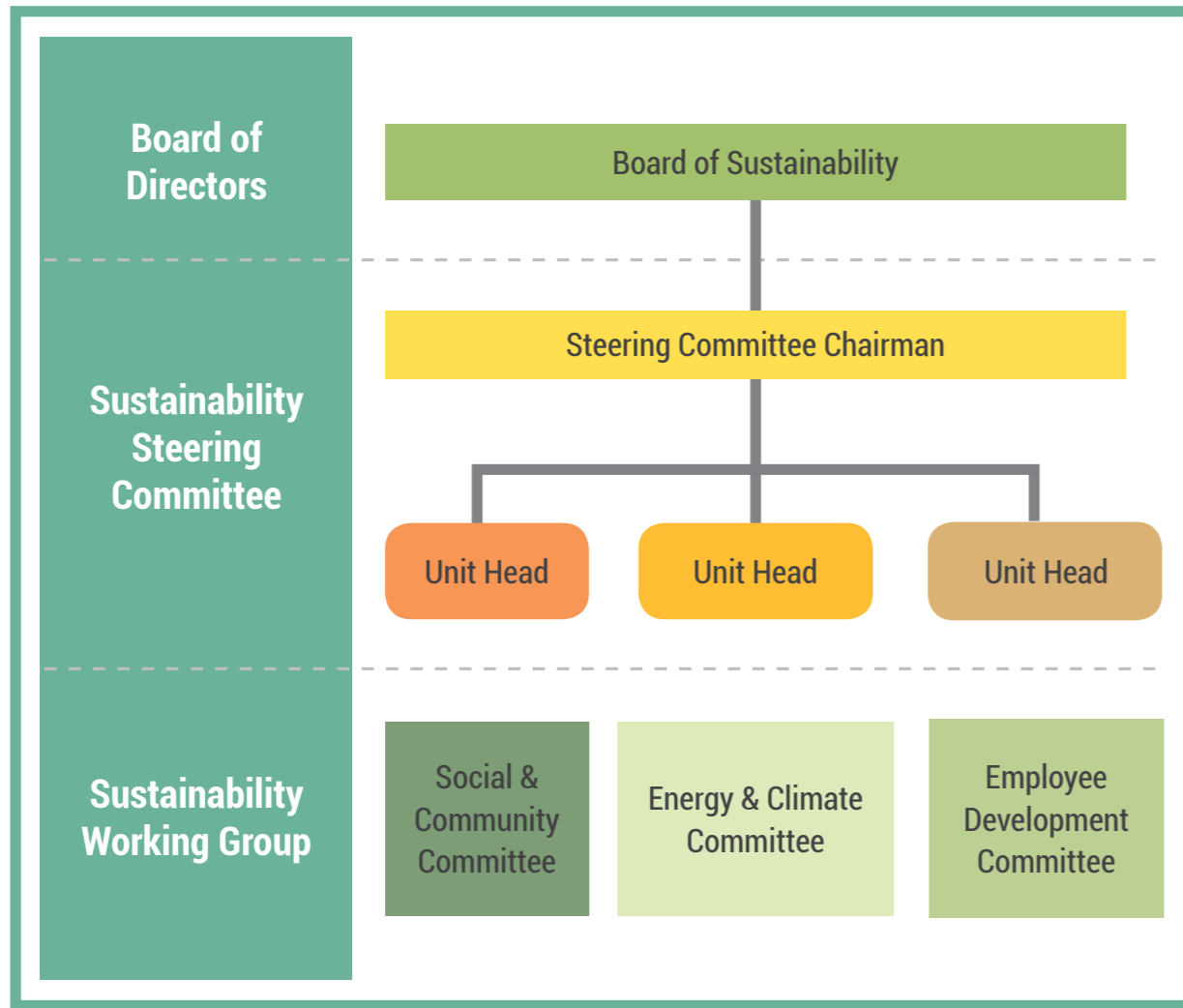


Vizione has cultivated a stakeholder engagement session for all units and employees at all levels to be aware of the importance of stakeholders, to respect their rights and to ensure fair conduct in all transactions. It aims to prevent risk or consequences of inappropriate conduct. It also provides a framework for constructive engagement with the stakeholder and together,

making the society stronger and the environment sustainable. Stakeholders include people who are affected by Vizione, those who may impact Vizione, as well as those interested in Vizione businesses. Vizione has defined, identified and analysed stakeholders into various categories. We have formulated a communications strategy, disclosure of information and engagement that are suitable

to these different categories, whose level of engagement, interests and expectations may vary. Vizione adopts multiple methods and levels of engagement to suit each group of stakeholders, to achieve the broad objective of building stakeholder confidence in forging a sustainable business operations.





### Key Roles and Responsibility of the Sustainability Committee

1. The Committee shall oversee and provide input to management on the Company's policies, strategies and programs related to matters of sustainability and corporate social responsibility. This includes but not limited to matters related to the environment, human rights, community relations, supply chains, health, safety and environment.
2. The Committee shall consider, analyse and provide input to management on social, economic and environmental trends in public domain, regulation and legislation thereafter consider relevant corporate social responsibility actions in response to such issues.
3. The Committee shall review the Company's objective and establish its performance with respect to matters of sustainability and corporate social responsibility thereafter monitor the Company's progress against those goals.
4. The Committee shall receive periodic reports from the Company's management regarding relationships with key external stakeholders that may have a significant impact on the Company's business activities and performance.
5. The Committee shall oversee and provide input to management on the Company's risk assessment and management policies and procedures with respect to those risks for which responsibility for oversight has been assigned to the Committee by the Board of Directors.
6. The Committee shall review the Company's charitable programmes and receive reports from management on charitable contributions made by the Company.

### Corporate Governance

Supervises our business management to ensure fairness, transparency and accountability in accordance with its business philosophy "Adherence to Fairness".

- Good corporate governance
- Risk management
- Disclosure and reporting

### Economy

Creates values not exclusively for profitability, but creates mutual benefits for all stakeholders.

- Contributes to national economic growth through value generated by our operations.
- Income distribution among our stakeholders.

### Environment

Commits to conservation of the environment and natural resources, using resources wisely and maintaining ecological balance.

- Energy and climate change
- Environmentally friendly products and services
- Logistics management

### Social

Conducts business with ethics and concern for social responsibility. Participates in improving the quality of life where Vizione operates.

- Community investment and donation
- Labour practices and human rights
- Human resources and human capital development
- Health and safety
- Stakeholder engagement



# SUSTAINABILITY MATERIALITY

Vizione manages its sustainability issues by collecting and prioritising them in connection to their relationship with business operations. More importantly, assessing the materiality impact to the Group and managing the outcome effectively.

We conducted a materiality assessment to identify our key material sustainability matters. Concerns and feedback gathered during the high level stakeholder engagement exercise with the Management team were prioritised and this resulted in our list of high priority material matters. The six key material sustainability matters are as follows:



## Materiality Assessment Steps

**1** Collect sustainability and information issues across the entire supply chain

- Sustainable Development Guidelines
- Opinion panels of multi-disciplinary experts
- Employee Satisfaction Survey
- Community Satisfaction Survey
- Inputs from complaints mechanism
- Enterprise Risk Assessment

**2** Assess sustainability issues on the basis of impact on stakeholders

- Organise workshops with representatives of functional areas that relate to each group of stakeholders to measure the extent of impact
- Conduct internal meetings at functional level to review priorities, taking into account external stakeholders' perspectives

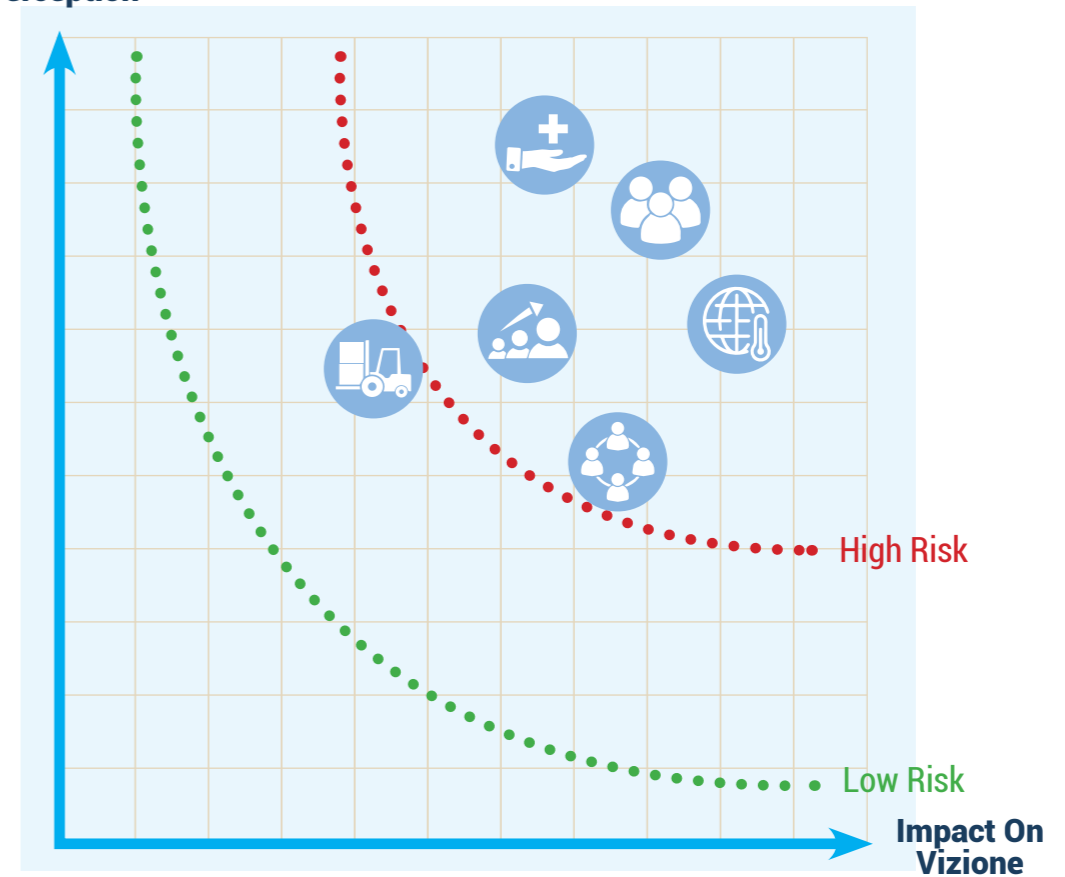
**3** Assess importance of issues on the basis of impact to the organisation

- Organise workshops with representatives from functions/units to analyse and prioritise material issues from the organisation's perspective and considering impact or potential business opportunity

**4** Prioritise material sustainability issues

- Plot the Materiality Matrix reflecting the perspective of stakeholders
- Organise meetings with functional areas to solicit opinion and to validate the result of materiality prioritisation
- Present Materiality Assessment results to the Vizione Sustainability Committee

Stakeholders Perception



## MATERIALITY ASSESSMENT STAGES



# SUSTAINABILITY ACHIEVEMENT



Kota Belud PPR, aerial view

# 01



## Corporate Governance

The Group conducts business with responsibility, transparency and fairness, adhering to the long standing business philosophy as outlined in the Vizione Group Code of Ethics. Corporate governance principles are organisational guidelines that are in line with Bursa Malaysia Corporate Governance Guide. The corporate governance ensures fairness, transparency and value creation for shareholders. Additionally, it provides assurance to all stakeholders and enhancing the Group's competitiveness, thus enabling it to remain relevant in a sustainable manner. The Group upholds the principles of corporate governance, the Code of Conduct and compliance and adheres to anti-corruption and anti-trust practices. The Board of Directors drives policy, while operationally, the internal audit department supervises all internal control aspects.

### TARGETS

- To be a role model on corporate governance and recognised for good corporate governance standards.
- To be aware of duty and to comply with the law, regulations, the principles of corporate governance and the Vizione Code of Conduct.
- To cultivate organisational culture of transparent business conduct, compliance with the law and regulations, the principle of corporate governance, the Vizione Code of Conduct

## STRATEGIES

### Upholding good corporate governance in managing the organisation

The Board of Directors plays an instrumental role in corporate governance. The Group organises regular forums to impart knowledge and other topical issues for members of the Board. Directors must demonstrate and set good examples for the management and the workforce in corporate governance and operates within the Vizione Group Code of Conduct parameters.

### The code of conduct and guidelines for the management, employees and contractors

The Board of Directors ensures appropriate guidelines are being adopted, underpinned by the Vizione Group Code of Conduct which is regularly updated to reflect changes in laws and policies.



All employees completed and signed off the code of ethics handbook and code of conduct and the whistle blowing policy.

The Board of Directors and the Audit Committee assigned the management to communicate the Standard Operating Procedures policy to all employees to ensure that the employees understand and apply them to their daily operations.



# 02

## Sustainable Value towards Supplier

Sustainability in the supply chain from upstream to downstream is essential to maintain smooth business operations. Therefore, selection process of suppliers with the capacity to conduct business ethically, with professionalism and preparedness to adapt to changes that impact sustainability under the risk management plan is of paramount importance. We also valued co-generation of opportunity with our suppliers, under an efficient assessment program. All these arrangements are in place to manage risk by making our resources secured from few suppliers, critical suppliers and suppliers who fail to comply with rules and regulations, or stakeholders' expectations. These risks can ultimately harm our reputation and disrupt our business.



### TARGETS

- All suppliers shall demonstrate its commitment towards providing goods and services in a timely and ethical manner

# 03

## Energy and Climate Change

Vizione's business is highly energy-dependent, therefore our business has exposed to both energy pricing volatility and restriction of sourcing; as well as risks brought about by climate change due to global warming. Vizione has been preparing and building resilience to withstand the impact of rapid changes and external factors beyond control. Diversification of energy sources, improvement of machinery and equipment to increase energy efficiency, increase the proportion of alternative and environment-friendly energy to reduce fossil fuel dependency.

Our commitment to environmental protection begins with a sound understanding of our surroundings and operating environment. We manage and address environmental issues at various stages of each project from project planning, development, execution/operations to decommissioning and site closure. These practices are embedded in our operating environment to minimise the impact of our operations on the environment.



### TARGETS

- Ensure business continuity in case of energy crisis and maintain business competitiveness in terms of production costs.

## STRATEGIES

### Select and assess suppliers with the capability for sustainable business

The selection of suppliers are on the basis of commitment to comply to Vizione's business processes for sustainable business. Conduct assessment and certification of suppliers annually and continuously in order to mitigate risk in the supply chain.

### Assess risks and classify suppliers into groups

Conduct analysis and business risk assessment with primary focus on environmental, economics and social factors, thereafter prioritise risks that may affect business processes. The results are then used to classify suppliers and develop strategy and supplier development plan in correspondence to the risk factors. Organise and plan a development program aligned with the associated risks, whilst working towards mitigating supplier's inherent risks.

### Raise awareness, knowledge and people's competency

Establish a Procurement Awareness Programme to enhance the knowledge and competency of employees. Share knowledge, information, operational guidelines with procurement entities in both public and private sectors with emphasis on purchasing alignment and sustainability, primarily to ensure that our people work effectively in line with targets.

## STRATEGIES

### Mitigate impact of fossil fuel use

Implement mitigation measures starting from the stage of sourcing, storage, transport and use of fossil fuel, to mitigate risk and impact on the community and environment.

To achieve air and water pollution emission levels that are better than the legal threshold and in conformity with international industry standards.

### Increase energy efficiency

Improve or replace equipment to increase energy efficiency and cut carbon emissions.

### Promote staff awareness on the energy conservation

Support and enhance knowledge and awareness among the workforce through a series of activities across the organisation, to the extent to the individual, acting on it and sharing it with colleagues and family.



2018  
Achievement

In order to develop the supply chain sustainably, Vizione has assessed and prioritise risks and impact on business operations in various aspects covering economic aspects (e.g., value of procurement spend, fairness, risks to brand reputation), environmental aspects (e.g., water management, waste management, resource management), and social aspects (e.g., labour management, health and safety, compliance with the laws and regulations). The result of the assessment is used for grouping suppliers and contractors, which is necessary for strategising and planning supplier development going forward.



2018  
Achievement

Organised Energy Saving Awareness activities throughout the year to promote energy awareness and its practical application, beginning from employees and extending to other stakeholders. Through these activities, employees proposed ways to save energy.



# 04



## Health, Safety and Environment

Health, Safety and Environment (HSE) is our pinnacle priority in operations. Safety systems, processes and considerations are integral to our operations as we believe 'only a safe operation is a good operation'. Everyone is required to play a role in upholding a culture of safety. It is our policy that all employees and subcontractors have the right to stop work when there is any concern to the safety of any person on site or potential damage to assets. At the same time, we strive to minimise our impact on the environment. We comply with all local laws and regulations related to protecting the environment in the countries where we operate. Vizione has committed to eliminating the number of injury and fatalities of both employees and contractors by continuously managing risks driven through Vizione's Safety Framework as the guiding principle.

Safety Framework provides the fundamental guideline and with the Safety Performance Assessment Program (SPAP) in place, the Group is assured of a higher occupational safety standards for employees, contractors and suppliers. Work related accidents need to be mitigated otherwise eradicated as one of the primary priorities in the material matrix.

Our HSE culture is supported by our Group HSE Policy and Management Systems, which detail the necessary actions that should be taken to avoid the occurrence of incidents. These include hazard identification and management, as well as risk prevention and mitigation. All personnel in the Group have the responsibility to drive HSE activities including continuously enhancing and implementing procedures and policies. Any incident that takes place is reported and analysed, following which corrective

actions are implemented to prevent recurrence. Plans and Procedures are reviewed regularly to ensure that our safeguards are in place and effective. We do not focus only on our own HSE scorecard but also conduct regular audits on our contractors, especially those involved in high risk activities.

Our ability and preparedness to respond to emergencies are critical to prevent incidents from escalating, to ensure the safety of our people, safeguarding the continuity of our operations, protect our assets and prevent damage to the environment. Drills and training exercises are conducted to ensure employees are equipped to respond and manage emergencies and/or threats such as natural disasters, fire and major accidents. Emergency Response Plans are available for our assets and facilities and periodically tested.

### TARGETS

- Become an injury free organisation.
- Achieve zero fatality from work at heights.
- Reduce logistics accidents and manage logistics in compliance with local safety standards.

## STRATEGIES

### Assess safety performance with SPAP

We are committed to having all units to achieve a higher level of Safety Performance

Assessment Program (SPAP) certification.

### Reduce work-at-height accidents

Working at heights over 2 meters requires risk assessment and compliance with accident prevention guidelines. This can be achieved by raising awareness and instilling the correct understanding about working at heights to our employees and contractors.

### Establish safety standards and a safety culture among staff at all levels, to be led by top management

Management and executives must demonstrate leadership and make themselves role

models for safety, as well as mobilising the participation of staff at all levels in order to institute a safety culture within each unit.



### Enhance safety standards with a new work process system.

We apply safety standards and engage new work process system appropriate to each unit (Process Safety Management, Safety Culture and Safety Leadership) with a view to reinforce a safety culture.

In the year 2018, the HSE team reported **zero lost time injury** and **zero fatality**. Vizione achieved two continuous years of zero injury, fatality, property damaged and dangerous occurrence at construction sites. Predominantly, HSE Managers conducted training and regular briefings at site in order to ensure awareness and compliance with the Vizione's HSE policies and procedures. Accident prevention programme was conducted at site to create awareness and frequent HSE dialogue was carried to align expectations and concurrently mitigating potential accidents

Our effort towards quality performance and safety assurance augured well to our customer. As a result, we were conferred the "**Best Project Award Winner 2017**" from Sunway Property for our excellent achievement in Sunway Quality Merit System and Sunway Safety Merit System through the Sunway Gandaria Bangi Project. Seven construction sites were being assessed and Vizione scored more than 80% as compared to an original target of 75%. The evaluation criteria inclusive of documentation, awareness, implementation and housekeeping. A ceremony was held on 3rd April 2018 to commemorate this remarkable achievement and Vizione was conferred a trophy and RM20,000.00 cash reward. The recognition of this outstanding achievement will certainly spark further motivation and encouragement to the site personnel to propel to the next height.





## 05



## Employee Caring &amp; Development

Vizione creates learning environment for employee to acquire new skills and knowledge through on-the-job training and cultivating learning culture within the organisation. With our belief in the value of individuals, Vizione deems employees the most precious resource we have that will lead to success and sustainability of every business and in every region where Vizione operates. Our expansion into various region in Malaysia has made our workforce

increasingly vibrant and diverse. In order to stay competitive and manage challenges, Vizione is committed to strengthening the capacity and competency of all employees. Vizione will contribute to strengthening the ability to overcome challenges now and in the future.

To continuously and sustainably develop employees' competency in alignment with the organisation's

strategies and current and future business directions, it is crucial to connect learning with the process and talent management system. Starting from determining required employee qualifications and skills, recruiting, developing employees, to retaining talented employee groups, the process must be in place to build commitment and organisation engagement.

## STRATEGIES

**Building Learning Culture and Supervisor Coaching Role**

Individual employee is accountable for propelling the learning and self-development with support from supervisor in the form of counselling and advices.

**Connecting Employee Learning to Talent Management**

Learning shall be geared towards creating a knowledge based manpower in order support the necessity of business. Engagement session on Career Development and Talent Management methodology were charted and discussed with individual employee.

