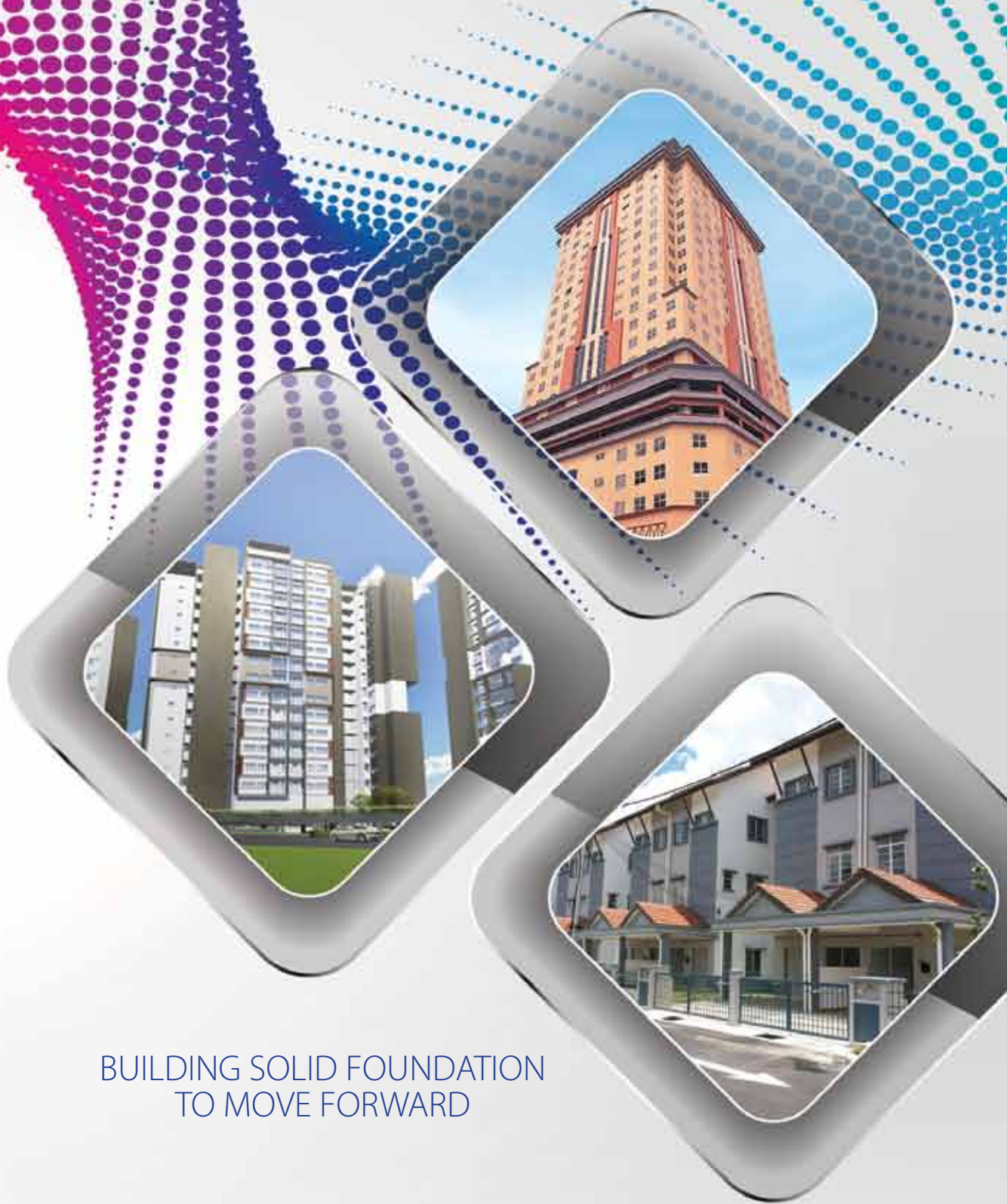


**TALAM  
TRANSFORM  
BERHAD**

(Company No. 1120-H)



BUILDING SOLID FOUNDATION  
TO MOVE FORWARD

annual report **2017**





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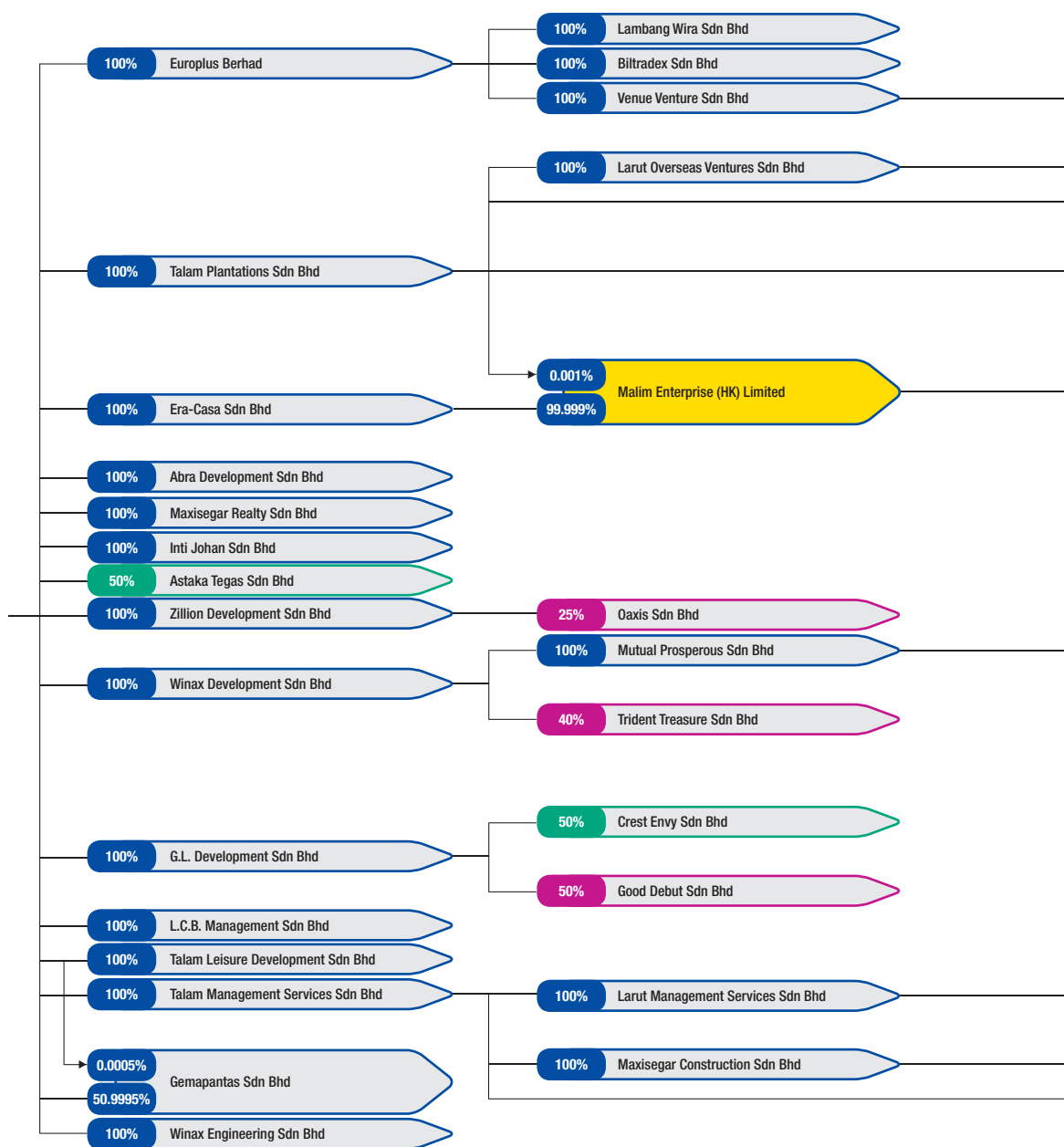
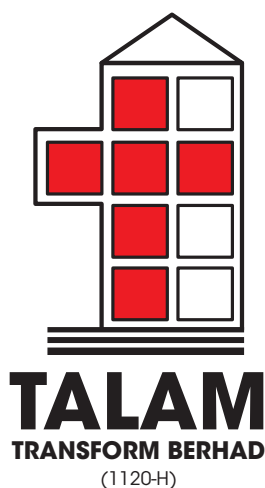


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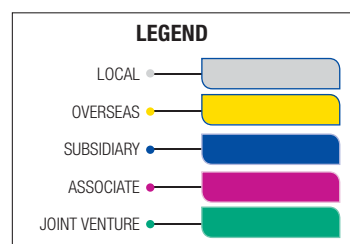
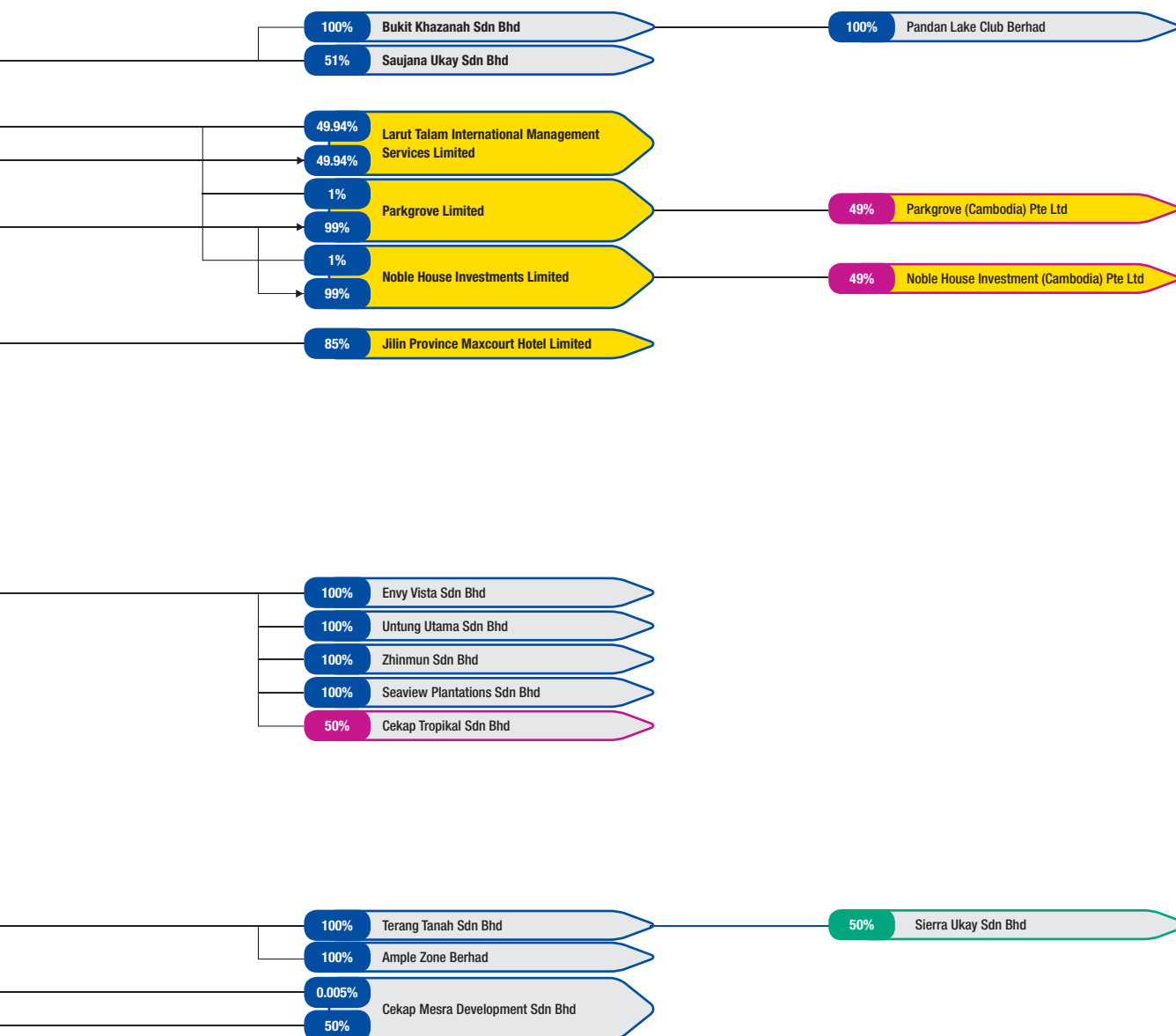
## Corporate Structure

As at 2 May 2017

### TALAM TRANSFORM BERHAD (1120-H) ANNUAL REPORT 2017



## Corporate Structure (Cont'd)



## BOARD OF DIRECTORS

**Tsen Keng Yam**
*Chairman*
*Senior Independent Non-Executive Director*
**Tan Sri Dato' (Dr) Ir Chan Ah Chye @**
**Chan Chong Yoon**
*Non-Independent Non-Executive Director*
**Dato' Kamaruddin Bin Mat Desa**
*Independent Non-Executive Director*
**Datuk Dr Ng Bee Ken**
*Independent Non-Executive Director*
**Chua Kim Lan**
*Executive Director*
**Yaw Chun Soon**
*Executive Director*
**Chan Tet Eu**
*Non-Independent Non-Executive Director*

## AUDIT COMMITTEE

**Tsen Keng Yam**
*Chairman*
*Member of the Malaysian Institute of Accountants*
**Dato' Kamaruddin Bin Mat Desa**
*Member*
**Datuk Dr Ng Bee Ken**
*Member*

## NOMINATION COMMITTEE

**Datuk Dr Ng Bee Ken**
*Chairman*
**Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon**
*Member*
**Tsen Keng Yam**
*Member*

## REMUNERATION COMMITTEE

**Datuk Dr Ng Bee Ken**
*Chairman*
**Tsen Keng Yam**
*Member*
**Dato' Kamaruddin Bin Mat Desa**
*Member*

## COMPANY SECRETARY

Soo Kah Pik (MIA 8102)

## PRINCIPAL BANKERS

Malayan Banking Berhad

RHB Investment Bank Berhad

## REGISTERED OFFICE

Unit 17.02, Level 17, Menara Maxisegar

Jalan Pandan Indah 4/2

Pandan Indah

55100 Kuala Lumpur

Tel no.: 03-42962000

Fax no.: 03-42977220

Website: www.ttransform.com.my

## SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd

Level 7, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

Damansara Heights

50490 Kuala Lumpur

Tel no.: 03-20849000

Fax no.: 03-20949940 / 03-20950292

## AUDITORS

Baker Tilly Monteiro Heng (AF0117)

Chartered Accountants

Baker Tilly MH Tower

Level 10, Tower 1, Avenue 5

Bangsar South City

59200 Kuala Lumpur

Tel no.: 03-22971000

Fax no.: 03-22829980

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock Code : 2259

Stock Name : TALAMT



## Profile of Directors

### TSEN KENG YAM

**Tsen Keng Yam**, aged 67, male, Malaysian, Chairman/Independent Non-Executive Director, joined the Board of Talam Transform Berhad (“the Company”) on 30 April 2004 and became the Chairman on 22 January 2009. He is also the Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee of the Company.

He is a Fellow of the Institute of Chartered Accountants (England and Wales) and a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

In 1978, he joined Hanafiah Raslan & Mohamed as a consultant and was subsequently promoted to Senior Consultant in 1980. He was a principal of Hanafiah Raslan & Mohamed from 1984 to 1987 and was a partner of Arthur Andersen & Co. for more than 14 years from 1988 to 2003. He was formerly a Director of Riverview Rubber Estates Berhad and Narborough Plantations Plc.



### TAN SRI DATO' (DR) IR CHAN AH CHYE @ CHAN CHONG YOON

**Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon**, aged 71, male, Malaysian, Non-Independent Non-Executive Director, joined the Board of the Company on 6 November 1990. He was formerly the Executive Chairman of the Company prior to his re-designation as Non-Independent Non-Executive Director on 22 January 2009. He is a member of the Nomination Committee of the Company.

He graduated with a Bachelor Degree in Civil Engineering from the University of Malaya in 1970 and is a member of the Institution of Engineers, Malaysia since 1974 and was subsequently made a Fellow in 1984. He has over 46 years of experience in the property and construction industry since he started his career with Messrs Binnie & Partners (M) Sdn Bhd and later joined Perbadanan Kemajuan Negeri Selangor in 1971 as a Project Manager handling project designs, management and property development. He was formerly the Executive Director (President/Chief Executive) and former Major Shareholder of Kumpulan Europlus Berhad.

Tan Sri Chan was awarded the prestigious “Property Man of the Year 1998” by the Federation Internationale Des Professions Immobilières (“FIABCI”) in recognition of his achievements in property development. Tan Sri Chan was conferred the Honorary Doctorate of Science (Engineering) by the University Malaya on 11 August 2003.

His son, Chan Tet Eu is also a Director and Major Shareholder of the Company.





### **DATO' KAMARUDDIN BIN MAT DESA**

**Dato' Kamaruddin Bin Mat Desa**, aged 66, male, Malaysian, Independent Non-Executive Director, joined the Board of the Company on 1 October 2007. He is a member of the Audit Committee and Remuneration Committee of the Company.

He holds a Bachelor of Laws (Hons) from International Islamic University, Petaling Jaya, Selangor (1993).

Dato' Kamaruddin had extensive experience in the Royal Malaysian Police Force. During his distinguished career, he held positions such as General Duty/Traffic, Platoon Commander, Police Field Force, Officer in-charge of Police Sub-District, Area Inspector, State Traffic Chief Selangor, Deputy OCPD, Staff Officer (Prosecution) Session Court (Selangor), Staff Officer (Admin) CID Selangor, Police Secretary/Special Officer to IGP, Officer in-charge of Criminal Investigation Department, Deputy Chief Police Officer and Deputy Director, Commercial Crime Investigation Department.



### **DATUK DR NG BEE KEN**

**Datuk Dr Ng Bee Ken**, aged 62, male, Malaysian, joined the Board of the Company on 21 May 2010 as an Independent Non-Executive Director. He is also a member of the Audit Committee and Chairman of the Nomination Committee and Remuneration Committee of the Company.

Datuk Ng holds a Bachelor of Law (Hons) from the University of Wales, Cardiff; a Master of Laws from King's College, University of London; and a Barrister-at-Law from Lincoln's Inn. He is also an Advocate and Solicitor of the High Court of Malaya since 1987, and presently is the Managing Partner of the law firm of Azri, Lee Swee Seng & Co where he specializes in corporate law.

Datuk Ng also holds a Master of Science (Corporate Communication) from Universiti Putra Malaysia, an ACEA and is a Certified Mediator at the Malaysian Mediation Centre as accredited by the Malaysian Bar. He was conferred the Doctor of Divinity by Asia Pacific Seminary in October, 2016.

Besides legal practice, he is also the Chairman and an Independent Non-Executive Director of Sinotop Holdings Berhad and an Independent Non-Executive Director of Widetech (Malaysia) Berhad, Yong Tai Berhad and Opensys (M) Berhad.

## Profile of Directors (Cont'd)

### CHUA KIM LAN

**Chua Kim Lan**, aged 53, female, Malaysian, Executive Director, joined the Board of the Company on 1 October 2007.

Ms Chua Kim Lan graduated from Tunku Abdul Rahman University College in Building Technology in 1984 and holds a Master of Business Administration from Honolulu University, Hawaii in 2000. She was previously attached to Brisdale (M) Sdn Bhd for five (5) years from 1984 to 1989 and the Company for one (1) year prior to joining Europlus Berhad as a Quantity Surveyor in 1991. She was transferred back to the Company subsequent to the merger exercise in 2003 and was formerly the Deputy President of the Company before her appointment to the Board.



### YAW CHUN SOON

**Yaw Chun Soon**, aged 54, male, Malaysian, Executive Director, joined the Board of the Company on 24 July 2014.

Mr Yaw Chun Soon was admitted as a Solicitor and Barrister of the High Court of New Zealand in 1986 and he was called to the Malaysian Bar in 1987. He practiced law as an Advocate & Solicitor of the High Court of Malaya.

Mr Yaw has over 31 years of experience in the legal, financial services, broadcasting and property development industry. He joined TA Securities Berhad in November 1993. In May 1996, he was the General Manager-Operations of Botly Securities Sdn Bhd ("Botly"), a wholly-owned subsidiary of TA Enterprise Berhad and subsequently as the Executive Director of Botly. From May 1998 till October 1998, he was the Corporate Finance Director of TA Bank of the Philippines Inc. and the Director of TA Securities Philippines and TA Properties Development, Philippines Inc. On 19 November 1999, he was appointed to the Board of TA Securities Berhad and subsequently the Executive Director-Operations of TA Securities Holdings Berhad from 14 August 2004 until 30 November 2011. He was also appointed as Executive Director of TA Enterprise Berhad, a public listed company listed on Bursa Malaysia Securities Berhad from 7 October 2009 to 30 November 2011. He is also a director of Asian Outreach (Malaysia) Bhd.





## Profile of Directors (Cont'd)



### CHAN TET EU

**Chan Tet Eu**, aged 32, male, Malaysian, Non-Independent Non-Executive Director, joined the Board of the Company on 24 July 2014.

Mr Chan Tet Eu holds a Bachelor of Arts and Media (with Hons) from Lim Kok Wing University and a Certificate of Excellence in mechanical engineering and a Diploma in accounting.

Mr Chan worked in a media outlet and production house, prior to joining a property development company.

His father, Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon is also a Director and Major Shareholder of the Company.

#### Notes:

1. Save as disclosed, none of the Directors have:-
  - (i) Any directorships in public companies and listed issuers;
  - (ii) Any family relationship with any directors and/or major shareholders of the Company;
  - (iii) Any conflict of interest with the Company;
  - (iv) Any conviction for offences within the past 5 years other than traffic offences; and
  - (v) Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 January 2017.
2. The details of the Directors' attendances at Board of Directors' Meetings held during the financial year ended 31 January 2017 are set out in the Statement on Corporate Governance on page 28 of this Annual Report.
3. The Directors' shareholdings in the Company are disclosed in the Statement on Directors' Interests of this Annual Report.

## Profile of Key Senior Management

The Key Senior Management of Talam Transform Berhad (“the Company”) is headed by the Executive Directors, Ms Chua Kim Lan and Mr Yaw Chun Soon, whose profiles are disclosed in the Profile of Directors.

Ms Chua oversees the Operations of the Group which covers Finance, Project, Contract, Sales and Marketing, Planning, Authority, Land Matters and Business Development and Complex while Mr Yaw oversees the Corporate Affairs Department which covers Corporate Finance, Human Resources & Administration and Purchasing, Legal and Secretarial Services.

They are assisted by other members of the Key Senior Management as follows:-

### TAN BAK HAI

*Senior Vice President I of Sales & Marketing*

Tan Bak Hai, aged 57, male, was appointed as Senior Vice President I of the Company on 1 January 2004. He oversees the day to day operation of the Sales and Marketing Department.

Mr Tan graduated from University of Malaya in 1983.

Mr Tan started his career with Rahim & Co. Chartered Surveyors Sdn Bhd for 5 years prior to joining Europlus Berhad as a Sales and Administration Executive. He was promoted as Marketing Manager and followed by the position as General Manager. He was transferred back to the Company subsequent to the merger exercise in 2003. He is a director of High Ground Sanctuary Berhad.

### SOO KAH PIK

*Chief Financial Officer*

Soo Kah Pik, aged 55, male, Malaysian, joined the Company on 1 August 2014 as Vice President of Group Finance.

Mr Soo is a qualified accountant by profession and a member of the Malaysian Institute of Accountants.

He has a total of 32 years of broad experience in the fields of audit, accounting, secretarial and tax with 7 years working in Chartered Accountancy firms in the United Kingdom. In Malaysia, he served 12 years in the Hong Leong Group before departing as Group Financial Controller of Malaysian Pacific Industries Berhad. A further 11 years were spent in various other business sectors such as construction, information technology and broadcasting before he joined the Company. He also assumed the position of Company Secretary from 1 November 2014 and was subsequently appointed as the Chief Financial Officer on 1 March 2015.

## Profile of Key Senior Management (Cont'd)

### LIM LAY HONG

*Vice President of Planning, Authority, Land Matters and Business Development*

Lim Lay Hong, aged 52, female, Malaysian, joined the Company on 15 February 1993 as Project Development Executive and was appointed as Vice President of PAALM & Business Development in August 2014. She oversees the day to day operation of the Planning, Authority, Land Matters and Business Development Department.

Ms Lim Lay Hong obtained a Diploma in Business Administration (ABE) from the School of Marketing Ipoh in 1986 and holds a Master of Business Administration in Management from Greenwich University, Norfolk Island, Australia in 2002. She was with Europlus Berhad Group for 8 years, prior to her transfer back to the Company subsequent to the merger exercise in 2003.

### NG GIAK LIAN

*Deputy Vice President of Finance*

Ng Giak Lian, aged 56, female, Malaysian, joined the Company in 1989 and was appointed as Deputy Vice President (Finance) in 2012 and is currently assisting the Chief Financial Officer on all day to day finance and accounting matters.

Ms Ng has more than 30 years of management experience in finance and accounting in the construction and property development industry. Prior to joining the Company, she was attached to a construction company. She started her career in the Company as an Account Executive. Subsequently, she was promoted as Finance Manager followed by Senior Finance Manager and eventually to the current position as the Deputy Vice President (Finance).

She graduated from Tunku Abdul Rahman University College in Cost and Management Accounting in 1986.

### Notes

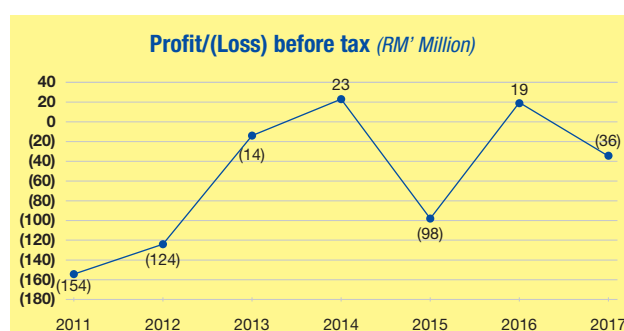
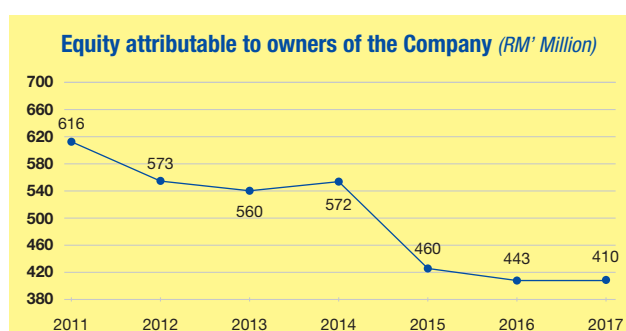
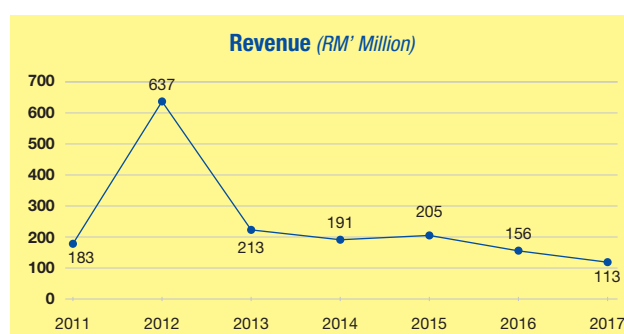
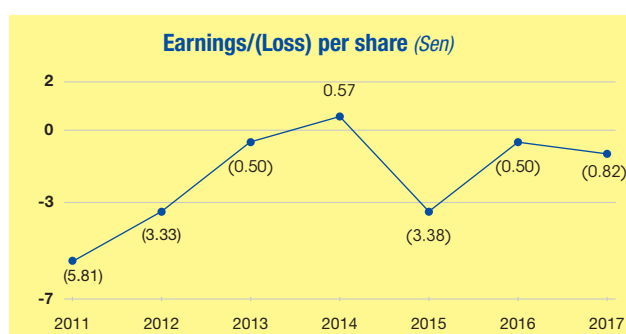
*Save as disclosed, none of the Key Senior Management have:-*

- (i) *Any directorship in public companies and listed issuers;*
- (ii) *Any family relationship with any directors and/or major shareholders of the Company;*
- (iii) *Any conflict of interest with the Company;*
- (iv) *Any conviction for offences within the past 5 years other than traffic offences; and*
- (v) *Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 January 2017.*



## Financial Highlights

TALAM TRANSFORM BERHAD		2017	2016	2015	2014	2013	2012	2011
<b>GROUP</b>								
Total Assets	RM'000	956,285	1,124,516	1,502,664	1,916,238	1,995,730	2,260,315	2,877,638
Total Liabilities	RM'000	556,130	689,730	1,048,746	1,340,558	1,433,363	1,684,778	2,258,111
Equity attributable to owners of the Company	RM'000	409,813	443,311	459,556	571,787	559,634	572,950	615,935
Revenue	RM'000	112,993	155,609	204,548	191,435	212,636	637,424	183,395
Profit/(Loss) before tax	RM'000	(36,172)	19,406	(97,911)	23,222	(13,994)	(124,418)	(153,753)
Profit/(Loss) after tax attributable to owners of the Company	RM'000	(34,503)	(21,257)	(141,206)	10,421	(20,145)	(126,406)	(167,088)
Earnings/(Loss) per share	Sen	(0.82)	(0.50)	(3.38)	0.57	(0.50)	(3.33)	(5.81)
Return on Assets	%	-3.6%	-2.1%	-10.0%	0.4%	-1.0%	-5.6%	-5.8%
Return on Equity	%	-8.4%	-5.3%	-32.6%	1.4%	-3.6%	-22.2%	-27.2%
Gearing Ratios		0.24	0.45	0.56	0.64	0.78	0.81	1.18
<b>COMPANY</b>								
Total Assets	RM'000	950,638	1,113,752	1,282,724	1,559,300	1,590,267	1,514,326	1,396,683
Total Liabilities	RM'000	592,666	643,498	784,974	970,249	990,165	994,649	808,194
Equity attributable to owners of the Company	RM'000	357,934	470,254	497,750	589,051	600,102	519,677	588,489
Revenue	RM'000	465	28,871	3,468	70,503	802	324	30,000
Profit/(Loss) before tax	RM'000	(112,346)	(27,496)	(117,520)	(10,747)	79,022	(156,134)	(125,101)
Profit/(Loss) after tax attributable to owners of the Company	RM'000	(112,320)	(27,496)	(116,685)	(11,966)	80,113	(153,424)	(125,101)
Return on Assets	%	-11.8%	-2.5%	-9.1%	-0.8%	5.0%	-10.1%	-9.0%
Return on Equity	%	-31.4%	-5.8%	-23.4%	-2.0%	13.3%	-29.5%	-21.3%
Gearing Ratios		0.20	0.22	0.25	0.27	0.31	0.39	0.71





*On behalf of the Board of Directors of Talam Transform Berhad, I am pleased to present to you the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 January 2017 ("FY17").*

# Chairman's Statement

2016 has been a challenging year for the Group in its property development and property investment segments with headwinds coming from the continued economic uncertainties which affected both, the domestic and global economy, as well as the weakening currency and credit crunch in the property industry.

## FINANCIAL HIGHLIGHTS

The Group delivered a revenue of RM112.99 million in FY17. The Group pre-tax loss was RM36.17 million while the loss attributable to shareholders was RM34.5 million.

The Group has progressively improved on its financial stability by strengthening our balance sheet and further reducing the gearing position of the Group in FY17 to position for future development growth. The Group has paid down a total of RM70.07 million of its loans in FY17. The Group recorded total current assets of RM341.76 million against total current liabilities of RM324.50 million.

**Chairman's  
Statement  
(Cont'd)**

## **PROSPECTS**

As the Group strengthens its financial resilience and with the strength of its expertise and experience in building affordable homes, it is well positioned to chart a new growth by building a sustainable long term business that caters to the demands of the Malaysian consumers.

The Group remains committed to create value for our shareholders and will continue with its business rationalisation and operational management focus to improve its financial performance.

## **ACKNOWLEDGEMENT**

On behalf of the Board, I wish to extend my heartfelt appreciation to our valued shareholders for their unceasing support and to our valued customers, business partners, suppliers, lenders and contractors for their continued support and understanding as the Group navigates its way through uncertain times.

To my fellow Directors, a word of thanks for leading and guiding the Group through turbulent times and restoring financial stability to the Group.

My appreciation also goes to the management and valued employees for their dedication and commitment to the Group and for continuously remaining resilient in a challenging business operating environment.

Most of all, I would like to express my sincere gratitude to the regulators and all the relevant authorities for their continued support and guidance.

**TSEN KENG YAM**  
*Chairman*





# Management Discussion and Analysis

## A. OVERVIEW OF GROUP'S BUSINESS

Talam Transform Berhad ("TTB") and its subsidiaries ("the Group") is involved in property development, property investment and provision of management services.

The slowdown in the property sector during the financial year on the back of a slowing economy with softer consumer sentiments and tight credit and financing conditions continues to present a challenging business environment for the property sector.

The Group has an existing land bank of approximately 967 acres of development lands all situated in the State of Selangor. Currently, the Group's revenue from property development is mainly derived from sales of development lands and joint venture projects with strong reputable partners.

In property investment, the Group has undertaken asset sales to create cash flow and to strengthen the financial capability of the Group to undertake future development projects with some smaller projects to be constructed under the build then sell concept. The sale of development lands and inventories continue to form the main driver for the revenue generation.

The Group has been in the hospitality industry since 1997 and has on 5 January 2017 entered into an agreement to dispose its 85% equity interest in Jilin Province Maxcourt Hotel Limited which operates the Maxcourt Hotel in Changchun City, Jilin Province, China.

## B. GROUP FINANCIAL REVIEW

In the midst of a challenging environment, the management will continue to take prudent and proactive steps and measures to reduce the Group's debts to financial institutions and creditors.

The Group achieved a revenue of RM112.99 million in financial year ended 31 January 2017 ("FY17") compared to RM155.61 million of the preceding financial year, recording a decrease of 27.4%.

Group pre-tax loss was RM36.17 million compared to a pre-tax profit of RM19.41 million for the preceding financial year. The Group's results were affected mainly by lower gross profit and higher finance costs arising from the discounting effects of FRS 139 amounting to RM34.6 million.

A loss attributable to shareholders of RM34.5 million was registered by the Group arising from the discounting effects of FRS 139 mentioned above.

The Group has continued to improve on financial stability by strengthening our balance sheet and further reducing the gearing position of the Group in FY17 to position for future development growth.

### REVENUE

The Group recorded a revenue of RM112.99 million, down 27.4% from the RM155.61 million generated last year. The decrease is mainly due to lower sales of development lands. In addition, the current year's revenue was reduced by a one-off discounting effect amounting to RM8.7 million, done in accordance with the requirements of FRS 139 in view of the deferred payment arrangements of a land sale transaction.

### PROFIT BEFORE TAX

Group pre-tax loss was RM36.17 million compared to a pre-tax profit of RM19.41 million for the same period last year. The Group's results were affected mainly by lower gross profit and the discounting effects of FRS 139 which had contributed a net loss of RM34.6 million.

## Management Discussion and Analysis (Cont'd)

### CURRENT ASSETS AND LIABILITIES

As at the end of this financial year, the Group has current assets of RM341.76 million against current liabilities of RM324.5 million, resulting in a net current assets position of RM17.26 million. Included in current assets is a liquid asset of RM11.9 million.

### GEARING

During the financial year, the Group has reduced its borrowings from RM201.2 million to RM99.2 million as at 31 January 2017. Consequently, the Group's gearing improved from 46.3% to a healthy 24.8%.

## C. REVIEW OF BUSINESS OPERATIONS

### PROPERTY INVESTMENT AND DEVELOPMENT

#### (1) Existing Projects

##### (a) Taman Puncak Jalil

Taman Puncak Jalil, is located next to Technology Park along Bukit Jalil Expressway. Adjacent developments are Lestari Perdana on the southeast, Taman Equine on the south, Bandar Kinrara on the northwest and Bukit Jalil Sports Complex on the north. The project has remaining land bank of approximately 30.12 acres, with estimated Gross Development Value of RM408 million with an expected development period of six years.

##### (b) Jalil Heights

Jalil Heights is located on a 31.4 acre leasehold land in Mukim of Petaling, Petaling District within the development known as Lestari Perdana. It is being developed for 284 units of semi-detached houses undertaken by Abra Development Sdn Bhd, a wholly-owned subsidiary of TTB. The project has an estimated Gross Development Value of RM92.80 million. Since its first launch in September 2001 and up to 31 January 2017, Jalil Heights has recorded sales of 276 units valued at RM90.30 million.

##### (c) Putra Perdana

Putra Perdana is located on the southern side of Puchong-Kajang trunk road, 5 km from Batu 14 Puchong, within Cyberjaya and adjacent to the Multimedia Super Corridor, 5 km west of Putrajaya and 13 km north of the Kuala Lumpur International Airport. The project has remaining land bank of approximately 67.71 acres, with an estimated Gross Development Value of RM2.2 billion.

##### (d) Bukit Sentosa III

Bukit Sentosa III forms an integrated township covering approximately 1,010 acres of freehold land in the Mukim of Serendah, approximately 47 km north of Kuala Lumpur. It is accessible through the North-South Expressway via the exit at Bukit Beruntung Interchange. The comprehensive new township comprises a mixed development of residential, commercial and industrial properties.

Bukit Sentosa III, with a balance land bank of approximately 127.82 acres is undertaken by TTB. The estimated Gross Development Value is about RM480 million.

## Management Discussion and Analysis (Cont'd)

### (e) Bandar Bukit Beruntung

Bandar Bukit Beruntung, a converted 5,500 acres of freehold land, is located north-west of Rawang, approximately 40 km from Kuala Lumpur and will be developed by Europlus Berhad, a wholly-owned subsidiary of TTB.

Bandar Bukit Beruntung has a balance land bank of approximately 233.35 acres and current market valuation of RM112 million.

### (f) Bukit Beruntung III

Bukit Beruntung III is a mixed development project undertaken by Europlus Berhad. The project is located adjacent to the east of Bandar Bukit Beruntung within Bukit Beruntung Township off the East Side of the North-South Expressway, some 50km due north of Kuala Lumpur City Centre. The subject development has a balance land bank of 199.53 acres and estimated Gross Development Value of RM874 million.

### (g) Berjuntai Bistari Land ("Shah Alam 2")

The proposed Shah Alam 2, currently known as Berjuntai Bistari land, originally consisted of 3,000 acres of leasehold land. The land is located adjacent to the Universiti Industri Selangor campus, about 44 km from the towns of Batang Kali and Kuala Selangor, approximately 30 km from Rawang and 20 km from Bukit Beruntung. The development is accessible via the coastal road to Kuala Selangor.

As at 31 January 2017, a total 145.11 acres of the remaining land is currently being held for sale, with a total estimated sale value of RM23.22 million. The other remaining 91.39 acres is being mined for sand and eventually will be developed as a water front development when the area matures for development.

## (2) Future Project

### Sierra Selayang

Sierra Selayang is a residential development project undertaken by Untung Utama Sdn Bhd and Zhinmun Sdn Bhd. The project measures 100 acres and is located at Mukim of Batu, District of Gombak, State of Selangor. The Gross Development Value of Sierra Selayang is estimated to be RM1.1 billion and implementation is expected to be over a period of eight years.

## (3) Joint-Venture Projects

### (a) Serenia Garden

Serenia Garden is a residential development project undertaken by Sierra Ukay Sdn Bhd which is 50%-owned by the Group. The project measures 90 acres and is located in Mukim Ulu Kelang adjacent to the existing Ukay Perdana. The Gross Development Value of Serenia Garden is estimated to be RM920 million and is expected to be implemented over a period of ten years. Up to 31 January 2017, the project has achieved sales of 316 units valued at RM138.99 million.

### (b) 160 Units Double Storey Semi-Detached House and 178 Units High Cost Apartments at Taman Puncak Jalil

This is a joint-venture development project undertaken by Trident Treasure Sdn Bhd, a 40%-associate of the Group. The development is part of Taman Puncak Jalil project and is located next to Technology Park along Jalan Sungai Besi, Puchong road. The Gross Development Value is estimated to be RM497.57 million. The development is currently awaiting authority's approval on the building plan amendment.



## Management Discussion and Analysis (Cont'd)

### (4) Other Businesses

#### (a) Commercial Complexes

- (i) **Menara Maxisegar** – A 24-storey Commercial Complex comprising an 18-storey office tower, 3 levels of retail space and 3 levels of car park that fronts Jalan Pandan Indah 4/2 and is strategically located within the commercial center of Pandan Indah. The complex contributed rental income of approximately RM2.98 million in the financial year ended 31 January 2017.
- (ii) **Pandan Kapital** – A 2-storey Shopping Complex with one basement car park that fronts Jalan Pandan Utama is strategically located within the commercial centre of Pandan Indah. The Group currently own 86% of the retail space of the complex. The complex contributed rental income of RM2.87 million in the financial year ended 31 January 2017.

#### (b) Hospitality

On 5 January 2017, Malim Enterprise (HK) Limited, an indirect wholly-owned subsidiary of TTB had entered into a Share Sale Agreement with Jilin Province Zhuo Yue Investment Co. Limited to dispose its 85% equity interest in Jilin Province Maxcourt Hotel Limited for a sum of RMB84.66 million.

The approval from the Bureau of Economic Cooperation of People's Republic of China was granted in February 2017. The disposal is in the midst of undergoing administrative processes leading up to approval of the Trade and Industry Bureau of Jilin Province, which would complete the disposal.

### D. LOOKING AHEAD

Going forward the property market is expected to remain sluggish as the economy slows down and consumer and business sentiments remain subdued amidst tougher and stringent lending guidelines by Bank Negara Malaysia and an increasing construction costs environment.

As the Group strengthens its financial position with positive cash flow, it is charting a new growth by laying a strong foundation to overcome these challenges and to build a sustainable long term business on the strength of its expertise and experience in affordable homes that focus on the demands of the Malaysian consumers.

The strategic focus of the Group is to enhance and leverage on our existing 967 acres of development lands in Selangor by launching our own property development projects and seeking strategic alliances with strong partners to launch new development projects and offering innovative and quality homes. The Group has also earmarked a few smaller scale land banks to develop on build then sell concept and has started the first project in Putra Perdana, Sepang.

While the Group's joint venture projects are on-going, the Group has submitted its new development plans on various parcels of land, some of which have already been approved by the relevant authorities

The Group remains committed to create value for our shareholders and will continue with its business rationalisation as well as focusing on operational efficiency to improve its financial performance.

## Statement on Corporate Governance

The Board of Directors (“Board”) of Talam Transform Berhad (“TTB” or “the Company”) recognises the importance of good corporate governance and fully supports the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 (“Code”). The Board is therefore, committed towards instilling a high standard of corporate governance throughout the Company and its subsidiaries (“the Group”) as a fundamental part of discharging its responsibilities to enhance shareholders’ value and the financial performance of the Group. The Board will continue to apply the recommendations as set out in the Code and evaluate the status of the Group’s practices and procedures from time to time.

This statement describes the manner in which the Group has applied the principles of the Code and the extent of its compliance with the recommendations of the Code pursuant to paragraph 15.25 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). The reason for not applying specific principles in the Code is explained in this statement.

### 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

#### (i) Clear functions reserved for the Board and those delegated to management

The Board is fully responsible for the Group’s overall strategic plans on business performance, overseeing the proper conduct of business, risk management, succession planning, shareholders’ communication, internal control, management information systems and statutory matters, while the management is accountable for the execution of the expressed policies and attainment of the Group’s expressed corporate objectives. This demarcation complements and reinforces the supervisory role of the Board. Nevertheless, the Board is always guided by the Board Charter which outlines the duties and responsibilities and matters reserved for the Board in discharging its duties as follows:-

##### Duties and Responsibilities of the Board

- (1) reviewing and adopting the overall strategic plans and programmes for the Group;
- (2) overseeing and evaluating the conduct of business of the Company and the Group;
- (3) identifying principal risks and ensuring implementation of a proper risk management system to manage such risks;
- (4) establishing a succession plan;
- (5) developing and implementing a shareholder communication policy for the Company; and
- (6) reviewing the adequacy and the integrity of the management information and internal control system of the Company and the Group.

In accordance with the Board Charter, the matters reserved for the Board include the approval of the corporate plans and programmes, annual budgets including major capital commitments, new ventures, material acquisitions and disposals of undertakings and properties, changes to the management and control structure within the Company and the Group including key policies and delegated authority limits.

#### (ii) Clear roles and responsibilities

There is a clear division of roles and responsibilities between the Independent Non-Executive Chairman and Executive Directors which are undertaken by separate persons to ensure that there is a balance of power and authority, such that no one individual has unfettered powers of decision making. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board, while the Executive Directors have overall responsibility for the day-to-day management of the business and implementation of the Board’s policies and decisions. The Executive Directors are responsible to ensure due execution of the strategic goals, effective operations within the Group and to explain, clarify and inform the Board on matters pertaining to the Group.

## Statement on Corporate Governance (Cont'd)

The Non-Executive Directors provide the necessary balance of power and authority to the Board with a mix of industry-specific knowledge and broad business and commercial experience. They ensure that all proposals by the management are fully deliberated and examined, after taking into account the interest of shareholders and stakeholders.

The Independent Non-Executive Directors are independent of management and free from any business relationship which could materially interfere with the exercise of their judgment. They play a crucial role in providing unbiased and independent views, advice and judgment to the Board to safeguard the interests of minority shareholders.

### (iii) Code of Ethics and Conduct

The Board has made a commitment to create a corporate culture within the Group to operate the business in an ethical manner and to uphold a high standard of professionalism and exemplary corporate conduct. The Code of Ethics and Conduct ("CEC") which sets out the principles and standards of business ethics and conduct of the Group has been adopted and is applicable to all Directors and employees of the Group. The CEC which is subject to regular review and updates is also made available on the Company's website at [www.ttransform.com.my](http://www.ttransform.com.my).

The Company recognises that any genuine commitment of detecting and preventing actual or suspected unethical, unlawful, illegal, wrongful or other improper conduct must include a mechanism whereby employees can report their concerns freely without fear, reprisal or intimidation. Accordingly, the Company has adopted a Whistle Blowing Policy which has been disseminated to all Directors and employees of the Group. The Whistle Blowing Policy is available on the Company's website at [www.ttransform.com.my](http://www.ttransform.com.my).

### (iv) Sustainable Plan

The Company focuses on key areas of environment conservation and social contribution with the aim to promote sustainable development. A detailed report on sustainability activities, demonstrating the Company's commitment to the environment, social, governance and sustainability agenda, appears in the Corporate Social Responsibility Statement of this Annual Report.

### (v) Access to Information and Advice

A full agenda of the meeting and all Board papers are distributed on a timely manner of 5 clear days prior to Board Meetings to ensure that the Directors have sufficient time to review and consider the agenda items to be discussed at the meeting and where necessary, to obtain further explanations in order to be fully briefed before the meeting. The Board papers include reports relevant to the issues of the meeting, covering the areas of strategic, financial, operational and regulatory compliance matters.

In discharging their duties, the Directors have access to all information within the Company and to the advice and services of senior management staff and Company Secretary. If necessary, the Directors may seek independent professional advice and information in furtherance of their duties at the Company's expense, so as to ensure the Directors are able to make independent and informed decisions. Any such request is presented to the Board for approval.

## Statement on Corporate Governance (Cont'd)

Senior management staff, as well as advisers and professionals appointed on corporate proposals, may be invited to attend Board meetings to provide the Board with their views and explanations and to furnish clarification on issues that may be raised by the Directors.

The Directors are notified of any corporate announcements released to Bursa Securities. Minutes of each Board meeting were circulated to all Directors before the Board meeting for their perusal prior to confirmation of the minutes at the commencement of the Board meeting. The Directors can then request for clarifications or raise comments before the minutes are tabled for confirmation as a correct record of proceedings of the Board meeting. Apart from the Board minutes, the Chairman of the respective Board Committees will report to the Board on the outcome of the Committee meetings and such reports or minutes will be included in the Board papers.

### (vi) Company Secretary

The Company Secretary plays an important advisory role and is a source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures, regulations, board policies and procedures and compliance with the relevant regulatory requirements affecting the Company and Group. The Board is supported by a suitably qualified and competent Company Secretary who is a member of a professional body and also of senior position in the Company.

Every Board member has ready and unrestricted access to the advice and services of the Company Secretary who is capable of carrying out the duties and responsibilities, to which the post entails. The roles and responsibilities of the Company Secretary include the following:-

- (1) advise the Board and management on governance issues;
- (2) ensure compliance of listing and related statutory obligations;
- (3) attend Board, Committees and general meetings, and ensure the proper recording of minutes;
- (4) ensure proper upkeep of statutory registers and records;
- (5) assist Chairman in the preparation for and conduct of meetings;
- (6) assist Chairman in determining the annual Board plan and the administration of other strategic issues; and
- (7) assist the induction of new directors, and continuously update the Board on changes to listing rules, other related legislations and regulations.

### (vii) Board Charter

The Board Charter was adopted by the Board on 13 December 2012 and is available on the Company's website at [www.ttransform.com.my](http://www.ttransform.com.my). The Board periodically reviews and updates the Board Charter in accordance with the needs of the Company and new regulations that may have an impact on the discharge of the Board's responsibilities.

The Board Charter was established to ensure that all Board members are aware of their fiduciary duties and responsibilities, various legislations and regulations affecting their conduct, the need to safeguard the interests of the shareholders, customers and other stakeholders and that a high standard of corporate governance is applied in all their dealings on behalf of the Company. The Board Charter also serves as a source of reference and primary induction literature, providing insights to prospective board members and senior management. The Board Charter clearly sets out the division of responsibility and powers of duties between the Board and management, the different committees established by the Board and between the Chairman and Executive Directors.



## Statement on Corporate Governance (Cont'd)

### 2. STRENGTHEN COMPOSITION

#### (i) Board Composition

The Board currently has seven (7) members comprising two (2) Executive Directors, three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors.

The Board consists of qualified individuals with diverse set of skills, experience and knowledge to govern the Group. The Non-Executive Directors are professionals in the field of engineering, property and construction, finance, accounting and legal. The profiles of the Directors are set out on page 5 to 8 of this Annual Report. Such information is also available on the Company's website at [www.ttransform.com.my](http://www.ttransform.com.my).

The present composition of the Board complies with paragraph 15.02 of the MMLR of Bursa Securities which requires that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors.

The Board is chaired by Mr Tsen Keng Yam who is the Senior Independent Non-Executive Director to whom concerns relating to the Company may be conveyed. He can be contacted via email at [adrian@ttransform.com.my](mailto:adrian@ttransform.com.my).

#### (ii) Board Committees

To assist the Board to discharge its role and functions effectively, the Board has established the following Committees with each operating within clearly defined terms of reference that provide independent oversights of management and to ensure that there are appropriate checks and balances:-

- (a) Audit Committee
- (b) Nomination Committee
- (c) Remuneration Committee
- (d) Executive Committee

##### (1) Audit Committee

The information on the Audit Committee is set out in the Audit Committee Report on pages 40 to 41 of this Annual Report and its terms of reference are set out in the Company's website at [www.ttransform.com.my](http://www.ttransform.com.my).

##### (2) Nomination Committee

The Nomination Committee has been formed to assist the Board in ensuring that the Board comprises of Directors with the appropriate mix of skills and experience, as well as to ensure a proper balance between Executive Directors and Independent Non-Executive Directors.