**Developing Competences for Employee and Leader**

Knowledge and competence of all employee shall be cultivated to gain competitive advantage including the development of the leader in the required roles and responsibilities.

**Build organisational value to attract talents**

Strive to make the organization a place where people aspire to work for, to attract talents of multi-disciplines and all levels to join Vizione's workforce.

**Care in an inclusive and fair manner in order to create bonding with the organisation**

Promote the quality of life and active participation of staff by creating a sense of unity within the workforce; that everyone advances together towards the shared target and success, in creating a sustainable business entity.

**TARGETS**

- Become a role model in the labour force
- Become a role model in employee caring and the organisation of choice.



Employees have been provided with healthcare benefits such as medical welfare, health check-ups and the ministering of a safety working environment and occupational health. Vizione focuses on building engagement and relationship with stakeholders. Formal and informal employee feedback surveys are conducted on a regular basis.



Vizione shifted to a new office premise located at Level 22, PJX-HM Shah Tower, Petaling Jaya on July 2018. Operating offices from Sri Hartamas and Subang were relocated onto common ground and roof to improve working synergy and efficiency. The business office is equipped with modern infrastructure and spacious floor space that creates conducive working environment. Embracing an open designed concept and inculcating improved communication channel through seamless modern office settings is certainly part of the employee caring programme that Vizione is cultivating. The office warming ceremony was held on 5 July 2018, marking yet another impeccable milestone in the history of Vizione. This special occasion was celebrated with approximately 180 participants including the Board of Directors, business partners, consultants, bankers and staff of Vizione.



## 06



## Social and Community Involvement

At Vizione, we believe that for business should grow sustainably in line with the development of the community and society. We are aiming at creating values for social development in multiple aspects, focusing our efforts on problems that affect the quality of life within the circle of community. We also actively engage with other stakeholders, for advocacy and actions that lead to improving the quality of life in every aspect. Vizione establishes the "CSR Committee for Sustainable Development", consisting of the Company's Directors and Executive Committee Team to determine CSR policy and direction on social development in order to arrive at key strategies to play vital role within the society. Fundamentally, is to develop a framework on how Vizione's presence can help to elevate the people's quality of life.


**TARGETS**

- To enhance and develop community and society capacities for a secure and sustainable growth by leveraging on past experiences to engage with different facets of society and enhance their overall quality of life.

## STRATEGIES

**Promoting an involvement of employees and stakeholders for creating sustainable values for society**

To employ company's competency and knowledge to encourage the involvement

of all stakeholders including employees, private and government sectors to achieve better quality of life and advancement of communities and society at large.

**Sharing Opportunities, Drawing the Future**

Vizione provides opportunities for employees to participate in public service and social contribution. We invite proposal from employees and support implementation of what have been chosen as creative and beneficial to society. With this, we hope to motivate our staff to be public service minded, and willing to volunteer working with communities in need. In the last 2 years, Vizione employees have taken part in many community based projects and donated cash contributions to many welfare homes.


**2018 Achievement**

Vizione Holdings Berhad celebrated Mooncake festival at "Persatuan Kebajikan Kanak-Kanak Terencat Akal Malaysia (IQ70+)", located at Jalan Gasing, Petaling Jaya on 29th September 2017. IQ70+ is an association that house more than 30 special need children and individual from age 5 to 49 years old. About 20% of the inhabitants are considered severely impaired, the rest are borderline.



The founder, Mr. Chang Ming Kiet shared that the center is operating at its minimum in manpower with monetary aid from the public. Mr. Chang stated that the center is currently supervised by one office admin staff and 4 helpers. Basic necessary sundry goods are very

much in need to run the center. Total 18 staff have participated in this event, we decorated the center with lanterns and created festive ambience, served the participants with dinner, interacted with them playing simple games, prizes were awarded to game winners during the event.

Vizione has contributed RM10,000 to the association. Staff who had participated the event as part of the company's financial aid were grateful to have the opportunity contribute to the society. Some staff contributed personally to the association during the event.

Vizione Holdings Berhad organised a fun fair carnival at Shelter Home 1 for children, located at Jalan Tinggi, Petaling Jaya on 4th March 2018. This is a non-profit organisation that shelters more than 30 children, aged 4 to 12 years old, whom have been abused, neglected or abandoned by their families, parents or guardians. This centre is operated by 5 staffs. Our CSR committee has communicated with the person in charged and visited the Shelter Home prior to the event. The objective is to understand the needs and challenges of the shelter home. After much deliberation, our team has decided to have mini fun fair carnival in the Home in which 6 games stations were being setup. These includes bowling, cola ring toss, panko and many others. Prizes



were given out to winners which includes stationeries, bags, food containers, chocolates and snacks. Additionally, Vizione contributed RM10,000 to the shelter home and it is hoped that through such activities, the philosophy of contributing and helping the needy will ease off their daily plight.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") presents this Statement to provide shareholders and investors with an overview of the application of the Principles set out in the Malaysian Code on Corporate Governance ("CG") ("MCCG") by Vizione Holdings Berhad ("Vizione" or the "Company") and its subsidiaries (the "Group") and should be read together with the Corporate Governance Report 2018 of Vizione ("CG Report") which accompanies this Annual Report and is also available on Vizione's website at [www.vizione.com.my](http://www.vizione.com.my) ("Vizione's Website").

The CG Report provides the details on how Vizione has applied each Practice as set out in the MCCG during the financial year ended 31 May 2018 ("FYE 2018").

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### (a) BOARD RESPONSIBILITIES

The roles and responsibilities of the Board and Management, the Board Committees and the individual Directors are set out in the Board Charter which is accessible through Vizione's Website. The Board Charter will be reviewed on an annual basis or more frequently if necessary.

It is the primary governance responsibility of the Board to provide stewardship and directions for the management of the Group. The Board's responsibilities in respect of the stewardship of the Company include review and approve strategic plans and key business initiatives, corporate governance and internal control frameworks and promote a sound corporate culture which reinforces ethical, prudent and professional behaviour. While the Board sets the platform of strategic planning and policies, the Executive Directors are responsible for implementing the operational and corporate decisions while the Independent Non-Executive Directors ensure corporate accountability by providing unbiased and independent views, advice and judgement and challenging the Management's assumptions and projections in safeguarding the interests of shareholders and investors.

The Board has defined the roles and responsibilities for its Directors. In discharging their fiduciary responsibilities, the Directors deliberate and review the financial performance, the execution of strategic plans, the principal risks faced and the effectiveness of management mitigation plans, the appraisal of Executive Management and Key Senior Management, succession plan as well as the integrity of management information and systems of internal control of the Group.

### (a) BOARD RESPONSIBILITIES (Cont'd)

The day-to-day management of the business operations of Vizione is led by the Executive Directors and Key Senior Management. The Board is constantly updated the team on the implementation of all business and operational initiatives and significant operational and regulatory challenges faced.

The Board is headed by an Independent Non-Executive Chairman. The roles of the Independent Non-Executive Chairman is defined and set out in the Board Charter and is further explain in the CG Report. The Chairman facilitates the effective contribution of all Directors and promotes constructive and respectful relations between Board members and between Board and Management. The Board has well-defined descriptions for responsibilities of the Board Chairman, Executive Directors and the individual Board Members.

The positions of the Chairman and the Executive Management are separately held ensuring balance of power, accountability and division of roles and responsibilities of the Board and the Management of the Group's business and operations. The Board has developed descriptions for responsibilities of the Board Chairman, Executive Directors and the individual Board Members.

The details of these responsibilities are articulated in the Board Charter which is accessible from Vizione's Website.

In furtherance of the above and to ensure orderly and effective discharge of its functions and responsibilities, the Board has established the following Board committees:

- Audit Committee ("AC")
- Nomination Committee ("NC")
- Remuneration Committee ("RC")
- Employees' Share Options Scheme Committee

The Board has defined the terms of reference for each Committee and the Chairman of these respective committees report and update the Board on significant matters and salient matters deliberated in the Committees.

The Board is supported by two (2) External Company Secretaries. Both Company Secretaries of Vizione are qualified to act as Company Secretary under Section 235 of the Companies Act 2016, of which one is a Fellow Member and the other, an Associate Member of the Malaysian Institute of Chartered Secretaries & Administrators. The Company Secretaries provide the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regards to the Company's constitution, Board's policies and procedures as well as compliance with all regulatory requirements, codes, guidance and legislation.

Continuous training is vital for the Directors in discharging their duties effectively. All Directors are encouraged to attend appropriate external training programmes to gain insight and keep abreast with developments and issues relevant to the Group's business, especially in the areas of corporate governance and regulatory requirements.

The external training programmes, seminars and/or conferences attended by the Directors in office at the end of FYE 2018 were as follows:

Name of Directors	Date	Mode of Training	Mode of Training
Datuk Dr Raman bin Ismail	26/03/2018	Seminar	Advanced Financial Insights for listed companies
Dato' IR Mohamad Shokri bin Abdullah	26/03/2018	Seminar	Advanced Financial Insights for listed companies
Dato' Ng Aun Hooi	26/03/2018	Seminar	Advanced Financial Insights for listed companies
Bee Jian Ming	26/03/2018	Seminar	Advanced Financial Insights for listed companies
Chan Chee Wing	26/03/2018	Seminar	Advanced Financial Insights for listed companies
Ng Fun Kim	26/03/2018	Seminar	Advanced Financial Insights for listed companies
YM Syed Haizam Hishamuddin Putra Jamalullail	12-13 November 2018	Programme	Mandatory Accreditation Programme, KL

The Board (via the NC and with assistance of the Company Secretary) continuously to evaluate and determine the training needs of the Directors to build their knowledge so that they can be up-to-date with the development of the Group's business and industry that may affect their roles and responsibilities.

**(b) BOARD COMPOSITION**

Vizione is led and managed by a diverse, competent and experienced Board with a mix of suitably qualified and experienced professionals that are relevant to the business which enable the Board to carry out its responsibilities in an effective and competent manner.

The current Board is drawn from different ethnic, cultural and socio-economic backgrounds and their ages range from 35 to 65 years to ensure that diverse viewpoints are considered in the decision making process.

The profile of each Director is set out in pages 23 to 30 of this Annual Report. The Board acknowledges the importance of diversity to ensure the mix and profiles of the Board members, in terms of age, ethnicity and gender, ability to provide the necessary range of perspectives, experiences and expertise required are well balanced in order to achieve effective board stewardship.

The Board currently has seven members including three are Independent Directors. The Board takes cognizance of the recommendation that at least half of the Board comprise of independent directors and although the Board has not made any decision at this juncture, going forward, the Board will review and deliberate on the merits of the recommendation vis a vis, the Group's size, structure and dynamics during the coming financial year.

During the FYE 2018, the Board through its NC conducted an annual review of the Board's size, composition and balance and concluded that the Board's dynamics are healthy and effective. The present members of the Board possess the appropriate skills, experience and qualities to steer the Group forward. The NC is also satisfied that the existing structure, size, composition, current mix of skills, competence, knowledge, experience and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibilities effectively. The Board will continue to monitor and review the Board size and composition and will nominate new members as and when the need arises.

**(c) REMUNERATION**

The Board (via the RC) will ensure that the Group's levels of remuneration commensurate with the skills and responsibilities expected of Key Senior Management as well as the Directors and that it must be sufficient to attract and retain talent needed to run the Group successfully. The Board, as a whole, determines the remuneration of the Directors and each individual Director is required to abstain from discussing his/her own remuneration.

The RC is guided by market norms and industry practices when making recommendations for the compensation and benefits of Directors and Key Senior Management. The RC's recommended remuneration for Directors and Key Senior Management is subject to the Board's approval as it is the ultimate responsibility of the Board to approve the remuneration of the Directors and Key Senior Management.

The Board has also adopted the best practices for assessing the independence of Independent Directors annually and the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. When the Board retains an Independent Director who has served in that capacity for more than nine (9) years, the Board would justify its decision and seek shareholders' approval. The re-election of Directors provides an opportunity for shareholders to renew their mandate conferred to the Directors. The Memorandum and Articles of Association of the Company provides that all directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting ("AGM"). The above provisions are adhered to by the Board at every AGM.

At the forthcoming 2018 AGM, Mr Bee Jian Ming, Mr Ng Fun Kim and YM Syed Haizam Hishamuddin Putra Jamalullail are due to retire by rotation under Article 79 of the Constitution and being eligible have offered themselves for re-election. Dato' Ng Aun Hooi is due to retire by rotation under Article 80 of the Constitution and being eligible has offered himself for re-election. Following the NC's review on the performance of the four Directors and having noted their significant and valued contributions to the Board, the NC has recommended their re-election to the Board and the Board has concurred with such recommendation and is recommending that shareholders re-elect the said Directors at the forthcoming 2018 AGM.

In relation to the fees and allowances for the Non-Executive Directors, it will be presented at the AGM for shareholders' approval.

The details of the Directors' remuneration for the financial year 2018 are disclosed in the CG Report, which is available in the Vizione's Website.

**PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT****(a) AUDIT COMMITTEE**

The AC currently comprises of three members, all of whom are Independent Directors. The AC Chairman is Mr Ng Fun Kim. Although none of the current members of the AC is a former key audit partner involved in auditing the Group, the Group incorporated the policy into the terms of reference of the AC as stipulated in Practice 8.2 that the said key audit partner observed a cooling-off period of at least two years before being appointed a member of the AC.

The AC has policies and procedures to review, assess and monitor the performances, suitability and independence of the external auditors.

Prior to the commencement of the annual audit, the AC will seek confirmation from the external auditors as to their independence. This independence confirmation would be re-affirmed by the external auditors to the AC upon their completion of the annual audit. These confirmations were made pursuant to the Independence Guidelines of the Malaysian Institute of Accountants.

Further details on the work performed by AC in furtherance of its oversight role are set out in the AC Report on page 74 of this Annual Report.

**(b) RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK**

The Risk Management Committee ("RMC") currently comprises of eight members which including executive director, chief financial officer, finance manager, human resource manager, project manager and contracts manager. The RMC Chairman is Dato' Ng Aun Hooi.

During FYE 2018, the Board and AC were assisted by the RMC to maintain its risk management system, which is reviewed and updated constantly to safeguard shareholders' investments and the Group's assets.

The Group's internal audit function has been outsourced to external consultant which report directly to the AC.

The internal audit function currently reviews and appraises the risk management and internal control processes of the Group. The Statement on Risk Management and Internal Control set out on page 71 of this Annual Report provides an overview of the Group's approach to ensure the effectiveness of the risk management and internal processes within the Group.

**PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS****(a) COMMUNICATION WITH STAKEHOLDERS**

Vizione is committed to upholding high standards of transparency and promotion of investor confidence through the provision of comprehensive, accurate and quality information on a timely and even basis.

**(b) CONDUCT OF GENERAL MEETINGS**

As stated earlier, the Board recognises the importance of communications with its shareholders and will take additional measures to encourage shareholders' participation at general meetings as recommended by the MCCG.

This includes the Chairman highlighting to shareholders and proxy holders, their right to speak up at general meetings, the conduct of poll voting for all resolutions tabled at general meetings and a review of the performance of the Group during the AGMs.

To ensure effective participation of and engagement with shareholders at the AGM in 2017, all Directors, including members of AC, NC and RC, attended and participated in said AGM.

In line with the best CG practice, the Notice of the 20th AGM and Annual Report are sent out to shareholders at least 21 days before the date of the meeting to allow sufficient time for shareholders to consider the proposed resolutions to be tabled at the AGM.

This CG Overview Statement was approved by the Board of the Company on 13 September 2018.

# STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

## 1. Introduction

The Board is pleased to present its Statement on Risk Management and Internal Control which outlines the nature and scope of the risk management and internal control of the Group for the financial year 31 May 2018. This Statement on Risk Management and Internal Control is issued in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on the status of the Group's compliance with the principles and best practices relating to risk management and internal control as stipulated in the Malaysian Code of Corporate Governance 2012 ("the Code").

The Board is committed to maintaining a sound system of internal control of the Company and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Company during the year.

## 2. Board Responsibilities

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

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

## 3. Risk Management Framework

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

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

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

## 3. Risk Management Framework (Cont'd)

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

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

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

## 4. Internal Control Framework

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

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

#### 4. Internal Control Framework (Cont'd)

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

#### 5. Management Responsibilities And Assurance

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

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

#### 6. Board Assurance And Limitation

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

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

This Statement is issued in accordance with a resolution of the Directors dated 13th September 2018.

#### 7. Conclusion

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

#### 8. Review of the Statement by the External Auditors

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

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

# AUDIT COMMITTEE REPORT

#### MEMBERS OF AUDIT COMMITTEE

The Audit Committee ("AC" or the "Committee") of Vizione Holdings Berhad ("Vizione" or the "Company") is comprised wholly of Non-Executive Directors as follows:

##### CHAIRMAN

Ng Fun Kim  
Chairman, Independent Non-Executive Director

##### COMMITTEE MEMBERS

Dato' Ir Mohamad Shokri bin Abdullah  
Member, Senior Independent Non-Executive Director

Datuk Dr Raman bin Ismail  
Member, Independent Non-Executive Director

Chan Chee Wing  
(Re-designated as Executive Director on 26 December 2017 and  
resigned as the Chairman of AC on 26 December 2017)

Mr Ng Fun Kim is a member of the Malaysian Institute of Accountants.

Mr Ng meets the requirement of Paragraph 15.09 (1)(c)(i) of Main Market Listing Requirements in that he is a Chartered Accountant and a member of the Malaysian Institute of Accountants.

#### SECRETARY

The secretary to the AC are the Company Secretary of the Company.

#### TERMS OF REFERENCE

The AC has discharged its function and carried out its duties as set out in the Terms of Reference ("TOR"). The detailed TOR of the AC outlining the composition, duties and functions, authority and procedures of the AC are published and available on the Company's website at [www.vizione.com.my](http://www.vizione.com.my).

## MEETINGS AND MINUTES

### Attendance at Meetings

The record of attendance of the members of the AC for meetings held during the financial year ended 31 May 2018 ("FYE 2018") are as follows:

AC Member	Number of Committee Meetings held during Members' tenure of office	Number of Committee Meetings attended	%
Mr. Ng Fun Kim (Appointed on 26 December 2017)	2	2	100
Dato' Ir Mohamad Shokri Bin Abdullah	5	4	80
Datuk Dr. Raman bin Ismail	5	5	100
Mr. Chan Chee Wing (Resigned on 26 December 2017)	3	3	100

The quorum of the meeting is two (2).

### Meetings

The AC will meet at least four (4) times a year although additional meetings may be called at any time at the discretion of the Committee. The record of attendance of the members of the AC is shown above.

The meetings are pre-scheduled and are timed just before the Company's Board of Directors' ("Board") meetings. The Agenda carries matters that need to be deliberated, reviewed or decided on and reported to the Board. Notices and AC papers are circulated to all members prior to the meeting with sufficient time allocated for them to prepare themselves for deliberation on the matters being raised.

If the need arises, the Chairman has the discretion to call for the attendance of Management, internal auditors and external auditors during such meetings.

During its AC meetings, the AC shall review the risk management and internal control processes, the Interim and Year-end Financial Report, the Internal and External Audit Plans and Reports, Related Party Transactions/Recurrent Related Party Transactions ("RRPT"), and all other areas within the scope of responsibilities of the AC under its TOR.

### Minutes

The Company Secretary shall be the Secretary of the AC which shall provide the necessary administrative and secretarial services for the effective functioning of the Committee. The minutes of the meetings are circulated to the Committee and to all members of the Board.

## SUMMARY OF ACTIVITIES

During the FYE 2018, the summary of works undertaken by the AC comprised the followings:-

### 1. Overview of Financial Performance and Reporting

- Reviewed the unaudited quarterly financial results for the quarters ended 31 August 2017, 30 November 2017, 28 February 2018 and 31 May 2018 and recommended the same for the Board's approval;
- Reviewed the financial performance and financial highlights of the Group;
- Reviewed the draft audited financial statements for the financial year ended 31 May 2018 and recommended the same for the Board's approval;
- Reviewed the Group's compliance with the accounting standards and relevant regulatory requirements; and

### 2. Oversight of External Auditors

- The external auditors attended three (3) AC Meetings held in FYE 2018.
- Reviewed the Audit Observations for the Group highlighted by the External Auditors for the financial year ended 31 May 2018;
- Received the Audit Progress Memorandum prepared by the External Auditors for the financial year ended 31 May 2018, covering updates of matters to highlight and significant outstanding information/documents from the audit field works;
- Reviewed the 2018 Audit Planning Memorandum prepared by the External Auditors, entailing mainly the overview of audit approach, scope of work, auditing developments, significant risks and areas of audit focus of the Group;
- Met three (3) times with the external auditors without the presence of the Executive Directors and Management;
- Reviewed the suitability and independence of the External Auditors vide a formalised "Assessment on External Auditors" and upon reviewed and being satisfied with the results of the said assessment, the same has been recommended to the Board for approval;
- Received and discussed with the External Auditors on the Illustrative Auditors' Report as presented by the External Auditors;
- Discussed and reviewed with the External Auditors, the applicability and the impact of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board, and the scope of work and audit plan for the FYE 2018, including any significant issues and concerns arising from the audit;
- Reviewed the audit fees for FYE 2018 prior to the Board's approval.

### 3. Oversight of Internal Auditors

- The internal auditors attended two (2) AC Meetings held in FYE 2018.
- Reviewed the risk-based Internal Audit Plan for the Group for FYE 2018 and approved for adoption of the same by the Group throughout FYE 2018.
- Reviewed the Internal Audit Reports for FYE 2018 and assessed the internal auditors' findings and the management's responses and made the necessary recommendations to the Board for approval;
- Reviewed the progress updates on the follow-up review of the previous Internal Audit Reports;
- Reviewed the adequacy and performance of the internal audit function and its comprehensive coverage of the Group's activities for FYE 2018; and
- Reviewed and assessed the adequacy of the scope, functions, competency and resources of the outsourced internal auditors for FYE 2018 and that they have the necessary authority to carry out their work.

### 4. Oversight of Risk Management Committee ("RMC")

- Monitored the progress of establishment of Risk Register.
- Receipt of updates from the RMC on the Risk Register on yearly basis.

### 5. Review of Related Party Transactions

- Reviewed any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions on management integrity at each AC quarterly meetings.

### 6. Oversight of Internal Control Matters

- Reviewed and confirmed the minutes of the AC Meetings;
- Reviewed the disclosures in Corporate Governance ("CG") Overview Statement and CG Report for the inclusion in the Annual Report 2018;
- Reviewed the disclosures in AC Report and Statement on Risk Management and Internal Control to be included in the Annual Report 2018.

# INTERNAL AUDIT FUNCTION

## (1) Appointment

The Group has appointed an outsourced internal audit service provider to carry out the internal audit function, namely Messrs Total Advisors Sdn. Bhd. and Messrs Vaersa Partners Sdn. Bhd. providing the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function. The purpose of the internal audit function is to

provide the Board, through the AC, assurance of the effectiveness of the system of internal control in the Group.

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

## (2) Summary of Internal Audit Works for FYE 2018

During the FYE 2018, the summary of works undertaken by the internal auditors comprised the followings:-

- Reviewed compliance with policies, procedures and standards, relevant external rules and regulations;
- Assessed the adequacy and effectiveness of the Group's system of internal control and recommended appropriate actions to be taken where necessary;
- The internal audits performed met the objective of highlighting to the Audit Committee the audit findings which required follow-up actions by the Management, any outstanding audit issues which required corrective actions to be taken to ensure an adequate and effective internal control system within the Group, as well as any weaknesses in the Group's internal control system;
- Ensured that those weaknesses were appropriately addressed and that recommendations from the internal audit reports and corrective actions on reported weaknesses were taken appropriately within the required timeframe by the Management; and
- Presentation of audit findings and corrective actions to be taken by Management in the quarterly AC Meetings.

For FYE 2018, the following areas of the Group have been successfully audited in accordance with the Risk-based Audit Plan adopted:-

Name of Audited Subsidiary	Audit Area / Function	Tabling of Internal Audit Report
Vizione Holdings Berhad & Vizione Construction Sdn Bhd	The Key objective is to ensure adequate control and authorisation are in place for the handling of accounting transaction; proper approval structure are in place, fund received is all accounted for and payment are validated prior to payment made and etc. Control criteria considered during our verification, may also include, accuracy, completeness, consistently, error handling, segregation of duty, authorization, presentation and safekeeping of information and etc. for the key segments audited as below:- 1. Trade and other debtor 2. Trade and other creditor 3. Inventory 4. Insurance 5. Cash and bank review 6. Bank Reconciliation review 7. Petty cash 8. Fixed assets verification	2nd Quarter of FYE2018
Wira Syukur (M) Sdn Bhd	To evaluate the effectiveness of management in managing the risk of: i) Cost overrun; ii) Delay in completion of project; and iii) None compliance of law and safety regulations	4th Quarter of FYE2018

## (3) Total costs incurred for FYE 2018

The total cost incurred for the outsourced internal audit function of the Group for the FYE 2018 is amounted to RM24,000 (2017: RM20,703).

# ADDITIONAL COMPLIANCE INFORMATION

## 1. UTILISATION OF PROCEEDS

- (i) The Rights Issue with Warrants has been completed with the listing of 582,924,900 rights shares together with 291,462,450 warrants-c on the Main Market of Bursa Securities on 10 February 2017. The total proceeds received from the rights shares was RM58,292,490.

The status of utilisation of the proceeds as at 31 May 2018 are as follows :-

Details of Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Utilisation RM'000
Construction Activities	40,000	40,000	-
Property Development Activities	9,987	-	9,987
Working Capital	7,105	7,105	-
Expenses in relation to the Corporate Exercise	1,200	1,200	-
<b>Total</b>	<b>58,292</b>	<b>48,305</b>	<b>9,987</b>

- (ii) Private placement of 1,687,440,000 new Vizione Shares at the issue price of RM0.123 per placement share which was completed on 3 October 2017.

On 3 October 2017, Company announced that the Previous Private Placement had been completed following the listing of and quotation for 1,687,440,000 new Vizione Shares at RM0.123 per placement share, which raised a total of approximately RM207.56 million. The status of utilization of the proceeds from the Previous Private placement is as below:

Details of Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Utilisation RM'000
Acquisition	172,618	172,618	-
Working Capital	26,937	26,937	-
Expenses in relation to the Corporate Exercise	8,000	8,000	-
<b>Total</b>	<b>207,555</b>	<b>207,555</b>	<b>-</b>

- (iii) A private placement of 155,300,000 new Vizione Shares at the issue price of RM0.14 per placement share had been completed on 3 April 2018, which raised a total of approximately RM21.74 million. The status of utilization is as below:

Details of Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Utilisation RM'000
Construction Projects expenditure	20,542	11,146	9,396
Expenses in relation to the Corporate Exercise	1,200	390	810
<b>Total</b>	<b>21,742</b>	<b>11,536</b>	<b>10,206</b>

## 2. OPTIONS, WARRANTS AND CONVERTIBLE SECURITIES

During the financial year, 348,000 Irredeemable Convertible Unsecured Loan Stock ("ICULS") were converted into 183,157 new ordinary shares of RM0.10 each of the Company by surrendering for cancellation of 1.9 ICULS of RM0.10 nominal value of ICULS for every 1 new ordinary share of RM0.10 each in the Company.

1,668,000 new ordinary shares were issued pursuant to the Share Issuance Scheme.

There was no exercise of Warrant B and C.

## 3. AUDIT AND NON-AUDIT FEES

The amount of audit fees incurred for statutory audit services rendered to the Group by the external auditors for the financial year ended 31 May 2018 amounted to RM62,500 of which RM30,000 was incurred by the Company. The amount of the non-audit fees incurred for services rendered by the external auditors for the financial year ended 31 May 2018 amounted to RM33,000 for the Group and the Company.

## 4. MATERIAL CONTRACTS

On 30 June 2017, the Bursa Malaysia Securities Berhad ("Bursa") had approved the followings in relation to the listing of and quotation for the Consideration Shares and Placement Shares to be issued pursuant to the Proposed Wira Syukur (M) Sdn Bhd ("WSSB") Acquisition and Proposed Private Placement:-



**4. MATERIAL CONTRACTS (Cont'd)**

- (i) Listing of and quotation for up to 1,006,202,300 new Vizione Shares to be issued pursuant to the Proposed WSSB Acquisition; and
- (ii) Listing of and quotation for up to 1,687,440,000 new Vizione Shares to be issued pursuant to the Proposed Private Placement.

On 21 August 2017, the Company has issued circular to the shareholders in relation to the:-

- (i) Proposed acquisition of up to 100% equity interest in WSSB for a purchase consideration of up to RM280.00 million to be satisfied via the combination of issuance of new ordinary shares of Vizione Holdings Berhad ("Vizione") to be issued at an issue price of RM0.11 per Vizione Share and the balance in cash.
- (ii) Proposed private placement of up to 1,687,440,000 Vizione Shares to be subscribed by potential investors to be identified later.

On 6 September 2017, the shareholders of the company had in the Extraordinary General Meeting unanimously approved, amongst others, the proposed acquisition of Wira Syukur (M) Sdn Bhd ("WSSB") for a purchase consideration of RM 280.00 million

The Share Sale Agreement ("SSA") for the acquisition of WSSB had become unconditional on 14 September 2017 upon fulfillment of all the conditions precedent set out therein. On 18 September 2017, the Board had resolved to fix the issue price for the Private Placement comprising up to 1,687,440,000 Vizione Shares ("Placement Shares") at RM0.1230 per Placement Share. The Company further announced on 3 October 2017 that the Private Placement had been completed following the listing of and quotation for 1,687,440,000 Placement Shares at RM0.123 per Placement Share on the Main Market of Bursa.

On 9 October 2017, 976,200,615 new ordinary shares issued as part consideration pursuant to the Proposed WSSB Acquisition were listed and quoted on the Main Market of Bursa Malaysia Berhad. On the same day, Inter Pacific Securities Sdn Bhd ("IPS") announced that the Company and the vendors have completed their obligations under the SSA which marks the completion of the Proposed WSSB Acquisition.

The Company has on 5 September 2017 offered Share Options to eligible employees and directors in accordance with the By-laws of Share Issuance Scheme ("SIS") which was approved by the shareholders at the Extraordinary General Meeting ("EGM") held on 9 September 2016.

WSSB has on 9 October 2017 accepted a letter of award from Hektar Aneka Sdn Bhd to construct 5 blocks of Rumah Mampu Milik Wilayah Persekutuan and 14 shoplots with the contract sum of RM 465.00 million.

WSSB has on 30 October 2017 accepted a letter of award from Paragon Hemisphere Sdn Bhd to construct 4 blocks of office suites in Semenyih with the contract sum of RM 401.00 million.

The Company had on 10 January 2018 entered into a Sales and Purchase Agreement with IEV Group Sdn Bhd for the acquisition of one unit of Office Suite in the building known as PJ Exchange for a purchase price of RM9,200,000.

On 21 March 2018, the Company's wholly owned subsidiary, Vizione Development Sdn Bhd had accepted the Letter of Intent from Pan Sejati Development Sdn Bhd for a proposed joint venture development project at Wilayah Persekutuan Putrajaya under the scheme of Rumah Wilayah Persekutuan and Affordable Homes.

The Company's wholly owned subsidiary, Wira Syukur (M) Sdn Bhd had on 13 April 2018 accepted a letter of award from Vertice Construction Sdn Bhd to upgrade the Federal Road 12 (FR 12) from Gambang, Pahang to Segamat, Johor – Phase 1.

The Company had on 17 January 2018 announced the Proposed Private Placement of up to 10% of the issued share capital of the Company. The Board had on 22 March 2018 fixed the issue price for the 1st tranche of up to 300,000,000 new Vizione Shares to be issued under the Proposed Private Placement at RM 0.14 per Placement Share. The 1st tranche of the Proposed Private Placement had been completed on 3 April 2018 following the listing and quotation of the 155,300,000 placement shares on the Main Market of Bursa Malaysia.

On 21 March 2018, the Company's wholly owned subsidiary, Vizione Development Sdn Bhd had acquired 40 ordinary shares for a cash consideration of RM40 in Mahsyur Gemilang Development Sdn Bhd ("MGDSB") representing 40% of the entire issued share capital of MGDSB. As a result, MGDSB becomes an associate company of the Group.

The Company's wholly owned subsidiary, Wira Syukur (M) Sdn Bhd had on 18 April 2018 entered into a share sale agreement for acquisition of 1,500,000 ordinary shares, representing 30% of the entire issued share capital of Zenith Urban Development Sdn Bhd.

The Company had on 16 March 2018 announced the Proposed Consolidation of every 7 ordinary shares in Vizione into 1 Vizione share and Proposed Amendments to the By-Laws governing the Company's existing Employee Share Issuance Scheme.

On 12 April 2018, 14 May 2018 and 11 July 2018, the Company had submitted an application to Bursa Securities for an extension of time until 15 May 2018, 13 July 2018 and 26 October 2018 respectively in relation to the above mentioned proposals. Consequently, Bursa Securities had resolved to grant the extension of time vide her letters' dated 19 April 2018, 21 May 2018 and 16 July 2018.

**5. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")**

The information on RRPT for the financial year ended 31 May 2018 is set out in the audited financial statements.

# STATEMENT OF DIRECTORS' RESPONSIBILITY

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

In preparing the financial statements, the Directors are responsible for the adoption of suitable accounting policies that comply with the provisions of the Companies Act, 2016, the Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible to ensure their consistent use in the financial statements, supported where necessary by reasonable and prudent judgements.

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

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## DIRECTORS' REPORT

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

### Principal Activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are stated in Note 7 to the financial statements.

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

### Financial Results

	Group RM	Company RM
Profit / (Loss) for the financial year, attributable to owners of the parent	26,181,986	(3,378,716)

### Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year.

### Dividend

There was no dividend proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

### Issue of Shares and Debentures

During the financial year, the number of issued and paid-up ordinary shares of the Company was increased as follows:

- the issuance of 1,842,740,000 ordinary shares through Private Placement for working capital purposes;
- the issuance of 183,157 ordinary shares through conversions of Irredeemable Convertible Unsecured Loan Stocks ("ICULS");
- the issuance of 976,200,615 ordinary shares at an issue price of RM0.11 per ordinary share as consideration for the acquisition of the entire issued and fully paid share capital of Wira Syukur (M) Sdn. Bhd. ("WSSB"); and
- the issuance of 1,668,000 ordinary shares through the exercises of the Share Issuance Scheme ("SIS") Options.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

### Options Granted Over Unissued Shares

At the Extraordinary General Meeting held on 9 September 2016, the Company's Shareholders approved the establishment of Share Issuance Scheme ("SIS") Options and is effective for 3 years from 5 September 2017 to 4 September 2020.

The salient features and other terms of the SIS are disclosed in the Note 21 to the financial statements.

As at 31 May 2018, the options offered to take up unissued ordinary shares and the exercised price are as follows:

Date of offer	Exercise price	Number of options over ordinary shares			
		As at 01.06.2017	Granted	Exercised	As at 31.05.2018
5 September 2017	0.117	-	131,228,257	(1,668,000)	129,560,257

**Warrants 2013/2018**

The warrants were constituted under the Deed Poll dated on 15 May 2013 as disclosed in the Note 22 to the financial statements.

As at 31 May 2018, the total numbers of warrants that remained unexercised were 87,934,591.

**Warrants 2017/2022**

The warrants were constituted under deed poll dated 9 December 2016 as disclosed in the Note 22 to the financial statements.

As at 31 May 2018, the total numbers of warrants that remained unexercised were 291,462,450.

**Irredeemable Convertible Unsecured Loan Stocks ("ICULS")**

The terms of the conversion of the ICULS are disclosed in Note 23 to the financial statements.

As at the end of the financial year, the number of ICULS in issue is 183,157 shares.

**Directors**

The Directors in office during the financial year until the date of this report are:

Dato' Ng Aun Hooi *	
Dato' Ir. Mohamad Shokri bin Abdullah	
Datuk Dr. Raman bin Ismail	
Chan Chee Wing	
Bee Jian Ming *	(appointed on 26.12.2017)
Ng Fun Kim	(appointed on 26.12.2017)
YM Syed Haizam Hissamuddin Putra Jamalullail	(appointed on 01.08.2018)
Wong Kwai Wah	(resigned on 26.12.2017)

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year up to the date of this report:

Yuan Toong Kui
Goon Mong Yee

\* Director of the Company and its subsidiary companies

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

**Directors' Interests in Shares**

The interests and deemed interests in the shares, options over shares, warrants and ICULS of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	As at 01.06.2017	Bought	Sold	As at 31.05.2018
<b>Interest in the Company</b>				
<b>Direct Interests:</b>				
Dato' Ng Aun Hooi	47,903,000	443,011,677	59,795,636	431,119,041
Bee Jian Ming	-	72,119,470	-	72,119,470
<b>Indirect Interests:</b>				
Dato' Ng Aun Hooi #*	1,532,700	442,717,545	319,591,272	124,658,973
Bee Jian Ming *	-	240,264,727	-	240,264,727
	Number of options over ordinary shares			
	As at 01.06.2017	Granted	Exercised	As at 31.05.2018
<b>Interest in the Company</b>				
<b>Direct Interests:</b>				
Dato' Ng Aun Hooi	-	26,245,651	-	26,245,651
Dato' Ir. Mohamad Shokri bin Abdullah	-	10,498,260	-	10,498,260
Datuk Dr. Rahman bin Ismail	-	10,498,260	-	10,498,260

# Deemed interest by virtue of shares held by spouse.

\* Deemed interest by virtue of shares held by trustee/stakeholder.

**Directors' Interests in Shares (Cont'd)**

By virtue of their interest in shares in the Company, Dato' Ng Aun Hooi and Bee Jian Ming are also deemed interested in shares in all the Company's subsidiary companies to the extent the Company has an interest under Section 8 of the Companies Act, 2016.

None of other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

**Directors' Benefits**

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 34 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, other than Director who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business and legal fee paid to a firm in which a Director is a member as disclosed in Note 35 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was 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.

**Indemnity and Insurance Costs**

There was no indemnity given to or insurance effected for Directors, officers or auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

**Other Statutory Information**

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

- to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and
- to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

- which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- 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; or
- which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

(d) In the opinion of the Directors:

- no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due;
- the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, and
- 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 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.

**Subsidiary Companies**

The details of the subsidiary companies are disclosed in Note 7 to the financial statements.

**Auditors' Remuneration**

Details of auditors' remuneration are disclosed in Note 31 to the financial statements.

**Auditors**

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 13 September 2018.

\_\_\_\_\_  
DATO' NG AUN HOOI

\_\_\_\_\_  
BEE JIAN MING

KUALA LUMPUR

# VIZIONE HOLDINGS BERHAD

(Incorporated in Malaysia)

## STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 92 to 144 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 13 September 2018.

\_\_\_\_\_  
DATO' NG AUN HOOI

\_\_\_\_\_  
BEE JIAN MING

KUALA LUMPUR

# VIZIONE HOLDINGS BERHAD

(Incorporated in Malaysia)

## STATUTORY DECLARATION

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

I, DATO' NG AUN HOOI, being the Director primarily responsible for the financial management of VIZIONE HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 92 to 144 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 13 September 2018

\_\_\_\_\_  
DATO' NG AUN HOOI

Before me,

\_\_\_\_\_  
COMMISSIONER FOR OATHS

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIZIONE HOLDINGS BERHAD

(Company No: 442371-A)  
(Incorporated in Malaysia)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Vizione Holdings Berhad, which comprise of the statements of financial position as at 31 May 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows 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, as set out on pages 92 to 144.

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 May 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

#### Basis for Opinion

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

#### Independence and Other Ethical Responsibilities

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of 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.

Key audit matters	How we addressed the key audit matters
<p><b>Acquisition of Wira Syukur (M) Sdn. Bhd. ("WSSB") – Provisional Purchase Price Allocation</b></p> <p>On 14 September 2017, the Group entered into a Share Sale Agreement to acquire 100% equity interest in WSSB for a total consideration of RM280 millions.</p> <p>Significant judgement is involved in allocating the purchase price to the tangible and intangible assets identified in the acquisition of WSSB, in accordance with <i>MFRS 3 Business Combinations</i>, where the identifiable assets acquired, liabilities and contingent liabilities are measured at their fair value at the acquisition date.</p> <p>The fair value adjustments as at the acquisition date and the goodwill on acquisition of RM251 millions are provisional, as the Group is currently undertaking a purchase price allocation exercise to measure and identify the intangible assets, if any.</p> <p>As at the date of this report, the purchase price allocation for WSSB acquisition remains as provisional, and it is expected to be completed within one year from the acquisition date.</p>	<p>We have discussed with management and the external specialists engaged by the Group to perform the purchase price allocation exercise, to assess the appropriateness and reasonableness of the provisional purchase price allocation. Our procedures included the followings:</p> <ul style="list-style-type: none"> <li>Reviewed the appropriateness of the acquisition accounting applied, including the timing at which control was deemed obtained;</li> <li>Review the independence, capabilities and scope of work of the external specialist engaged by the Group;</li> <li>Assessed the process and methodology adopted by the external specialist, and the underlying assumptions applied in the purchase price allocation in arriving at the fair value of the assets acquired and liabilities assumed, including the fair valuation of identified intangible asset, to be within a reasonable range of our audit expectations; and</li> <li>Assessed the adequacy of the disclosure in the financial statements.</li> </ul>

## Key Audit Matters (Cont'd)

Key audit matters	How we addressed the key audit matters
<p><b>Impairment of Goodwill on Acquisition of Wira Syukur (M) Sdn. Bhd. ("WSSB")</b></p> <p>As at 31 May 2018, the carrying amount of goodwill on consolidation arising from acquisition of WSSB amounted to RM251,647,626.</p> <p>Recoverability of goodwill on acquisition is assessed based on annual impairment tests based on value-in-use derives from an updated cash flow forecasts taking into account latest projection and synergies from the acquisition.</p> <p>Significant judgement and estimates are involved in the determination of value-in-use in respect of growth, discount rate and contingency of future cash flows.</p>	<p>We have discussed and obtained management's impairment calculations to assess the appropriateness and reasonableness of the goodwill impairment review. Our procedures included the following:</p> <ul style="list-style-type: none"> <li>Tested the accuracy of the underlying model to assess whether the processes are applied to the correct input data and the outputs are mapped accurately;</li> <li>Challenged each of the key assumptions employed in the goodwill impairment test. This included the discount rate employed, including its methodology and constituent inputs, assessment of the Group's historic forecasting accuracy;</li> <li>Tested Management's sensitivity analysis in relation to the key inputs to the goodwill impairment test model, as well as performing our own sensitivity analysis which included changes to volume, margin and the discount rate applied; and</li> <li>Assessed the adequacy of the disclosure in the financial statements.</li> </ul>
<p><b>Recognition of construction contract revenue and costs</b></p> <p>Refer to Note 3 (Significant Accounting Policies), Note 2(d) (Significant accounting judgements, estimates and assumptions), Note 11 (Amount due from/to contract customers) and Note 29 (Revenue).</p> <p>Significant proportion of the Group's revenues and profits are derived from long-term construction contracts which span more than one accounting period. The Group adopted the percentage of completion method in accounting for these long-term contracts in accordance with <i>MFRS 111 Construction Contracts</i>. The percentage of completion is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.</p> <p>Significant judgement and estimates are involved in determining the percentage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs.</p>	<p>Our procedures included the followings:</p> <ul style="list-style-type: none"> <li>Understood the process and internal control system of construction projects including the project tendering, budgeting, progress billings and contract costs approvals, monitoring and accounting.</li> <li>Tested the Group's controls by checking for evidence of reviews and approvals over contract cost, setting budgets and authorising and recording of actual costs incurred;</li> <li>Read all key contracts to obtain an understanding of the specific terms and conditions;</li> <li>Compared the customers' approved claims (i.e. certified workdone) against stage of completion of certain contracts to ascertain the reasonableness of the percentage of completion recognised in the profit or loss;</li> <li>Challenged the assumptions in deriving at the estimates contract costs to completion. This includes comparing the actual margins achieved of previous similar completed projects to estimates and compared the estimated cost to suppliers' agreements or tenders;</li> <li>Agreed a sample of costs incurred to date to invoices and progress claims, checked that they were allocated to the appropriate contract, and met the definition of contract costs; and</li> <li>Assessed the adequacy and reasonableness of the disclosures in the financial statements.</li> </ul>

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

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

## Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of 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.