The Nomination Committee comprises the following three (3) Non-Executive Directors, the majority of whom are Independent Directors:-

Members	Designation
Datuk Dr Ng Bee Ken (Chairman)	Independent Non-Executive Director
Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon	Non-Independent Non-Executive Director
Tsen Keng Yam	Independent Non-Executive Director

## Statement on Corporate Governance (Cont'd)

Although the Chairman of the Nomination Committee is not the Senior Independent Non-Executive Director, the Board is of the view that the Nomination Committee is able to perform its duties transparently and independently.

The duties and responsibilities of the Nomination Committee are as follows:-

- (i) to recommend to the Board, candidates for directorships. In making its recommendation, the Nomination Committee considers the candidates' skills, knowledge, expertise and experience, professionalism, integrity and diversity including gender, ethnic, age and race, where appropriate, which the Director should bring to the Board. In the case of candidates for the position of independent non-executive directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from the independent non-executive directors;
- (ii) to recommend to the Board, directors to fill the seats on Board Committees;
- (iii) to review succession planning, including nominations to the Board;
- (iv) to review the required mix of skills, experience and other qualities, including core competencies which non-executive directors should bring to the Board, on an annual basis;
- (v) to assess the effectiveness of the Board as a whole, the committees of the Board, and the contribution of each individual director, including independent non-executive directors, on an annual basis. The Board also assesses the independence of the Independent Directors on an annual basis;
- (vi) the actual decision as to who should be nominated should be the responsibility of the full Board after considering the recommendations by the Nomination Committee; and
- (vii) any other duties as may be agreed to by the Nomination Committee and the Board.

The terms of reference of the Nomination Committee is available at the Company's website at [www.ttransform.com.my](http://www.ttransform.com.my).

During the financial year ended 31 January 2017, two (2) meetings were held and attended by all the members.

### (3) Criteria for recruitment and assessment

The Nomination Committee is responsible for making recommendations to the Board of suitable candidates for appointment as Director, after which the Company Secretary ensures that all appointments are properly made and all legal and regulatory compliance are met. In making these recommendations, the Nomination Committee considers, inter-alia, their skills, knowledge, expertise and experience, professionalism, integrity, commitment (including time commitment) and diversity including gender, ethnic, race and age, where appropriate, which the Directors should bring to the Board. In the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidates' independence. This is consistent with the Group's practice of being an equal opportunity employer where all appointments and employments are based strictly on merit and are not driven by any racial or gender bias.

The Nomination Committee and the Board are mindful of its responsibilities to conduct all Board appointment processes in a manner that promotes gender diversity pursuant to Recommendation 2.2 of the Code and will consider more women representation in the composition of the Board for boardroom diversity when suitable candidate of the female gender becomes available. Presently, Ms Chua Kim Lan is the only female Director on the Board, representing approximately 14% women participation on the Board.

## Statement on Corporate Governance (Cont'd)

During the financial year ended 31 January 2017, the Nomination Committee conducted an assessment of the required mix of skills, experience and other qualities including core competencies which the Non-Executive Directors should bring to the Board and identified areas for improvement. It also conducted an assessment of the Directors and the effectiveness of the Board as a whole, Board Committees and the contribution of each individual Director, including the Independent Non-Executive Directors. All assessments and evaluations carried out by the Nomination Committee in discharging its functions have been properly documented.

The Board evaluation conducted comprised of Directors' Evaluation Form, Board Skills Matrix Form, Board & Board Committees Evaluation Form and Independent Directors Self-Assessment Checklist. The assessment criteria include contributions to interaction, roles and duties, knowledge and integrity, governance and risk management whilst the criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Group, tenure of independence and his involvement in any significant transaction with the Group. The Board Committees are evaluated based on assessment criteria which include the right size and composition, effective recommendation and timely reporting to the Board, expertise, competence, experience and communication skill.

The Board studied the results of the evaluation and is generally satisfied with the performance and effectiveness of the Board, its current size, composition as well as the mix of skill sets and the independence of its Independent Non-Executive Directors.

### (4) Re-election and Re-appointment of Directors

In accordance with the Constitution (Memorandum and Articles of Association) ["Constitution"] of the Company, all Directors who are newly appointed to the Board, are subject to re-election by shareholders subsequent to their appointment at the immediate Annual General Meeting ("AGM"). The Constitution also provide that at least one-third (1/3) or the number nearest to 1/3 of the Directors shall retire from office and be eligible for re-election at every AGM. All Directors shall submit themselves for re-election at least once every three (3) years.

Upon the recommendation by the Nomination Committee, Mr Tsen Keng Yam and Dato' Kamaruddin Bin Mat Desa shall retire by rotation at the forthcoming 92nd AGM of the Company pursuant to the Constitution of the Company and being eligible have offered themselves for re-election.

The re-election of each Director is voted on separately. To assist shareholders in their decision, sufficient information, such as personal profile, meetings' attendance and the shareholding of the Director standing for re-election, are furnished in this Annual Report.

With the coming into force of the Companies Act 2016 ("Act") on 31 January 2017, there is no more age limit for directors. At the 91st AGM of the Company held on 23 June 2016, Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon, who is above the age of 70, was re-appointed pursuant to Section 129 of the Companies Act 1965 to hold office until the conclusion of the 92nd AGM. His term of office will end at the conclusion of the 92nd AGM and he has offered himself for re-appointment.

Hence, the Nomination Committee has evaluated his performance and contribution/commitment to the Group and recommended that Tan Sri Chan be re-appointed as a Director of the Company at the forthcoming 92nd AGM, which shall take effect if the resolution to re-appoint him is passed and thus, will enable him to continue to act as a Director of the Company. He shall then be subject to retirement by rotation at a later date.

The re-appointment of an Independent Director who has served for a cumulative term of more than nine (9) years, to continue serving in the same capacity, will require the Board of Directors to justify, recommend and seek shareholders' approval in order for that individual to continue as such, on a yearly basis.

## Statement on Corporate Governance (Cont'd)

### (5) Remuneration Committee

The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long term objectives and enhance shareholders' value. The Board's objective in this respect is to offer a competitive remuneration package in order to attract, develop and retain talented individuals to serve as directors.

The Remuneration Committee is primarily responsible for recommending the remuneration policy and reward framework for Executive Directors which are aligned with the business strategy and long term objectives of the Company and also fairly guided by market norms and industry practices, to the Board for approval. The Remuneration Committee also recommends the Executive Directors' remuneration and benefits based on their individual performance and that of the Group.

The Remuneration Committee carries out annual review of the Executive Directors' remuneration whereupon the recommendation will be submitted to the Board for approval. Such annual review shall ensure that the remuneration package of the Executive Directors remain sufficiently attractive to attract and retain the Executive Directors.

The determination of the remuneration package of the Non-Executive Directors are a matter for the Board as a whole following the relevant recommendation made by the Remuneration Committee, with the Director concerned abstaining from deliberation and voting on his own remuneration. The remuneration of the Non-Executive Directors comprises of director's fee and fixed monthly allowance which are determined by the Board. The remuneration of the Non-Executive Directors reflects the contribution and level of responsibilities undertaken by the particular Non-Executive Director.

Pursuant to Section 230(1) of the Act, the fees and benefits payable to the Directors of the Company will have to be approved by the shareholders at the AGM. Hence, the Company will be seeking shareholders' approval at the 92nd AGM for the payment of the Directors' fees and payment of the Non-Executive Directors' remuneration (excluding Directors' fees) from 1 February 2017 until the next AGM of the Company to be held in the year 2018.

The proposed Director's fee for the Directors will be RM40,000 for each director for the financial year ended 31 January 2017 (31 January 2016: RM35,000 for each director). The proposed payment of the Non-Executive Directors' remuneration (excluding Directors fees) from 1 February 2017 until the next Annual General Meeting in 2018 are set out below:-

(i)	<b>Fixed Monthly Allowance</b>	Chairman	RM10,000 per month
		Non-Executive Directors	RM5,000 per month
(ii)	<b>Ex-Gratia</b>	Chairman	RM10,000
		Non-Executive Directors	RM5,000 per director

The payment of the Directors' remuneration (excluding Directors' Fees) to the Non-Executive Directors will be made by the Company on a monthly basis and/or as and when incurred, if the proposed resolution has been passed at the 92nd AGM. The Board is of the view that it is fair and equitable for the Non-Executive Directors to be paid the Directors' remuneration (excluding Directors' Fees) on a monthly basis and/or as and when incurred, given that they have duly discharged their responsibilities and provided their services to the Company and the Group for the said period.



## Statement on Corporate Governance (Cont'd)

The Remuneration Committee comprises the following three (3) Non-Executive Directors, all of whom are Independent Directors:-

Members	Designation
Datuk Dr Ng Bee Ken (Chairman)	Independent Non-Executive Director
Tsen Keng Yam	Independent Non-Executive Director
Dato' Kamaruddin Bin Mat Desa	Independent Non-Executive Director

During the financial year ended 31 January 2017, two (2) meetings were held and attended by all the members.

### (6) Directors' Remuneration

The details of the remuneration received by Directors who held office at the end of the financial year ended 31 January 2017 are set out below:-

Group and Company						
	Fees for the financial year ended 31/1/2016 (RM)	Salaries and Ex-Gratia (RM)	Fixed Monthly Allowance (RM)	Benefits in kind (RM)	EPF (RM)	Other emoluments (RM)
Executive	70,000	867,000	–	19,900	98,160	3,242
Non-Executive	175,000	22,500	360,000	–	–	–
<b>Total</b>	<b>245,000</b>	<b>889,500</b>	<b>360,000</b>	<b>19,900</b>	<b>98,160</b>	<b>3,242</b>

Other than the fees as stated above, there are no other fees payable to the Non-Executive Directors for any other services rendered.

The number of Directors whose total remuneration falls within the following bands is as follows:-

	Number of Directors	
	Executive	Non-Executive
RM50,001 to RM100,000	–	4
RM150,001 to RM200,000	–	1
RM500,001 to RM550,000	2	–
<b>TOTAL</b>	<b>2</b>	<b>5</b>

The Company chose not to disclose the remuneration of individual Directors as the Company believes that this information will not add significantly to the understanding and evaluation of the Company's governance.

## Statement on Corporate Governance (Cont'd)

### (7) Executive Committee

The Executive Committee consists of the Executive Directors and senior management staff of the Group. The Executive Committee supports the Board in the operations of the Group and meets every two (2) months to review the performance of the Group's operating divisions. During the financial year ended 31 January 2017, six (6) meetings were held and details of the members and their attendance are as follows:-

Members	Designation	Number of meetings attended
Yaw Chun Soon (Chairman)	Executive Director	6 out of 6
Chua Kim Lan	Executive Director	6 out of 6
Tan Bak Hai	Senior Vice President I (Sales & Marketing)	6 out of 6
Soo Kah Pik	Chief Financial Officer	6 out of 6
Ng Giak Lian	Deputy Vice President (Finance)	5 out of 6
Lim Lay Hong	Vice President (PAALM & Business Development)	6 out of 6

The terms of reference of the Executive Committee is available at the Company's website at [www.ttransform.com.my](http://www.ttransform.com.my).

## 3. REINFORCE INDEPENDENCE

### (i) Annual Assessment of Independent Directors

The Board through the Nomination Committee assesses the Independent Directors on annual basis, with a view to ensure that the Independent Directors bring independent and objective judgment to the Board and this mitigates risks arising from conflict of interest or undue influence from interested parties. Where there is a likely conflict of interest in any matter under deliberation, he is required to disclose his interest and abstain from participating or discussion on the matter.

The concept of independence adopted by the Board is in line with the definition of an Independent Director in Section 1.01 of the MMLR of Bursa Securities and Practice Note 13 (Revised on 13 July 2015). The main element for fulfilling the criteria is the appointment of an Independent Director who is not a member of management and free from any relationship which could interfere in the exercise of independent judgment or the ability to act in the best interest of the Company.

The Nomination Committee and Board have upon their annual assessment, concluded that each of the Independent Non-Executive Directors had demonstrated in conduct and behavior that indicate independence and each of them continues to fulfill the definition of independence as set out in the Code and MMLR of Bursa Securities.

## Statement on Corporate Governance (Cont'd)

### (ii) Tenure of an Independent Director

The Board noted that one of the recommendations of the Code states that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years tenure in office, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a non-independent director. This recommendation has been adopted in the Company's Board Charter. However, the Board is of the view that the ability of long serving independent directors to remain independent and to discharge their duties with integrity and competency should not be measured solely by tenure of service. The extended service should not affect their independence, as they are still able to provide independent judgment, experience and objectivity without being subordinated to operational considerations.

Mr Tsen Keng Yam and Dato' Kamaruddin Bin Mat Desa have served on the Board as Independent Non-Executive Directors for more than nine (9) years. Accordingly, the Nomination Committee and the Board, have determined at the annual performance evaluation and assessment that Mr Tsen Keng Yam and Dato' Kamaruddin Bin Mat Desa shall remain and continue to act as Independent Non-Executive Directors of the Company based on the following justifications and will seek shareholders' approval to retain them in that capacity at the forthcoming 92nd AGM of the Company:-

- (1) Both of them have fulfilled the criteria under the definition of Independent Directors as stated in the MMLR of Bursa Securities, and therefore are able to bring independent and objective judgment to the Board;
- (2) Mr Tsen's experience in the various industries enables him to provide the Board with a diverse set of experience, expertise, skills and competence;
- (3) Mr Tsen has been with the Company for more than thirteen (13) years while Dato' Kamaruddin Bin Mat Desa has been with the Company for more than nine (9) years and therefore, understands the Company's business operations which enable them to participate actively and contribute during deliberations or discussions at the Board and Board Committees' meetings;
- (4) Both have contributed sufficient time and effort to attend the Board and Board Committees' meetings for the financial year ended 31 January 2017 to obtain independent information required for balanced decision making. Mr Tsen and Dato' Kamaruddin have attended all the Board and Board Committees' meetings held during the financial year.
- (5) Both have exercised due care during their tenure as Independent Non-Executive Directors of the Company and carried out their duties in the interest of the Company and its shareholders.

## 4. FOSTER COMMITMENT

### (i) Time Commitment

The Board conduct at least five (5) regular scheduled meetings annually, with additional meetings convened as and when necessary, to consider all matters relating to the overall control, business performance and strategy of the Company.

In fostering the commitment of the Board, the Directors shall devote sufficient time to carry out their responsibilities, the Directors are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment. The Chairman shall also notify the Board if he has any new directorship or significant commitments outside the Company. All the Directors hold not more than five (5) directorships in public listed companies.

## Statement on Corporate Governance (Cont'd)

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. During the financial year ended 31 January 2017, five (5) Board meetings were held and the attendance record of the Directors were satisfactory as evidenced in the table set out below:-

Directors	Number of meetings attended
Tsen Keng Yam (Chairman)	5 out of 5
Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon	5 out of 5
Dato' Kamaruddin Bin Mat Desa	5 out of 5
Datuk Dr Ng Bee Ken	5 out of 5
Chua Kim Lan	5 out of 5
Yaw Chun Soon	5 out of 5
Chan Tet Eu	5 out of 5

All the Directors have complied with the minimum requirements on the attendance at Board meetings held during the financial year ended 31 January 2017 as stipulated in the MMLR of Bursa Securities. In the intervals between Board meetings, for any matters requiring the Board's decisions, the approvals are obtained through circular resolutions. The resolutions passed by way of such circular resolutions are then noted at the next Board meeting.

### (ii) Directors' Training and Continuing Education Programme

All the Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities. The Company is aware of the importance of continuous training for its Directors to enable them to effectively discharge their duties and sustain active participation in the Board deliberations and will continuously evaluate and determine the training needs of its Directors. Accordingly, the Company organises at least one (1) in-house training every year for the Directors to ensure they are kept up-to-date on the relevant developments.

The Directors are also aware of their duty to continuously update their knowledge and enhance their skills through appropriate continuing education programmes. They are provided with the opportunity, and are encouraged, to attend training to keep themselves updated on relevant new legislation, financial reporting requirements, best practices and changing commercial and other risks.



## Statement on Corporate Governance (Cont'd)

During the financial year, the training programmes, seminars or forums attended by the Directors are as follows:-

Directors	Training Programmes/Seminars/Forum
Tsen Keng Yam (Chairman)	Leadership and Corporate Governance  CG Breakfast Series: Cybersecurity Threat and How Board Should Mitigate the Risks
Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon	Leadership and Corporate Governance
Dato' Kamaruddin Bin Mat Desa	Bursa Malaysia's Listing Requirements Updates 2016 & the Proposed Malaysian Code of Corporate Governance 2016
Datuk Dr Ng Bee Ken	Leadership and Corporate Governance
Chua Kim Lan	Leadership and Corporate Governance
Yaw Chun Soon	The interplay between CG, Non-Financial Information (NFI) and Investment Decision  Integrity at Work  Leadership and Corporate Governance  Advocacy Sessions on Management Discussion & Analysis for CEO and CFO of Listed Issuers  Launch of the AGM Guide & CG Breakfast Series: How to Leverage on AGMs for Better Engagement with Shareholders
Chan Tet Eu	The interplay between CG, Non-Financial Information (NFI) and Investment Decision  Integrity at Work  Leadership and Corporate Governance  Launch of the AGM Guide & CG Breakfast Series: How to Leverage on AGMs for Better Engagement with Shareholders

The Company Secretary has circulated the relevant guidelines on statutory and regulatory requirements to the Board for reference. The external auditors have also briefed the Board members on the changes to the Malaysian Financial Reporting Standards that affect the Company's financial statements during the year.

## Statement on Corporate Governance (Cont'd)

### 5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

#### (i) Financial Statements Compliance

The Board is responsible to ensure that the quarterly announcements of results of the Group presents a fair, balanced and meaningful assessment of the Group's financial position, performance and prospects. The Board ensures that the Group's financial statements are drawn up in accordance with the provisions of the Act and the applicable approved accounting standards in Malaysia. The Board is assisted by the Audit Committee in reviewing and scrutinising the information in terms of the overall accuracy, adequacy and completeness of disclosure and ensuring the Group's financial statements comply with applicable financial reporting standards.

The Audit Committee meets with the Group's external auditors to review the scope and adequacy of the audit processes, the annual financial statements and their audit findings. In line with the good corporate governance practices, the Audit Committee also meets with the external auditors at least twice a year to discuss audit plans, audit findings and the financial statements of the Company. The Audit Committee also meets with the external auditors whenever it deems necessary.

#### (ii) Directors' Responsibility Statement

The Directors are required by the Act, to prepare financial statements for each financial year in accordance with the provisions of the Act and applicable approved accounting standards to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of their results and cash flows for the financial year then ended. Where there are new accounting standards or policies that become effective during the year, the impact of these new treatments would be stated in the notes to the financial statements accordingly.

In preparing the financial statements for the financial year ended 31 January 2017, the Directors have:-

- (1) adopted appropriate accounting policies which were consistently applied;
- (2) made judgments and estimates that are reasonable and prudent;
- (3) ensured that all applicable approved accounting standards have been followed; and
- (4) prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, after having made enquiries that the Group and the Company have adequate resources to continue in operational existence in the foreseeable future.

The Directors are responsible for ensuring that the Company keeps accounting records, which discloses with reasonable accuracy the financial position of the Group and the Company and comply with the provisions of the Act. The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and Company and to prevent and detect material fraud and other irregularities.

#### (iii) External Auditors

Through the Audit Committee, the Board has a direct relationship with the external auditors. The external auditors were invited and had also attended all the Audit Committee meetings and general meetings of the Company during the financial year.

On an annual basis, the Audit Committee will review the suitability and independence of the existing external auditors which had been with the Company for nine (9) years based on the External Auditors Performance and Independence Checklist's criteria such as their calibre, quality of services, sufficiency of resources, communication and interaction, independence, objectivity and audit fees. The Audit Committee would also review and approve the provision of non-audit services by the external auditors and noted that for the financial year ended 31 January 2017, there were no such services rendered.

## Statement on Corporate Governance (Cont'd)

The Audit Committee had obtained written assurance from the external auditors confirming that they were, and had been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Audit Committee and the Board is satisfied with the competence and independence of the external auditors and the Board had recommended the re-appointment of the external auditors to the shareholders at the 92nd AGM. The external auditors are invited to attend all the annual general meetings of the Company and are available to answer shareholders' questions on the matters with regard to the audit, its preparation and content of the audit report.

### 6. RECOGNISE AND MANAGE RISKS

#### (i) Risk Management and Internal Control

The Board acknowledges that risk management is an integral part of the Group business operations. It is an ongoing process which involves different levels of management to identify, evaluate, monitor, manage and mitigate the risks that may affect the achievement of the Group's business and corporate objectives.

The Company has established the Risk Management Committee ("RMC") which is tasked to develop and maintain an effective risk management system for the Group. It reviews matters such as responses to significant risks identified, changes to internal control system and output from monitoring processes. The RMC reports to the Audit Committee, which dedicates separate time for discussion of this subject. Significant issues related to risk management and internal controls are highlighted to the Board.

The RMC comprises the following members:-

Members	Designation
Yaw Chun Soon (Chairman)	Executive Director
Chua Kim Lan	Executive Director
Tan Bak Hai	Senior Vice President I (Sales & Marketing)
Soo Kah Pik	Chief Financial Officer
Ng Giak Lian	Deputy Vice President (Finance)

The Statement on Risk Management and Internal Control which provides an overview of the state of risk management, framework, internal control and processes within the Group are set out on pages 37 to 39 of this Annual Report.

## Statement on Corporate Governance (Cont'd)

### (ii) Internal Audit Function

The Board has an overall responsibility for maintaining a sound system of internal controls to safeguard shareholders' investment. As the system of internal controls are designed to mitigate rather than eliminate the likelihood of errors or fraud, the system can only provide reasonable assurance against material misstatement or loss.

The Group has an established in-house Internal Audit Department which performs regular reviews of business processes, appraisal on the effectiveness of governance, risk management and internal controls processes and reports regularly to the Audit Committee. The internal audit engagement is focused on areas of priority according to their risk assessment and in accordance with the annual audit plans approved by the Audit Committee.

The Group's Internal Audit Department reports independently to the Audit Committee. The Audit Committee reviews and approves the internal audit plan on an annual basis. The Internal Audit Department provided reports on key findings and progress on areas audited to the Audit Committee on a regular basis.

During the financial year, the Internal Audit Department has issued internal audit reports to the Audit Committee and management with regards to audit findings on the weaknesses in the system and controls of the operations. Areas of improvement were highlighted and implemented by the management.

The activities of the internal auditors during the financial year are set out in the Audit Committee Report on page 40 to 41 of this Annual Report.

## 7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

### (i) Corporate Disclosure Policies and Procedures

The Board is aware of the need to establish corporate disclosure policies and procedures to enable a comprehensive, accurate and timely disclosures relating to the Company, to the regulators, shareholders and stakeholders. The Company has identified personnel authorised and responsible to approve and disclose material information to shareholders and stakeholders to ensure compliance with the MMLR of Bursa Securities. The Board has delegated the authority to the Executive Directors to approve all announcements for release to Bursa Securities. The Executive Directors work closely with the Board, senior management and the Company Secretary who are privy to the information to maintain strict confidentiality of the information.

### (ii) Information Dissemination

The Company continues to recognise the importance of transparency and accountability to its shareholders. The Board ensures that shareholders are informed of the financial performance and major developments in the Group. Such information is communicated to shareholders by timely release of quarterly financial results, circulars, annual reports, announcements and press releases.

A press release is normally held after each AGM and/or extraordinary general meeting of the Company to provide the media an opportunity to receive an update from the Board on the proceedings at the meetings and to address any queries or areas of interest.

Apart from the mandatory announcements through Bursa Securities, the information on the Company is available on the Company's website at [www.ttransform.com.my](http://www.ttransform.com.my).

**Statement on  
Corporate Governance  
(Cont'd)**

**8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS**

**(i) Shareholder Participation at General Meetings**

The Company provides information to the shareholders with regards to, amongst others, details of the AGM, their entitlements to attend the AGM, the right to appoint proxy and also, the qualifications of a proxy via its Annual Report which contains the Notice of AGM. The Notice of AGM which sets out the business to be transacted at the AGM is also published in a major local newspaper. Items of special business included in the Notice of AGM will be accompanied by an explanation of the proposed resolutions.

General meetings are an important venue through which the shareholders can exercise their rights. The Board would ensure suitability of venue and timing of meeting to encourage shareholders' participation in the meetings.

**(ii) Encourage Poll Voting**

Pursuant to Paragraph 8.29A of the MMLR of Bursa Securities, all resolutions set out in the notice of any general meeting held on or after 1 July 2016 shall be voted by poll. An independent scrutineer shall be appointed to undertake the polling process. The Company shall be conducting poll voting for all resolutions set out in the Notice of the 92nd AGM.

**(iii) Effective Communications with Shareholders**

The Board recognises the importance of establishing a direct line of communication with shareholders and investors through timely dissemination of information on the Group and Company's performance and major developments via appropriate channels of communications. Dissemination of information includes the distribution of Annual Report and relevant circulars, information by way of material announcements, issuance of quarterly financial results of the Group to Bursa Securities and the public as well as through press conferences. In addition, stakeholders who wish to reach the Group or Company can do so through the "Contact Us" page in our website. The Group believes that by consistently maintaining a high level of disclosure and extensive communication with its shareholders, the shareholders and investors will be able to make informed investment decision.

The AGM is the principal forum for dialogue with shareholders. The notices of meetings and the annual reports are sent out to shareholders at least 21 days before the date of the meetings in accordance with the Constitution of the Company. Besides the usual agenda for the AGM, the Board presents the progress and performance of the business as contained in the Annual Report including the responses to questions raised by the Minority Shareholder Watchdog Group ("MSWG") in relation to the strategy and financial performance of the Group and corporate governance issues which were submitted by MSWG prior to the AGM. The Board also provides opportunities for shareholders to raise questions pertaining to the business activities of the Group and Company. Members of the Board as well as the external auditors of the Company are present to provide responses to questions from the shareholders during these meetings.