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 statements 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.

## OTHER MATTERS

- The financial statements of the Group and of the Company for the financial year ended 31 May 2017 were audited by another auditor who expressed an unmodified opinion on these statements on 6 September 2017.
- 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.

UHY  
Firm Number: AF 1411  
Chartered Accountants

TAN TIAN WOOI  
Approved Number: 02969/05/2020 J  
Chartered Accountant

KUALA LUMPUR

13 September 2018

## STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	4	12,189,271	1,320,724	623,914	706,484
Investment properties	5	800,000	813,000	800,000	813,000
Capital work in progress	6	789,746	-	-	-
Investment in subsidiary companies	7	-	-	300,000,002	1,000,002
Investment in associate companies	8	740,001	-	-	-
Goodwill on consolidation	9	251,647,626	-	-	-
Deferred tax assets	10	12,991	14,465	12,991	14,465
		<u>266,179,635</u>	<u>2,148,189</u>	<u>301,436,907</u>	<u>2,533,951</u>
<b>Current Assets</b>					
Amount due from contract customers	11	107,008,020	4,156,950	-	-
Trade receivables	12	133,586,812	18,574,795	-	-
Other receivables	13	69,981,277	23,771,361	2,496,662	2,234,119
Amount due from subsidiary companies	14	-	-	81,000,987	34,371,677
Amount due from associate companies	15	3,074,876	-	-	-
Other investments	16	10,453,581	29,955,323	10,453,581	29,955,323
Tax recoverable		285,997	-	-	-
Fixed deposits with licensed banks	17	20,148,772	-	-	-
Cash and bank balances	18	21,785,535	4,096,344	2,342,903	513,311
		<u>366,324,870</u>	<u>80,554,773</u>	<u>96,294,133</u>	<u>67,074,430</u>
<b>Total Assets</b>		<u>632,504,505</u>	<u>82,702,962</u>	<u>397,731,040</u>	<u>69,608,381</u>
<b>EQUITY</b>					
Share capital	19	418,635,576	87,485,505	418,635,576	87,485,505
Share premium	20	-	6,510	-	6,510
Share issuance scheme option reserve	21	645,782	-	645,782	-
Warrants reserves	22	4,269,165	4,269,165	4,269,165	4,269,165
Irredeemable convertible unsecured loan stocks	23	267,845	298,225	267,845	298,225
Retained earnings/ (Accumulated losses)		9,206,524	(16,975,462)	(26,470,639)	(23,091,923)
<b>Total Equity</b>		<u>433,024,892</u>	<u>75,083,943</u>	<u>397,347,729</u>	<u>68,967,482</u>
<b>LIABILITIES</b>					
<b>Non-current Liabilities</b>					
Irredeemable convertible unsecured loan stocks	23	5,062	10,955	5,062	10,955
Finance lease liabilities	24	322,780	194,848	-	24,660
Bank borrowings	25	3,441,509	-	-	-
Deferred tax liabilities	10	337,049	-	-	-
		<u>4,106,400</u>	<u>205,803</u>	<u>5,062</u>	<u>35,615</u>
<b>Current Liabilities</b>					
Amount due to contract customers	11	1,987,815	3,098	-	-
Trade payables	26	116,368,294	5,792,589	-	-
Other payables	27	64,134,439	384,572	259,300	207,627
Amount due to Directors	28	86,199	238,382	86,199	208,382
Tax payables		2,271,754	740,797	8,000	24,685
Finance lease liabilities	24	499,821	253,778	24,750	164,590
Bank borrowings	25	10,024,891	-	-	-
		<u>195,373,213</u>	<u>7,413,216</u>	<u>378,249</u>	<u>605,284</u>
<b>Total liabilities</b>		<u>199,479,613</u>	<u>7,619,019</u>	<u>383,311</u>	<u>640,899</u>
<b>Total equity and liabilities</b>		<u>632,504,505</u>	<u>82,702,962</u>	<u>397,731,040</u>	<u>69,608,381</u>

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

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Revenue	29	413,186,100	49,104,034	3,020,678	1,348,961
Cost of sales		(366,008,383)	(41,460,503)	-	-
<b>Gross profit</b>		<b>47,177,717</b>	<b>7,643,531</b>	<b>3,020,678</b>	<b>1,348,961</b>
Other income		1,245,744	415,004	521,138	405,004
Administrative expenses		(11,453,708)	(5,912,258)	(6,877,315)	(4,847,206)
Distribution expenses		(72,662)	-	-	-
Share of results of associate companies		(647,357)	-	-	-
Finance costs	30	(296,955)	(21,592)	(23,217)	(16,657)
<b>Profit/(Loss) before taxation</b>	31	<b>35,952,779</b>	<b>2,124,685</b>	<b>(3,358,716)</b>	<b>(3,109,898)</b>
Taxation	32	(9,770,793)	(1,526,910)	(20,000)	(238,928)
<b>Profit/(Loss) for the financial year, representing total comprehensive income/ (loss) for the financial year</b>		<b>26,181,986</b>	<b>597,775</b>	<b>(3,378,716)</b>	<b>(3,348,826)</b>
<b>Profit/(Loss) for the financial year attributable to owners of the parent, representing total comprehensive income/ (loss) for the financial year</b>		<b>26,181,986</b>	<b>597,775</b>	<b>(3,378,716)</b>	<b>(3,348,826)</b>
<b>Earning per share:</b>					
Basic (sen)	33(a)	0.99	0.12		
Diluted (sen)	33(b)	0.95	0.12		

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

## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

Group	Note	Attributable to the Owners of the Parent							Total Equity RM
		Non-distributable					Distributable		
		Share Capital RM	Share Premium RM	Capital Reserve RM	Share Issuance Scheme Options ("SIS") Reserve RM	Warrants Reserves RM	Irredeemable Convertible Unsecured Loan Stock ("ICULS") RM	Retained earnings/ (Accumulated Losses) RM	
At 1 June 2017		87,485,505	6,510	-	-	4,269,165	298,225	(16,975,462)	75,083,943
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	-	-	26,181,986	26,181,986
<b>Transactions with owners:</b>									
Issuance of ordinary shares		281,894,062	54,785,126	-	-	-	-	-	336,679,188
Conversion of ICULS		18,315	16,485	-	-	-	(30,380)	-	4,420
Exercise of SIS		166,800	61,549	-	(33,193)	-	-	-	195,156
Share-based payment		-	-	-	678,975	-	-	-	678,975
Share issuance expenses		(5,798,776)	-	-	-	-	-	-	(5,798,776)
<b>Total transactions with owners</b>		<b>276,280,401</b>	<b>54,863,160</b>	<b>-</b>	<b>645,782</b>	<b>-</b>	<b>(30,380)</b>	<b>-</b>	<b>331,758,963</b>
Transfer in accordance with Section 618(2) of the Companies Act, 2016		54,869,670	(54,869,670)	-	-	-	-	-	-
At 31 May 2018		418,635,576	-	-	645,782	4,269,165	267,845	9,206,524	433,024,892
At 1 June 2016		58,372,730	6,993,520	5,527,459	-	4,418,033	330,883	(59,429,449)	16,213,176
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	-	-	597,775	597,775
<b>Transactions with owners:</b>									
Par value reduction		(29,186,365)	(6,993,520)	(5,527,459)	-	(1,897,643)	-	43,604,987	-
Right issue with free warrants		58,292,490	-	-	-	1,748,775	-	(1,748,775)	58,292,490
Conversion of ICULS		6,650	6,510	-	-	-	(32,658)	-	(19,498)
<b>Total transactions with owners</b>		<b>(22,890,225)</b>	<b>(4,000,000)</b>	<b>(5,527,459)</b>	<b>-</b>	<b>(1,897,643)</b>	<b>-</b>	<b>41,856,212</b>	<b>37,625,000</b>
At 31 May 2017		87,485,505	6,510	-	-	4,269,165	298,225	(16,975,462)	75,083,943



## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MAY 2018 (Cont'd)

Company	Note	Attributable to the Owners of the Company							Total Equity RM
		Non-distributable					Distributable		
		Share Capital RM	Share Premium RM	Capital Reserve RM	Share Issuance Scheme Options ("SIS") Reserve RM	Warrants Reserves RM	Irredeemable Convertible Unsecured Loan Stock ("ICULS") RM	Retained earnings/ (Accumulated Losses) RM	
At 1 June 2017		87,485,505	6,510	-	-	4,269,165	298,225	(23,091,923)	68,967,482
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	-	-	-	(3,378,716)	(3,378,716)
<b>Transactions with owners:</b>									
Issuance of ordinary shares		281,894,062	54,785,126	-	-	-	-	-	336,679,188
Conversion of ICULS		18,315	16,485	-	-	-	(30,380)	-	4,420
Exercise of SIS		166,800	61,549	-	(33,193)	-	-	-	195,156
Share-based payment		-	-	-	678,975	-	-	-	678,975
Share issuance expenses		(5,798,776)	-	-	-	-	-	-	(5,798,776)
<b>Total transactions with owners</b>		276,280,401	54,863,160	-	645,782	-	(30,380)	-	331,758,963
Transfer in accordance with Section 618(2) of the Companies Act, 2016		54,869,670	(54,869,670)	-	-	-	-	-	-
At 31 May 2018		418,635,576	-	-	645,782	4,269,165	267,845	(26,470,639)	397,347,729
At 1 June 2016		58,372,730	6,993,520	5,527,459	-	4,418,033	330,883	(61,599,309)	14,043,316
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	-	-	-	(3,348,826)	(3,348,826)
<b>Transactions with owners:</b>									
Par value reduction		(29,186,365)	(6,993,520)	(5,527,459)	-	(1,897,643)	-	43,604,987	-
Right issue with free warrants		58,292,490	-	-	-	1,748,775	-	(1,748,775)	58,292,490
Conversion of ICULS		6,650	6,510	-	-	-	(32,658)	-	(19,498)
<b>Total transactions with owners</b>									
At 31 May 2017		87,485,505	6,510	-	-	4,269,165	298,225	(23,091,923)	68,967,482

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

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

Note	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Cash Flows From Operating Activities</b>				
Profit before taxation	35,952,779	2,124,685	(3,358,716)	(3,109,898)
Adjustments for:				
Depreciation of property, plant and equipment	574,210	245,169	89,781	174,425
Deposit written off	26,998	-	26,998	-
Dividend income from other investments	(482,261)	(241,586)	(482,261)	(241,586)
Fair value adjustments on investment properties	62,220	-	62,220	-
Gain on disposal of an associate company	-	(100)	-	(100)
Interest expenses	296,955	21,592	23,217	16,657
Interest income	(497,829)	(163,318)	(1,877)	(163,318)
Bad debt written off	-	-	-	18,080
Impairment loss on other receivables	240,638	-	240,638	-
Share-based payment	678,975	-	678,975	-
Share of results of associate companies	647,357	-	-	-
Waiver of amount due to other payables	(15,544)	-	-	-
Operating profit/(loss) before working capital changes	37,484,498	1,986,442	(2,721,025)	(3,305,740)
<b>Change in working capital:</b>				
Receivables	(80,799,364)	(21,517,022)	(530,179)	3,448,311
Amount due from contract customers	(79,015,582)	(4,153,852)	-	-
Amount due from subsidiary companies	-	-	(65,629,310)	(26,301,722)
Amount due from associate companies	(3,074,876)	-	-	-
Amount due from Directors	647,817	(354,631)	(122,183)	(339,630)
Payables	80,867,483	(1,141,244)	51,673	(1,320,539)
	(81,374,522)	(27,166,749)	(66,229,999)	(24,513,580)
Cash generated from operations	(43,890,024)	(25,180,307)	(68,951,024)	(27,819,320)
Interest paid	(1,155,570)	(21,592)	(23,217)	(16,657)
Interest received	497,829	163,318	1,877	163,318
Dividend received	482,261	241,586	482,261	241,586
Tax paid	(8,598,859)	(898,994)	(36,685)	(248,140)
	(8,774,339)	(515,682)	424,236	140,107
Net cash used in operating activities	(52,664,363)	(25,695,989)	(68,526,788)	(27,679,213)

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2018 (Cont'd)

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
<b>Cash Flows From Investing Activities</b>					
Capital work-in-progress incurred		(789,746)	-	-	-
Net cash outflow from acquisition of a subsidiary company		(176,273,623)	-	(172,617,932)	-
Acquisition of an associate company		(126,908)	-	-	-
Proceeds from disposal of an associate company		-	100	-	100
Purchase of property, plant and equipment	4(b)	(4,106,632)	(152,989)	(7,211)	(2,859)
Purchase of investment properties		(49,220)	-	(49,220)	-
Net cash from/(used in) investing activities		(181,346,129)	(152,889)	(172,674,363)	(2,759)
<b>Cash Flows From Financing Activities</b>					
Repayment of finance lease liabilities		(552,494)	(213,124)	(164,500)	(164,500)
Proceeds from issuance of ordinary shares		223,498,345	58,292,490	223,498,345	58,292,490
Proceeds from conversion of ICULS		-	(6,996)	-	(6,996)
Proceeds from exercise of SIS option		195,156	-	195,156	-
Increase in cash and bank balances pledged		(193,034)	-	-	-
Decrease in fixed deposit pledged		5,500,073	-	-	-
Drawdown of term loans		4,000,000	-	-	-
Repayment of term loans		(3,367,705)	-	-	-
Net changes in trust receipts and invoice financing		1,009,431	-	-	-
Net cash from financing activities		230,089,772	58,072,370	223,529,001	58,120,994
<b>Net increase in cash and cash equivalents</b>		(3,920,720)	32,223,492	(17,672,150)	30,439,022
<b>Cash and cash equivalents at beginning of the financial year</b>		34,051,667	1,828,175	30,468,634	29,612
<b>Cash and cash equivalents at end of the financial year</b>		30,130,947	34,051,667	12,796,484	30,468,634
<b>Cash and cash equivalents at end of the financial year comprises:</b>					
Fixed deposits with licensed banks		20,148,772	-	-	-
Cash and bank balances		21,785,535	4,096,344	2,342,903	513,311
Other investment		10,453,581	29,955,323	10,453,581	29,955,323
Bank overdrafts		(1,198,540)	-	-	-
		51,189,348	34,051,667	12,796,484	30,468,634
Less: Fixed deposits pledged with licensed banks		(20,148,772)	-	-	-
Cash and bank balances pledged		(909,629)	-	-	-
		30,130,947	34,051,667	12,796,484	30,468,634

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

## NOTES TO THE FINANCIAL STATEMENTS 31 MAY 2018

### 1. Corporate Information

The Company is a public limited company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The registered office of the Company is located at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The principal place of business of the Company is located at L22, PJX-HM Shah Tower, No. 16A, Persiaran Barat, 46050 Petaling Jaya, Selangor Darul Ehsan.

### 2. Basis of Preparation

#### (a) Statement of Compliance

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

#### Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRSs 2014 – 2016 Cycle	Amendments to MFRS 12

The adoption of the Amendments to MFRS 107 has required additional disclosure of changes in liabilities arising from financing activities in Note 36 to the financial statements. Other than that, the adoption of above amendments to MFRS did not have any significant impact on the financial statements of the Group and of the Company.

#### Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs, new interpretations and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

	Effective dates for financial periods beginning on or after	
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018*
Amendments to MFRS 15	Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
Annual Improvements to MFRSs 2014 – 2016 Cycle:		
• Amendments to MFRS 1		1 January 2018
• Amendments to MFRS 128		1 January 2018
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendments, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term interests in Associates or Joint Ventures	1 January 2019

## 2. Basis of Preparation (Cont'd)

### (a) Standards issued but not yet effective (cont'd)

	Effective dates for financial periods beginning on or after
Annual Improvements to MFRSs 2015 – 2017 Cycle:	
• Amendments to MFRS 3	1 January 2019
• Amendments to MFRS 11	1 January 2019
• Amendments to MFRS 112	1 January 2019
• Amendments to MFRS 123	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

#### Note:

\* Entities that meet the specific criteria in MFRS 4, paragraph 20B, may choose to defer the application of MFRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.

The Group and the Company intend to adopt the above MFRSs when they become effective.

The initial application of the abovementioned MFRSs are not expected to have any significant impact on the financial statements of the Group and of the Company except as mentioned below:

### (i) MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

MFRS 9, Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces MFRS 139 *Financial Instruments: Recognition and Measurement*.

#### (a) Classification of financial assets

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the assets are managed and their cash flow characteristics.

MFRS 9 contains three (3) principal classification categories for financial assets:

- Amortised Cost ("AC");
- Fair Value through Other Comprehensive Income ("FVOCI"); and
- Fair Value through Profit or Loss ("FVTPL").

The standard eliminates the existing MFRS 139 categories of Held-to-Maturity ("HTM"), Loans and Receivables ("L&R") and Available-for-Sale ("AFS").

Based on its assessment, the financial assets held by the Group and the Company as at 31 May 2018 will be reclassified to the following classifications:

## 2. Basis of Preparation (Cont'd)

### (a) Standards issued but not yet effective (cont'd)

#### (i) MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) (cont'd)

#### (a) Classification of financial assets (cont'd)

	2018 RM	Existing classification under MFRS 139	New classification under MFRS 9
<b>Group</b>			
<b>Financial assets</b>			
Trade receivables	133,586,812	L&R	AC
Other receivables	58,342,980	L&R	AC
Amount due from associate companies	3,074,876	L&R	AC
Other investments	10,453,581	L&R	AC
Fixed deposits with licensed banks	20,148,772	L&R	AC
Cash and bank balances	21,785,535	L&R	AC
<b>Company</b>			
<b>Financial assets</b>			
Other receivables	2,447,470	L&R	AC
Amount due from subsidiary companies	81,000,987	L&R	AC
Other investments	10,453,581	L&R	AC
Cash and bank balances	2,342,903	L&R	AC

#### (b) Impairment of financial assets

MFRS 9 replaces the "incurred loss" model in MFRS 139 with a forward-looking "expected credit loss" ("ECL") model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at AC or FVOCI, except for investment securities.

Under MFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not increased significantly. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, the Group and the Company have adopted lifetime ECL measurements for loans and receivables due to the expected lifetime period of loans and receivables are generally less than 12 months.

#### (c) Classification of financial liabilities

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in case where the fair value option is taken for financial liabilities, the part of fair value change due to entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this create an accounting mismatch.

Based on the assessments undertaken to date, the Group and the Company do not expect the above new requirements to affect the classification and measurements of its financial assets and financial liabilities. On the ECL impact, the Group and the Company expect an increase in the Group's and the Company's allowance for impairment by less than 5% of loans and receivables.

## 2. Basis of Preparation (Cont'd)

### (a) Standards issued but not yet effective (cont'd)

#### (ii) MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related IC Interpretations. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Based on the preliminary initial assessment, the Group does not expect the application of MFRS 15 to have a significant impact on financial statements except for extensive new disclosure in financial statements, in particular information about the Group's remaining performance obligations.

Revenue from construction contracts will be recognised when control of the assets is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time as at a point in time. As the percentage of completion under MFRS 111 generally coincides with the progressive recognition, the timing and amount of revenue recognised under MFRS 15 is unlikely to be materially different from its current practice.

#### (iii) MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee

should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group and the Company are assessing the impact of the above new standard on the financial statements of the Group and of the Company in the year of initial adoption.

### (b) Basis of measurement

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

### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

### (d) Significant accounting judgements, estimates and assumptions

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

## 2. Basis of Preparation (Cont'd)

### (d) Significant accounting judgements, estimates and assumptions (cont'd)

#### Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

#### Recognition of construction contract revenue and costs

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

Significant judgement is involved in determining the stage of completion, the extent costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the contracts.

Where the total actual revenue and cost incurred are different from the total estimated revenue and cost incurred, such difference will impact the contract profit or losses recognised.

The carrying amount of amount due from/to contract customers at the reporting date are disclosed in Note 11 to the financial statements.

#### Purchase price allocation for acquisition of subsidiary company

As disclosed in Note 7 to the financial statement, the Company has acquired 100% equity interest in WSSB for a total consideration of RM280 millions during the financial year. Significant judgement were made in the purchase price allocation in accordance with MFRS 3 Business Combinations, where the identifiable assets acquired, liabilities and contingent liabilities are measured at their fair value at the acquisition date. Independent valuer is engaged to undertake the purchase price allocation exercise, to determine whether any other intangible assets should be identified, including consideration of customer contracts and contractual relationships. The excess of the consideration over the fair value of the net identifiable assets acquired shall be recorded as goodwill.

The purchase price allocation for the acquisition of WSSB remains provisional as at the reporting date as the Group has one year from the acquisition date to re-measured the fair values of the acquired assets and liabilities and resulting goodwill.

#### Key sources of estimation uncertainty

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

#### Useful lives of property, plant and equipment

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount of the property, plant and equipment is disclosed in Note 4 to the financial statements.

#### Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 May 2018 for investment properties. For investment properties, a valuation is methodology based on sales comparison approach was used.

The key assumptions used to determine the fair value of the properties are provided in Note 5 to the financial statements.

#### Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 9 to the financial statements.

## 2. Basis of Preparation (Cont'd)

### (d) Significant accounting judgements, estimates and assumptions (cont'd)

#### Key sources of estimation uncertainty (cont'd)

##### Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available in future against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax asset that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount value of recognised and unrecognised deferred tax are disclosed in Note 10 to the financial statements.

##### Construction Contracts

The Group recognises construction contracts 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 construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred the estimated total construction revenue and costs, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on experience and by relying on the work of specialists. The details of construction contracts are disclosed in Note 11 to the financial statements.

##### Impairment of loans and receivables

The Group assesses at end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for financial assets with similar credit risk characteristics. The carrying amounts at the reporting date for loans and receivables are disclosed in Notes 12, 13, 14 and 15 to the financial statements respectively.

##### Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also require determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Details of assumptions made in respect of the share-based payment scheme are disclosed in Note 21 to the financial statements.

##### Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 May 2018, the Group has tax recoverable and payable of RM285,997 (2017: Nil) and RM2,271,754 (2017: RM740,797) respectively.

##### Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 38 to the financial statements regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates vary from the actual prices that would be achieved in an arm's length transactions at the end of the reporting date.

## 3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

### (a) Basis of consolidation

#### (i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related cost are expensed in profit or loss as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(l)(i) on impairment of non-financial assets.

### 3. Significant Accounting Policies (Cont'd)

#### (a) Basis of consolidation (cont'd)

##### (ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

##### (iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

##### (iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(l)(i) to the financial statements on impairment of non-financial assets.

#### (b) Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's profit or loss for the period in which the investment is acquired.

An associate is accounted for either at cost or equity method as described in MFRS 128 from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

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

### 3. Significant Accounting Policies (Cont'd)

#### (b) Investments in associates (cont'd)

After application of either cost or equity method, the Group applies MFRS 139 to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

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

In the Company's separate financial statements, investments in associates are either stated at cost less accumulated impairment losses or equity method. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(l)(i) to the financial statements on impairment of non-financial assets.

#### (c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(l)(i) to the financial statements.

##### (i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

When 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.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

##### (ii) Subsequent costs

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

##### (iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

### 3. Significant Accounting Policies (Cont'd)

#### (c) Property, plant and equipment (cont'd)

##### (iii) Depreciation(cont'd)

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Freehold building	50 years
Leasehold building	50 years
Furniture, fittings and equipment	5 to 10 years
Motor vehicles	10 years
Plant and machinery	10 years
Electrical fittings	2 to 10 years
Renovation	2 to 10 years
Site equipment	10 years

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

#### (d) Capital work-in-progress

Capital work-in-progress consists of expenditure incurred on construction of property, plant and equipment and investment properties which takes a substantial period of time to be ready for their intended use.

Capital work-in-progress is stated at cost during the period of construction. No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to property, plant and equipment and investment properties.

#### (e) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

##### As lessee

##### (i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. 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.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

##### (ii) Operating lease

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

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

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

##### As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### 3. Significant Accounting Policies (Cont'd)

#### (f) 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 measured initially at cost, including transaction costs. Subsequently, investment properties are measured at fair value which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment properties are in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

#### (g) Financial assets

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

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the following categories:

Investment properties are valued by independent professionally qualified valuers, having appropriate recognised professional qualifications and recent experience in the locations and segments of the investment properties valued. The management team reviewed and discussed the valuations, including valuation processes, performed by the independent valuers for financial reporting purposes.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the reporting period of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

### 3. Significant Accounting Policies (Cont'd)

#### (g) Financial assets (cont'd)

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

Financial assets at fair value through profit or loss include financial assets held for trading, contingent consideration in a business combination or financial assets that are designated into this category upon initial recognition. A financial asset is classified in this category if it is acquired principally for the purpose of selling it in the near term. Derivatives, including separated embedded derivatives, are also categorised as held for trading unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

After initial recognition, financial assets in this category are measured at fair value with any gains or losses arising from changes in the fair values recognised in profit or loss in the period in which the changes arise.

- (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

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

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in profit or loss.

#### (h) Financial liabilities

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

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

The Group and the Company classify their financial liabilities at initial recognition, into the following categories:

- (i) Other financial liabilities measured at amortised cost

The Group's and the Company's other financial liabilities comprise trade and other payables and loans and borrowings.

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

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

### 3. Significant Accounting Policies (Cont'd)

#### (h) Financial liabilities (cont'd)

- (ii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specific payment 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 a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

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

#### (i) Offsetting of financial instruments

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

#### (j) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion method is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is possible recoverable and contract costs are recognised as expenses in the period in which they are incurred.

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the reporting period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is presented as amounts due from contract customers. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as amounts due to contract customers.

#### (k) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.



### 3. Significant Accounting Policies (Cont'd)

#### (I) Impairment of assets

##### (i) Non-financial assets

The carrying amounts of non-financial assets (except for deferred tax assets and amount due from contract customers) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

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

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

##### (ii) Financial assets

All financial assets, other than those categorised as fair value through profit or loss, investments in subsidiary companies and associates are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

##### Financial assets carried at amortised cost

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

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

### 3. Significant Accounting Policies (Cont'd)

#### (I) Impairment of assets (cont'd)

##### (ii) Financial assets (cont'd)

##### Financial assets carried at amortised cost (Cont'd)

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

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 in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

#### (m) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

#### (n) Compound financial instrument

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component. Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

#### (o) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

### 3. Significant Accounting Policies (Cont'd)

#### (p) Employee benefits

##### (i) Short term employee benefits

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

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

##### (ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

##### (iii) Equity-settled Share-based Payment Transaction

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

For options granted to the employees of the subsidiary companies, the fair value of the options granted is recognised as cost of investment in the subsidiary companies over the vesting period with a corresponding adjustment to equity in the Company's financial statements.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting date, the Group revises its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings.

#### (q) Revenue

##### (i) Construction contracts

Revenue from construction contracts is accounted in accordance to the accounting policies as described in Note 3(j) to the financial statements.

##### (ii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

##### (iii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

##### (iv) Management fee

Management fee is recognised on accrual basis when services are rendered.

### 3. Significant Accounting Policies (Cont'd)

#### (r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

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

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

#### (s) Income taxes

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

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

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

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

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

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

**3. Significant Accounting Policies (Cont'd)****(t) Goods and Services Tax ("GST")**

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are recognised inclusive of GST.

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

**(u) Segments reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

**(v) Contingencies**

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

**4. Property, Plant and Equipment**

	Freehold building RM	Leasehold building RM	Furniture, fittings and equipment RM	Motor vehicles RM	Plant and machinery RM	Electrical fittings RM	Renovation RM	Site equipment RM	Total RM
<b>Group 2018 Cost</b>									
At 1 June 2017	-	-	330,187	1,118,047	102,600	43,737	352,066	-	1,946,637
Acquisition through business combination	-	1,284,736	174,214	535,693	1,021,644	37,009	50,289	106,690	3,210,275
Transferred from capital work-in- progress (Note 6)	4,125,850	-	-	-	-	-	-	-	4,125,850
Additions	263,368	-	39,940	-	3,629,921	-	29,633	143,770	4,106,632
At 31 May 2018	4,389,218	1,284,736	544,341	1,653,740	4,754,165	80,746	431,988	250,460	13,389,394
<b>Accumulated depreciation</b>									
At 1 June 2017	-	-	79,019	166,804	2,565	33,508	344,017	-	625,913
Charges for the financial year	43,453	17,539	54,787	162,223	257,958	14,433	13,917	9,900	574,210
At 31 May 2018	43,453	17,539	133,806	329,027	260,523	47,941	357,934	9,900	1,200,123
<b>Carrying amount</b>									
At 31 May 2018	4,345,765	1,267,197	410,535	1,324,713	4,493,642	32,805	74,054	240,560	12,189,271

	Furniture, fittings and equipment RM	Motor vehicles RM	Plant and machinery RM	Electrical fittings RM	Renovation RM	Total RM
<b>Group 2017 Cost</b>						
At 1 June 2016	308,828	943,017	-	43,737	352,066	1,647,648
Additions	21,359	175,030	102,600	-	-	298,989
At 31 May 2017	330,187	1,118,047	102,600	43,737	352,066	1,946,637
<b>Accumulated depreciation</b>						
At 1 June 2016	47,292	69,585	-	18,200	245,667	380,744
Charges for the financial year	31,727	97,219	2,565	15,308	98,350	245,169
At 31 May 2017	79,019	166,804	2,565	33,508	344,017	625,913
<b>Carrying amount</b>						
At 31 May 2017	251,168	951,243	100,035	10,229	8,049	1,320,724

## 4. Property, Plant and Equipment (Cont'd)

	Furniture, fittings and equipment RM	Motor vehicles RM	Renovation RM	Total RM
<b>Company 2018</b>				
<b>Cost</b>				
At 1 June 2017	151,445	742,832	314,189	1,208,466
Additions	7,211	-	-	7,211
At 31 May 2018	158,656	742,832	314,189	1,215,677
<b>Accumulated depreciation</b>				
At 1 June 2017	43,925	143,868	314,189	501,982
Charges for the financial year	15,498	74,283	-	89,781
At 31 May 2018	59,423	218,151	314,189	591,763
<b>Carrying amount</b>				
At 31 May 2018	99,233	524,681	-	623,914
<b>2017</b>				
<b>Cost</b>				
At 1 June 2016	148,586	742,832	314,189	1,205,607
Additions	2,859	-	-	2,859
At 31 May 2017	151,445	742,832	314,189	1,208,466
<b>Accumulated depreciation</b>				
At 1 June 2016	28,876	69,585	229,096	327,557
Charges for the financial year	15,049	74,283	85,093	174,425
At 31 May 2017	43,925	143,868	314,189	501,982
<b>Carrying amount</b>				
At 31 May 2017	107,520	598,964	-	706,484

## (a) Assets held under finance leases

The carrying amount of property, plant and equipment of the Group and the Company held under finance leases arrangement are as follow:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Plant and machinery	761,366	-	-	-
Motor vehicles	1,324,713	951,243	524,681	598,964
Site equipment	74,008	-	-	-
	2,160,087	951,243	524,681	598,964

The leased assets are pledged as security for the related lease liabilities as disclosed in Note 24 to the financial statements.

## 4. Property, Plant and Equipment (Cont'd)

(b) The aggregate additional cost for the property, plant and equipment of the Company during the financial year under finance leases and cash payments are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Aggregate costs	4,106,632	298,989	7,211	2,859
Finance lease financing	-	(146,000)	-	-
Cash payments	4,106,632	152,989	7,211	2,859

(c) Assets pledged as securities to licensed banks

The carrying amount of freehold building of the Group pledged as securities for credit facilities as disclosed in Note 25 to the financial statements.

## 5. Investment Properties

	Group and Company	
	2018 RM	2017 RM
At 1 June	813,000	813,000
Addition	49,220	-
Changes in fair value recognised in profit or loss	(62,220)	-
At 31 May	800,000	813,000
Included in the above are:		
<b>At fair value</b>		
Freehold land	800,000	813,000

Fair value basis of investment properties

The investment properties are valued at fair value based on market values determined by independent qualified valuers, Fadzilah & Fikri Sdn. Bhd. amounting to RM800,000 (2017: RM813,000). The independent professionally qualified valuers hold recognised relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. The fair value measurements of the investment properties are based on the highest and best use, which does not differ from their actual use. The fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

There were no transfers between levels during current and previous financial years.

The decrease in fair value of RM62,220 (2017: RMNil) has been recognised in the profit or loss during the financial year.

**6. Capital Work-in-Progress**

	2018 RM	2017 RM
At 1 June	-	-
Addition	789,746	-
Acquisition through business combination	4,125,850	-
Transferred to property, plant and equipment (Note 4)		
At 31 May	(4,125,850)	-
	<u>789,746</u>	<u>-</u>

**7. Investment in Subsidiary Companies**

	Company	
	2018 RM	2017 RM
<b>In Malaysia:</b>		
<b>At cost</b>		
Unquoted shares	<u>300,000,002</u>	<u>1,000,002</u>

Details of the subsidiary companies are as follows:

Name of Company	Country of Incorporation	Effective Interest		Principal activities
		2018 %	2017 %	
<b>Direct holding</b>				
Vizione Construction Sdn. Bhd.	Malaysia	100	100	Subcontractor of the electrical, building and civil works for construction projects
Vizione Development Sdn. Bhd.	Malaysia	100	100	Dormant
Wira Syukur (M) Sdn. Bhd.	Malaysia	100	-	General contractor in building construction and providing related construction management and consultancy services

**7. Investment in Subsidiary Companies (Cont'd)**Acquisition of subsidiary company

On 14 September 2017, the Company had entered into a Share Sale Agreement ("SSA") with Dato Ng Aun Hooi, Bee Jian Ming and Goon Mong Yee for an acquisition of 100% equity interest 2,500,000 ordinary shares in Wira Syukur (M) Sdn. Bhd. ("WSSB") for a total consideration of RM280,000,000. The aggregate purchase consideration is subject for adjustment in case that aggregate profit guarantee of not less than RM82,591,000 for the guaranteed financial years ended 31 December 2017 and year ending 31 December 2018 of the Company. Upon the acquisition, WSSB became a wholly-owned subsidiary company of the Company.

The fair values of the identifiable assets and liabilities of WSSB as at the date of acquisition were:

	RM
Property, plant and equipment	3,210,275
Investment in an associate	1,260,450
Capital work-in-progress	4,125,850
Amount due from contract customers	43,556,979
Trade receivables	46,920,033
Other receivables	33,770,172
Amount due from Directors	800,000
Fixed deposits with licensed banks pledged	25,648,845
Cash and bank balances	2,623,176
Cash and bank balances pledged	716,595
Amount due to contract customers	(22,564,823)
Trade payables	(38,874,374)
Other payables	(54,599,259)
Tax payable	(281,267)
Finance lease liabilities	(926,469)
Bank borrowings	(10,626,134)
Bank overdrafts	(6,278,867)
Deferred tax liabilities	(128,808)
Net identifiable assets	<u>28,352,374</u>

Total cost of business combination

The total cost of the business combination is as follows:

	RM
Cash paid	172,617,932
976,200,615 ordinary shares issued at RM0.11 each	107,382,068
	<u>280,000,000</u>

The effect of the acquisition on cash flows is as follows:

	RM
Total cost of the business combination	280,000,000
Less: Non-cash consideration	(107,382,068)
Consideration settled in cash	172,617,932
Add: Cash and cash equivalents of the subsidiary company acquired	3,655,691
Net cash outflow on acquisition	<u>176,273,623</u>

Contingent consideration

The Company has considered the projected profits for the guaranteed financial years and is of the view that the profit guarantee is achievable. As such, no contingent consideration was recognised as part of the accounting for the acquisition of WSSB.

Goodwill arising on acquisition

	RM
Fair value of net identifiable assets	28,352,374
Goodwill on acquisition	251,647,626
Cost of business combination	<u>280,000,000</u>

## 7. Investment in Subsidiary Companies (Cont'd)

### Impact of the acquisition on the statements of profit or loss and other comprehensive income

From the date of acquisition, acquired subsidiary company has contributed RM365,182,492 and RM28,915,425 to the Group's revenue and profit for the financial year respectively.

There was no acquisition on previous financial year.

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances.

## 8. Investments in Associate Companies

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>At cost</b>				
Unquoted shares in Malaysia	1,500,040	-	-	-
Share of post-acquisition reserve	(760,039)	-	-	-
	<u>740,001</u>	<u>-</u>	<u>-</u>	<u>-</u>

The details of the associate companies are as follows:

Name of Company	Country of Incorporation	Equity Interest		Principal activities
		2018 %	2017 %	
<i>Held through Wira Syukur (M) Sdn. Bhd.</i> Zenith Urban Development Sdn. Bhd. *	Malaysia	30	-	Infrastructure and general contractor
<i>Held through Vizione Development Sdn. Bhd.</i> Mahsyur Gemilang Development Sdn. Bhd. *	Malaysia	40	-	Dormant

\* Associate companies not audited by UHY

- (a) On 23 December 2016, WSSB had acquired 70 ordinary shares in Zenith Urban Development Sdn. Bhd. ("ZUDSB") for a total cash consideration of RM70 of which 40 ordinary shares is held in trust for a Director of the Company. As such, ZUDSB become an associate company of WSSB by virtue of the 30% equity interest owned.
- (b) On 21 March 2018, Vizione Development Sdn. Bhd. ("VDSB") had acquired 40 ordinary shares, representing 40% equity interest in Mahsyur Gemilang Development Sdn. Bhd. ("MGDSB") for a cash consideration of RM40. Upon completion of the acquisition, MGDSB became a 40% owned associate company of VDSB.

On 21 August 2017, WSSB subscribed an additional 3,499,930 new ordinary shares in ZUDSB for a total cash consideration of RM3,499,930 of which 1,999,960 ordinary shares is held in trust for a Director of the Company. Subsequent to the subscription, ZUDSB remained as 30% owned associate company of the Company.

As of the date of this report, the Group is in the process of transferring the 40% equity interests in ZUDSB to the Director of the Company.

## 9. Goodwill on Consolidation

	Group	
	2018 RM	2017 RM
<b>At cost</b>		
At 1 June	-	-
Acquisition through business combination	251,647,626	-
At 31 May	<u>251,647,626</u>	<u>-</u>

The carrying amount of goodwill is derived from the acquisition of a wholly-owned subsidiary company, Wira Syukur (M) Sdn. Bhd..

The recoverable amounts of the goodwill at the end of the financial year is determined from value in use calculations by discounting the future cash flows generated from the continuing use of the cash generated unit ("CGU").

The key assumptions for the value in use calculations are those regarding the discount rates and growth rates during the period. Management estimates discount rates using pre-tax rates that reflect the current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on past results and budgets done by management.

The Group prepares cash flow forecasts derived from the most recent financial forecasts approved by management for the next five (5) years. The rate used to discount the forecast cash flows from Wira Syukur (M) Sdn. Bhd. is 10.66% (2017: Nil) respectively.

As at 31 May 2018, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of the respective CGUs. Having considered the above, the management is of the view that there is no impairment of goodwill as at 31 May 2018.

## 10. Deferred Tax Assets/(Liabilities)

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
At 1 June	14,465	-	14,465	-
Acquisition through business combination	(128,808)	-	-	-
Recognised in profit or loss	(208,241)	16,048	-	16,048
Recognised in equity	(1,474)	(1,583)	(1,474)	(1,583)
At 31 May	<u>(324,058)</u>	<u>14,465</u>	<u>12,991</u>	<u>14,465</u>

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Deferred tax liabilities	(337,049)	-	-	-
Deferred tax assets	12,991	14,465	12,991	14,465
	<u>(324,058)</u>	<u>14,465</u>	<u>12,991</u>	<u>14,465</u>

**10. Deferred Tax Assets/(Liabilities) (Cont'd)**

The components and movements of deferred tax assets and liabilities are as follows:

**Deferred tax liabilities of the Group and the Company**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Accelerated capital allowances</b>				
At 1 June	-	-	-	-
Acquisition through business combination	(128,808)	-	-	-
Recognised in profit or loss	(208,241)	-	-	-
At 31 May	(337,049)	-	-	-

**Deferred tax assets of the Group and the Company**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>ICULS</b>				
At 1 June	14,465	-	14,465	-
Recognised in equity	(1,474)	14,465	(1,474)	14,465
At 31 May	12,991	14,465	12,991	14,465

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Unutilised tax losses	3,228,300	915,200	3,228,300	915,200
Unabsorbed capital allowance	71,233	43,500	71,233	43,500
Other temporary differences	-	2,007	-	-
	3,299,533	960,707	3,299,533	958,700

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

**11. Amount due From/(to) Contract Customers**

	Group	
	2018 RM	2017 RM
Contract costs incurred to date	1,035,507,844	155,726,185
Add: Attributable profits	102,565,427	12,231,260
	1,138,073,271	167,957,445
Less: Progress billings	(1,033,053,066)	(163,803,593)
	105,020,205	4,153,852
<b>Presented as:</b>		
Amount due from contract customers	107,008,020	4,156,950
Amount due to contract customers	(1,987,815)	(3,098)
	105,020,205	4,153,852
Retention sums on contracts (Included in trade receivables)	2,929,461	-

The costs incurred to date on construction contracts include the following charges made during the financial year.