This Statement is made in accordance with a resolution of the Board of Directors dated 3 May 2017.



## Corporate Social Responsibility

The Group is firmly committed to undertake responsible corporate practices and uphold the sustainability elements of the Group and Company, as in the longer term, the sustainable business will deliver value for the shareholders and/or stakeholders which include employees, customers, shareholders, the wider environment and community that we operate in. During the financial year ended 31 January 2017, we have identified our sustainability priorities which comprise of Employee Welfare, Environmental Management, Community and Marketplace.

### Employee Welfare

The Group and Company value its employees as they are the key to competitive success in the marketplace which is vital in sustaining its businesses. We endeavour to continuously provide relevant training in order for them to acquire the right skill sets to deliver results, which would eventually add value to the Group. As part of the Group's effort to promote continuous learning for its employees, the Company has conducted in-house classes, improving one's skill set via informal mentoring on the job and outside seminars.

As a policy, the Group and Company do not discriminate against any race, gender, age or ethnicity. The employees are also provided adequate medical benefits as well as hospitalisation and personal accident insurance coverage.

By taking care of the wellbeing and welfare of its employees, the Group will contribute positively towards the harmony of society as a whole. Many get-togethers and social activities were held, providing an avenue for them to increase interaction with each other which will assist in strengthening bonds and enhancing team spirit among them.

### Environmental Management

As part of our continuing efforts towards environmental sustainability, the Group ensures that there are sufficient measures at all construction sites and work places to prevent any adverse impact on the environment.

In the office, the Group has been bringing down its energy consumption with several key initiatives such as:-

- Encouraging all offices to turn off lights and air conditioners during lunch time and after office hours
- Recycling of papers
- Opting for electronic-based processes where applicable

We believe that this is an on-going initiative and will continue to incorporate environmental consideration into our processes.

### Community

The Group strives to contribute to the society by providing assistance to the needy segments within the communities. During the financial year, several blood donation campaigns were conducted in our premise at Pusat Beli-Belah Pandan Kapital in collaboration with:-

1. Taman Seraya Division, Northern Central Selangor Area, St. John Ambulance of Malaysia on 27 and 28 August 2016.
2. Yayasan Metta Chempaka Malaysia on 3 December 2016.

We also encourage our employees to get involved in volunteering activities and encourage them to use their knowledge, skills and resources to make a positive contribution to the local communities.

### Marketplace

The Group ensures that its operations are in line with the best practices guidelines set in the Malaysian Code on Corporate Governance 2012.

As part of promoting investor relations, the Group maintains an online platform via its website which provides information on the Group encompassing formal announcements, quarterly financial results and updates on the Group's performance and development with the objective of fostering and maintaining good relations and providing timely information to various stakeholders of the Group.

## Additional Compliance Information

As at 31 January 2017

### 1. UTILISATION OF PROCEEDS

The Company did not raise funds through any corporate proposal during the financial year ended 31 January 2017.

### 2. AUDIT AND NON-AUDIT FEES

During the financial year, the Group and the Company incurred audit fees of RM273,020.00 and RM140,000.00 respectively.

During the financial year, the Company did not incur any non-audit fees for services rendered to the Company by the Company's external auditors.

### 3. MATERIAL CONTRACTS

During the financial year, there were no material contracts entered into by the Company and its subsidiaries involving the interests of its Directors (Chief Executive who is not a director) or Major Shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous year.

### 4. MATERIAL CONTRACTS RELATING TO LOANS

During the financial year, there were no material contracts relating to loans entered into by the Company and its subsidiaries involving the interests of its Directors (Chief Executive who is not a director) or Major Shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

### 5. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Details of the recurrent related party transactions made during the financial year ended 31 January 2017 pursuant to the shareholders' mandate obtained by the Company at the Annual General Meeting held on 23 June 2016 are as follows:-

Nature of transactions undertaken by Talam Transform Berhad ["TTB"] and/or its subsidiaries		Transacting Company	Amount Transacted (RM'000)	Interested Related Party
(A)	Interest charged by IJM Construction Sdn Bhd ("IJMC")			
	TTB	IJMC	9,706	WCE Holdings Berhad ("WCE") & IJM Corporation Berhad ("IJM") (Note 1)

Nature of transactions undertaken by TTB and/or its subsidiaries		Transacting Company	Amount Transacted (RM'000)	Interested Related Party
<b>(B) Rental charge to KEB Builders Sdn Bhd</b>				
	Abra Development Sdn Bhd	WCE	7	WCE, IJM, MWE Holdings Berhad ("MWE"), Pinjaya Sdn Bhd ("PSB") & Tan Sri Dato' Surin Upatkoon ("TSDSU") (Note 2)

**NOTES:**

1. IJM is a Major Shareholder of TTB by virtue of its interest in WCE pursuant to Section 8 of the Companies Act 2016 ("the Act").
2. WCE is a Major Shareholder of TTB and owns 11.69% direct interest in TTB as at 31 January 2017.  
IJM is a Major Shareholder of TTB by virtue of its interest in WCE pursuant to Section 8 of the Act.  
MWE is a Major Shareholder of TTB by virtue of its interest in WCE pursuant to Section 8 of the Act.  
PSB is a Major Shareholder of TTB by virtue of its interest in MWE pursuant to Section 8 of the Act.  
TSDSU is a Major Shareholder of TTB by virtue of his interest in PSB pursuant to Section 8 of the Act.

## **Statement on Risk Management and Internal Control**

The Board of Directors ("Board"), guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Companies, is pleased to provide the following statement pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("Bursa Securities MMLR") which outlines the key elements of risk management and internal control system within the Group for the financial year ended 31 January 2017.

### **RESPONSIBILITY**

The Board recognises its responsibility for the Group's system of internal control and for reviewing its adequacy and integrity. There is an on-going process for the Board to identify, evaluate and manage significant risks faced by the Group on a regular basis for the financial year under review. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the business objectives of the Group. In pursuing these objectives, internal control can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal control incorporates, inter alia, risk management, financial, operational and compliance controls as well as the governance process.

### **RISK MANAGEMENT FRAMEWORK**

The Board has established an organisational structure with clearly defined lines of accountability and delegated authority. It has extended the responsibilities of the Audit Committee to include the work of reviewing the adequacy and the integrity of the system of internal control, with the assistance of the internal audit function.

The Group has put in place a Risk Management Committee ("RMC"), which is chaired by the Group's Executive Director, and includes participation from representatives from all the departments including the Internal Audit Department. Each department's risk management function is led by the respective head of the department. The RMC is tasked to develop and maintain an effective risk management system for the Group. It reviews matters such as responses to significant risks identified, changes to internal control system and output from monitoring processes. It reports to the Audit Committee, which dedicates separate time for discussion on this subject.

The risk management framework encompasses the Group's subsidiaries, jointly controlled entities and associated companies.

### **RISK MANAGEMENT PROCESS**

The Group maintains a database of key risks specific to the Group together with their corresponding controls which are categorised, amongst others, as follows:-

- Strategic Risk - risks which affect the overall direction of the business
- Internal Business Risk - risks that have an impact on the delivery of the Group's products and services which includes development activities
- External Risk - risks associated with market conditions
- Financial Risk - risks associated with loans exposure and interest rates

The respective departments identify emerging risks on an ongoing basis. The risks are then consolidated into the database. The database which contains identified emerging risks and existing risks represents the Group risk profile.

## Statement on Risk Management and Internal Control (Cont'd)

Annually, all departments of the Group undertake to input their identified emerging risks and update their existing risks into the database. Such updates will also require the respective department heads to review existing controls and if needed, to propose additional controls to mitigate the identified risks.

The updated Group risk profile is then presented to the Executive Committee ("EXCO") for further assessment. The EXCO will review and re-assess the identified risks including the corresponding controls identified by the respective department heads. The EXCO may vary the risks assessment by the respective departments and may propose further controls to be put in place to further mitigate the identified risks. These processes were facilitated by the RMC.

Upon completion of the review by the EXCO, the RMC then prepares the risk management report summarising the Group's identified high risks and moderate risks together with existing controls and proposed controls which are then presented to the Audit Committee for review and deliberation for recommendation and endorsement by the Board.

### INTERNAL CONTROL PROCESS

Key elements of the Group's system of internal control are as follows:-

- Regular review of business processes to assess the effectiveness of internal controls and reports are made regularly to the Audit Committee.
- Review of operational organisation structure with defined lines of responsibilities and delegation of authority. A process of hierarchical reporting has been established, which provides for a documented and auditable trail of accountability.
- Regular Management Committee and EXCO meetings are convened to discuss the Group's operations and performance. The meetings enable the regular monitoring of results against budget, with significant variance explained and appropriate action taken.
- Defined limits of authority for various transactions, including purchasing and payments.
- Standing Instructions and Standard Operating Procedures of all departments are regularly reviewed and updated to ensure effective management of the Group's operations.
- Monitoring of financial results by the Audit Committee and the Board every quarter through quarterly management reports presented that provides financial information as well as information of significant changes in accounting standards and reporting.
- Review of the risk database and its corresponding controls.

### INTERNAL AUDIT FUNCTION

The Group's Internal Audit Department reports independently to the Audit Committee. The Audit Committee reviews and approves the internal audit plan, which was developed based on the finalised key risk profile of the Group, on an annual basis. The Internal Audit Department provided reports on key findings and progress of areas audited to the Audit Committee on a regular basis.

All recommendations to improve internal controls were acted upon by the management. Proposed corrective and preventive measures have been implemented by the management to rectify the identified shortcomings.



## **Statement on Risk Management and Internal Control (Cont'd)**

### **REVIEW BY THE EXTERNAL AUDITORS**

As required by paragraph 15.23 of Bursa Securities MMLR, the external auditors have conducted a limited assurance review on this Statement on Risk Management and Internal Control for inclusion in this Annual Report. Their limited assurance engagement was performed in accordance with ISAE3000 (Revised 2015), Assurance Engagement other than Audits or Review of Historical Financial Information and Recommended Practice Guide ("RPG") 5 (Revised 2015) and Guidance for Auditors on the Review of Directors' Statement on Internal Control.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement is not prepared, in all material aspects, in accordance with disclosure required by paragraphs 41 and 42 of the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate. RPG 5 does not require the external auditors to consider whether this statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control system.

### **CONCLUSION**

The risk management processes and internal control system of the Group have been reviewed and found to be operating adequately and the Board has received such assurances from the Executive Directors and the Chief Financial Officer.

The processes as outlined on this statement have been in place for the year under review and up to the date of approval of this statement.

The Board is of the opinion that there are no significant weaknesses in the system of internal control during the financial year. The Board and the management will continue to take measures to strengthen the internal control environment to safeguard shareholders' investment and the Group's assets.

This statement is made in accordance with the resolution approved by the Board of Directors on 3 May 2017.

## COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee comprises the following members:-

Members of the Committee	Designation
1. Tsen Keng Yam (Chairman) (Member of the Malaysian Institute of Accountants)	Independent Non-Executive Director
2. Dato' Kamaruddin Bin Mat Desa	Independent Non-Executive Director
3. Datuk Dr Ng Bee Ken	Independent Non-Executive Director

The terms of reference of the Audit Committee is available at the Company's website at [www.ttransform.com.my](http://www.ttransform.com.my).

## ATTENDANCE AT AUDIT COMMITTEE MEETINGS

During the financial year ended 31 January 2017, there were five (5) Audit Committee meetings held and the number of meetings attended by each Audit Committee member are as follows:-

Audit Committee Member	Number of meetings attended
1. Tsen Keng Yam	5 out of 5
2. Dato' Kamaruddin Bin Mat Desa	5 out of 5
3. Datuk Dr Ng Bee Ken	5 out of 5

The Chief Financial Officer and the Head of Internal Audit would normally attend all Audit Committee meetings at the invitation of the Audit Committee.

## SUMMARY OF AUDIT COMMITTEE ACTIVITIES

During the financial year ended 31 January 2017, the Audit Committee carried out its duties, amongst others, in accordance with its terms of reference, as follows:-

- (i) Reviewed the quarterly financial results prior to recommending them for consideration and approval by the Board of Directors;
- (ii) Reviewed and discussed with the external auditors the audit planning memorandum before commencement of the annual audit;
- (iii) Reviewed and discussed with the external auditors on their findings during the course of their audit and the management's response;
- (iv) Evaluated the performance of the external auditors and made recommendations to the Board on their re-appointment and audit fee.
- (v) Reviewed the annual financial statements and recommend for approval by the Board of Directors;
- (vi) Reviewed and deliberated the recurrent related party transactions;

## **Audit Committee Report (Cont'd)**

- (vii) Reviewed and approved the internal audit plan;
- (viii) Reviewed and deliberated the internal audit reports; and
- (ix) Reviewed the Risk Management Committee's reports and assessment.

The reviews and deliberations were conducted during the five (5) meetings of the Audit Committee held during the financial year ended 31 January 2017.

### **INTERNAL AUDIT FUNCTION**

The Audit Committee is supported in its duties by an in-house internal audit function. The Committee is aware of the fact that the internal audit function is essential to assist in obtaining the assurance and consulting services it requires, regarding the effectiveness of the system of internal control in the Group.

The primary objective of the internal audit function is to review the effectiveness of the system of internal control and this is performed with impartiality, proficiency and due professional care. The internal audit function enables the Audit Committee to discharge its duties by undertaking independent regular and systematic reviews of the system of internal control, so as to provide reasonable assurance that the system continues to operate satisfactorily and effectively.

However, in recent years, due to continued reduced business activities in the Group, the internal audit activities were also scaled down accordingly. Total staff cost incurred in respect of the internal audit function during the financial year ended 31 January 2017 was RM162,940.

A summary of internal audit cost distribution is as follows:

<b>Cost category</b>	<b>% of total cost</b>
Manpower	98%
Training (in-house)	–
Overheads	2%

During the financial year, the following main internal audit activities were carried out:-

- (i) Conducted internal audit in accordance with the risk based / driven internal audit plan. Four routine audits, one special audit and one follow-up audit were carried out during the year. The areas reviewed by the Internal Audit Department were the IT Department on its operating system and password protection, Human Resource Department's procedures on recruitment, resignation and transfer matters, Complex Management Department's tenancy, account and maintenance, and Finance Department's accounts of subsidiaries and joint ventures. There is also a follow-up review on Administration Department's process of assets tagging and assets reconciliation.
- (ii) Reviewed the internal control procedures as stipulated in the Group's Standing Instructions and Standard Operating Procedures. During the same period, Standing Instructions and Standard Operating Procedures of the departments were being jointly reviewed and updated, and practical internal control procedures were incorporated;
- (iii) Reviewed the recurrent related party transactions of the Company and its Group; and
- (iv) Attended the Management Committee and Risk Management Committee meetings.

All internal audit reports, which were deliberated by the Audit Committee and recommendations made to the Board of Directors and/or the management, were acted upon.



# Financial Statements



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## Directors' Report

The directors hereby submit their report together with the audited financial statements of Talam Transform Berhad ("the Company") and its subsidiaries ("the Group") for the financial year ended 31 January 2017.

### PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year were that of the provision of management services, investment holding and property development.

The principal activities of the subsidiaries of the Company are stated in Note 32 to the financial statements.

There were no significant changes in the nature of these principal activities during the financial year.

### RESULTS

	GROUP RM'000	COMPANY RM'000
Loss for the financial year		
- Continuing operations	(33,991)	(112,320)
- Discontinued operation	(631)	–
	(34,622)	(112,320)
Attributable to:-		
Owners of the Company	(34,503)	(112,320)
Non-controlling interests	(119)	–
	(34,622)	(112,320)

### DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 January 2017.

### RESERVES AND PROVISIONS

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



**BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Company were prepared, the directors had taken reasonable steps to ascertain that action was taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

**CURRENT ASSETS**

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

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

**VALUATION METHODS**

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

**CONTINGENT AND OTHER LIABILITIES**

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

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

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

**CHANGE OF CIRCUMSTANCES**

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

## **ITEMS OF MATERIAL AND UNUSUAL NATURE**

In the opinion of the directors, other than as disclosed in the financial statements:-

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

## **ISSUE OF SHARES AND DEBENTURES**

During the financial year, no new issue of shares or debentures were made by the Company.

## **TREASURY SHARES**

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

As at 31 January 2017, the Company held as treasury shares a total of 2,635,800 of its 4,220,279,562 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM492,848/- as disclosed in Note 18 to the financial statements.

## **OPTIONS GRANTED OVER UNISSUED SHARES**

No options were granted to any person to take up the unissued shares of the Company during the financial year.

## **DIRECTORS**

The directors in office during the financial year and during the period from the end of the financial year to the date of this report are:-

Tsen Keng Yam  
Tan Sri Dato' (Dr.) Ir. Chan Ah Chye @ Chan Chong Yoon  
Dato' Kamaruddin bin Mat Desa  
Datuk Dr Ng Bee Ken  
Chua Kim Lan  
Yaw Chun Soon  
Chan Tet Eu

## DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:-

	At 1.2.2016	Number of ordinary shares		At 31.1.2017
		Bought	Sold	
The Company				
Direct interests				
Tan Sri Dato' (Dr.) Ir. Chan Ah Chye @ Chan Chong Yoon	107,710,694	500,000,000	—	607,710,694
Chua Kim Lan	90,039	—	—	90,039
Yaw Chun Soon	445,000	—	—	445,000
Indirect interests				
Tan Sri Dato' (Dr.) Ir. Chan Ah Chye @ Chan Chong Yoon	1,158,760,772	—	500,000,000	658,760,772#
Chua Kim Lan	28,125	—	—	28,125^
Chan Tet Eu	366,471,466	500,000,000	—	866,471,466 *
Yaw Chun Soon	230,000,000	—	230,000,000	—

<sup>#</sup> Indirect interest held through his spouse, Puan Sri Datin Thong Nyok Choo, his daughter, Chan Siu Wei and deemed interested by virtue of his interest in Pengurusan Projek Bersistem Sdn. Bhd., Sze Choon Holdings Sdn. Bhd., Jejak Progresif Sdn. Bhd. pursuant to Section 59(11)(c) and Section 8 of the Companies Act 2016 in Malaysia respectively.

<sup>^</sup> Indirect interest held through her spouse, Chin Chee Meng pursuant to Section 59(11)(c) of the Companies Act 2016 in Malaysia.

<sup>\*</sup> Deemed interested through his father Tan Sri Dato' (Dr.) Ir. Chan Ah Chye @ Chan Chong Yoon, his mother Puan Sri Datin Thong Nyok Choo, his sister Chan Siu Wei and by virtue of his interest in Pengurusan Projek Bersistem Sdn. Bhd., Sze Choon Holdings Sdn. Bhd. and Jejak Progresif Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 in Malaysia.

Tan Sri Dato' (Dr.) Ir. Chan Ah Chye @ Chan Chong Yoon and Chan Tet Eu, by virtue of their interests in the shares of the Company are also deemed interested in the shares of all the Company's subsidiaries to the extent the Company has an interest.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares of the Company and 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 any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors shown in Note 31 and 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 the director is a member, or with a company in which the director has a substantial financial interest.

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

**Directors'  
Report  
(Cont'd)**

**DIRECTORS' REMUNERATION**

	<b>GROUP AND COMPANY RM'000</b>
Directors' fee	245
Directors' other emoluments	1,351
Benefits-in-kind	20
	<b>1,616</b>

**SUBSIDIARIES**

The details of the Company's subsidiaries are disclosed in Note 32 to the financial statements.

Other than those subsidiaries with modified opinions in the auditors' reports as disclosed in Note 32 to the financial statements, the available auditors' reports on the accounts of the remaining subsidiaries did not contain any qualification.

**AUDITORS' REMUNERATION**

	<b>GROUP RM'000</b>	<b>COMPANY RM'000</b>
Auditors' remuneration :		
- Malaysian operations		
- current year	253	140
- prior year	(48)	-
- Overseas operations		
- current year	20	-
- prior year	62	-
	<b>287</b>	<b>140</b>

**SIGNIFICANT AND SUBSEQUENT EVENTS**

Details of significant events during the financial year and subsequent events are disclosed in Note 33 to the financial statements.

**AUDITORS**

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

.....  
CHUA KIM LAN  
Director

.....  
YAW CHUN SOON  
Director

Kuala Lumpur

Date: 18 May 2017



## Statements of Financial Position

As At 31 January 2017

		GROUP		COMPANY	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Non-current assets</b>					
Property, plant and equipment	5	737	114,923	–	–
Land held for property development	6(a)	333,385	365,962	70,947	92,824
Investment properties	7	96,676	69,982	–	–
Investment in subsidiaries	8	–	–	414,190	489,295
Investment in associates	9	19,570	25,374	–	–
Interest in joint ventures	10	4,585	7,066	–	–
Amount owing by associates	9(d)	98,001	17,307	98,001	17,307
Other investment	11	476	476	–	–
Trade receivables	12(a)	33,948	10,690	11,617	10,690
Other receivables	12(b)	27,151	18,046	–	–
<b>Total non-current assets</b>		614,529	629,826	594,755	610,116
<b>Current assets</b>					
Property development costs	6(b)	35,094	55,138	–	–
Inventories	13	49,720	50,411	17,145	17,264
Amount owing by subsidiaries	8(a)	–	–	259,705	281,482
Amount owing by associates	9(d)	3,677	136,220	1,400	133,987
Amount owing by joint ventures	10(c)	–	–	–	–
Trade receivables	12(a)	7,924	4,072	–	58
Other receivables and deposits	12(b)	75,847	132,686	29,533	48,209
Prepaid expenses		25	–	25	–
Sinking funds held by trustees	14	54	54	54	54
Other investment	11	223	366	1	9
Cash and bank balances	15	11,914	6,655	4,377	878
		184,478	385,602	312,240	481,941
Assets and a disposal group classified as held for sale	16	157,278	109,088	43,605	21,695
<b>Total current assets</b>		341,756	494,690	355,845	503,636
<b>TOTAL ASSETS</b>		956,285	1,124,516	950,600	1,113,752

## Statements of Financial Position (Cont'd)

		GROUP		COMPANY	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Share capital	17	856,086	844,056	856,086	844,056
Treasury shares	18	(493)	(493)	(493)	(493)
Reserves	19	(445,780)	(400,252)	(497,659)	(373,309)
Equity attributable to owners of the Company		409,813	443,311	357,934	470,254
Non-controlling interests		(9,658)	(8,525)	–	–
<b>Total equity</b>		400,155	434,786	357,934	470,254
<b>Non-current liabilities</b>					
Borrowings	20(a)	70,024	77,962	69,895	77,741
Deferred tax liabilities	22	2	1,549	–	–
Other payables	24	161,606	157,282	161,279	155,845
Amount owing to subsidiaries	8(a)	–	–	62,106	–
<b>Total non-current liabilities</b>		231,632	236,793	293,280	233,586
<b>Current liabilities</b>					
Trade payables	21	40,408	50,447	26,084	30,284
Other payables and accrued expenses	24	184,374	223,577	78,617	61,498
Provision for liabilities	23	5,206	18,530	–	–
Borrowings	20(b)	29,217	123,258	3,137	25,500
Amount owing to subsidiaries	8(a)	–	–	191,548	292,630
Amount owing to associates	9(d)	–	33,564	–	–
Current tax liabilities		2,938	3,561	–	–
		262,143	452,937	299,386	409,912
Liabilities directly associated with assets classified as held for sale	16	62,355	–	–	–
<b>Total current liabilities</b>		324,498	452,937	299,386	409,912
<b>Total liabilities</b>		556,130	689,730	592,666	643,498
<b>TOTAL EQUITY AND LIABILITIES</b>		956,285	1,124,516	950,600	1,113,752

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

## Statements of Comprehensive Income

For The Financial Year Ended 31 January 2017

	Note	GROUP		COMPANY	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Continuing operations</b>					
Revenue	25	112,993	155,609	465	28,871
Cost of sales	26	(121,121)	(87,294)	(150)	(27,973)
Gross (loss)/ profit		(8,128)	68,315	315	898
Other income		41,128	324,065	16,496	199,476
Administrative expenses		(13,853)	(20,165)	(4,015)	(5,995)
Other expenses		(10,672)	(318,163)	(87,780)	(189,635)
Finance income	27	7,959	4,941	8,036	1,975
Finance costs	27	(50,060)	(38,360)	(45,398)	(34,215)
Share of results of associates		(65)	19	–	–
Share of results of joint ventures		(2,481)	(1,246)	–	–
<b>(Loss)/ Profit before tax</b>		(36,172)	19,406	(112,346)	(27,496)
Income tax benefit/ (expenses)	28	2,181	(20,679)	26	–
<b>Loss for the year from continuing operations</b>		(33,991)	(1,273)	(112,320)	(27,496)
<b>Discontinued operation</b>					
Loss for the year from discontinued operation, net of tax		(631)	(22,407)	–	–
<b>Loss for the financial year</b>	29	(34,622)	(23,680)	(112,320)	(27,496)
<b>Other comprehensive income, net of tax items that will be reclassified subsequently to profit or loss</b>					
Exchange differences on translation of foreign entities		976	5,252	–	–
<b>Total comprehensive loss for the financial year</b>		(33,646)	(18,428)	(112,320)	(27,496)

# Statements of Comprehensive Income (Cont'd)

		GROUP		COMPANY	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Loss for the financial year attributable to:-</b>					
Owners of the Company					
- continuing operations		(33,967)	(2,223)	(112,320)	(27,496)
- discontinued operation		(536)	(19,034)	-	-
		(34,503)	(21,257)	(112,320)	(27,496)
Non-controlling interests		(119)	(2,423)	-	-
		(34,622)	(23,680)	(112,320)	(27,496)
<b>Total comprehensive (loss)/ income for the financial year attributable to:-</b>					
Owners of the Company					
- continuing operations		(32,671)	1,427	(112,320)	(27,496)
- discontinued operation		(827)	(17,672)	-	-
		(33,498)	(16,245)	(112,320)	(27,496)
Non-controlling interests		(148)	(2,183)	-	-
		(33,646)	(18,428)	(112,320)	(27,496)
<b>Loss per share attributable to owners of the Company:-</b>					
<b>Continuing operations</b>					
- Basic (sen)	30	(0.81)	(0.05)		
<b>Discontinued operation</b>					
- Basic (sen)	30	(0.01)	(0.45)		
<b>Continuing and discontinued operations</b>					
- Basic (sen)	30	(0.82)	(0.50)		

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

## Consolidated Statement of Changes in Equity

For The Financial Year Ended 31 January 2017

GROUP	← Attributable to owners of the Company →								Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Capital Reserves RM'000	Reserve classified as held for sale RM'000	Treasury Shares RM'000	Accumulated Losses RM'000	Sub Total RM'000	Non- Controlling Interests RM'000	
<b>At 1 February 2015</b>	844,056	12,030	47,596	–	(493)	(443,633)	459,556	(5,638)	453,918
Total comprehensive income/(loss) for the financial year	–	–	5,012	–	–	(21,257)	(16,245)	(2,183)	(18,428)
Realisation of reserve on disposal of subsidiaries	–	–	–	–	–	–	–	(704)	(704)
<b>At 31 January 2016</b>	844,056	12,030	52,608	–	(493)	(464,890)	443,311	(8,525)	434,786
Total comprehensive income/(loss) for the financial year	–	–	1,005	–	–	(34,503)	(33,498)	(148)	(33,646)
Reclassification of disposal to assets held for sale	–	–	(41,658)	41,658	–	–	–	–	–
Transition to no-par value regime on 31.01.2017	12,030	(12,030)	–	–	–	–	–	–	–
Realisation of reserve on deconsolidation of a subsidiary	–	–	–	–	–	–	–	(985)	(985)
<b>At 31 January 2017</b>	856,086	–	11,955	41,658	(493)	(499,393)	409,813	(9,658)	400,155

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



# Statement of Changes in Equity

For The Financial Year Ended 31 January 2017

COMPANY	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Accumulated Losses RM'000	Total Equity RM'000
<b>At 1 February 2015</b>	844,056	(493)	12,030	(357,843)	497,750
Total comprehensive loss for the financial year	–	–	–	(27,496)	(27,496)
<b>At 31 January 2016</b>	844,056	(493)	12,030	(385,339)	470,254
Total comprehensive loss for the financial year	–	–	–	(112,320)	(112,320)
Transition to no-par value regime on 31.01.2017	12,030	–	(12,030)	–	–
<b>At 31 January 2017</b>	856,086	(493)	–	(497,659)	357,934

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

## Statements of Cash Flows

For The Financial Year Ended 31 January 2017

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
(Loss)/Profit before tax from				
- continuing operations	(36,172)	19,406	(112,346)	(27,496)
- discontinued operation	(631)	(22,407)	-	-
	(36,803)	(3,001)	(112,346)	(27,496)
Adjustments for:-				
Interest expenses:-				
- borrowings	19,026	15,998	15,651	8,802
Impairment loss on:-				
- receivables - trade	21	1,317	-	-
- receivables - non trade	720	20,219	700	18,238
- amount owing by associates	-	3,990	-	3,990
- amount owing by subsidiaries	-	-	-	53,604
- investment in associate	5,739	-	-	-
- investment in subsidiaries	-	-	87,073	1,300
- land held for property development	681	181,112	-	110,305
- property development costs	-	73,962	-	-
Depreciation:-				
- property, plant and equipment	3,964	5,349	-	2
- investment properties	2,120	889	-	-
Bad debts written off	207	9,260	7	1,408
Inventories write down	158	14,411	-	-
Property, plant and equipment written off	-	4,604	-	-
(Gain)/ Loss on disposal of:-				
- subsidiaries	(324)	(282,666)	-	791
Loss through amortisation of finance assets	19,740	2,768	20,366	5,283
Loss through amortisation of financial liabilities	6,126	18,598	4,036	18,810
Impairment loss no longer required				
- amount owing by associates	(4,004)	-	(3,990)	-
- investment properties	(9,712)	-	-	-
- receivables - trade	(747)	(1,984)	-	-
- receivables - non trade	(11,817)	(5,826)	(3,548)	-
- subsidiaries	-	-	(8,818)	(196,916)
Sub total carried forward	(4,905)	59,000	(869)	(1,879)

## Statements of Cash Flows (Cont'd)

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)</b>				
Sub total brought forward	(4,905)	59,000	(869)	(1,879)
(Reversal)/Additional provision for liquidated and ascertained damages	(1,271)	537	–	–
Waiver of debt	–	(19,545)	–	(908)
Interest income	(2,791)	(894)	(2,691)	(655)
Share of results of associates	65	(19)	–	–
Share of results of joint ventures	2,481	1,246	–	–
Reversal of provision for completion of project	(12,053)	–	–	–
Operating (loss)/ profit before working capital changes	(18,474)	40,325	(3,560)	(3,442)
<i>Changes in working capital</i>				
Property development activities	91,657	60,245	(33)	(6,644)
Subsidiaries balances	–	–	(6,481)	405,429
Inventories	533	2,200	119	(16,707)
Receivables	33,218	(277,885)	21,550	(31,704)
Payables	(15,652)	254,682	12,614	(76,794)
Cash generated from operations	91,282	79,567	24,209	270,138
Interest received	2,791	894	2,691	655
Income taxes refund/ (paid)	10	(7,618)	26	(1,587)
Interest paid	(19,026)	(15,998)	(15,651)	(8,802)
Payment for liquidated and ascertained damages	–	(537)	–	–
Net Cash Generated From Operating Activities	75,057	56,308	11,275	260,404
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Net change in associates balances	995	(4,841)	34,590	(2,633)
Net proceeds from disposal of:-				
- subsidiaries	–	1,500	–	–
Investment in associates	–	(17,175)	–	–
Investment in other investment	143	(366)	8	(9)
Investment in subsidiaries	–	–	(11,968)	(241,199)
Purchase of property, plant and equipment	(1)	(105)	–	–
Cash outflow arising from disposal of subsidiaries (Note 8(c))	–	(3,959)	–	–
Dividend received from a joint venture	–	200	–	–
Net Cash Generated From/ (Used In) Investing Activities	1,137	(24,746)	22,630	(243,841)

Statements of  
Cash Flows  
(Cont'd)

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	(70,069)	(56,137)	(30,406)	(22,366)
Changes in sinking fund held by trustees	–	–	–	(52)
Net Cash Used In Financing Activities	(70,069)	(56,137)	(30,406)	(22,418)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	6,125	(24,575)	3,499	(5,855)
<b>EFFECTS OF EXCHANGE DIFFERENCES</b>	(866)	341	–	–
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	6,610	30,844	878	6,733
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR (Note 15)</b>	<b>11,869</b>	<b>6,610</b>	<b>4,377</b>	<b>878</b>

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

# Notes to the Financial Statements

For the Financial Year Ended 31 January 2017

## 1. CORPORATE INFORMATION

Talam Transform Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Unit 17.02, Level 17, Menara Maxisegar, Jalan Pandan Indah 4/2, Pandan Indah, 55100 Kuala Lumpur. The principal place of business of the Company is located at Level 21, Menara Maxisegar, Jalan Pandan Indah 4/2, Pandan Indah, 55100 Kuala Lumpur.

The principal activities of the Company during the financial year were those of the provision of management services, investment holding and property development. The principal activities of the subsidiaries of the Company are stated in Note 32 to the financial statements.

There were no significant changes in the nature of these principal activities during the financial year.

The financial statements are expressed in Ringgit Malaysia rounded to nearest thousand unless otherwise specified.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 May 2017.

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

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

During the financial year ended 31 January 2017, the Group and the Company incurred a net loss of RM34.62 million and RM112.32 million respectively.

The directors of the Company are of the opinion that the preparation of the financial statements of the Group and the Company on a going concern basis remain appropriate after having prepared a cash flow projection to support the assertion that the Group and the Company will have sufficient resources to continue for a period of at least 12 months from the end of the financial year.

### 2.2 Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost basis, other than as disclosed in the significant accounting policies in Note 3 to the financial statements.

### 2.3 Use of estimates and judgement

The preparation of financial statements in conformity with FRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4 to the financial statements.

### 2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency at the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency and are rounded to the nearest thousand, unless otherwise stated.



## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 2. BASIS OF PREPARATION (CONT'D)

#### 2.5 Adoption of amendments/improvements to FRSs

The Group and the Company have adopted the following amendments/improvements to FRSs that are mandatory for the current financial year:-

##### Amendments/Improvements to FRSs

FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments: Disclosures
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosures of Interest in Other Entities
FRS 101	Presentation of Financial Statements
FRS 116	Property, Plant and Equipment
FRS 119	Employees Benefits
FRS 127	Separate Financial Statements
FRS 128	Investment in Associates and Joint Ventures
FRS 138	Intangibles Assets

The adoption of the above amendments/improvements to FRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies.

#### 2.6 New FRS, amendments/ improvements to FRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective

The Group and the Company have not adopted the following new FRS, amendments/ improvements to FRSs and new IC Int that have been issued, but yet to be effective:-

		Effective for financial periods beginning on or after
<u>New FRS</u>		
FRS 9	Financial Instruments	1 January 2018
<u>Amendments/Improvements to FRSs</u>		
FRS 1	First-time adoption of MFRSs	1 January 2018
FRS 2	Share-based Payment	1 January 2018
FRS 4	Insurance Contracts	1 January 2018
FRS 10	Consolidated Financial Statements	Deferred
FRS 12	Disclosure of Interests in Other Entities	1 January 2017
FRS 107	Statement of Cash Flows	1 January 2017
FRS 112	Income Taxes	1 January 2017
FRS 128	Investments in Associates and Joint Ventures	1 January 2018/ Deferred
FRS 140	Investment Property	1 January 2018
<u>New IC Int</u>		
IC Int 22	Foreign Currency Transactions And Advance Consideration	1 January 2018

A brief discussion on the above significant new FRS, amendments/ improvements to FRSs and new IC Int are summarised below. Due to the complexity of these new FRS, amendments/ improvements to FRSs and new IC Int, the financial effects of their adoption are currently still being assessed by the Group and the Company.

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 2. BASIS OF PREPARATION (CONT'D)

#### 2.6 New FRS, amendments/ improvements to FRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (Cont'd)

##### ***FRS 9 Financial Instruments***

Key requirements of FRS 9:-

- FRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- FRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.
- FRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

##### ***Amendments to FRS 107 Statement of Cash Flows***

Amendments to FRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 2. BASIS OF PREPARATION (CONT'D)

#### 2.6 New FRS, amendments/ improvements to FRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (Cont'd)

##### ***Amendments to FRS 112 Income Taxes***

Amendments to FRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

##### ***Amendments to FRS 128 Investments in Associates and Joint Ventures***

Amendments to FRS 128 clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates or joint ventures at fair value through profit or loss.

##### ***Amendments to FRS 140 Investment Property***

Amendments to FRS 140 clarify that to transfer to, or from, investment properties there must be evidence of a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of investment property. A change in intention, in isolation, does not provide evidence of a change in use.

The amendments also clarify that the list of circumstances that evidence a change in use is not exhaustive.

##### ***Amendments to FRS 10 Consolidated Financial Statements and FRS 128 Investments in Associates and Joint Ventures***

These amendments address an acknowledged inconsistency between the requirements in FRS 10 and those in FRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in FRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 2. BASIS OF PREPARATION (CONT'D)

#### 2.7 MASB Approved Accounting Standards, MFRSs

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the MASB had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1 January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int 15 Agreements for the Construction of Real Estate ("Transitioning Entities"). The Transitioning Entities are given an option to defer the adoption of MFRSs Framework and shall apply the MFRSs framework for annual periods beginning on or after 1 January 2018. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework. As such, the Group and the Company will prepare their first MFRSs financial statements using the MFRSs framework for financial year ended 31 January 2018. The main effects arising from the transition to the MFRSs Framework are discussed below.

The effect is based on the Group's and the Company's best estimates at the reporting date. The financial effects may change or additional effects may be identified, prior to the completion of the Group's and the Company's first MFRSs based financial statements.

Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 2. BASIS OF PREPARATION (CONT'D)

#### 2.7 MASB Approved Accounting Standards, MFRSs (Cont'd)

##### *MFRS 15 Revenue from Contracts with Customers*

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:-

- (i) identify the contracts with a customer;
- (ii) identify the performance obligation in the contract;
- (iii) determine the transaction price;
- (iv) allocate the transaction price to the performance obligations in the contract; and
- (v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements information about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The Group is currently assessing the impact of the adoption of this standard.

##### *MFRS 16 Leases*

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises in its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought into its statement of financial position except for short-term and low value asset leases.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and the Company.

#### 3.1 Basis of consolidation

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



## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.1 Basis of consolidation (Cont'd)

##### (a) Subsidiaries and business combination

Subsidiaries are entities over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtained control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:-

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities assumed at the acquisition date.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have been previously recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.1 Basis of consolidation (Cont'd)

##### (a) Subsidiaries and business combination (Cont'd)

Upon the loss of control of subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

##### (b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

##### (c) Associates

Associates are entities over which the Group has significant influence, but not control over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investments in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

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

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. 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.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.1 Basis of consolidation (Cont'd)

##### (d) Joint arrangements

Joint arrangements arise when the Group and another party or parties are bound by a contractual arrangement, and the contractual arrangement gives the Group and the other party or parties, joint control of the arrangement. Joint control exists when there is contractually agreed sharing of control of an arrangement whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified and accounted for as follows:-

- A joint arrangement is classified as a "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its share of its assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).
- A joint arrangement is classified as "joint venture" when the Group has rights to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method in accordance with FRS 128 Investments in Associates and Joint Ventures.

The Group has assessed the nature of its joint arrangements and determined them to be joint ventures and accounted for its interest in the joint ventures using the equity method.

##### (e) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### 3.2 Separate financial statements

In the Company's statement of financial position, investments in subsidiaries, joint ventures and associates are measured at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.13(b).

#### 3.3 Foreign currency transactions and operations

##### (a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.3 Foreign currency transactions and operations (Cont'd)

##### (a) Translation of foreign currency transactions (Cont'd)

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary item that is designated as a hedging instrument in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

##### (b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserve related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

#### 3.4 Financial instruments

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

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.4 Financial instruments (Cont'd)

##### (a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

##### (i) Financial assets

###### Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

The Group has not designated any financial assets at fair value through profit or loss.

###### Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(a). Gains and losses are recognised in profit or loss through the amortisation process.

###### Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(a). Gains and losses are recognised in profit or loss through the amortisation process.

###### Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available for sale or are not classified in any of the three preceding categories.

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



## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.4 Financial instruments (Cont'd)

##### (a) Subsequent measurement (Cont'd)

##### (i) Financial assets (Cont'd)

###### Unquoted equity instruments carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(a).

##### (ii) Financial liabilities

###### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

The Group has not designated any financial liabilities at fair value through profit or loss.

###### Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

##### (b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified 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, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.4 Financial instruments (Cont'd)

##### (c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company themselves purchase or sell an asset). Trade date accounting refers to:-

- (i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

##### (d) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

##### (e) Offsetting of financial instruments

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

#### 3.5 Property, plant and equipment

##### (a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition of measurement of impairment losses is in accordance with Note 3.13(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.18.

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.5 Property, plant and equipment (Cont'd)

##### (a) Recognition and measurement (Cont'd)

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

##### (b) Subsequent cost

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

##### (c) Depreciation

Property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The annual rates used for this purpose are as follows:-

Leasehold land and buildings	4%
Renovation	10%
Plant and machinery, equipment, crockery and kitchenware	10% - 20%
Office equipment, furniture and fittings	10% - 20%
Motor vehicles	20%

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each reporting date. The effects of any revisions of the residual values and useful lives are included in the profit or loss for the financial year in which the changes arise.

Fully depreciated assets are retained in the financial statements until the assets are no longer in use.

##### (d) Derecognition

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

#### 3.6 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.6 Leases (Cont'd)

##### (a) Lessee Accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, 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 assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

##### (b) Lessor Accounting

If an entity in the Group is a lessor in operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

#### 3.7 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties on freehold land are stated at cost less accumulated impairment losses, if any, and are not depreciated as it has an indefinite life. Whereas, other investment properties are stated at cost less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(b) to the financial statements.

Other investment properties are depreciated on a straight line basis to write off the cost of the assets to their residual values over their estimated useful life at an annual rate of 1% to 2.5%.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.18.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.7 Investment properties (Cont'd)

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

#### 3.8 Inventories

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

Costs of finished goods and consumables are determined using the first-in-first-out basis.

##### Property development inventory

Cost includes:-

- Freehold and leasehold rights for land
- Amounts paid to contractors for construction
- Borrowing costs, planning and design costs, costs for site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative sale value of the property sold.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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

#### 3.9 Land held for property development

Land held for property development consists of land and development costs on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current assets and is stated at cost less any accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(b) to the financial statements.

Cost comprises the cost of land and all related costs incurred on activities necessary to prepare the land for its intended use.

Land held for property development will be reclassified to property development costs when significant development work has been undertaken and is expected to be completed within the normal operating cycle.



## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.10 Property development cost

Property development costs comprise of costs of acquisition of land and all costs that are directly attributable to development activities or costs that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion of property development costs incurred for the work performed up to the reporting date over the estimated total property development costs to completion. Under this method, profits are recognised as the property development activity progresses.

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

Any foreseeable loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately in the profit or loss. Property development costs not recognised as an expense is recognised as an asset, which is measured at the lower of cost and net realisable value. Upon the completion of development, the unsold completed development properties are transferred to inventories.

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

#### 3.11 Non-current assets or disposal groups held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when:-

- the asset or disposal group is available for immediate sale in its present condition;
- the management is committed to a plan to sell the asset and the asset or disposal group is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale is expected to be completed within one year from the date of classification and actions required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets or disposal group are measured at the lower of carrying amount and fair value less costs to sell.

Any impairment loss on the disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property that is measured at fair value, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.11 Non-current assets or disposal groups held for sale (Cont'd)

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint venture ceases once classified as held for sale.

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

#### 3.12 Cash and cash equivalents

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

#### 3.13 Impairment of assets

##### (a) Impairment and uncollectibility of financial assets

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries, associates and joint ventures) are assessed 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 financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

##### Loans and receivables and held-to-maturity investments

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loan together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.13 Impairment of assets (Cont'd)

##### (a) Impairment and uncollectibility of financial assets (Cont'd)

###### Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

When a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

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

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to loss event occurring after the recognition of the impairment loss in profit or loss.

###### Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment shall not be reversed.

##### (b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

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 non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset of CGU is the higher of its fair value less costs of disposal and its value in use. 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 CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.13 Impairment of assets (Cont'd)

##### (b) Impairment of non-financial assets (Cont'd)

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss.

#### 3.14 Share capital

##### (a) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

##### (b) Redeemable convertible preference share capital

Preference shares are classified as equity if they are non-redeemable and dividends are discretionary at the option of the issuer. Preference shares are classified as liabilities if they are redeemable on a specific date or at the option of the shareholders and dividends thereon are recognised in the profit or loss as interest expense. Preference shares that are compound instruments are split into liability and equity components. Each component is accounted for separately. Dividends on preference shares are recognised on an accrual basis as a liability and are reported as finance costs in the profit or loss.

##### (c) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.15 Employee benefits

##### (a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

##### (b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Certain foreign subsidiaries make contributions to their respective countries' statutory pension scheme. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

#### 3.16 Provisions

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

Provisions are determined by discounting the expected future cash flows at a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Provisions are reviewed at each reporting date 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.

#### 3.17 Revenue and other income

The Group and the Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

##### (a) Property development

Revenue from the sale of property development projects is recognised progressively as the project activity progresses and when the agreements of sales have been finalised. The recognition of revenue is based on the percentage of completion method, net of discount, and is consistent with the method adopted for profit recognition. Any expected loss on development project shall be recognised as an expense immediately.

##### (b) Sales of inventories and land

Revenue is recognised when the significant risk and rewards of ownership have been passed to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due and associated costs.



## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.17 Revenue and other income (Cont'd)

**(c) Revenue from hotel operations and other recreational income**

Revenue is recognised upon services rendered and customer's acceptance, net of taxes and discounts.

**(d) Management fee**

Management fee is recognised on an accrual basis, net of service taxes.

**(e) Interest income**

Interest income other than interest income from late payment by house buyers and other trade receivables are recognised on an accrual basis unless collectability is in doubt in which recognition will be on a receipt basis.

**(f) Rental income**

Rental income from investment properties are recognised on an accrual basis.

#### 3.18 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

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.

#### 3.19 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are 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.

**(a) Current tax**

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

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.19 Income tax (Cont'd)

##### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

##### (c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("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 that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.20 Discontinued operation

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:-

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statements of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

#### 3.21 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the executive director of operations who is responsible for allocating resources and assessing performance of the operating segments and recommends strategic decisions to the Board.

#### 3.22 Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

When measuring the fair value of an asset or a liability, the Group and the Company uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:-

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

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.23 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:-

- (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statement of financial position.

#### 3.24 Earnings Per Share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS"). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

#### 3.25 Related parties

A party is related to an entity if:-

- (i) directly, or indirectly through one or more intermediaries, the party:
  - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  - has an interest in the entity that gives it significant influence over the entity; or
  - has joint control over the entity;
- (ii) the party is an associate of the entity;
- (iii) the party is a joint venture in which the entity is a venturer;
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires management to make judgement, 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 material adjustments to the carrying amount of the assets or liabilities affected in the future. The estimates and judgements are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### (a) Useful lives of property, plant and equipment and investment properties (Note 5 and Note 7)

The Group estimates the useful lives of property, plant and equipment and investment properties based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment and investment properties are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment and investment properties are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment and investment properties would increase the recorded expenses and decrease the non-current assets.

#### (b) Impairment of investments in subsidiaries and recoverability of amounts owing by subsidiaries (Note 8)

The Company tests investments in subsidiaries and amounts owing by subsidiaries for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary. Costs of investment in subsidiaries which have ceased operations were impaired up to net assets of the subsidiaries. The impairment made on investment in subsidiaries entails an allowance for impairment on the amount owing by these subsidiaries.

The Group review the investment in subsidiaries for impairment when there is an indication of impairment. The Group and the Company carried out the impairment test based on a variety of estimation including fair value less costs of disposal and valuation techniques. Valuation techniques includes amongst others, and in some cases, based on current market indicators and estimates that provide reasonable approximations to the detailed computation.

#### (c) Impairment of non-financial assets (Note 5, 6 and 7)

The Group determines whether its non-financial assets, which include property, plant and equipment, land held for property development and investment properties are impaired by evaluating the extent to which the recoverable amount of these assets are less than their cost. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's test for impairment of assets.

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

#### (d) Property development (Note 6)

The Group recognises property development profits by reference to the stage of completion of the development activity at the reporting date. The stage of completion is determined based on the proportion that the property development costs incurred to date bear to the estimated total costs for the property development. Where it is probable that total property development costs of a development phase will exceed total property development revenue of the development phase, the expected loss on the development phase is recognised as an expense immediately.

Significant judgement is required in the estimation of total property development costs. Where the actual total property development costs is different from the estimated total property development costs, such difference will impact the property development profit or loss recognised.

#### (e) Impairment of financial assets (Note 9 and 12)

The Group and the Company recognise impairment losses for loans and receivables using the incurred loss model. At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that loans and receivables are impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the impairment made and this may affect the Group's and the Company's financial position and results.

The carrying amounts of the Group's and the Company's financial assets are disclosed in Note 37(c) to the financial statements.

#### (f) Allowance for slow-moving inventories (Note 13)

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

#### (g) Provisions (Note 23)

The Group recognises provisions when it has a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provisions requires the application of judgements about the ultimate resolution of these obligations. As a result, provisions are reviewed at each reporting date and adjusted to reflect the Group's current best estimate.

#### (h) Classification as assets held for sale (Note 16)

The Group is expected to complete the disposals within one year from the date of classification. As at the reporting date, certain assets held for disposal have yet to be completed after one year from the date of classification. The delay is caused by events or circumstances beyond the control of the Group. The directors are of the opinion that these assets shall be classified as assets held for sale as the sales would be expected to complete within one year from the date of classification.



Notes to the  
Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

GROUP	Leasehold Land and Buildings RM'000	Renovation RM'000	Plant and Machinery, Equipment, Crockery and Kitchenware RM'000	Office Equipment, Furniture and Fittings RM'000	Motor Vehicles RM'000	Total RM'000
<b>Cost</b>						
At 1 February 2015	164,692	7,299	21,172	6,240	1,390	200,793
Exchange differences	15,424	605	1,822	588	25	18,464
Additions	–	35	70	–	–	105
Disposal of subsidiaries	–	–	(481)	–	–	(481)
Write offs	–	(7,103)	(21,298)	(6,828)	(294)	(35,523)
At 31 January 2016	180,116	836	1,285	–	1,121	183,358
Exchange differences	3,740	–	–	–	–	3,740
Additions	–	–	1	–	–	1
Write offs	–	–	(13)	–	–	(13)
Transfer to assets and disposal group held for sale	(183,856)	–	–	–	–	(183,856)
At 31 January 2017	–	836	1,273	–	1,121	3,230
<b>Accumulated Depreciation</b>						
At 1 February 2015	57,078	4,001	20,223	5,075	369	86,746
Exchange differences	5,234	290	1,659	532	23	7,738
Charge for the financial year	3,916	707	257	232	237	5,349
Disposal of subsidiaries	–	–	(479)	–	–	(479)
Write offs	–	(4,162)	(20,635)	(5,839)	(283)	(30,919)
At 31 January 2016	66,228	836	1,025	–	346	68,435
Exchange differences	1,375	–	–	–	–	1,375
Charge for the financial year	3,665	–	75	–	224	3,964
Write offs	–	–	(13)	–	–	(13)
Transfer to assets and disposal group held for sale	(71,268)	–	–	–	–	(71,268)
At 31 January 2017	–	836	1,087	–	570	2,493
<b>Net Book Value</b>						
At 31 January 2016	113,888	–	260	–	775	114,923
At 31 January 2017	–	–	186	–	551	737

Included in property, plant and equipment of the Group are motor vehicles acquired under finance lease arrangements with carrying amounts of RM273,000/- (2016: RM390,000/-).