	Group	
	2018 RM	2017 RM
Rental of premises	141,540	-
Rental of plant and machineries	2,511,191	-
Interest expenses (Note 30)	858,615	-
Staff costs (Note 34)	1,369,613	-

**12. Trade Receivables**

	Group	
	2018 RM	2017 RM
Trade receivables:		
- Third parties	125,490,961	8,707,503
- Companies in which certain Directors of the Company have substantial financial interest	8,095,851	9,867,292
	133,586,812	18,574,795

The Group's normal trade credit terms ranges from 30 to 90 days (2017: 30 to 90 days). Other credit terms are assessed and approved on a case to case basis. These balances are unsecured and non-bearing interests. Trade receivables are recognised at their original invoice amounts which represent their fair value on initial recognition.

Analysis of the trade receivables ageing as at the end of the financial year is as follows:

	Group	
	2018 RM	2017 RM
Neither past due nor impaired	26,784,861	16,327,595
Past due not impaired:		
Less than 30 days	13,889,928	-
31 to 60 days	8,218,845	-
61 to 90 days	76,413,025	-
More than 90 days	8,280,153	2,247,200
	106,801,951	2,247,200
	133,586,812	18,574,795

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 31 May 2018, the Group's trade receivables of RM106,801,951 (2017: RM2,247,200) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The Group's credit exposures are concentrated mainly on 2 (2017: 2) customers, which accounted for 44% (2017: 83%) of the total trade receivables.

**13. Other Receivables**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other receivables	8,767,601	10,364,140	1,737,871	1,742,598
Deposits	50,456,954	13,278,808	1,300,074	72,008
Prepayment	114,584	769,350	49,192	769,350
Advance payment in relation to construction contracts	10,057,803	-	-	-
GST claimable	1,465,910	-	-	-
	70,862,852	24,412,298	3,087,137	2,583,956
Less: Accumulated impairment loss				
- Other receivables	(590,475)	(349,837)	(590,475)	(349,837)
- Deposits	(291,100)	(291,100)	-	-
	69,981,277	23,771,361	2,496,662	2,234,119

Included in other receivables is an amount of Nil (2017: RM6,074,022) due from a company which certain Directors of the Company have substantial financial interest. This amount is unsecured, non-bearing interests and is repayable on demand.

**13. Other Receivables (Cont'd)**

Movements in the amount of impairment losses of other receivables are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
At 1 June	640,937	640,937	349,837	349,837
Impairment losses recognised	240,638	-	240,638	-
At 31 May	881,575	640,937	590,475	349,837

Other receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments. This balance is expected to be recovered through the debts recovery process.

**14. Amount due From Subsidiary Companies**

This represents unsecured, non-interest bearing and is repayable on demand.

**15. Amount due from Associate Companies**

This represents unsecured, non-interest bearing and is repayable on demand.

**16. Other Investments**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Current</b>				
Loan and receivables				
- Unquoted money market fund	10,453,581	29,955,323	10,453,581	29,955,323

**17. Fixed Deposits with Licensed Banks**

The fixed deposits with licensed banks of the Group have been pledged with licensed banks as security for credit facilities granted to the Group as disclosed in Note 25 to the financial statements.

The interest rates and maturities of fixed deposits of the Group as at the reporting date is ranging from 2.80% to 3.35% (2017: Nil) per annum and 30 to 365 days (2017: Nil) respectively.

**18. Cash and Bank Balances**

Included in cash and bank balances of the Company are amount of RM909,629 (2017: Nil) are pledged as securities for credit facilities granted by the bankers as disclosed in Note 25 to the financial statements.

**19. Share Capital**

	Group and Company			
	Number of Ordinary Share		Amount	
	2018 Units	2017 Units	2018 RM	2017 RM
<b>Issued and fully paid</b>				
At 1 June	874,855,050	291,863,650	87,485,505	58,372,730
Par value reduction	-	-	-	(29,186,365)
Issuance of right issue	-	582,924,900	-	58,292,490
Conversion of ICULS	183,157	66,500	18,315	6,650
Issuance of ordinary shares	1,842,740,000	-	184,274,000	-
Share issued for acquisition of a subsidiary company	976,200,615	-	97,620,062	-
Exercises of SIS options	1,668,000	-	166,800	-
Share issuance expenses	-	-	(5,798,776)	-
Transfer from share premium in accordance with Section 618(2) of the Companies Act, 2016 *	-	-	54,869,670	-
At 31 May	3,695,646,822	874,855,050	418,635,576	87,485,505

\* The new Companies Act, 2016 (the "Act"), which come into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account of RM54,869,670 become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM54,869,670 for purposes as set out in Sections 618(3). 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.

During the financial year, the number of issued and paid-up ordinary shares of the Company was increased as follows:

- |   |  |
|---|--|
| (i) the issuance of 1,842,740,000 ordinary shares through Private Placement for working capital purposes;                     | (iii) the issuance of 976,200,615 ordinary shares at an issue price of RM0.11 per ordinary share as consideration for the acquisition of the entire issued and fully paid share capital of WSSB; and |
| (ii) the issuance of 183,157 ordinary shares through conversions of Irredeemable Convertible Unsecured Loan Stocks ("ICULS"); | (iv) the issuance of 1,668,000 ordinary shares through the exercises of the Share Issuance Scheme ("SIS") Options.   |

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

**20. Share Premium**

	Group and Company	
	2018 RM	2017 RM
At 1 June	6,510	6,993,520
Par value reduction	-	(6,993,520)
Conversion of ICULS	16,485	6,510
Issuance of ordinary shares	54,785,126	-
Exercise of SIS	61,549	-
Transfer to share capital in accordance with Section 618(2) of the Companies Act, 2016	(54,869,670)	-
At 31 May	-	6,510



## 21. Share Issuance Scheme Options Reserve

At an extraordinary general meeting held on 9 September 2016, the Company's shareholders approved the establishment of SIS for eligible Directors and employees of the Group.

The salient features of the SIS Options are as follows:

- |   |  |
|---|--|
| <p>(a) any employee of the Group shall be eligible if as at the date of offer, the employee:</p> <p>(i) has attained at least eighteen (18) years of age;</p> <p>(ii) is an employee in a company within the Group, which is not dormant belonging to such categories of employment as determined by the Option Committee; and</p> <p>(iii) who falls under such categories and criteria that the Option Committee may decide at its absolute discretion from time to time.</p> | <p>(c) The maximum number of new shares to be issued pursuant to the exercise of the SIS Options which may be granted under the SIS Shares shall not exceed fifteen percent (15%) of the total issued and paid-up share capital (excluding treasury shares, if any) of the Company at any point of time throughout the duration of the SIS.</p> <p>(d) The options granted may be exercised any time upon the satisfaction of vesting conditions of each offer.</p> <p>(e) The SIS shall be in force for a period of five (5) years and the last day to exercise SIS Options is on 5 September 2022.</p> |
| <p>(b) any Director of the Group shall be eligible if as at the date of offer, the Director:</p> <p>(i) is at least eighteen (18) years of age; and</p> <p>(ii) has been appointed as a Director of a company within the Group, which is not dormant.</p>   |  |

Movement in the number of share options and the weighted average exercise prices are as follows:

Date of offer	Exercise price	Number of options over ordinary shares			At 31.05.2018
		At 01.06.2017	Granted	Exercised	
5 September 2017	0.117	-	131,228,257	(1,668,000)	129,560,257

Number of share options exercisable as at 31 May 2018 is 129,560,257 (2017: Nil). The weighted average share price at the date of exercise for the financial year was RM0.117 (2017: Nil) per share option.

Details of SIS Options outstanding at end of the financial year are as follows:

SIS Options	Weighted average exercise price		Exercise period
	2018 RM	2017 RM	
5 September 2017	0.117	-	05.09.2017 - 05.09.2022

## 21. Share Issuance Scheme Options Reserve (Cont'd)

The fair value of services received in return for share options granted during the financial year is based on the fair value of share options granted, estimated by the management using Black-Scholes-Merton model, taking into account the terms and conditions upon which the options were granted. The weighted average fair value of share options measured at grant date and the assumptions are as follows:

	2018 RM	2017 RM
<b>Fair value at grant date:</b>		
5 September 2017	0.0199	-
<b>Weighted average share price</b>	0.148	-
<b>Weighted average exercise price</b>	0.117	-
<b>Expected volatility (%)</b>	58.74	-
<b>Expected life (years)</b>	5 years	-
<b>Risk free rate (%)</b>	3.39%	-
<b>Expected dividend yield (%)</b>	Nil	-

The expected life of the share options is based on historical data, has been adjusted according to management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting the market conditions attached to the option), and behavioural considerations. The expected volatility is based on the historical share price volatility, adjusted for unusual or extraordinary volatility arising from certain economic or business occurrences which is not reflective of its long term average level. While the expected volatility is assumed to be indicative of future trends, it may not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

## 22. Warrants Reserves

	Warrants 2011/2016 RM	Warrants 2013/2018 RM	Warrants 2017/2022 RM	Total RM
<b>Group and Company</b>				
At 1 June 2016	1,897,643	2,520,390	-	4,418,033
Granted during the financial year	-	-	1,748,775	1,748,775
Expired during the financial year	(1,897,643)	-	-	(1,897,643)
At 31 May 2017 and 1 June 2017 / 31 May 2018	-	2,520,390	1,748,775	4,269,165

### (i) Warrants 2011/2016

On 11 August 2011, the Company allotted the rights issue of 39,857,200 new ordinary shares of RM0.20 each in the Company together with 39,857,200 free warrants at an issue price of RM0.20 per rights issue on the basis of one rights issue together with one warrant for every 1 existing ordinary share of the Company.

Each warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 11 August 2011 up to the date of expiry on 10 August 2016, at an exercise price of RM0.20 each or such adjusted price in accordance with the provisions in the Deed Poll.

On the date of expiry, 38,722,400 units of warrants remain unexercised and cease thereafter to be valid for any purpose.

### (ii) Warrants 2013/2018

On 28 June 2014, the Company allotted the rights issue of 117,336,600 new ordinary shares of RM0.20 each in the Company together with 70,401,960 free warrants at an issue price of RM0.20 per rights issue on the basis of 5 rights issue together with 3 warrants for every 1 existing ordinary share of the Company.

Each warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 28 June 2013 up to the date of expiry on 27 June 2018, at an exercise price of RM0.20 each or such adjusted price in accordance with the provisions in the Deed Poll.

As at 31 May 2018, 87,934,591 (2017: 87,934,591) units of warrants remained unexercised.

**22. Warrants Reserves (Cont'd)**(iii) Warrants 2017/2022

On 10 February 2017, the Company allotted the rights issue of 582,924,900 new ordinary shares of RM0.10 each in the Company together with 291,462,450 free warrants at an issue price of RM0.10 per rights issue on the basis of 2 rights issue together with 1 warrant for every 1 existing ordinary share of the Company.

Each warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 6 February 2017 up to the date of expiry on 5 February 2022, at an exercise price of RM0.10 each or such adjusted price in accordance with the provisions in the Deed Poll.

As at 31 May 2018, 291,462,450 (2017: 291,462,450) units of warrants remained unexercised.

**23. Irredeemable Convertible Unsecured Loan Stocks**

	Group and Company	
	2018 RM	2017 RM
<b>Equity component</b>		
At 1 June	298,225	330,883
Conversion during the financial year	(28,906)	(31,075)
Deferred tax effect upon conversion	(1,474)	(1,583)
At 31 May	267,845	298,225
<b>Liability component</b>		
At 1 June	10,955	17,885
Conversion during the financial year	(5,893)	(2,228)
Amortisation charge during the financial year	-	(4,702)
At 31 May	5,062	10,955

The Irredeemable Convertible Unsecured Loans ("ICULS") represents the unconverted portion of the original RM12,000,000 nominal value of 10 years 3% ICULS issued and allotted at 100% of the nominal value at RM0.10 each, net of the deferred tax.

The ICULS have tenure of ten years from the date of issue and will not be redeemable in cash. All outstanding ICULS will be mandatorily converted by the Company into new ordinary shares at the conversion price applicable on the maturity date.

The ICULS are convertible into fully paid ordinary share of RM0.20 each at any time during the tenure of the ICULS from 11 August 2011 to the maturity date on 10 August 2021 by:

- (a) surrendering for cancellation the ICULS with an aggregate nominal value equivalent to the Conversion Price; or
- (b) surrendering for cancellation of RM0.10 nominal value of ICULS and paying the difference between the nominal value of ICULS and the Conversion Price in cash, for every 1 new ordinary share of RM0.20 each.

Upon conversion of the ICULS into new ordinary shares, such shares would rank pari passu in all material respects with the existing ordinary shares of the Company in issue at the date of allotment of the new ordinary shares.

The ICULS holders are not entitled to participate in any distribution and/or offer securities in the Company until and unless such ICULS holders convert the ICULS into new ordinary shares of the Company before the determination of the entitlement date for the distribution and/or offer of securities.

The interest on unconverted ICULS is at the rate of 3% per annum on the nominal value of the ICULS commencing August 2011 and is payable annually in arrears in August in each year.

**24. Finance Lease Liabilities**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Minimum lease payments:</b>				
Within one year	530,868	274,807	26,987	177,558
Between one to two years	334,031	124,235	-	26,897
Between two to five years	2,338	88,348	-	-
	867,237	487,390	26,987	204,455
Less: Future interest charges	(44,636)	(38,764)	(2,237)	(15,205)
Present value of finance lease liabilities	822,601	448,626	24,750	189,250
<b>Present value of minimum lease payments:</b>				
Within one year	499,821	253,778	24,750	164,590
Between one to two years	320,451	117,319	-	24,660
Between two to five years	2,329	77,529	-	-
	822,601	448,626	24,750	189,250
<b>Analysed as:</b>				
Repayable within twelve months	499,821	253,778	24,750	164,590
Repayable after twelve months	322,780	194,848	-	24,660
	822,601	448,626	24,750	189,250

Obligations under finance leases

These obligations are secured by a charge on the leased assets as disclosed in Note 4 to the financial statements. The effective interest rates of the Group and of the Company for the leases is ranging from 4.63% to 4.76% (2017: 4.64% to 6.76%) and 4.64% to 6.76% (2017: 4.64% to 6.76%) per annum respectively.

**25. Bank Borrowings**

	Group	
	2018 RM	2017 RM
<b>Secured Current</b>		
Bank overdrafts	1,198,540	-
Invoice financing	7,280,000	-
Trust receipts	773,065	-
Term loans:		
- RM loan at BLR+1.25% per annum	665,000	-
- RM loan at BLR-2.10% per annum	108,286	-
	10,024,891	-
<b>Non current</b>		
Term loans:		
- RM loan at BLR-2.10% per annum	3,441,509	-
	13,466,400	-

## (a) Bank overdrafts

Bank overdrafts are denominated at RM, bear interest at BFR+1.25% per annum and are secured by the following:

- (i) charge over fixed deposits with licensed banks as disclosed in Note 17; and
- (ii) jointly and severally guaranteed by the Directors of the Company.

## (b) Invoice financing and trust receipts

Invoice financing and trust receipts are denominated at RM, bear interest of BLR+1.25% per annum and are secured by the following:

- (i) charge over fixed deposits with licensed bank as disclosed in Note 17;
- (ii) charge over certain Designated Collection Account as disclosed in Note 18; and
- (iii) jointly and severally guaranteed by the Directors of the Company.

**25. Bank Borrowings (Cont'd)**

- (c) RM loan of BLR+1.25% per annum.  
This loan is secured by the following:
- (i) charge over fixed deposits with licensed bank as disclosed in Note 17;
  - (ii) charge over certain Designated Collection Account as disclosed in Note 18; and
  - (iii) jointly and severally guaranteed by the Directors of the Company.
- (d) RM loan of BLR-2.10% per annum.  
The loan is secured by the following:
- (i) charge over a freehold building as disclosed in Note 4; and
  - (ii) jointly and severally guaranteed by the Directors of the Company.

The maturities of bank borrowings of the Group are as follows:

	Group	
	2018 RM	2017 RM
Within one year	10,024,891	-
Later than one year and not later than two years	113,462	-
Later than two year and not later than five years	243,453	-
Later than five years	3,084,594	-
	<u>13,466,400</u>	<u>-</u>

**26. Trade Payables**

Included in trade payables are amount of Nil (2017: RM1,934,802) due to a company in which certain Directors of the Company has substantial financial interest.

The normal trade credit term granted to the Company ranges from 30 to 60 days (2017: 30 to 60 days) depending on the terms of the contracts. These balances are unsecured and non-bearing interests.

**27. Other Payables**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other payables	1,675,742	79,667	102,531	64,123
Accruals	53,679,342	187,586	156,769	143,504
Advance payments for the projects	8,775,765	-	-	-
GST payable	3,590	117,319	-	-
	<u>64,134,439</u>	<u>384,572</u>	<u>259,300</u>	<u>207,627</u>

Included in accruals are project related accruals based on subcontractors' claim amounted to RM51,198,517 (2017: Nil).

**28. Amount due to Directors**

This represents unsecured advances, non-interest bearing and is repayable on demand.

**29. Revenue**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Sub-contracting of electrical, building and civil works for construction projects	413,186,100	42,839,816	-	-
Management fee received/receivable from a subsidiary company	-	-	3,020,678	1,348,961
Project management consultant fee	-	6,264,218	-	-
	<u>413,186,100</u>	<u>49,104,034</u>	<u>3,020,678</u>	<u>1,348,961</u>

**30. Finance Costs**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest expense on:				
- Banker overdrafts	227,632	-	-	-
- Trust receipt and invoice financing	409,065	-	-	-
- Bank guarantee	23,998	-	-	-
- Bank charges	306	-	-	-
- Bill purchase	39,387	-	-	-
- Performance bond charges	155,083	-	-	-
- ICULS	10,249	3,689	10,249	3,689
- Finance lease liabilities	47,005	17,903	12,968	12,968
- Term loans	242,845	-	-	-
	<u>1,155,570</u>	<u>21,592</u>	<u>23,217</u>	<u>16,657</u>
Less:				
Interest capitalised into construction costs (Note 11)	(858,615)	-	-	-
	<u>296,955</u>	<u>21,592</u>	<u>23,217</u>	<u>16,657</u>

**31. Profit/(Loss) before taxation**

Profit/(Loss) before taxation is determined after charging/(crediting):

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Auditors' remuneration:				
- Statutory				
- Current year	62,500	36,000	30,000	20,000
- Under provision in prior year	-	5,000	-	-
- Non-statutory				
- Current year	5,000	3,000	5,000	3,000
Bad debts written off	-	18,080	-	18,080
Deposit written off	26,998	-	26,998	-
Impairment loss on other receivables	240,638	-	240,638	-
Fair value adjustments on investment properties	62,220	-	62,220	-
Rental of plant and machinery	(120,100)	-	-	-
Depreciation of property, plant and equipment	574,210	245,169	89,781	174,425
Rental expenses	304,050	178,200	172,450	126,600
Gain on disposal of an associate company	-	(100)	-	(100)
Waiver of amount due to other payables	(15,544)	-	-	-
Dividend from other investments	(482,261)	(241,586)	(482,261)	(241,586)
Interest income	(497,829)	(163,318)	(1,877)	(163,318)

**32. Taxation**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Tax expense recognised in profit or loss</b>				
- Current year taxation	8,969,529	1,299,652	20,000	-
- Under provision in prior year	593,023	243,307	-	254,977
	<u>9,562,552</u>	<u>1,542,959</u>	<u>20,000</u>	<u>254,977</u>
<b>Deferred taxation (Note 10):</b>				
- Origination and reversal of temporary differences	228,569	-	-	-
- Over provision in prior year	(20,328)	(16,049)	-	(16,049)
	<u>208,241</u>	<u>(16,049)</u>	<u>-</u>	<u>(16,049)</u>
	<u>9,770,793</u>	<u>1,526,910</u>	<u>20,000</u>	<u>238,928</u>

With effective from 1 January 2017, due to a change in the Malaysian corporate income tax rate that was announced during the Malaysia Budget 2017, tax rate on chargeable income has been reduced by 1% to 4% from 24% based on the percentage increase in the chargeable income of a company compared to the chargeable income for the immediate preceding period.