**Notes to the  
Financial Statements****For the Financial Year Ended 31 January 2017 (Cont'd)****5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

<b>COMPANY</b>	<b>Renovation RM'000</b>
<b>Cost</b>	
At 31 January 2016/ 2017	733
<b>Accumulated Depreciation</b>	
At 1 February 2015	731
Charge for the financial year	2
At 31 January 2016/ 2017	733
<b>Net Book Value</b>	
At 31 January 2016/ 2017	–

- (a) In the previous financial year, leasehold land and buildings of the Group amounted to RM113.89 million were charged as securities for credit facilities of the Group as disclosed in Note 20(ii) to the financial statements.

During the financial year, these property, plant and equipment were reclassified to assets and a disposal group classified as held for sale as disclosed in Note 16 to the financial statements.

- (b) On 5 January 2017, Malim Enterprise (HK) Limited, a wholly-owned subsidiary of the Company entered into a Share Sale Agreement ("SSA") with Jilin Province Zhuo Yue Investment Co. Limited to dispose of its 85% owned subsidiary, Jilin Province Maxcourt Hotel Limited ("JPMHL"), which is reported in the hotel segment that it had already ceased operation in the previous financial year.

As at the end of the financial year, the disposal of JPMHL is not completed as certain conditions precedent as stated in the SSA have not been met.

The assets and liabilities related to JPMHL are being presented in the statement of financial position as "Assets and a disposal group classified as held for sale" and "Liabilities directly associated with assets classified as held for sale".

Notes to the  
Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

6. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land Held for Property Development

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>At cost:-</b>				
Land Cost	474,525	465,845	221,018	225,316
Development costs	156,036	214,163	10,922	10,902
At 1 February	630,561	680,008	231,940	236,218
Addition/ (reversal) during the year	98	(12,538)	33	34,617
Disposal during the year	(2,329)	(6,777)	–	–
Deconsolidation and disposal of subsidiaries during the year	(6,341)	(83,241)	–	–
Transfer (to)/ from property development costs	(1,608)	73,290	–	–
Transfer to assets held for sale (Note 16)	(21,910)	(20,181)	(21,910)	(38,895)
At 31 January	598,471	630,561	210,063	231,940
<b>Accumulated impairment loss</b>				
At 1 February	(264,599)	(183,776)	(139,116)	(46,300)
Charge during the year	(681)	(181,112)	–	(110,305)
Disposal during the year	194	–	–	–
Disposal of subsidiaries during the year	–	82,800	–	–
Transfer to assets held for sale (Note 16)	–	17,489	–	17,489
At 31 January	(265,086)	(264,599)	(139,116)	(139,116)
Carrying amount at 31 January	333,385	365,962	70,947	92,824

Notes to the  
Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

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

## (b) Property Development Costs

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>At cost:-</b>				
Land cost	52,660	65,986	–	–
Development costs	24,557	254,729	–	–
At 1 February	77,217	320,715	–	–
Cost incurred during the year	98	30,118	–	–
Transfer from/ (to) land held for property development	1,608	(73,290)	–	–
Transfer to assets held for sale (Note 16)	–	(65,095)	–	–
Disposal during the year	(38,948)	–	–	–
Disposal of subsidiaries during the year	–	(135,231)	–	–
At 31 January	39,975	77,217	–	–
<b>Accumulated impairment loss</b>				
At 1 February	(22,079)	(22,079)	–	–
Charge during the year	–	(73,962)	–	–
Disposal during the year	17,648	–	–	–
Disposal of subsidiaries during the year	–	73,962	–	–
At 31 January	(4,431)	(22,079)	–	–
<b>Cumulative costs recognised in profit or loss</b>				
At 1 February	–	(61,269)	–	–
Recognised during the year	(450)	–	–	–
Disposal of subsidiaries during the year	–	61,269	–	–
At 31 January	(450)	–	–	–
Carrying amount at 31 January	35,094	55,138	–	–

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

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

- (c) Certain land held for property development and land under development of the Group and the Company are charged as security for credit facilities as disclosed in Note 20(ii) to the financial statements as follows:-

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Land held for property development	25,426	25,426	10,300	15,060

- (d) Certain land held for property development and land under development of the Group and the Company are pledged as security to IJM Group as disclosed in Note 24(iv) to the financial statements are as follows:-

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Land held for property development	58,849	8,470	4,760	4,760
Property development costs	42,364	56,738	–	–
	101,213	65,208	4,760	4,760

IJM Group is a related party as disclosed in Note 34(a) to the financial statements.

- (e) The leasehold land of the Group has remaining lease terms ranging from 76 to 84 years.
- (f) The legal titles for certain land held for property development and property development costs have yet to be transferred to the Group.

**Notes to the  
Financial Statements**

For the Financial Year Ended 31 January 2017 (Cont'd)

**7. INVESTMENT PROPERTIES**

	<b>GROUP RM'000</b>
<b>Cost</b>	
At 31 January 2015/ 2016	91,105
Transfer from assets held for sale (Note 16)	19,102
At 31 January 2017	110,207
<b>Accumulated Depreciation</b>	
At 1 February 2015	10,522
Charge for the financial year	889
At 1 February 2016	11,411
Charge for the financial year	2,120
At 31 January 2017	13,531
<b>Accumulated Impairment Losses</b>	
As at 31 January 2015/ 2016	9,712
Reversal during the financial year	(9,712)
At 31 January 2017	–
<b>Net Book Value</b>	
At 31 January 2016	69,982
At 31 January 2017	96,676

(a) The fair values of the investment properties as at the reporting date are as follows:-

	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<b>Group</b>				
<b>2017</b>				
Land and buildings	46,705	146,644	579	193,928
<b>2016</b>				
Land and buildings	–	55,000	23,292	78,292



## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 7. INVESTMENT PROPERTIES (CONT'D)

- (b) Certain investment properties of the Group of RM51.04 million (2016: RM51.71 million) are charged as security for credit facilities as disclosed in Note 20(ii) to the financial statements.
- (c) Certain investment properties of RM19.10 million are pledged as security to IJM Group as disclosed in Note 24(iv) to the financial statements. IJM Group is a related party as disclosed in Note 34(a) to the financial statements.

#### Valuation of investment properties

##### **Level 1 fair value**

The fair value of certain investment properties of the Group are based on agreed selling price with external parties.

##### **Level 2 fair value**

The fair value of certain investment properties of the Group are derived at by references to market indication of transaction prices of similar properties within the same location and were performed by a registered independent valuer with an appropriate recognised professional qualification and recent experience in the location and categories of the properties being valued.

##### **Level 3 fair value**

In the previous financial year, the following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description	Valuation technique	Significant unobservable input	Relationship of unobservable input to
Shopping complex	Income approach	Estimated average rental rate per square foot per month RM1.45 - RM1.53	The higher the estimated rental/ average rental rate per square foot per month, the higher the fair value
		Estimated average outgoing per square foot per month RM0.93 - RM1.03	The lower the estimated outgoing per square foot per month, the higher the fair value

There have been transfers between the level 2 and level 3 of certain investment properties during the financial year ended 31 January 2017 and 31 January 2016.

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 8. INVESTMENT IN SUBSIDIARIES AND AMOUNT OWING BY/ (TO) SUBSIDIARIES

	COMPANY	
	2017 RM'000	2016 RM'000
Unquoted shares at cost	403,342	472,637
Deconsolidation of a subsidiary	—*	(69,295)
	403,342	403,342
Less: Accumulated impairment losses		
At 1 February	(155,246)	(222,450)
Additions	—	(1,300)
Deconsolidation of a subsidiary	—*	68,504
At 31 January	(155,246)	(155,246)
	248,096	248,096
Loans that are part of net investments	293,558	281,590
Less: Accumulated impairment losses		
At 1 February	(40,391)	—
Transferred from investment in subsidiaries	—	(40,391)
Additions	(87,073)	—
At 31 January	(127,464)	(40,391)
	166,094	241,199
	414,190	489,295

\* Represents an amount less than RM1,000/-.

Loans that are part of net investments represent amounts owing by subsidiaries which are non-trade in nature, unsecured and non-interest bearing. The settlement of these amounts is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as a long-term source of capital to the subsidiaries. As these amount are, in substance, a part of the Company's net investment in the subsidiaries, they are stated at cost less accumulated impairment loss, if any.

Notes to the  
Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

8. INVESTMENT IN SUBSIDIARIES AND AMOUNT OWING BY/ (TO) SUBSIDIARIES (CONT'D)

(a) Amount owing by/ (to) subsidiaries

	COMPANY	
	2017 RM'000	2016 RM'000
<i>Amount owing by subsidiaries</i>	458,866	759,083
Transferred to investment in subsidiaries	(11,968)	(281,590)
Less: Accumulated impairment losses		
At 1 February	(196,011)	(379,714)
Addition	–	(53,604)
Transferred to investment in subsidiaries	–	40,391
Reversal	8,818	196,916
At 31 January	(187,193)	(196,011)
	259,705	281,482
<b>Non-current</b>		
<i>Amount owing to subsidiaries</i>	(62,106)	–
<b>Current</b>		
<i>Amount owing to subsidiaries</i>	(191,548)	(292,630)

Amount the owing by/ (to) subsidiaries are unsecured, interest free and repayable on demand.

# Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

## 8. INVESTMENT IN SUBSIDIARIES AND AMOUNT OWING BY/ (TO) SUBSIDIARIES (CONT'D)

### (b) Non-controlling interest ("NCI") in subsidiaries

The Group's subsidiaries that have material NCI are as follows:-

GROUP 2017	Cekap Mesra Development Sdn. Bhd. RM'000	Jilin Province Maxcourt Hotel Limited RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
<b>NCI percentage of ownership interest and voting interest</b>	49.99%	15%		
Carrying amount of NCI	(4,522)	(5,144)	8	(9,658)
Loss allocated to NCI in current financial year	(23)	(95)	(1)	(119)
<b>Summarised financial information before intra-group elimination</b>				
<b>Assets and liabilities</b>				
Non-current assets	–	112,588	–	112,588
Current assets	14,926	1,085	3,073	19,084
Total assets	14,926	113,673	3,073	131,672
Current liabilities	22,341	117,609	2,558	142,508
Total liabilities	22,341	117,609	2,558	142,508
Revenue	15,000	–	–	15,000
Loss for the year	(45)	(631)	(13)	(689)
Total comprehensive loss	(45)	(827)	(13)	(885)
<b>Other information</b>				
Dividend paid to NCI	–	–	–	–

Notes to the  
Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

8. INVESTMENT IN SUBSIDIARIES AND AMOUNT OWING BY/ (TO) SUBSIDIARIES (CONT'D)

(b) Non-controlling interest ("NCI") in subsidiaries (Cont'd)

The Group's subsidiaries that have material NCI are as follows:- (Cont'd)

GROUP 2016	Cekap Mesra Development Sdn. Bhd. RM'000	Jilin Province Maxcourt Hotel Limited RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
<b>NCI percentage of ownership interest and voting interest</b>	49.99%	15%		
Carrying amount of NCI	(4,499)	(5,020)	994	(8,525)
Profit/ (Loss) allocated to NCI in current financial year	1,029	(3,361)	(91)	(2,423)
<b>Summarised financial information before intra-group elimination Assets and liabilities</b>				
Non-current assets	–	113,888	3,941	117,829
Current assets	18,636	128	3,087	21,851
Total assets	18,636	114,016	7,028	139,680
Current liabilities	26,006	117,125	4,039	147,170
Total liabilities	26,006	117,125	4,039	147,170
Revenue	76	4,053	–	4,129
Profit/ (Loss) for the year	2,058	(22,407)	(221)	(20,570)
Total comprehensive income/(loss)	(2,058)	(20,807)	(221)	(18,970)
<b>Other information</b>				
Dividend paid to NCI	–	–	–	–

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 8. INVESTMENT IN SUBSIDIARIES AND AMOUNT OWING BY/ (TO) SUBSIDIARIES (CONT'D)

#### (c) Changes in the composition of the Group

##### For the financial year ended 2017

The Group's equity interest in Ulu Yam Golf and Country Club Sdn. Bhd. ("UYGCC"), a 60% owned subsidiary of the Group, was surrendered to Menteri Besar Selangor Incorporated ("MBSI") as part of the settlement agreement between the Group and MBSI. The Group had on 3 August 2016, deconsolidated UYGCC from the Group's consolidated financial statements.

The effects on the financial result of the Group on the above deconsolidation of subsidiary are as follows:-

	<b>GROUP 2017 RM'000</b>
Revenue	–
Cost of sales	–
Gross profit	–
Other income	–
Administrative and other expenses	(1)
Finance cost	–
Loss before taxation	(1)
Taxation	–
Loss for the financial year attributable to the Group	(1)

The effects on the financial position of the Group on the above deconsolidation of subsidiaries are as follows:-

	<b>GROUP 2017 RM'000</b>
Non-current assets	6,341
Current assets	–
Current liabilities	(1,480)
Minority interest	(985)
Net assets deconsolidated	3,876
Gain on deconsolidation of a subsidiary	324
Proceeds from deconsolidation	4,200
Less: Cash and cash equivalents	–
Net cash outflow arising from deconsolidation of a subsidiary	4,200



## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 8. INVESTMENT IN SUBSIDIARIES AND AMOUNT OWING BY/ (TO) SUBSIDIARIES (CONT'D)

#### (c) Changes in the composition of the Group (Cont'd)

##### For the financial year ended 2016

- (i) On 10 July 2015, the Group entered into a Sale of Shares Agreement to dispose of 2,600,000 ordinary shares of RM1.00 each representing 100% equity interest in Kenshine Corporation Sdn. Bhd. for a cash consideration of RM1/-.
- (ii) On 14 August 2015, the Group entered into a Sale of Shares Agreement to dispose of 2,500,000 ordinary shares of RM1.00 each representing 100% equity interest in Maxisegar Sdn. Bhd. for a cash consideration of RM1/-.

On the same date, the Group had entered into a Sale of Shares Agreement to dispose of 2,600,000 ordinary shares of RM1.00 each representing 100% equity interest in Europlus Corporation Sdn. Bhd. ("ECSB") for a cash consideration of RM1,500,000/- ("Disposal"). With the Disposal, ECSB and its subsidiaries, Star Base Sdn. Bhd. and Daya Kreatif Sdn. Bhd. ceased as wholly-owned subsidiaries of Group.

- (iii) On 2 October 2015, the Group entered into a Sale of Shares Agreement to dispose of 100 ordinary shares of HK\$1.00 each representing 100% equity interest in Talam Corporation (HK) Limited for a cash consideration of RM1/-.

On the same date, the Group had entered into a Sale of Shares Agreement to dispose of 2 ordinary shares of HK\$1.00 each representing 100% equity interest in Larut Consolidated (HK) Limited for a cash consideration of RM1/-.

The effects on the financial result of the Group on the above disposal of subsidiaries were as follows:-

	<b>GROUP 2016 RM'000</b>
Revenue	232,851
Cost of sales	(214,585)
Gross profit	18,266
Other income	53,634
Administrative and other expenses	(119,665)
Finance cost	(7,101)
Loss before taxation	(54,866)
Taxation	(22,722)
Loss for the financial year attributable to the Group	(77,588)

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 8. INVESTMENT IN SUBSIDIARIES AND AMOUNT OWING BY/ (TO) SUBSIDIARIES (CONT'D)

#### (c) Changes in the composition of the Group (Cont'd)

The effects on the financial position of the Group on the above disposal of subsidiaries were as follows:-

	<b>GROUP 2016 RM'000</b>
Non-current assets	443
Current assets	294,293
Current liabilities	(575,902)
Net assets disposed	(281,166)
Gain on disposal of subsidiaries	282,666
Proceeds from disposal	1,500
Less: Cash and cash equivalents	(3,959)
Net cash outflow arising from disposal of subsidiaries	(2,459)

### 9. INVESTMENT IN ASSOCIATES AND AMOUNT OWING BY/ (TO) ASSOCIATES

	<b>2017 RM'000</b>	<b>GROUP 2016 RM'000</b>
Unquoted shares, at cost	30,704	30,704
Less : Accumulated impairment losses		
At 1 February	(4,219)	(4,219)
Additions	(5,739)	-
At 31 January	(9,958)	(4,219)
Share of post-acquisition reserves	20,746 (1,176)	26,485 (1,111)
	19,570	25,374

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 9. INVESTMENT IN ASSOCIATES AND AMOUNT OWING BY/ (TO) ASSOCIATES (CONT'D)

(a) Details of the associates are as follows:-

Name of Companies	Financial Year End	Effective Equity Interest and Voting Interest		Nature of relationship
		2017 %	2016 %	
Incorporated in Malaysia				
Trident Treasure Sdn. Bhd. * ^ #	31 December	40	40	Property development. The activities contribute to the Group's property development segment
Good Debut Sdn. Bhd.	31 January	50	50	Property development. The activities contribute to the Group's property development segment
Cekap Tropikal Sdn. Bhd. * ^ #	31 March	50	50	Property development. The activities contribute to the Group's property development segment
Oaxis Sdn. Bhd. * #	31 January	25	25	Property development. The activities contribute to the Group's property development segment
Incorporated in Cambodia				
Parkgrove (Cambodia) Pte. Ltd. # *	31 January	49	49	Dormant
Noble House Investment (Cambodia) Pte. Ltd. # *	31 January	49	49	Dormant

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 9. INVESTMENT IN ASSOCIATES AND AMOUNT OWING BY/ (TO) ASSOCIATES (CONT'D)

(a) Details of the associates are as follows:- (Cont'd)

\* Audited by firms other than Messrs Baker Tilly Monteiro Heng.

^ The financial year end of these associates is not conterminous with the Group. As such, for the purpose of applying the equity method of accounting, the financial statements of these associates for the financial year ended 31 March 2016 and 31 December 2016 have been used and appropriate adjustments have been made for the effects of any significant transactions between that financial year end 1 April 2016 to 31 January 2017 and 1 January 2016 to 31 January 2017 respectively.

# The audited financial statements and auditors' reports of these associates are not available. The management accounts have been used for the purpose of applying the equity method of accounting.

(b) In the prior years, the Company had entered into a settlement agreement with IJM Properties Sdn. Bhd. ("IJMP"), whereby the Company is obliged to assume the debts owed by Good Debut Sdn. Bhd. and Cekap Tropikal Sdn. Bhd. to IJMP. This arrangement would enable both of these companies to eventually become wholly-owned subsidiaries of the Group upon full settlement of abovementioned debt due to IJMP.

(c) During the financial year, the amount owing by associates amounting to RM98.00 million was reclassified to long term due to the delay of development project undertaken by associates. The proceeds from the future development projects of these associates are expected to be collected over a period of more than 12 months.

(d) **Amount owing by/ (to) associates**

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Non-current</b>				
<i>Amount owing by associates</i>	98,001	17,307	98,001	17,307
<b>Current</b>				
<i>Amount owing by associates</i>	3,698	140,245	1,400	137,977
Less: Accumulated impairment losses				
At 1 February	(4,025)	(35)	(3,990)	–
Addition	–	(3,990)	–	(3,990)
Reversal	4,004	–	3,990	–
At 31 January	(21)	(4,025)	–	(3,990)
	3,677	136,220	1,400	133,987
<b>Total</b>	101,678	153,527	99,401	151,294
<i>Amount owing to associates</i>	–	(33,564)	–	–

The amounts owing by/ (to) associates are unsecured, interest free and repayable on demand.

Notes to the  
Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

9. INVESTMENT IN ASSOCIATES AND AMOUNT OWING BY/ (TO) ASSOCIATES (CONT'D)

(e) The Group's share of results of the material associates and the summarised financial information are as follows:-

GROUP 2017	Trident Treasure Sdn. Bhd. RM'000	Good Debut Sdn. Bhd. RM'000	Cekap Tropikal Sdn. Bhd. RM'000	Oaxis Sdn. Bhd. RM'000	Other individually immaterial associates RM'000	Total RM'000
<b>Summary of financial information</b>						
<b>Assets and liabilities</b>						
Non-current assets	4,559	26,244	49,996	285	4,101	85,185
Current assets	41,621	20,177	10,569	48,347	–	120,714
Total assets	46,180	46,421	60,565	48,632	4,101	205,899
Non-current liabilities	21,050	–	20	–	–	21,070
Current liabilities	5,936	53,517	90,099	41,987	83	191,622
Total liabilities	26,986	53,517	90,119	41,987	83	212,692
<b>Results</b>						
Revenue	–	3,652	–	–	–	3,652
Loss after taxation	(138)	(2,744)	– *	(38)	(30)	(2,950)

Notes to the  
Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

## 9. INVESTMENT IN ASSOCIATES AND AMOUNT OWING BY/ (TO) ASSOCIATES (CONT'D)

- (e) The Group's share of results of the material associates and the summarised financial information are as follows:-  
(Cont'd)

GROUP 2017	Trident Treasure Sdn. Bhd. RM'000	Good Debut Sdn. Bhd. RM'000	Cekap Tropikal Sdn. Bhd. RM'000	Oaxis Sdn. Bhd. RM'000	Other individually immaterial associates RM'000	Total RM'000
<b>Reconciliation of net assets to carrying amount</b>						
Share of the net assets at the acquisition date	8,462	250	260	1,624	4,219	14,815
Goodwill on acquisition	338	–	–	15,551	–	15,889
Cost of investment	8,800	250	260	17,175	4,219	30,704
Provision of impairment loss	–	–	–	(5,739)	(4,219)	(9,958)
Share of post-acquisition (losses)/ profits	(703)	(250)	(260)	37	–	(1,176)
Carrying amount in the statement of financial position	8,097	–	–	11,473	–	19,570
<b>Group's share of loss</b>						
Group's share of total comprehensive loss	(55)	–	–	(10)	–	(65)
<b>Other information</b>						
Dividend received	–	–	–	–	–	–

\* Represents an amount less than RM1,000/-



Notes to the  
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For the Financial Year Ended 31 January 2017 (Cont'd)

9. INVESTMENT IN ASSOCIATES AND AMOUNT OWING BY/ (TO) ASSOCIATES (CONT'D)

- (e) The Group's share of results of the material associates and the summarised financial information are as follows :- (Cont'd)

GROUP 2016	Trident Treasure Sdn. Bhd. RM'000	Good Debut Sdn. Bhd. RM'000	Cekap Tropikal Sdn. Bhd. RM'000	Oaxis Sdn. Bhd. RM'000	Other individually immaterial associates RM'000	Total RM'000
<b>Summary of financial information</b>						
<b>Assets and liabilities</b>						
Non-current assets	4,559	24,462	49,996	62	4,101	83,180
Current assets	41,405	23,328	10,871	48,415	–	124,019
<b>Total assets</b>	<b>45,964</b>	<b>47,790</b>	<b>60,867</b>	<b>48,477</b>	<b>4,101</b>	<b>207,199</b>
Non-current liabilities	21,050	–	20	18	–	21,088
Current liabilities	5,581	52,142	90,401	41,881	52	190,057
<b>Total liabilities</b>	<b>26,631</b>	<b>52,142</b>	<b>90,421</b>	<b>41,899</b>	<b>52</b>	<b>211,145</b>
<b>Results</b>						
Revenue	–	5,210	–	–	–	5,210
(Loss)/ Profit after taxation	(70)	322	(3)	187	(1)	435

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 9. INVESTMENT IN ASSOCIATES AND AMOUNT OWING BY/ (TO) ASSOCIATES (CONT'D)

- (e) The Group's share of results of the material associates and the summarised financial information are as follows:- (Cont'd)

<b>GROUP 2016</b>	<b>Trident Treasure Sdn. Bhd. RM'000</b>	<b>Good Debut Sdn. Bhd. RM'000</b>	<b>Cekap Tropikal Sdn. Bhd. RM'000</b>	<b>Oaxis Sdn. Bhd. RM'000</b>	<b>Other individually immaterial associates RM'000</b>	<b>Total RM'000</b>
<b>Reconciliation of net assets to carrying amount</b>						
Share of the net assets at the acquisition date	8,462	250	260	1,624	4,219	14,815
Goodwill on acquisition	338	–	–	15,551	–	15,889
Cost of investment	8,800	250	260	17,175	4,219	30,704
Provision of impairment loss	–	–	–	–	(4,219)	(4,219)
Share of post-acquisition (losses)/ profits	(648)	(250)	(260)	47	–	(1,111)
Carrying amount in the statement of financial position	8,152	–	–	17,222	–	25,374
<b>Group's share of (loss)/ profit</b>						
Group's share of total comprehensive (loss)/ profit	(28)	–	–	47	–	19
<b>Other information</b>						
Dividend received	–	–	–	–	–	–

- (f) The Group has not recognised losses relating to Good Debut Sdn. Bhd. and Cekap Tropikal Sdn. Bhd. where its share of losses exceeds the Group's interest in these associates and accordingly, the Group has no further obligation in respect of these losses.

The Group's cumulative share of unrecognised losses at the reporting date was RM18.63 million (2016: RM17.24 million).

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Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

10. INTEREST IN JOINT VENTURES AND AMOUNT OWING BY JOINT VENTURE

	GROUP	
	2017 RM'000	2016 RM'000
Unquoted shares, at cost	10,250	10,250
Share of post-acquisition reserves	(5,665)	(3,184)
	4,585	7,066

- (a) Details of the joint ventures, which are incorporated in Malaysia, are as follows:-

Name of Companies	Financial Year End	Effective Equity Interest		Nature of relationship
		2017 %	2016 %	
Astaka Tegas Sdn. Bhd.	31 March	50	50	Dormant
Sierra Ukay Sdn. Bhd.	31 March	50	50	Property development. The activities contribute to the Group's property development segment
Crest Envy Sdn. Bhd.	30 June	50	50	Property development. The activities contribute to the Group's property development segment

The financial statements of the joint ventures are audited by firms other than Messrs. Baker Tilly Monteiro Heng. The audited financial statements and auditor's reports of these joint ventures are not available in the current financial year. The management accounts were used for the purpose of applying the equity method of accounting.

The financial year ends of these joint ventures are not conterminous with the Group. As such, for the purpose of applying the equity method of accounting, the management account of these joint ventures for the financial year ended 31 March 2016 and 30 June 2016 were used and appropriate adjustments have been made for the effects of significant transactions between 1 April 2016 to 31 January 2017 and 1 July 2016 to 31 January 2017 respectively.

- (b) All the rights, interest and benefits in and to the Group's shareholding in Sierra Ukay Sdn. Bhd. ("SUSB") together with the Group's future share of profit in SUSB has been pledged as security to IJM Group as disclosed in Note 24(iv) to the financial statements. IJM Group is a related party as disclosed in Note 34(a) to the financial statement.
- (c) **Amount owing by joint venture**

	GROUP	
	2017 RM'000	2016 RM'000
Amount owing by joint venture	193	193
Less: Accumulated impairment losses	(193)	(193)
	-	-

Notes to the  
Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

## 10. INTEREST IN JOINT VENTURES AND AMOUNT OWING BY JOINT VENTURE (CONT'D)

- (d) The Group's share of results of the material joint ventures and the summarised financial information are as follows:-

GROUP 2017	Sierra Ukay Sdn. Bhd. RM'000	Crest Envy Sdn. Bhd. RM'000	Total RM'000
<b>Reconciliation of net assets to carrying amount</b>			
Group's share of net assets	4,282	303	4,585
<b>Summary of financial information</b>			
<b>Assets and liabilities</b>			
Non-current assets	5,723	–	5,723
Current assets	277,420	621	278,041
Total assets	283,143	621	283,764
Current liabilities	274,579	15	274,594
Total liabilities	274,579	15	274,594
<b>Results</b>			
Revenue	4,899	–	4,899
Loss after taxation	(4,962)	– *	(4,962)
<b>Group's share of loss</b>			
Group's share of loss	(2,481)	– *	(2,481)
Group's share of total comprehensive loss	(2,481)	– *	(2,481)
<b>Other information</b>			
Dividend received	–	–	–

\* Amount less than RM1,000/-

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Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

10. INTEREST IN JOINT VENTURES AND AMOUNT OWING BY JOINT VENTURE (CONT'D)

- (d) The Group's share of results of the material joint ventures and the summarised financial information are as follows:- (Cont'd)

GROUP 2016	Sierra Ukay Sdn. Bhd. RM'000	Crest Envy Sdn. Bhd. RM'000	Total RM'000
Group's share of net assets	6,763	303	7,066
<b>Summary of financial information</b>			
<b>Assets and liabilities</b>			
Non-current assets	4,802	–	4,802
Current assets	266,541	625	267,166
Total assets	271,343	625	271,968
Current liabilities	257,818	19	257,837
Total liabilities	257,818	19	257,837
<b>Results</b>			
Revenue	8,542	83	8,625
Loss after taxation	(2,370)	(122)	(2,492)
<b>Group's share of loss</b>			
Group's share of loss	(1,185)	(61)	(1,246)
Group's share of total comprehensive loss	(1,185)	(61)	(1,246)
<b>Other information</b>			
Dividend received	–	200	200

The Group has not recognised losses relating to Astaka Tegas Sdn. Bhd. where its share of losses has exceeded the Group's interest in this joint venture and accordingly, the Group has no further obligation in respect of these losses.

The Group's cumulative share of unrecognised losses at the reporting date was RM0.19 million (2016: RM0.19 million).

Notes to the  
Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

## 11. OTHER INVESTMENT

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Non-Current</b>				
<i>Available-for-sale ("AFS") financial assets</i>				
At cost:				
- Unquoted equity share	476	476	-	-
<b>Current</b>				
<i>Financial assets at fair value through profit or loss ("FVTPL")</i>				
At fair value:				
- Unquoted investment in Malaysia	223	366	1	9

The unquoted investment represents an investment in short term variable income instrument issued and managed by an investment management company.

## 12. TRADE AND OTHER RECEIVABLES

## (a) Trade receivables

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Non-current</b>				
Trade receivables	33,948	10,690	11,617	10,690
<b>Current</b>				
Trade receivables	14,500	11,359	-	58
Reclassified to assets and disposal group held for sale	(478)	-	-	-
	14,022	11,359	-	58
Less: Accumulated impairment losses				
At 1 February	(7,287)	(9,470)	-	-
Foreign exchange difference	(15)	(1)	-	-
Reversal	747	1,984	-	-
Additions	(21)	(1,317)	-	-
Reclassified to assets and disposal group held for sale	478	-	-	-
Disposal of subsidiaries	-	1,517	-	-
At 31 January	(6,098)	(7,287)	-	-
	7,924	4,072	-	58
<b>Total</b>	<b>41,872</b>	<b>14,762</b>	<b>11,617</b>	<b>10,748</b>



Notes to the  
Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

12. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

The analysis of the trade receivables ageing is as follows:-

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Gross</b>				
Not past due	38,473	11,160	11,617	10,690
1 to 30 days past due	135	70	—	—
31 to 60 days past due	151	62	—	—
61 to 90 days past due	44	6	—	—
91 to 120 days past due	6	8	—	—
More than 121 days past due	9,161	10,743	—	58
	47,970	22,049	11,617	10,748
<b>Individually Impaired</b>				
Not past due	—	—	—	—
1 to 30 days past due	—	(19)	—	—
31 to 60 days past due	—	(41)	—	—
61 to 90 days past due	—	(3)	—	—
91 to 120 days past due	—	—	—	—
More than 121 days past due	(6,098)	(7,224)	—	—
	(6,098)	(7,287)	—	—
<b>Net</b>				
Not past due	38,473	11,160	11,617	10,690
1 to 30 days past due	135	51	—	—
31 to 60 days past due	151	21	—	—
61 to 90 days past due	44	3	—	—
91 to 120 days past due	6	8	—	—
More than 121 days past due	3,063	3,519	—	58
	41,872	14,762	11,617	10,748

**Notes to the  
Financial Statements****For the Financial Year Ended 31 January 2017 (Cont'd)****12. TRADE AND OTHER RECEIVABLES (CONT'D)****(a) Trade receivables (Cont'd)**

The Group's trade receivables that are impaired at the reporting date are as follows:-

<b>Group</b>	<b>Individually impaired</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables	6,098	7,287
- nominal amounts	(6,098)	(7,287)
	-	-

(i) Included in trade receivables are amounts due from related parties (Note 34(a)) as follows:-

	<b>GROUP</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
WCE Holdings Berhad and its subsidiaries ("WCE Group")	6,968	6,537

The amount owing by WCE Group is interest free and is repayable on demand.

(ii) The Group's normal trade credit terms ranges from 14 days to 60 days (2016: 14 days to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables is an amount of RM22.33 million that is to be repaid over 6 years.

(iii) As at 31 January 2017, approximately 81.08% (2016: 72.81%) of the Group's trade receivables are due from 2 (2016: 1) significant receivables.

(iv) Based on the Group's historical experience and the Group's assessment of the collectability of trade receivables, the directors believe that no further impairment is necessary in respect of trade receivables that are past due but not impaired.

(v) During the financial year, the Group and the Company had written off receivables amounting to RM0.21 million (2016: RM9.26 million) and RM0.01 million (2016: RM 1.41 million) to the income statement respectively.

Notes to the  
Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

12. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Other receivables

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Non-current</b>				
Other receivables	27,151	18,046	–	–
<b>Current</b>				
Other receivables	174,592	241,969	96,306	118,106
Reclassified to assets and disposal group held for sale	(1,368)	–	–	–
	173,224	241,969	96,306	118,106
Less: Accumulated impairment losses				
At 1 February	(110,550)	(119,460)	(69,901)	(51,663)
Foreign exchange difference	(13)	–	–	–
Reclassified to assets and disposal group held for sale	606	–	–	–
Additions	(720)	(20,219)	(700)	(18,238)
Reversals	11,716	5,826	3,548	–
Disposal of subsidiaries	–	23,303	–	–
Written off	497	–	276	–
At 31 January	(98,464)	(110,550)	(66,777)	(69,901)
	74,760	131,419	29,529	48,205
Refundable deposits	16,856	17,137	1,012	1,012
Less: Accumulated impairment losses				
At 1 February	(15,870)	(16,625)	(1,008)	(1,008)
Reversals	101	–	–	–
Disposal of subsidiaries	–	755	–	–
At 31 January	(15,769)	(15,870)	(1,008)	(1,008)
	1,087	1,267	4	4
	75,847	132,686	29,533	48,209
<b>Total</b>	<b>102,998</b>	<b>150,732</b>	<b>29,533</b>	<b>48,209</b>

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 12. TRADE AND OTHER RECEIVABLES (CONT'D)

#### (b) Other receivables (Cont'd)

- (i) Included in current other receivables of the Group are miscellaneous charges receivable from house purchasers of RM0.45 million (2016: RM0.43 million).
- (ii) Included in current other receivables of the Group and of the Company are amounts due from related parties as follows:-

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
WCE Group	4,668	4,668	3,893	3,893
Radiant Pillar Group	6	6	6	6
	4,674	4,674	3,899	3,899

The nature of the relationship with the above related parties is disclosed in Note 34(a) to the financial statements.

The amount owing by WCE Group is interest free and is repayable on demand.

- (iii) As at 31 January 2017, approximately 36.04% (2016: 45.31%) of the Group's other receivables are due from 1 (2016: 3) significant receivable.
- (iv) Non-current other receivables of the Group was proceeds from the disposal of an investment property that is expected to be collected in two years from date of agreement.

### 13. INVENTORIES

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At cost:-				
Completed properties	5,786	5,786	–	–
At net realisable value:-				
Completed properties held for sale	41,304	41,995	16,377	16,496
Properties under construction held for sale	2,630	2,630	768	768
	43,934	44,625	17,145	17,264
TOTAL	49,720	50,411	17,145	17,264

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 13. INVENTORIES (CONT'D)

- (i) Included in the inventories of the Group are properties of RM0.59 million (2016: RM0.74 million) which are charged as securities for credit facilities of the Group as disclosed in Note 20(i) and Note 20(ii) to the financial statements.
- (ii) Certain inventories of the Group amounting to RM7.08 million (2016: RM9.62 million) are pledged as security to IJM Group as disclosed in Note 24(iv) to the financial statements. IJM Group is a related party as disclosed in Note 34(a) to the financial statements.
- (iii) Inventories of the Group and the Company amounting to RM0.53 million and RM0.12 million respectively (2016: RM3.75 million and RM Nil) are recognised as an expense in cost of sales.
- (iv) The cost of inventories of the Group recognised as an expense during the financial year in respect of write-down of inventories to net realisable value was RM0.16 million (2016: RM 14.41 million).
- (v) The legal titles for certain inventories have yet to be transferred to the Group.

### 14. SINKING FUNDS HELD BY TRUSTEES

The sinking funds are held by trustees for the redemption and/ or servicing of credit facilities.

### 15. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Housing development accounts ("HDA")	623	54	–	–
Deposits with licensed banks	374	273	–	–
Cash in hand and bank balances	10,917	6,328	4,377	878
Cash and bank balances	11,914	6,655	4,377	878
Less: Balances pledged as security to licensed banks	(45)	(45)	–	–
Cash and cash equivalents	11,869	6,610	4,377	878

The housing development accounts of the Group is maintained pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966. These accounts, which consist of monies received from purchasers, are for the payment of property development costs incurred and are restricted from use in other operations. The surplus monies, if any, will be released to the Group upon the completion of the property development projects and after all property development costs have been fully settled.

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 16. ASSETS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 February	109,088	114,534	21,695	28,262
Transfer from land held for property development (Note 6(a))	21,910	2,692	21,910	21,406
Transfer from property development costs (Note 6(b))	–	65,095	–	–
Transfer to investment properties (Note 7)	(19,102)	–	–	–
Disposals during the year	(68,290)	(71,048)	–	(27,973)
Disposals of subsidiaries during the year	–	(2,185)	–	–
Assets held for sales	43,606	109,088	43,605	21,695
Disposal group held for sale	113,672	–	–	–
At 31 January	157,278	109,088	43,605	21,695

- (i) In the previous financial year, assets held for sale amounting to RM65.10 million were charged as security for credit facilities of the Group as disclosed in Note 20(ii) to the financial statements.
- (ii) In the previous financial year, assets held for sale of RM4.83 million were pledged as security to IJM Group as disclosed in Note 24(iv) to the financial statements. IJM Group is a related party as disclosed in Note 34(a) to the financial statements.

During the financial year, these charged assets held for sale are reclassified to investment properties as disclosed in Note 7 to the financial statements.

- (iii) Assets held for sales amounting to RM68.29 million (2016: RM71.05 million) are recognised as cost of sales as disclosed in Note 26 to the financial statements.
- (iv) On 5 January 2017, Malim Enterprise (HK) Limited, a wholly-owned subsidiary of the Company entered into a Share Sale Agreement (“SSA”) with Jilin Province Zhuo Yue Investment Co. Limited to dispose of its subsidiary, Jilin Province Maxcourt Hotel Limited (“JPMHL”), which is reported in the hotel segment that it had already ceased operation.

As at the end of the financial year, the disposal of JPMHL is not yet completed as certain conditions precedent as stated in the SSA have not been met.

The assets and liabilities related to JPMHL are being presented in the statement of financial position as “Assets and a disposal group classified as held for sale” and “Liabilities directly associated with assets classified as held for sale”.



Notes to the  
Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

16. ASSETS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)

Statement of financial position disclosure

The major classes of assets and liabilities of JPMHL classified as disposal group held for sale as at 31 January 2017 are as follows:-

	2017 RM'000
<b>Assets:</b>	
Property, plant and equipment	112,588
Trade and other receivables	762
Cash and bank balances	322
<b>Assets of disposal group classified as held for sale</b>	<b>113,672</b>
<b>Liabilities:</b>	
Short term borrowings (secured)	32,828
Trade and other payables	29,527
<b>Liabilities directly associated with assets classified as held for sale</b>	<b>62,355</b>
<b>Reserve of disposal group classified as held for sale</b>	
Capital reserve - Foreign exchange reserve	45,181

Statement of comprehensive income disclosure

The results of JPMHL being presented as discontinued operation for the current year are as follows:-

	2017 RM'000	2016 RM'000
Income	20,015	4,053
Expenses	(16,661)	(23,409)
<b>Loss from operations</b>	<b>3,354</b>	<b>(19,356)</b>
Finance costs	(3,985)	(3,051)
<b>Loss before tax from discontinued operation</b>	<b>(631)</b>	<b>(22,407)</b>
Taxation	-	-
<b>Loss from discontinued operation</b>	<b>(631)</b>	<b>(22,407)</b>
Translation reserve	(196)	1,601
<b>Total comprehensive loss from discontinued operation</b>	<b>(827)</b>	<b>(20,806)</b>

**Notes to the  
Financial Statements****For the Financial Year Ended 31 January 2017 (Cont'd)****16. ASSETS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)**Statement of comprehensive income disclosure (Cont'd)

The following items have been charged in arriving at loss before tax:-

	<b>2017</b> <b>RM'000</b>	<b>2016</b> <b>RM'000</b>
Depreciation of property, plant and equipment	3,665	5,052
Impairment loss on receivables	–	1,587
Impairment loss on receivables no longer required	(550)	–
Inventories written off	–	1,583
Property, plant and equipment written off	–	4,604
Waiver of land and properties tax liabilities	(16,736)	–

Statement of cash flows disclosures

The cash flows attributable to JPMHL are as follows:-

	<b>2017</b> <b>RM'000</b>	<b>2016</b> <b>RM'000</b>
Cash flow generated from/ (used) in:		
Operating activities	2,769	(572)
Financing activities	(2,575)	(649)
Net cash outflow	194	(1,221)

Notes to the  
Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

17. SHARE CAPITAL

	GROUP AND COMPANY			
	Number of Shares		Amount	
	2017	2016	2017	2016
	'000 unit	'000 unit	RM'000	RM'000
<b>Issued and paid-up</b>				
<b>Ordinary shares</b>				
At 1 February	4,220,280	4,220,280	844,056	844,056
Transition to no-par value regime on 31 January 2017	–	–	12,030	–
At 31 January	4,220,280	4,220,280	856,086	844,056

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The new Companies Act 2016 (the "Act"), which came 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 RM12.03 million 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 RM12.03 million for purposes as set out in Sections 618(3). There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

18. TREASURY SHARES

	GROUP AND COMPANY			
	Number of Shares		Amount	
	2017	2016	2017	2016
	'000 unit	'000 unit	RM'000	RM'000
<b>Ordinary shares</b>				
At 1 February/ At 31 January	2,636	2,636	(493)	(493)

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 19. RESERVES

		GROUP		COMPANY	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Capital reserves:-					
Other capital reserve	(a)	2,292	2,292	–	–
Foreign exchange reserve	(b)	9,663	50,316	–	–
Total capital reserves		11,955	52,608	–	–
Share premium		–	12,030	–	12,030
Reserve classified as held for sale		41,658	–	–	–
Accumulated losses		(499,393)	(464,890)	(497,659)	(385,339)
		(445,780)	(400,252)	(497,659)	(373,309)

#### (a) Other capital reserve

The capital reserve represents the capitalisation of retained earnings for bonus issue of ordinary shares by subsidiaries in prior financial years.

#### (b) Foreign exchange reserve

The foreign exchange reserve arose from the translation of the financial statements of foreign subsidiary or foreign operation and is not distributable by way of dividends.

### 20. BORROWINGS

		GROUP		COMPANY	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
(a) Long term borrowings					
<b>Secured:-</b>					
BalDS (Note 20(i))		52,093	52,093	52,093	52,093
Term and bridging loans (Note 20(ii))		–	8,043	–	8,043
Revolving credits (Note 20(iii)):					
- Related party		17,802	17,605	17,802	17,605
Finance lease liability (Note 20(iv))		129	221	–	–
		70,024	77,962	69,895	77,741
(b) Short term borrowings					
<b>Secured:-</b>					
Term and bridging loans (Note 20(ii))		29,125	123,170	3,137	25,500
Finance lease liability (Note 20(iv))		92	88	–	–
		29,217	123,258	3,137	25,500
<b>Total Borrowings</b>		99,241	201,220	73,032	103,241

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 20. BORROWINGS (CONT'D)

The currency exposure profiles of the Group's and of the Company's borrowings are as follows:-

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Ringgit Malaysia	99,241	166,538	73,032	103,241
Chinese Renminbi	–	34,682	–	–
	99,241	201,220	73,032	103,241

(i) Al-Bai Bithaman Ajil Islamic Debt Securities ("BaIDs")

The 10-year BaIDS was issued at 100% of its nominal value on 29 June 2009 and bears the following profit rates:-

<u>Period</u>	<u>Profit rate (per annum)</u>
Year 1 - 3	Not applicable
Year 4 - 5	2%
Year 6 - 8	6%
Year 9	8%
Year 10	9%

The BaIDs of the Company consist of non-interest bearing primary notes together with non-detachable secondary notes. The redemption of the primary notes shall be made on 100% of its nominal value at maturity date while the redemption of the secondary notes shall be made on a semi-annual basis throughout the tenure of the BaIDs.

The BaIDs is secured by assets of the Group as disclosed in Note 13(i) to the financial statements.

- (ii) The term and bridging loans are secured on the assets of the Group as disclosed in Note 5(a), Note 6(c), Note 7(b), Note 13(i) and Note 16(i) to the financial statements.
- (iii) The nature of the relationship of the related party, Pengurusan Projek Bersistem Sdn. Bhd. is disclosed in Note 34(a) to the financial statements.

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 20. BORROWINGS (CONT'D)

(iv) Finance lease liability

	GROUP	
	2017 RM'000	2016 RM'000
Future minimum finance lease payments		
- not later than one year	99	99
- later than one year and not later than two years	99	99
- later than two years but not later than five years	34	134
	232	332
Future interest charges	(11)	(23)
Present value of finance lease liability	221	309
Represented by:-		
Current		
- not later than one year	92	88
Non-current		
- later than one year and not later than two years	96	88
- later than two years but not later than five years	33	133
	129	221
	221	309

The finance lease liability is effectively secured on the rights of the assets under finance lease.

(v) The range of effective interest and profit rates during the financial year for borrowings are as follows:-

	GROUP		COMPANY	
	2017 %	2016 %	2017 %	2016 %
Term and bridging loans	9.10 - 12.00	3.99 - 12.00	9.10	9.35
Finance lease liability	2.32	2.32	-	-
BaIDS	6.00	6.00	6.00	6.00



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For the Financial Year Ended 31 January 2017 (Cont'd)

21. TRADE PAYABLES

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Current</b>				
Trade payables	37,637	49,080	24,541	30,284
Retention sum	1,228	1,367	–	–
Accrual	1,543	–	1,543	–
	40,408	50,447	26,084	30,284

(a) Included in trade payables and retention sum are amounts due to related parties as follows:-

	GROUP	
	2017 RM'000	2016 RM'000
<i>Trade payables</i>		
WCE Group	737	737

- (b) The amount payable to WCE Group is interest free and is a related party as disclosed in Note 34(a) to the financial statements.
- (c) Included in trade payables of the Group and the Company is an amount of RM23.69 million (2016: RM29.43 million) payable to Menteri Besar Selangor (Incorporated).
- (d) The normal trade credit terms granted to the Group ranges from 30 days to 90 days (2016: 30 days to 90 days).
- (e) In the previous financial year, included in trade payables of the Group was an amount of RM6.18 million denominated in Chinese Renminbi.

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For the Financial Year Ended 31 January 2017 (Cont'd)

## 22. DEFERRED TAX LIABILITIES

	GROUP	
	2017 RM'000	2016 RM'000
At 1 February	1,549	926
Recognised in the profit or loss (Note 28)		
- current year	-	46
- prior year	(1,547)	577
At 31 January	2	1,549

The deferred tax liabilities are in respect of the following:-

	GROUP	
	2017 RM'000	2016 RM'000
<b>Deferred tax liabilities</b>		
Tax effects on:-		
Temporary differences arising from the carrying amount and the tax written down values	2	1,549
	2	1,549

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

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deductible temporary differences	(7,978)	(8,145)	(3)	(3)
Unused tax losses	146,916	129,270	7,839	5,401
	138,938	121,125	7,836	5,398
Potential deferred tax assets not recognised @ 24%	33,345	29,070	1,881	1,296

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Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

23. PROVISION FOR LIABILITIES

GROUP	Provision for Liquidated and Ascertained Damages		Provision for Cost to Completion of Project		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 February	5,440	11,002	13,090	13,090	18,530	24,092
Additions	–	537	–	–	–	537
Reversals	(1,271)	–	(12,053)	–	(13,324)	–
Disposal of subsidiaries	–	(5,562)	–	–	–	(5,562)
Utilised	–	(537)	–	–	–	(537)
At 31 January	4,169	5,440	1,037	13,090	5,206	18,530

Provision for liquidated and ascertained damages is recognised in respect of delayed projects undertaken by certain subsidiaries. The provision was recognised for the expected liquidated ascertained damages claims based on the applicable terms and conditions stated in the sale and purchase agreements.

Provision for cost to completion of project is recognised in respect of probable outflow of resources related to a development project undertaken by a subsidiary.

24. OTHER PAYABLES AND ACCRUED EXPENSES

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Non-current</b>				
Other payables	161,606	157,282	161,279	155,845
<b>Current</b>				
Other payables	127,695	135,982	69,145	53,816
Accrued expenses	56,679	87,595	9,472	7,682
	184,374	223,577	78,617	61,498
Total other payables	345,980	380,859	239,896	217,343

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 24. OTHER PAYABLES AND ACCRUED EXPENSES (CONT'D)

Included in other payables and accrued expenses of the Group and of the Company are the following:-

		GROUP		COMPANY	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Accrued interest expenses	(i)	2,286	415	2,282	282
Advances from minority shareholder of subsidiaries	(ii)	75	75	—	—
Amount owing to WCE Group	(iii)	26,351	26,697	9,360	9,706
Amount payable to authorities in relation to development project		3,092	4,183	—	—
Amount payable to IJM Group	(iv)	201,781	190,733	201,781	190,733
Deposit received from an associate company		—	21,300	—	—
Refundable deposit received from purchasers of properties and tenants of complexes		3,870	1,876	—	—
Amount payable to a director	(v)	738	8,088	—	—

- (i) The accrued interest expenses are in respect of the secured BalDS, term and bridging loans and amount owing to IJM Group.
- (ii) The advance from minority shareholder of subsidiaries is unsecured, interest free and payable on demand.
- (iii) Amounts owing to a corporate shareholder, WCE Holdings Berhad, is interest free.

WCE Holdings Berhad is a related party as disclosed in Note 34(a) to the financial statements.

- (iv) The amount payable to IJM Group is interest bearing at 6.50% - 8.00% per annum (2016: 8.00%) and is secured on the assets of the Group as disclosed in Note 6(d), Note 7(c), Note 10(b), Note 13(ii) and Note 16(ii) to the financial statements.

The amount payable to IJM Group amounting to RM161.28 million (2016: RM155.8 million) is disclosed under long term payables. In the previous financial year, the Group had entered into a settlement arrangement with IJM Group to settle the amount RM 161,583,292/- within 2 years to 21 May 2018.

IJM Group is a related party disclosed in Note 34(a) to the financial statement.

- (v) The amount payable to a director of the Company is unsecured, interest free and is payable on demand.