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit/(loss) before taxation	35,952,779	2,124,685	(3,358,716)	(3,109,898)
Taxation at statutory tax rate of 24% (2017: 24%)	7,955,814	509,924	(806,100)	(746,376)
Expenses not deductible for tax purposes	680,965	388,703	264,300	335,116
Income not subject to tax	-	(57,980)	-	(57,980)
Deferred tax assets not recognised	561,800	469,240	561,800	469,240
Utilisation of previous unrecognised deferred tax assets	(481)	(10,235)	-	-
Underprovision of current taxation in prior years	593,023	243,307	-	254,977
Overprovision of deferred taxation in prior years	(20,328)	(16,049)	-	(16,049)
Taxation for the financial year	<u>9,770,793</u>	<u>1,526,910</u>	<u>20,000</u>	<u>238,928</u>

**33. Earnings Per Share**

## (a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2018 RM	2017 RM
Profit attributable to owners of the parent	<u>26,181,986</u>	<u>597,775</u>
Weighted average number of ordinary share in issue:		
Issued ordinary shares at 1 June	874,855,050	291,863,650
Effect of ordinary shares issued during the financial year	1,768,166,303	182,077,717
Weighted average number of ordinary share at 31 May	<u>2,643,021,353</u>	<u>473,941,367</u>
Basic earnings per ordinary share (sen)	<u>0.99</u>	<u>0.12</u>

## (b) Diluted earnings per share

The diluted earnings per share has been calculated based on the adjusted consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group	
	2018 RM	2017 RM
Profit attribute to owners of the parent for basic earnings	26,181,986	597,775
Interest expense on 3% ICULS (net of tax)	7,789	2,804
Profit attribute to owners of the parent (diluted)	<u>26,189,775</u>	<u>600,579</u>
Weighted average number of ordinary shares used in the calculation of basic earning per share	2,643,021,353	473,941,367
Adjustment for incremental shares from assumed conversions		
SIS	106,189,493	-
ICULS	2,149,352	2,661,974
Weighted average number of ordinary shares at 31 May	<u>2,751,360,198</u>	<u>476,603,341</u>
Diluted earnings per ordinary share (sen)	<u>0.95</u>	<u>0.12</u>

The effect of the potential incremental shares from Warrants 2013/2018 and Warrants 2017/2022 were not taken into account in the computation of diluted earnings per share as the exercise price of the warrants are higher than the average market price of the Company's ordinary shares.

**34. Staff Costs**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Fee	81,000	21,000	21,000	21,000
Salaries, wages and other emoluments	5,846,871	2,546,370	2,077,609	1,411,841
Defined contribution plan	727,043	310,496	252,812	182,479
Social security contributions	40,783	14,234	8,322	6,093
Other benefits	416,152	202,684	106,931	172,402
Share-based payment	678,975	-	478,548	-
	<u>7,790,824</u>	<u>3,094,784</u>	<u>2,945,222</u>	<u>1,793,815</u>
Less: Capitalised into construction costs (Note 11)	(1,369,613)	-	-	-
	<u>6,421,211</u>	<u>3,094,784</u>	<u>2,945,222</u>	<u>1,793,815</u>

**34. Staff Costs (Cont'd)**

Included in staff costs is aggregate amount of remuneration received and receivables by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<b>Executive Directors</b>				
Fee	81,000	21,000	21,000	21,000
Salaries and other emoluments	2,096,900	875,129	1,150,000	660,129
Defined contribution plan	273,900	103,824	138,000	78,024
Social security contributions	2,486	829	1,657	-
Other benefit	32,457	136,920	32,457	112,800
Share-based payment	396,976	-	339,487	-
	<u>2,883,719</u>	<u>1,137,702</u>	<u>1,682,601</u>	<u>871,953</u>

**35. Related Party Transactions**

## (a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint 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. Related parties may be individuals or other entities.

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

## (b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere to the financial statements, the significant related party transactions of the Company are as follows:

	Group	
	2018 RM	2017 RM
<b>Transactions with companies in which Directors of the Company has substantial financial interests</b>		
- Project management services	-	5,920,000
- Contract revenue	8,363,753	16,879,751
- Contract costs	20,909,183	2,179,801
- Rental of plant and machinery	3,600	-
- Rental of premises	80,000	-
	<u>29,356,536</u>	<u>24,979,552</u>
	Company	
	2018 RM	2017 RM
<b>Transactions with subsidiary companies</b>		
- Management fee income	<u>3,020,678</u>	<u>1,348,961</u>

**35. Related Party Transactions (Cont'd)**

## (c) Compensation of key management personnel

Remuneration of Directors and other members of key management are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Fee	192,000	225,000	132,000	225,000
Salaries and other emoluments	2,096,900	875,129	1,150,000	660,129
Defined contribution plan	273,900	103,824	138,000	78,024
Social security contributions	2,486	829	1,657	-
Other benefits	32,457	136,920	32,457	112,800
Share-based payment	396,976	-	339,487	-
	<u>2,994,719</u>	<u>1,341,702</u>	<u>1,793,601</u>	<u>1,075,953</u>

**36. Reconciliation of Liabilities Arising From Financing Activities**

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

	At 01.06.2017 RM	Acquisition of a subsidiary company RM	Drawdown RM	Financing cash flows (i) RM	Repayment RM	At 31.5.2018 RM
<b>Group</b>						
Finance lease liabilities (Note 24)	448,626	926,469	-	-	(552,494)	822,601
Term loans (Note 25)	-	3,582,500	4,000,000	-	(3,367,705)	4,214,795
Trust receipts and invoice financing (Note 25)	-	7,043,634	-	1,009,431	-	8,053,065
	<u>448,626</u>	<u>11,552,603</u>	<u>4,000,000</u>	<u>1,009,431</u>	<u>(3,920,199)</u>	<u>13,090,461</u>
<b>Company</b>						
Finance lease liabilities (Note 24)	189,250	-	-	-	(164,500)	24,750

(i) The cash flows from trust receipt and invoice financing makes up the net amount of proceeds from a repayments of borrowings in the statement of cash flow.

**37. Segment Information**

For management purposes, the Group is organised into business units based on their products and services, and has two reportable segments as follows:

Construction	Sub-contracting of electrical, building and civil works for the construction projects
Others	Investment holding

Other non-reportable segments comprise operations of a subsidiary company which is dormant. None of these segments met the quantitative thresholds for reporting segments in 31 May 2018 and 31 May 2018.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

Information about segment liabilities is neither included in the internal management reports nor provided regularly to the management. Hence, no disclosure is made on segment liabilities.

## 37. Segment Information (Cont'd)

Group	Construction RM	Others RM	Non-reportable segment RM	Total segments RM	Adjustments and elimination RM	Consolidated RM
<b>2018</b>						
<b>Revenue</b>						
Total revenue	413,186,100	-	-	413,186,100	-	413,186,100
Inter-segment revenue	54,491,000	3,020,678	-	57,511,678	(57,511,678)	-
Total segment revenue	467,677,100	3,020,678	-	470,697,778	(57,511,678)	413,186,100
<b>Results</b>						
Deposits written off	-	(26,998)	-	(26,998)	-	(26,998)
Finance costs	(273,738)	(23,217)	-	(296,955)	-	(296,955)
Depreciation of property, plant and equipment	(484,429)	(89,781)	-	(574,210)	-	(574,210)
Dividend income	-	482,261	-	482,261	-	482,261
Interest income	495,952	1,877	-	497,829	-	497,829
Fair value adjustments on investment properties	-	(62,220)	-	(62,220)	-	(62,220)
Impairment loss on other receivables	-	(240,638)	-	(240,638)	-	(240,638)
Waiver of amount due to other payable	-	-	15,544	15,544	-	15,544
Taxation	(9,750,793)	(20,000)	-	(9,770,793)	-	(9,770,793)
Segment results	30,520,586	(3,378,714)	(312,529)	26,829,343	(647,357)	26,181,986
<b>Segment Assets</b>						
Segment assets	376,817,555	397,731,040	2,071,583	776,620,178	(144,115,673)	632,504,505
<b>Segment Liabilities</b>						
Segment liabilities	291,640,161	383,311	2,459,399	294,482,871	(95,003,258)	199,479,613
<b>Group</b>						
<b>2017</b>						
<b>Revenue</b>						
Total revenue	49,104,034	-	-	49,104,034	-	49,104,034
Inter-segment revenue	-	1,348,961	-	1,348,961	(1,348,961)	-
Total segment revenue	49,104,034	1,348,961	-	50,452,995	(1,348,961)	49,104,034
<b>Results</b>						
Bad debts written off	-	(18,080)	-	(18,080)	-	(18,080)
Finance costs	(4,935)	(16,657)	-	(21,592)	-	(21,592)
Depreciation of property, plant and equipment	(70,744)	(174,425)	-	(245,169)	-	(245,169)
Dividend income	-	241,586	-	241,586	-	241,586
Interest income	-	163,318	-	163,318	-	163,318
Gain on disposal of an associate company	-	100	-	100	-	100
Taxation	(1,287,982)	(238,928)	-	(1,526,910)	-	(1,526,910)
Segment results	3,996,088	(3,348,826)	(49,487)	597,775	-	597,775
<b>Segment Assets</b>						
Segment assets	48,463,533	69,608,381	2,726	118,074,640	(35,371,678)	82,702,962
<b>Segment Liabilities</b>						
Segment liabilities	41,271,783	640,899	78,013	41,990,695	(34,371,676)	7,619,019

## 37. Segment Information (Cont'd)

## Adjustment and eliminations

Share of results of associate companies is not allocated to individual segments as the underlying instruments are managed on a group basis.

Inter-segment revenues are eliminated on consolidation.

## Major customers

Revenue from 1 (2017: 2) major customers amounting to RM58,740,765 (2017: RM40,454,018), arising from revenue by the construction segment.

## 38. Financial Instruments

## (a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

Group	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
<b>2018</b>			
<b>Financial assets</b>			
Trade receivables	133,586,812	-	133,586,812
Other receivables	58,342,980	-	58,342,980
Amount due from associate companies	3,074,876	-	3,074,876
Fixed deposits with licensed banks	20,148,772	-	20,148,772
Other investments	10,453,581	-	10,453,581
Cash and bank balances	21,785,535	-	21,785,535
<b>Total financial assets</b>	<b>247,392,556</b>	<b>-</b>	<b>247,392,556</b>
<b>Financial liabilities</b>			
Trade payables	-	116,368,294	116,368,294
Other payables	-	55,355,084	55,355,084
Amount due to Directors	-	86,199	86,199
Bank borrowings	-	13,466,400	13,466,400
Finance lease liabilities	-	822,601	822,601
ICULS	-	5,062	5,062
<b>Total financial liabilities</b>	<b>-</b>	<b>186,103,640</b>	<b>186,103,640</b>
<b>Group</b>			
<b>2017</b>			
<b>Financial assets</b>			
Trade receivables	18,574,795	-	18,574,795
Other receivables	23,002,011	-	23,002,011
Other investments	29,955,323	-	29,955,323
Cash and bank balances	4,096,344	-	4,096,344
<b>Total financial assets</b>	<b>75,628,473</b>	<b>-</b>	<b>75,628,473</b>
<b>Financial liabilities</b>			
Trade payables	-	5,792,589	5,792,589
Other payables	-	267,253	267,253
Amount due to Directors	-	238,382	238,382
Finance lease liabilities	-	448,626	448,626
ICULS	-	10,955	10,955
<b>Total financial liabilities</b>	<b>-</b>	<b>6,757,805</b>	<b>6,757,805</b>

## 38. Financial Instruments (Cont'd)

## (a) Classification of financial instruments (cont'd)

	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
<b>Company</b>			
<b>2018</b>			
<b>Financial assets</b>			
Other receivables	2,447,470	-	2,447,470
Amount due from subsidiary companies	81,000,987	-	81,000,987
Other investments	10,453,581	-	10,453,581
Cash and bank balances	2,342,903	-	2,342,903
<b>Total financial assets</b>	<b>96,244,941</b>	<b>-</b>	<b>96,244,941</b>
<b>Financial liabilities</b>			
Other payables	-	259,300	259,300
Amount due to Directors	-	86,199	86,199
Finance lease liabilities	-	24,750	24,750
ICULS	-	5,062	5,062
<b>Total financial liabilities</b>	<b>-</b>	<b>375,311</b>	<b>375,311</b>
<b>Company</b>			
<b>2017</b>			
<b>Financial assets</b>			
Other receivables	1,464,769	-	1,464,769
Amount due from subsidiary companies	34,371,677	-	34,371,677
Other investments	29,955,323	-	29,955,323
Cash and bank balances	513,311	-	513,311
<b>Total financial assets</b>	<b>66,305,080</b>	<b>-</b>	<b>66,305,080</b>
<b>Financial liabilities</b>			
Other payables	-	207,627	207,627
Amount due to Directors	-	208,382	208,382
Finance lease liabilities	-	189,250	189,250
ICULS	-	10,955	10,955
<b>Total financial liabilities</b>	<b>-</b>	<b>616,214</b>	<b>616,214</b>

## (b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

## 38. Financial Instruments (Cont'd)

## (b) Financial risk management objectives and policies (cont'd)

## (i) Credit risk

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

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured advances to subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to third parties, an associate company, and companies in which certain Directors of the Company have substantial financial interests as disclosed in Note 40 to the financial statement. There was no indication that the related parties and third parties would default on repayment as at the end of the reporting period.

As at the end of the financial year, the Group had 5 (2017: 4) major customers owing RM87,600,501 (2017: RM16,041,528) and accounted for approximately 66% (2017: 86%) of all the receivables outstanding.

## (ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities

The Group's and the Company's funding requirements and liquidity risk is managed with the objective of meeting business

obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total contractual cash flows RM	Carrying amount RM
<b>Group</b>						
<b>2018</b>						
<b>Financial liabilities</b>						
Trade payables	116,368,294	-	-	-	116,368,294	116,368,294
Other payables	55,355,084	-	-	-	55,355,084	55,355,084
Amount due to Directors	86,199	-	-	-	86,199	86,199
ICULS	5,062	-	-	-	5,062	5,062
Finance lease liabilities	530,868	334,031	2,338	-	867,237	822,601
Bank borrowings	10,192,218	271,980	543,940	4,401,733	15,409,871	13,466,400
Financial guarantee (Note 40)*	109,395,121	-	-	-	109,395,121	109,395,121
	<b>291,932,846</b>	<b>606,011</b>	<b>546,278</b>	<b>4,401,733</b>	<b>297,486,868</b>	<b>295,498,761</b>
<b>Group</b>						
<b>2017</b>						
<b>Financial liabilities</b>						
Trade payables	5,792,589	-	-	-	5,792,589	5,792,589
Other payables	267,253	-	-	-	267,253	267,253
Amount due to Directors	238,382	-	-	-	238,382	238,382
Finance lease liabilities	274,807	124,235	88,348	-	487,390	448,626
ICULS	10,955	-	-	-	10,955	10,955
	<b>6,583,986</b>	<b>124,235</b>	<b>88,348</b>	<b>-</b>	<b>6,796,569</b>	<b>6,757,805</b>

\* Based on the maximum amount that can be called for under the financial guarantee contract.

**38. Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (cont'd)

(ii) Liquidity risk (cont'd)

	On demand or within 1 year RM	1 - 2 years RM	Total contractual cash flows RM	Carrying amount RM
<b>Company</b>				
<b>2018</b>				
<b>Financial liabilities</b>				
Other payables	259,300	-	259,300	259,300
Amount due to Directors	86,199	-	86,199	86,199
ICULS	5,062	-	5,062	5,062
Finance lease liabilities	26,987	-	26,987	24,750
	<u>377,548</u>	<u>-</u>	<u>377,548</u>	<u>375,311</u>
<b>2017</b>				
<b>Financial liabilities</b>				
Other payables	207,627	-	207,627	207,627
Amount due to Directors	208,382	-	208,382	208,382
ICULS	10,955	-	10,955	10,955
Finance lease liabilities	177,558	26,897	204,455	189,250
	<u>604,522</u>	<u>26,897</u>	<u>631,419</u>	<u>616,214</u>

(iii) Market risk

(a) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group and the Company manage the interest rate risk of their deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group and the Company manage their interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group and the Company constantly monitor their interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group and the Company do not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

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

	2018 RM	2017 RM
<b>Group</b>		
<i>Fixed rate instrument</i>		
<b>Financial asset</b>		
Fixed deposits with licensed banks	20,148,772	-
<b>Financial liability</b>		
Finance lease liabilities	<u>822,601</u>	<u>448,626</u>
<i>Floating rate instrument</i>		
<b>Financial liability</b>		
Bank borrowings	<u>13,466,400</u>	<u>-</u>
<b>Company</b>		
<i>Fixed rate instrument</i>		
<b>Financial liability</b>		
Finance lease liabilities	<u>24,750</u>	<u>189,250</u>

**38. Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (cont'd)

(iii) Market risk (cont'd)

(a) Interest rate risk (cont'd)

**Interest rate risk sensitivity analysis**

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/ (decreased) the Group's profit before taxation by RM134,664 (2017: Nil), arising mainly as a result of lower/ higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair values of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

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

	Fair value of financial instruments not carried at fair value Level 2 RM	Carrying amount RM
<b>Group</b>		
<b>2018</b>		
<b>Financial Liability</b>		
Finance lease liabilities	<u>327,580</u>	<u>322,780</u>
<b>2017</b>		
<b>Financial Liability</b>		
Finance lease liabilities	<u>200,425</u>	<u>194,848</u>
<b>Company</b>		
<b>2018</b>		
<b>Financial Liability</b>		
Finance lease liabilities	<u>-</u>	<u>-</u>
<b>2017</b>		
<b>Financial Liability</b>		
Finance lease liabilities	<u>26,033</u>	<u>24,660</u>



**38. Financial Instruments (Cont'd)**

## (c) Fair values of financial instruments (cont'd)

## (i) Policy on transfer between levels

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

There were no transfers between levels during current and previous financial years.

## (ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

## (iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

## (iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

**39. Capital Commitments**

	Group	
	2018 RM	2017 RM
<b>Capital expenditure</b>		
Approved and contracted for:		
- Capital work-in-progress	107,000	-
- Property, plant and equipment	-	2,500,000
	<u>107,000</u>	<u>2,500,000</u>

**40. Financial Guarantee**

	Group	
	2018 RM	2017 RM
<b>Corporate guarantee</b>		
Corporate guarantee given by a subsidiary company to financial institutions for banking facilities granted to:		
- Third parties in relation to construction contracts	31,831,841	-
- An associate company	25,765,740	-
- A company in which certain Directors of the Company have substantial financial interests	4,483,195	-
	<u>62,080,776</u>	<u>-</u>
Performance guarantee extended to third parties in respect of contracts entered into by a subsidiary company	47,314,345	-

The Group provides unsecured financial guarantee to financial institution in respect of banking facilities granted to the above parties and monitors on an on-going basis of their financial performance.

Financial guarantee have not been recognised since the fair value on limited recognition was deemed not material and the probability of default is remote.

**41. Capital Management**

The Group's and the Company's objective when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and the Company monitor capital using a gearing ratio. The Group's and the Company's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Total loan and borrowings	14,289,001	448,626	24,750	189,250
Less: Fixed deposits with licensed banks	(20,148,772)	-	-	-
Less: Cash and bank balances	(32,239,116)	(34,051,667)	(12,796,484)	(30,468,634)
Net debts	<u>(38,098,887)</u>	<u>(33,603,041)</u>	<u>(12,771,734)</u>	<u>(30,279,384)</u>
Total equity	<u>433,024,892</u>	<u>75,083,943</u>	<u>397,347,729</u>	<u>68,967,482</u>
Gearing ratio (times)	#	#	#	#

# Gearing ratio not applicable as the cash and cash equivalent of the Group and of the Company are sufficient to settle the outstanding debt.

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

**42. Comparative Figures**

The financial statements of the Group and of the Company for the financial year ended 31 May 2017 were audited by another firm of chartered accountants.

During the financial year, the Group and the Company made certain reclassification to the comparatives to confirm to the current year presentation. There was no significant impact to the financial performance in relation to the financial year ended 31 May 2018.

**43. Date of Authorisation for Issue**

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of Directors on 13 September 2018.

# LIST OF PROPERTIES

Location and address of property	Brief description and existing use	Area Building/Land (sq meters)	Tenure and Year of Expiry	Approximate Age of Building (Years)	Net Book Value as at 31/5/2018 (RM'000)	Date of Valuation
GM 6135 Lot No. PT922, Mukim Bandar Kuah, Daerah Langkawi, Kedah <b>Land address:</b> Lot PT 922, Sg Tarum, Bandar, Kuah, Langkawi, Kedah	Residential	200	Freehold	-	#	16 July 2018
GM 6136 Lot No. PT923, Mukim Bandar Kuah, Daerah Langkawi, Kedah <b>Land address:</b> Lot PT 923, Sg Tarum, Bandar Kuah, Langkawi, Kedah	Residential	190	Freehold	-	#	16 July 2018
GM 6137 Lot No. PT924, Mukim Bandar Kuah, Daerah Langkawi, Kedah <b>Land address:</b> Lot PT 924, Sg Tarum, Bandar Kuah, Langkawi, Kedah	Residential	180	Freehold	-	#	16 July 2018
GM 6138 Lot No. PT925, Mukim Bandar Kuah, Daerah Langkawi, Kedah <b>Land address:</b> Lot PT 925, Sg Tarum, Bandar Kuah, Langkawi, Kedah	Residential	170	Freehold	-	#	16 July 2018
GM 6139 Lot No. PT926, Mukim Bandar Kuah, Daerah Langkawi, Kedah <b>Land address:</b> Lot PT 926, Sg Tarum, Bandar Kuah, Langkawi, Kedah	Residential	160	Freehold	-	#	16 July 2018
GM 6140 Lot No. PT927, Mukim Bandar Kuah, Daerah Langkawi, Kedah <b>Land address:</b> Lot PT 927, Sg Tarum, Bandar Kuah, Langkawi, Kedah	Residential	212	Freehold	-	#	16 July 2018
GM 6163 Lot No. PT950, Mukim Bandar Kuah, Daerah Langkawi, Kedah <b>Land address:</b> Lot PT 950, Sg Tarum, Bandar, Kuah, Langkawi, Kedah	Residential	259	Freehold	-	#	16 July 2018
GM 6164 Lot No. PT951, Mukim Bandar Kuah, Daerah Langkawi, Kedah <b>Land address:</b> Lot PT 951, Sg Tarum, Bandar Kuah, Langkawi, Kedah	Residential	355	Freehold	-	#	16 July 2018
Unit 2A & 2B, Menara M101 Dang Wangi, No 3, Jalan Kamunting, 50300 Kuala Lumpur	Commercial	164	Freehold	1	4,346	-
EW3-06-13, No 13, Jalan SE06, Sunway Eastwood, Taman Equine 43300 Seri Kembangan	Residential	193	Leasehold (Expire: 2112)	2	1,267	-

# These properties have an aggregate net book value of RM800,000.

# SHAREHOLDINGS STATISTICS

## ANALYSIS OF SHAREHOLDINGS AS AT 30 AUGUST 2018

Issued and Fully Paid-up Capital	: 3,696,967,822 ordinary shares
Class of Shares	: Ordinary shares
Voting Rights	: One vote per ordinary share

## SHAREHOLDING DISTRIBUTION SCHEDULE (AS PER THE RECORD OF DEPOSITORS)

No. of Shareholders	Size of Shareholdings	No. of Shares Held	% of Shares
5	Less than 100	201	*
546	100 to 1,000	457,458	0.01
1,417	1,001 to 10,000	8,802,300	0.24
3,157	10,001 to 100,000	149,482,763	4.04
1,197	100,001 to less than 5% of issued shares	2,855,234,707	77.23
2	5% and above of the issued shares	682,990,393	18.47
<b>6,324</b>	<b>TOTAL</b>	<b>3,696,967,822</b>	<b>100.00</b>

\* Less than 0.01%

## LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

Name of Shareholders	No. of Shares Held	Percentage (%)
1. Lau Chew Mee	491,031,636	13.28
2. Maybank Nominees (Tempatan) Sdn Bhd <i>-Pledged Securities Account for Ng Aun Hooi</i>	191,958,757	5.19
3. HSBC Nominees (Tempatan) Sdn Bhd <i>-Exempt An for BNP Paribas Singapore Branch (Local)</i>	162,601,637	4.40
4. Malacca Equity Nominees (Tempatan) Sdn Bhd <i>-Exempt An for Phillip Capital Management Sdn Bhd (EPF)</i>	127,730,846	3.46
5. Cartaban Nominees (Tempatan) Sdn Bhd <i>-Exempt An for Bank J.Safra Sarasin Ltd, Hong Kong Branch Clients Account (Overseas Local)</i>	121,951,227	3.30
6. Amsec Nominees (Tempatan) Sdn Bhd <i>-Pledged Securities Account - Ambank (M) Berhad for Ng Aun Hooi (Smart)</i>	89,160,284	2.41
7. Malacca Equity Nominees (Tempatan) Sdn Bhd <i>-Exempt An for Phillip Capital Management Sdn Bhd</i>	88,902,445	2.40
8. Public Nominees (Tempatan) Sdn Bhd <i>-Pledged Securities Account for Law Ngia Meng (E-KKU)</i>	81,300,900	2.20
9. Cartaban Nominees (Tempatan) Sdn Bhd <i>-Exempt an for Standard Chartered Bank Singapore (EFGBHK-Tempatan)</i>	81,300,818	2.20
10. RHB Nominees (Tempatan) Sdn Bhd <i>-Pledged Securities Account for Ng Aun Hooi</i>	80,000,000	2.16
11. RHB Nominees (Tempatan) Sdn Bhd <i>-Pledged Securities Account for Bee Jian Ming</i>	72,119,470	1.95

**LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS**

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

Name of Shareholders	No. of Shares Held	Percentage (%)
12. Malaysia Nominees (Tempatan) Sendirian Berhad <i>-Great Eastern Life Assurance (Malaysia) Berhad (LBF)</i>	70,000,000	1.89
13. Malaysia Nominees (Tempatan) Sendirian Berhad <i>-Great Eastern Life Assurance (Malaysia) Berhad (LEEF)</i>	65,324,000	1.77
14. Maybank Nominees (Tempatan) Sdn Bhd <i>-Pledged Securities Account for Ng Aun Hooi</i>	50,000,000	1.35
15. DB (Malaysia) Nominee (Asing) Sdn Bhd <i>-Exempt An for Bank of Singapore Limited</i>	43,716,000	1.18
16. Maybank Nominees (Tempatan) Sdn Bhd <i>-Pledged Securities Account for Julian Suresh Candiah</i>	43,500,000	1.18
17. Malacca Equity Nominees (Tempatan) Sdn Bhd <i>-Exempt An for Phillip Capital Management Sdn Bhd</i>	43,046,400	1.16
18. Kenanga Nominees (Tempatan) Sdn Bhd <i>-Woo Yi Xuan</i>	41,610,400	1.13
19. Ambank (M) Berhad <i>-Pledged Securities Account for Lim Song Kah (Smart)</i>	40,650,500	1.10
20. Citigroup Nominees (Tempatan) Sdn Bhd <i>-Exempt An for Kenanga Investors Bhd (Account 6)</i>	40,650,409	1.10
21. Alliancegroup Nominees (Tempatan) Sdn Bhd <i>-Pledged Securities Account for Lim Chai Beng (7001398)</i>	39,760,200	1.08
22. Goon Mong Yee	38,313,468	1.04
23. Kenanga Nominees (Tempatan) Sdn Bhd <i>-Pledged Securities Account for Loh Khoon Chiang</i>	37,678,500	1.02
24. Maybank Nominees (Tempatan) Sdn Bhd <i>-Etiqua Life Insurance Berhad (Balance)</i>	37,500,000	1.01
25. JF Apex Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Fortune Biotech Supply Sdn Bhd (STA 1)</i>	35,000,000	0.95
26. Kenanga Nominees (Tempatan) Sdn Bhd <i>-Pledged Securities Account for Warisan Sanjungan Sdn Bhd</i>	31,780,500	0.86
27. Kenanga Nominees (Tempatan) Sdn Bhd <i>-Pledged Securities Account for Sinwira Sdn Bhd</i>	30,488,800	0.82
28. Kenanga Nominees (Tempatan) Sdn Bhd <i>-Pledged Securities Account for Eng Ging Kiat</i>	29,500,000	0.80
29. Citigroup Nominees (Tempatan) Sdn Bhd <i>-Exempt An for Kenanga Investors Bhd (Account 5)</i>	26,829,270	0.73
30. Malacca Equity Nominees (Tempatan) Sdn Bhd <i>-Exempt An for Phillip Capital Management Sdn Bhd</i>	23,383,700	0.63
<b>TOTAL</b>	<b>2,356,790,167</b>	<b>63.75</b>

**LIST OF SUBSTANTIAL SHAREHOLDERS**

Name of Substantial Shareholders	Direct	Percentage %	No. of Shares Held	
			Indirect	Percentage %
1. Lau Chew Mee	491,031,636	13.28	-	-
2. Dato' Ng Aun Hooi	431,119,041	11.67	124,658,973*	3.37
3. Goon Mong Yee	38,313,468	1.04	127,640,636 **	3.45
4. Bee Jian Ming	72,119,470	1.95	240,264,727***	6.50

**DIRECTORS' SHAREHOLDINGS**

(AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

Name of Directors	Direct	Percentage %	No. of Shares Held	
			Indirect	Percentage %
1. Datuk Dr. Raman bin Ismail	-	-	-	-
2. Dato' Ng Aun Hooi	431,119,041	11.67	124,658,973*	3.37
3. Bee Jian Ming	72,119,470	1.95	240,264,727***	6.50
4. Chan Chee Wing	-	-	-	-
5. Dato' Ir. Mohamad Shokri bin Abdullah	-	-	-	-
6. Ng Fun Kim	-	-	-	-
7. YM Syed Haizam Hishamuddin Putra Jamalullail	-	-	-	-

\* Deemed interest by virtue of his spouse's direct shareholdings in the Company and the Shares held by Lau Chew Mee as Trustee/Stakeholder for Dato' Ng Aun Hooi pursuant to the Stakeholders Agreement dated 14 September 2017 in connection with the Wira Syukur (M) Sdn Bhd ("WSSB") Acquisition.

\*\*Deemed interest by virtue the Shares held by Lau Chew Mee as Trustee/Stakeholder for Goon Mong Yee pursuant to the Stakeholders Agreement dated 14 September 2017 in connection with the WSSB Acquisition.

\*\*\* Deemed interest by virtue the Shares held by Lau Chew Mee as Trustee/Stakeholder for Bee Jian Ming pursuant to the Stakeholders Agreement dated 14 September 2017 in connection with the WSSB Acquisition.

## ANALYSIS OF ICULS HOLDINGS AS AT 30 AUGUST 2018

### IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS")

No. of ICULS holders	: 146
Exercise Price of ICULS	: RM0.20
Exercise Period of ICULS	: 9 August 2011 to 8 August 2021
No. of ICULS issuance	: 3,068,200

#### ICULS HOLDING DISTRIBUTION SCHEDULE

No. of ICULS Holders	Size of ICULS Holdings	No. of ICULS Held	% of ICULS
1	Less than 100	99	*
4	100 to 1,000	700	0.02
77	1,001 to 10,000	403,901	13.16
59	10,001 to 100,000	2,025,500	66.02
4	100,001 to less than 5% of issued shares	438,000	14.28
1	5% and above of the issued shares	200,000	6.52
146	<b>TOTAL</b>	<b>3,068,200</b>	<b>100.00</b>

\* Less than 0.01%

#### LIST OF 30 LARGEST ICULS ACCOUNT HOLDERS

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

Name of ICULS Holders	No. of ICULS Held	Percentage (%)
1. Ban Hock Seng Sdn Bhd	200,000	6.52
2. Kong Ah Then	124,000	4.04
3. Lee Kok Hoong	109,800	3.58
4. Jimmy Lim Thaw Chay	104,000	3.39
5. Lim Onn Lam	100,200	3.27
6. Maybank Nominees (Tempatan) Sdn Bhd <i>-Lai Choi Sang</i>	100,000	3.26
7. Kenanga Nominees (Tempatan) Sdn Bhd <i>-Pledged Securities Account for Chiam Eng An (001)</i>	100,000	3.26
8. Syarikat Rimba Timur (RT) Sdn Bhd	80,000	2.61
9. Ching Gek Lee	80,000	2.61
10. Kenanga Nominees (Tempatan) Sdn Bhd <i>-Pledged Securities Account for Tay Yoo Swae</i>	80,000	2.61
11. Lim Onn Lam	80,000	2.61
12. Lee Kim Siong	80,000	2.61
13. Lim Pin Hoon	60,000	1.96
14. Kenanga Nominees (Tempatan) Sdn Bhd <i>-Pledged Securities Account for Chiam Lee Wah (001)</i>	55,900	1.82
15. Liong Sam Kong	50,000	1.63
16. Loy Sai Hwa	50,000	1.63

#### LIST OF 30 LARGEST ICULS ACCOUNT HOLDERS

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

Name of ICULS Holders	No. of ICULS Held	Percentage (%)
17. Chiew Yung Li	50,000	1.63
18. Pun Kam Po	50,000	1.63
19. Public Nominees (Tempatan) Sdn Bhd <i>-Pledged Securities Account for Heng Sau Wah (E-KLC)</i>	48,000	1.56
20. Cheow Wah Thim	46,200	1.51
21. Hoh Sai Khong	44,700	1.46
22. Ng Teck Chiew	44,000	1.43
23. See Joo Liong	40,000	1.30
24. Ban Poon Chor @ Ban Pong Cho	40,000	1.30
25. Lee Seng Young	40,000	1.30
26. Ong Hock Choo	40,000	1.30
27. Neoh Siew Lian	40,000	1.30
28. Lee Kuat Chai	36,000	1.17
29. Low Kwok Thong	36,000	1.17
30. Gloria Hoh Nee Loyson	30,200	0.98
<b>TOTAL</b>	<b>2,039,000</b>	<b>66.46</b>

#### DIRECTORS' ICULS HOLDINGS

NAME OF DIRECTORS	No. of ICULS Held	Percentage (%)
1. Datuk Dr. Raman bin Ismail	-	-
2. Dato' Ng Aun Hooi	-	-
3. Bee Jian Ming	-	-
4. Chan Chee Wing	-	-
5. Dato' Ir. Mohamad Shokri bin Abdullah	-	-
6. Ng Fun Kim	-	-
7. YM Syed Haizam Hishamuddin Putra Jamalullail	-	-

## ANALYSIS OF WARRANTS C HOLDINGS AS AT 30 AUGUST 2018

## WARRANTS C

No. of Warrants holders	: 747
Exercise Price of Warrants	: RM0.10
Exercise Period of Warrants	: 6 February 2017 to 5 February 2022
No. of Warrants	: 291,462,450

## SHAREHOLDING DISTRIBUTION SCHEDULE

No. of Warrants C Holders	Size of Warrants C Holdings	No. of Warrants C Held	% of Warrants C
1	Less than 100	50	*
40	100 to 1,000	27,500	0.01
117	1,001 to 10,000	706,700	0.24
320	10,001 to 100,000	16,213,200	5.56
266	100,001 to less than 5% of issued shares	226,888,200	77.84
3	5% and above of the issued shares	47,626,800	16.34
<b>747</b>	<b>TOTAL</b>	<b>291,462,450</b>	<b>100.00</b>

\* Less than 0.01%

## LIST OF 30 LARGEST WARRANTS C ACCOUNT HOLDERS

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

Name of Warrants C Holders	No. of Warrants C Holder Held	Percentage (%)
1. DB (Malaysia) Nominee (Asing) Sdn Bhd <i>-Exempt An for Bank of Singapore Limited</i>	16,390,000	5.62
2. Kenanga Nominees (Tempatan) Sdn Bhd <i>-Woo Yi Xuan</i>	15,796,800	5.42
3. Eng Ging Kiat	15,440,000	5.30
4. Tan Tuan Shee	12,600,000	4.32
5. Alliancegroup Nominees (Tempatan) Sdn Bhd <i>-Pledged Securities Account for Lim Chai Beng (7001398)</i>	11,000,000	3.77
6. Tan Soo Lee	8,650,000	2.97
7. Alliancegroup Nominees (Tempatan) Sdn Bhd <i>-Pledged Securities Account for Seaw Wei Tat (7000246)</i>	8,500,000	2.92
8. Amsec Nominees (Tempatan) Sdn Bhd <i>-Pledged Securities Account - Ambank (M) Berhad for Ng Aun Hooi (Smart)</i>	8,201,000	2.81
9. Seow Khim Soon	7,546,700	2.59
10. RHB Capital Nominees (Tempatan) Sdn Bhd <i>-Pledged Securities Account for Ho Kuek Kuwang (CEB)</i>	5,173,000	1.77
11. HLIB Nominees (Tempatan) Sdn Bhd <i>-Pledged Securities Account for Leow Kuan Shu</i>	5,000,000	1.72
12. Khoo Seng Miao	4,900,000	1.68
13. Maybank Nominees (Tempatan) Sdn Bhd <i>-Teo Kian Yeu</i>	4,655,000	1.60
14. Alliancegroup Nominees (Tempatan) Sdn Bhd <i>-Pledged Securities Account for Loh Teck Wah (8090542)</i>	4,500,100	1.54

## LIST OF 30 LARGEST WARRANTS C ACCOUNT HOLDERS (cont'd)

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

Name of ICULS Holders	No. of ICULS Held	Percentage (%)
15. Malaysia Nominees (Tempatan) Sendirian Berhad <i>-Great eastern Life Assurance (Malaysia) Berhad (LBF)</i>	4,500,000	1.54
16. Lee Choi Fok @ Lee Choon Fook	4,200,000	1.44
17. Tan Siew Lian	3,920,000	1.34
18. Alliancegroup Nominees (Tempatan) Sdn Bhd <i>-Pledged Securities Account for Lim Ann Lie (7000780)</i>	3,900,000	1.34
19. Alliancegroup Nominees (Tempatan) Sdn Bhd <i>-Pledged Securities Account for Heng Kear Huat (7003273)</i>	2,875,700	0.99
20. Public Nominees (Tempatan) Sdn Bhd <i>-Pledged Securities Account for Loo Seng Hock (E-PTS)</i>	2,604,000	0.89
21. Ng Lea Ching	2,600,000	0.89
22. Cimsec Nominees (Tempatan) Sdn Bhd <i>-Pledged Securities Account for Chow Yee Chin (Kebun Teh-CL)</i>	2,500,000	0.86
23. Maybank Nominees (Tempatan) Sdn Bhd <i>-Pledged Securities Account for Ng Aun Hooi</i>	2,500,000	0.86
24. Tan Hwa Imm	2,450,000	0.84
25. Tan Choong Keat	2,133,000	0.73
26. Heng Kear Huat	2,084,200	0.72
27. HLIB Nominees (Tempatan) Sdn Bhd <i>Hong Leong Bank Bhd for Saw Hean Yeow</i>	2,000,000	0.69
28. Wong Sik Sen	2,000,000	0.69
29. Lim Ee Hui	2,000,000	0.69
30. Liong Hong Hoh	1,900,000	0.65
<b>TOTAL</b>	<b>172,519,500</b>	<b>59.19</b>

## DIRECTORS' WARRANTS C HOLDINGS

NAME OF DIRECTORS	No. of Warrants C Holder Held			
	Direct	Percentage %	Indirect	Percentage %
1. Datuk Dr. Raman bin Ismail	-	-	-	-
2. Dato' Ng Aun Hooi	10,701,000	3.67	510,900	0.18
3. Bee Jian Ming	-	-	-	-
4. Chan Chee Wing	-	-	-	-
5. Dato' Ir. Mohamad Shokri bin Abdullah	-	-	-	-
6. Ng Fun Kim	-	-	-	-
7. YM Syed Haizam Hishamuddin Putra Jamalullail	-	-	-	-

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twentieth Annual General Meeting ("20th AGM") of **Vizone Holdings Berhad** ("Vizone" or the "Company") will be held at TPC Kuala Lumpur, Kuala Lumpur Golf & Country Club Bhd, 10 Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur, Wilayah Persekutuan (KL), Malaysia on Thursday, 18 October 2018 at 10.00 a.m. for the following purposes:

### AGENDA

#### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 May 2018 together with the Reports of the Directors and Auditors thereon. **(Please refer to the Explanatory Notes 9)**
2. To approve the payment of Directors' fees of RM132,000.00 for the financial year ended 31 May 2018. **(Ordinary Resolution 1)**
3. To re-elect the following Directors who are retiring under Article 79 of the Company's Constitution:-
  - (i) Mr Bee Jian Ming **(Ordinary Resolution 2)**
  - (ii) Mr Ng Fun Kim **(Ordinary Resolution 3)**
  - (iii) YM Syed Haizam Hishamuddin Putra Jamalullail **(Ordinary Resolution 4)**
4. To re-elect Dato' Ng Aun Hooi who retires pursuant to Article 80 of the Company's Constitution. **(Ordinary Resolution 5)**
5. To re-appoint Messrs UHY as Auditors of the Company for the ensuing year 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 Ordinary Resolutions:

6. **Payment of Directors' Benefits for the Non-Executive Directors** **(Ordinary Resolution 7)**

**THAT** approval be and is hereby given for the payment of Directors' Benefits comprised of Meeting Allowance to the Non-Executive Directors of the Company amounting to RM24,800.00 for the financial year ended 31 May 2018.
7. **Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016** **(Ordinary Resolution 8)**

**"THAT** pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue and allot shares of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares issued pursuant to this resolution shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company and the Directors be and are also empowered to obtain approval for the listing and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

8. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** **(Ordinary Resolution 9)**

**"THAT** subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company and/or its subsidiary companies ("Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature as set out in Section 3.3 of the circular to shareholders of the Company dated 26 September 2018 provided such transactions are:-

- (a) necessary for the day-to-day operations;
- (b) undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public; and
- (c) not detrimental to the minority shareholders of the Company,

**AND THAT** the Shareholders' Mandate is subject to annual renewal and this Shareholders' Mandate shall only continue to be in force and effect until:-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;
  - (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016; or
  - (c) revoked or varied by resolution passed by the shareholders in a general meeting,
- whichever is earlier;

**AND THAT** the Directors of the Company be and are hereby empowered and authorised to complete and do all such acts, deeds and things as they may consider expedient or necessary or in the best interest of the Company to give effect to the Shareholders' Mandate, with full power to assent to any condition, modification, variation and/or amendment (if any) as may be imposed or permitted by the relevant authorities."

9. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Companies Act 2016.



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Stamp

**The Company Secretaries**  
**Vizione Holdings Berhad (442371-A)**  
**No. 2-1, Jalan Sri Hartamas 8**  
**Sri Hartamas**  
**50480 Kuala Lumpur**  
**Wilayah Persekutuan (KL)**

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

**VIZIONE HOLDINGS BERHAD**

(442371-A)

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