Notes to the  
Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

25. REVENUE

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Rental income from investment properties	6,112	6,264	–	–
Management fees and charges to third parties	1,812	1,679	–	–
Sale of land	103,565	141,968	–	28,831
Sale of inventories	1,443	5,658	404	–
Others	61	40	61	40
	112,993	155,609	465	28,871

26. COST OF SALES

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cost of rental	5,437	5,721	–	–
Cost of land	114,592	77,825	–	27,973
Cost of inventories sold	534	3,748	120	–
Property development costs	450	–	–	–
Others	108	–	30	–
	121,121	87,294	150	27,973

27. FINANCE INCOME AND COSTS

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest income	2,791	894	2,691	655
Amortisation of financial instrument	5,168	4,047	5,345	1,320
	7,959	4,941	8,036	1,975
Finance costs				
Interest expenses on:				
- term and bridging loans	6,117	8,677	2,753	4,751
- other borrowings	9,770	894	9,771	894
- finance lease liability	12	21	–	–
	15,899	9,592	12,524	5,645
Amortisation of financial instrument	31,034	25,413	29,747	25,413
Profit on Islamic debt securities	3,127	3,355	3,127	3,157
	50,060	38,360	45,398	34,215

Notes to the  
Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

## 28. INCOME TAX (BENEFIT)/ EXPENSES

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Income tax:				
- current financial year	6	22,721	-	-
- prior financial years	(640)	(2,665)	(26)	-
	(634)	20,056	(26)	-
Deferred tax (Note 22):				
- current financial year	-	46	-	-
- prior financial years	(1,547)	577	-	-
	(1,547)	623	-	-
	(2,181)	20,679	(26)	-

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the financial year. In the Budget Speech 2014, the Government announced that the statutory tax rate would be reduced to 24% from 25% effective year of assessment 2016. Taxation for other jurisdictions is calculated at the prevailing tax rates in the respective jurisdictions.

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

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
(Loss)/ Profit before tax:				
- Continuing operations	(36,172)	19,406	(112,346)	(27,496)
- Discontinued operation	(631)	(22,407)	-	-
	(36,803)	(3,001)	(112,346)	(27,496)
Taxation at Malaysian statutory tax rate of 24%	(8,833)	(720)	(26,963)	(6,599)
Income not subject to tax	(10,612)	(152,104)	(5,208)	(42,008)
Expenses not deductible for tax purposes	13,232	161,707	31,586	38,419
Origination of deferred tax assets not recognised in the financial statements	4,275	13,590	585	10,188
Share of results of associates	2	(5)	-	-
Share of results of joint venture	609	299	-	-
Effect of different tax rate in foreign countries	1,333	-	-	-
Underprovision of income tax expense in prior financial years	(2,187)	(2,088)	(26)	-
Tax expense for the financial year	(2,181)	20,679	(26)	-



Notes to the  
Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

29. LOSS FOR THE FINANCIAL YEAR

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Loss before tax from continuing operations and discontinued operation is arrived at:-				
Auditors' remuneration:				
- current year	273	325	140	160
- over accrual in prior years	14	(131)	-	(107)
Bad debts written off	207	9,260	7	1,408
Depreciation of:				
- property, plant and equipment	3,964	5,349	-	2
- investment properties	2,120	889	-	-
Impairment loss on:				
- investment in subsidiaries	-	-	87,073	1,300
- investment in associates	5,739	-	-	-
- receivables - trade	21	1,317	-	-
- receivables - non trade	720	20,219	700	18,238
- amount owing by subsidiaries	-	-	-	53,604
- amount owing by associates	-	3,990	-	3,990
- land held for property development	681	181,112	-	110,305
- property development costs	-	73,962	-	-
Management fee	-	3,480	-	-
Provision for liquidated and ascertained damages	(1,271)	537	-	-
Provision for cost to completion of project	(12,053)	-	-	-
Loss on financial assets at amortised cost	19,740	2,768	20,366	5,283

**Notes to the  
Financial Statements****For the Financial Year Ended 31 January 2017 (Cont'd)****29. LOSS FOR THE FINANCIAL YEAR (CONT'D)**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loss before tax from continuing operations and discontinued operation is arrived at:				
Inventories write down	158	14,411	—	—
Property, plant and equipment written off	—	4,604	—	—
Staff costs:				
- wages and salaries	6,834	6,751	—	—
- social security	97	108	—	—
- defined contribution	720	748	—	—
- other staff related expenses	67	580	—	—
Gain on disposal of subsidiaries	(324)	(282,666)	—	791
Loss on financial liabilities at amortised cost	6,126	18,598	4,036	18,810
Impairment loss no longer required:				
- receivables - trade	(747)	(1,984)	—	—
- receivables - non trade	(11,817)	(5,826)	(3,548)	—
- amount owing by subsidiaries	—	—	(8,818)	(196,916)
- amount owing by associates	(4,004)	—	(3,990)	—
- investment properties	(9,712)	—	—	—
Interest income	(2,775)	(847)	(2,691)	(619)
Income receivables from money market	(16)	(47)	—	(36)
Waiver of debt	—	(19,545)	—	(908)

Notes to the  
Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

30. LOSS PER SHARE

(a) Basic loss per ordinary share

Basic loss per share is calculated by dividing the loss for the financial year from continuing and discontinued operation attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	GROUP	
	2017 RM'000	2016 RM'000
Loss for the financial year attributable to owners of the Company (RM'000)		
- Continuing operations	(33,967)	(2,223)
- Discontinued operation	(536)	(19,034)
	(34,503)	(21,257)
Weighted average number of shares (Units'000)	4,217,644	4,217,644
Basis loss per share (sen)		
- Continuing operations	(0.81)	(0.05)
- Discontinued operation	(0.01)	(0.45)
- Continuing and discontinued operations	(0.82)	(0.50)

(b) Diluted loss per ordinary share

The Group has no potential dilutive of ordinary shares. As such, there is no dilution effect on the loss per share of the Group.

Notes to the  
Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

## 31. DIRECTORS' REMUNERATION

	GROUP AND COMPANY	
	2017 RM'000	2016 RM'000
<b>Company:-</b>		
<b><i>Executive directors:</i></b>		
- Fees	70	60
- Salaries	816	792
- Defined contribution	98	95
- Other emoluments	54	85
- Benefits-in-kind	20	20
	1,058	1,052
<b><i>Non-executive directors:</i></b>		
- Fees	175	150
- Other emoluments	383	390
	558	540
	1,616	1,592

The numbers of directors of the Group and the Company whose total remuneration during the financial year fall within the following bands are as follows:-

	GROUP AND COMPANY	
	2017	2016
<b><i>Executive directors:-</i></b>		
RM500,001 - RM550,000	2	-
RM450,001 - RM500,000	-	2
RM400,001 - RM450,000	-	-
RM350,001 - RM400,000	-	-
RM300,001 - RM350,000	-	-
RM250,001 - RM300,000	-	-
RM200,001 - RM250,000	-	-
RM150,001 - RM200,000	-	-
RM100,001 - RM150,000	-	-
Below RM100,000	-	-
<b><i>Non-Executive directors:-</i></b>		
RM150,001 - RM200,000	1	-
RM100,001 - RM150,000	-	1
Below RM100,000	4	4
	7	7

Notes to the  
Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

32. SUBSIDIARIES

Details of subsidiaries are as follows:-

Name of Companies	Effective Equity Interest and Voting Interest		Principal Activities
	2017 %	2016 %	
Incorporated in Malaysia			
Abra Development Sdn. Bhd.	100	100	Property development and investment holding
Ample Zone Berhad *	100	100	Dormant
Beautiful Peninsular Sdn. Bhd. # ¥	70	70	Property development
Biltradex Sdn. Bhd.	100	100	Property development and investment holding
Bukit Khazanah Sdn. Bhd. *	100	100	Property development and investment holding
Cekap Mesra Development Sdn. Bhd.	50.01	50.01	Property development
Envy Vista Sdn. Bhd.	100	100	Dormant
Era-Casa Sdn. Bhd.	100	100	Investment holding
Europlus Berhad	100	100	Investment holding and property development
Gemapantas Sdn. Bhd. # ¥	51	51	Investment holding
G.L. Development Sdn. Bhd.	100	100	Property investment and development
Inti Johan Sdn. Bhd.	100	100	Property investment and management
Lambang Wira Sdn. Bhd.	100	100	Investment holding
Larut Management Services Sdn. Bhd.	100	100	Investment holding
Larut Overseas Ventures Sdn. Bhd.	100	100	Investment holding
L.C.B. Management Sdn. Bhd.	100	100	Provision of management services
Maxisegar Construction Sdn. Bhd.	100	100	Property investment, management and development

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 32. SUBSIDIARIES (CONT'D)

Details of subsidiaries are as follows:- (Cont'd)

Name of Companies	Effective Equity Interest and Voting Interest		Principal Activities
	2017 %	2016 %	
Incorporated in Malaysia (Cont'd)			
Maxisegar Realty Sdn. Bhd.	100	100	Dormant
Mutual Prosperous Sdn. Bhd. *	100	100	Investment holding
Pandan Lake Club Berhad *	100	100	Dormant
Seaview Plantations Sdn. Bhd.	100	100	Property development and investment holding
Saujana Ukay Sdn. Bhd. *	51	51	Property development
Talam Leisure Development Sdn. Bhd.	100	100	Property development and investment holding
Talam Management Services Sdn. Bhd.	100	100	Dormant
Talam Plantations Sdn. Bhd.	100	100	Investment holding
Terang Tanah Sdn. Bhd.	100	100	Investment holding
Ulu Yam Golf And Country Club Sdn. Bhd. * @	-	60	Dormant
Untung Utama Sdn. Bhd. *	100	100	Property development
Venue Venture Sdn. Bhd. *	100	100	Investment holding, property investment and management
Winax Development Sdn. Bhd.	100	100	Investment holding
Winax Engineering Sdn. Bhd.	100	100	Investment holding
Zhinmun Sdn. Bhd. *	100	100	Property development
Zillion Development Sdn. Bhd.	100	100	Property investment and development



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For the Financial Year Ended 31 January 2017 (Cont'd)

32. SUBSIDIARIES (CONT'D)

Details of subsidiaries are as follows:- (Cont'd)

Name of Companies	Effective Equity Interest and Voting Interest		Principal Activities
	2017 %	2016 %	
Incorporated in Hong Kong			
Larut Talam International Management Services Limited *	99.88	99.88	Dormant
Malim Enterprise (HK) Limited * [1]	100	100	Investment holding
Noble House Investments Limited * [2]	100	100	Investment holding
Parkgrove Limited * [2]	100	100	Investment holding
Incorporated in The People's Republic of China			
Jilin Province Maxcourt Hotel Limited * ¥ ^	85	85	Operating and managing a hotel

\* Audited by firms other than Messrs Baker Tilly Monteiro Heng.

¥ The audited financial statements of these subsidiaries are not available. Management accounts had been used for the purpose of consolidation. These subsidiaries are currently dormant or inactive.

# The subsidiary is in the process of being struck off by the registrar.

^ The financial year end of this subsidiary is not conterminous with the Group. As such, for the purpose of consolidation, the financial statements of this subsidiary for the financial year ended 31 December 2016 have been used and appropriate adjustments have been made for the effects of any significant transactions between that financial year end 1 January 2016 to 31 January 2017 respectively.

@ The Group's equity interest in Ulu Yam Golf and Country Club Sdn. Bhd. ("UYGCC"), a 60% owned subsidiary of the Group, was surrendered to Menteri Besar Selangor Incorporated ("MBSI") as part of the settlement agreement between the Group and MBSI. In view of its completion, the Group had on 3 August 2016, deconsolidated UYGCC from the Group's consolidated financial statements.

[1] The auditors' reports of the subsidiary for the financial year ended 31 January 2017 contain qualified opinion on the financial statements in view of the following:-

- impairment review of amount due from subsidiary; and
- non preparation of group financial statements.

[2] The auditors' reports of these subsidiaries for the financial year ended 31 January 2017 contain qualified opinion on these financial statements in view of the following:-

- no equity accounting for investment in associate; and
- impairment review of investment and amount owing by associate.

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 33. SIGNIFICANT AND SUBSEQUENT EVENTS

- (i) On 5 January 2017, Malim Enterprise (HK) Limited, a wholly-owned subsidiary of the Company entered into a Share Sale Agreement ("SSA") with Jilin Province Zhuo Yue Investment Co. Limited to dispose of its subsidiary, Jilin Province Maxcourt Hotel Limited ("JPMHL"), which is reported in the hotel segment, which has already ceased operation.

As at the end of the financial year, the disposal of JPMHL is not yet completed as certain conditions precedent as stated in the SSA have not been met.

The assets and liabilities related to JPMHL are being presented in the statement of financial position as "Assets and a disposal group classified as held for sale" and "Liabilities directly associated with assets classified as held for sale".

- (ii) On 15 March 2017, the Company had entered into a sale and purchase agreement with Setia Premix Resources Sdn. Bhd. ("SPRSB") for disposal of a vacant land which are all located in Mukim Batang Berjuntai, Daerah Kuala Selangor, Negeri Selangor Darul Ehsan with for a net consideration of RM21,917,600/-.

### 34. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial year under review, the significant related party transactions were as follows:-

#### (a) Transactions with related parties

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Construction costs paid/ payable:				
- IJM Group	-	882	-	882
Rental income received/ receivable:				
- WCE Group	(7)	(7)	-	-
Dividend received from a joint venture				
- Crest Envy Sdn. Bhd.	-	(200)	-	-
Interest expense paid/ payable:				
- IJM Group	9,706	894	9,706	894

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For the Financial Year Ended 31 January 2017 (Cont'd)

34. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(a) Transactions with related parties (Cont'd)

The nature of the relationship with the related parties is as follows:-

Related Parties	Nature of Relationship
Pengurusan Projek Bersistem Sdn. Bhd. ("PPBSB")	PPBSB is a corporate shareholder of the Company.  Tan Sri Dato' (Dr.) Ir. Chan Ah Chye @ Chan Chong Yoon ("TSDCAC"), a director of the Company and his spouse, Puan Sri Datin Thong Nyok Choo ("PSDTNC"), are both substantial shareholders of the Company, have substantial financial interest in PPBSB.
Agrocon (M) Sdn. Bhd. ("AMSB")	The sister of TSDCAC, a director and substantial shareholder of the Company, has substantial financial interest in AMSB.
WCE Holdings Berhad and its subsidiaries ("WCE Group")	WCE Holdings Berhad ("WCE") is a substantial shareholder of the Company.
IJM Corporation Berhad ("IJM") and its subsidiaries ("IJM Group")	IJM is a substantial shareholder of the Company by virtue of IJM having substantial equity interest in WCE.
Radiant Pillar Sdn. Bhd. ("RP") and its subsidiaries	RP is a 60%-owned subsidiary of IJM and 40%-owned associate of WCE. Both IJM and WCE are substantial shareholders of the Company.

Notes to the  
Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

## 34. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

## (b) Key management personnel compensation

The remuneration of key management personnel, which includes the directors' remuneration, is disclosed as follows:-

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Directors:-</b>				
Fees	70	60	70	60
Salaries	816	792	816	792
Defined contribution	98	95	98	95
Other emoluments	54	85	54	85
Benefits-in-kind	20	20	20	20
	1,058	1,052	1,058	1,052
<b>Subsidiaries:-</b>				
Salaries	305	289	–	–
Defined contribution	33	32	–	–
Other emoluments	20	32	–	–
	1,416	1,405	1,058	1,052
	2,474	2,457	2,116	2,104
Included in the staff costs:-				
Key Management Personnel other than Directors:-				
Salaries and other emoluments	398	408	–	–
Defined contribution	45	33	–	–
	443	441	–	–

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management practice is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value as well as to enable the Group to continue as going concern. To achieve this, the Group ensures that an optimal capital structure is maintained. The Group periodically reviews and manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

The directors monitor and determine the optimal debt to equity ratio that complies with the debts covenants. No changes were made in the objectives, policies or processes during the financial year ended 31 January 2017 and 31 January 2016.

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Borrowings	99,241	201,220	73,032	103,241
Less: Cash and bank balances	(11,914)	(6,655)	(4,377)	(878)
Net debts	87,327	194,565	68,655	102,363
Equity attributable to owners of the Company	409,813	443,311	357,934	470,254
Net gearing ratio (times)	0.21	0.44	0.19	0.22

The Group is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

The Group's financial risk management policies are as follows:-

#### (i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rate.

The Group borrows in the currency which its business units operate as far as possible. This provides a natural hedge against any foreign currency fluctuation. The Group's policy is to borrow principally on a fixed rate basis but retain a proportion of floating rate debt. The objectives for the mix between fixed and floating rate borrowings is to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

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For the Financial Year Ended 31 January 2017 (Cont'd)

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

## (i) Interest Rate Risk (Cont'd)

*Sensitivity analysis for interest rate risk*

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's and Company's total equity and profit for the financial year.

GROUP		Change in basis period	Effect on profit for the financial year RM'000	Effect on equity RM'000
31 January 2017		+ 50	146	—
		- 50	(146)	—
31 January 2016		+ 50	656	—
		- 50	(656)	—

COMPANY		Change in basis period	Effect on profit for the financial year RM'000	Effect on equity RM'000
31 January 2017		+ 50	16	—
		- 50	(16)	—
31 January 2016		+ 50	168	—
		- 50	(168)	—

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

The following summarised the carrying amount as at the end of the reporting period and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk.

	Within one year RM'000	One to two year RM'000	Two to five years RM'000
<b>Group</b>			
<b>31 January 2017</b>			
<i>Floating interest rate</i>			
Term and bridging loans	29,125	—	—
<b>31 January 2016</b>			
<i>Floating interest rate</i>			
Term and bridging loans	123,170	8,043	—



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For the Financial Year Ended 31 January 2017 (Cont'd)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(i) Interest Rate Risk (Cont'd)

	Within one year RM'000	One to two year RM'000	Two to five years RM'000
<b>Company</b>			
<b>31 January 2017</b>			
<i>Floating interest rate</i>			
Term and bridging loan	3,137	–	–
<b>31 January 2016</b>			
<i>Floating interest rate</i>			
Term and bridging loans	25,500	8,043	–

(ii) Operational Risk

The operational risk arises from the daily activities of the Group as a property developer which includes legal, credit, reputation and financing risk and other risks associated to daily running of its business operations.

Such risks are mitigated through proper authority levels of approvals limits, clear reporting structure, segregation of duties, policies and procedures implemented and periodic management meetings.

In dealing with its stewardship, the Board of Directors recognises that effective risk management is an integral part of good business practice.

The Board of Directors will pursue an on-going process of identifying, assessing and managing key business areas, overall operational and financial risks faced by the business units as well as regularly review and enhancing risk mitigating strategies with its appointed and key management personnel.

(iii) 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 third party receivables and amount owing by associates.

The credit risk concentration for the Group and the Company is disclosed in Note 8(a), Note 9, Note 10 and Note 12 to the financial statements.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Receivables are monitored on a going basis via Group's management reporting procedures and action will be taken for long outstanding debt. Majority of the receivables are from property development segment. The credit risk is limited as the ownership and rights to the properties revert to the Group in the event of default.

At the end of the reporting period, the maximum exposure to credit risk arising from trade and other receivables, amount owing by associates and amount owing by joint ventures is represented by their carrying amounts in the statements of financial position.

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (iii) Credit Risk (Cont'd)

The Group and Company monitor the results at the subsidiaries and related companies in determining the recoverability of the intercompany balances.

##### *Other financial assets*

For other financial assets (including other investment and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

##### *Impairment losses*

Impairment losses as at year end mainly related to purchasers that defaulted in payments. The Group has taken the necessary steps to recover the outstanding balance through legal prosecutions.

Based on the historical trend, the Group is confident that the allowance for impairment losses as at reporting date are sufficiently covers the risk of default.

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

#### (iv) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

A subsidiary operating in The People's Republic of China has assets and liabilities together with expected cash flows from anticipated transactions denominated in its functional currency that reduce its exposure to foreign exchange.

The Group maintains a natural hedge, where possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investment.

Where the Group's operations are overseas, the funding is sourced in that local currency in which the operations are carried out to hedge against any foreign exchange fluctuation.

No sensitivity analysis for foreign currency risk is prepared at the end of reporting period as the Group does not have significant exposure to foreign currency risk.

#### (v) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities, principally from trade and other payables, loan and borrowings.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met on timely basis.

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For the Financial Year Ended 31 January 2017 (Cont'd)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(v) Liquidity Risk (Cont'd)

The following summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date on contractual undiscounted repayment obligations:-

Group	Carrying Amount RM'000	Contractual Cashflow RM'000	On demand/ within one year RM'000	Two to five years RM'000
<b>31 January 2017</b>				
Trade and other payables	386,388	399,313	224,782	174,531
Term and bridging loans	99,020	108,235	32,529	75,706
Finance lease liability	221	221	92	129
Total undiscounted financial liabilities	485,629	507,769	257,403	250,366
<b>31 January 2016</b>				
Trade and other payables	431,306	437,253	274,024	163,229
Term and bridging loans	200,911	216,131	132,950	83,181
Finance lease liability	309	332	99	233
Amount owing to associates	33,564	33,564	33,564	–
Total undiscounted financial liabilities	666,090	687,280	440,637	246,643
<b>Company</b>				
<b>31 January 2017</b>				
Trade and other payables	265,980	278,882	104,701	174,181
Term and bridging loans	73,032	79,128	3,422	75,706
Amount owing to subsidiaries	253,654	255,554	255,554	–
Total undiscounted financial liabilities	592,666	613,564	363,677	249,887
<b>31 January 2016</b>				
Trade and other payables	247,627	253,365	91,782	161,583
Term and bridging loans	103,241	111,065	27,884	83,181
Amount owing to subsidiaries	292,630	292,630	292,630	–
Total undiscounted financial liabilities	643,498	657,060	412,296	244,764

Despite the uncertainty in the property development market, the Group will endeavour to undertake all necessary measures to mitigate the adverse effects on the liquidity position of the Group.

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (v) Liquidity Risk (Cont'd)

The Group will dispose of its excess land, if the need arises, to generate cash to meet its obligations.

Besides current development projects, cash will be generated by joint venture projects undertaken with other reputable corporations.

The Group will refinance certain loans and borrowings that will fall due in the next twelve months to cushion the repayments of these obligations.

#### (vi) Market Risk

The market risk arises from changes in the state of domestic property prices, the cost of building materials, availability of labour and other related cost in property development.

The Group concentrates on development projects in carefully selected locations and this has resulted in resilience against softening of the property sector.

### 37. FINANCIAL INSTRUMENTS

#### (a) Fair value measurement

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:-

#### Notes to financial statements

Amount owing by/(to) associates (Current)	Note 9
Amount owing by joint ventures	Note 10
Trade and other receivables (Current)	Note 12
Trade and other payables (Current)	Note 21 and Note 24

The carrying amounts of these financial instruments are reasonable approximation of fair value, due to the relative short- term nature of these instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted equity shares due to the lack of comparable quoted prices in the active market and their fair value cannot be reliably measured.

The fair value of non-current financial lease liability is estimated using discounted cash flow analysis, based on current lending rate for similar types of lease arrangements.

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For the Financial Year Ended 31 January 2017 (Cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair Value Hierarchy

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:-

	Fair value of financial instruments carried at fair value			Total RM'000	Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000			
<b>2017 Group</b>						
<b>Financial asset</b>						
Other investment	223	–	–	223	223	223
<b>Financial liability</b>						
Finance lease liability	–	–	221	221	221	221
<b>2016 Group</b>						
<b>Financial asset</b>						
Other investment	366	–	–	366	366	366
<b>Financial liability</b>						
Finance lease liability	–	–	287	287	287	309
<b>2017 Company</b>						
<b>Financial asset</b>						
Other investment	1	–	–	1	1	1
<b>2016 Company</b>						
<b>Financial asset</b>						
Other investment	9	–	–	9	9	9

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 37. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Fair Value Hierarchy (Cont'd)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:- (Cont'd)

	Fair value of financial instruments not carried at fair value				Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
<b>2017</b>						
<b>Group</b>						
<b>Financial assets</b>						
<b>Non-current</b>						
Amount owing by associates	–	–	98,001	98,001	98,001	98,001
Trade and other receivables	–	–	61,099	61,099	61,099	61,099
<b>Financial liabilities</b>						
<b>Non-current</b>						
Other payables	–	–	161,606	161,606	161,606	161,606
Borrowings (excluding finance lease liability)	–	–	69,895	69,895	69,895	69,895
<b>2016</b>						
<b>Group</b>						
<b>Financial assets</b>						
<b>Non-current</b>						
Amount owing by associates	–	–	17,307	17,307	17,307	17,307
Trade and other receivables	–	–	28,736	28,736	28,736	28,736
<b>Financial liabilities</b>						
<b>Non-current</b>						
Other payables	–	–	157,282	157,282	157,282	157,282
Borrowings (excluding finance lease liability)	–	–	77,741	77,741	77,741	77,741



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For the Financial Year Ended 31 January 2017 (Cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair Value Hierarchy (Cont'd)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:- (Cont'd)

	Fair value of financial instruments not carried at fair value				Total Fair Value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
<b>2017</b>						
<b>Company</b>						
<b>Financial assets</b>						
<b>Non-current</b>						
Amount owing by associates	–	–	98,001	98,001	98,001	98,001
Trade and other receivables	–	–	11,617	11,617	11,617	11,617
<b>Financial liabilities</b>						
<b>Non-current</b>						
Other payables	–	–	161,279	161,279	161,279	161,279
Borrowings (excluding finance lease liability)	–	–	69,895	69,895	69,895	69,895
<b>2016</b>						
<b>Company</b>						
<b>Financial assets</b>						
<b>Non-current</b>						
Amount owing by associates	–	–	17,307	17,307	17,307	17,307
Trade and other receivables	–	–	10,690	10,690	10,690	10,690
<b>Financial liabilities</b>						
<b>Non-current</b>						
Other payables	–	–	155,845	155,845	155,845	155,845
Borrowings (excluding finance lease liability)	–	–	77,741	77,741	77,741	77,741

There were no transfers between the levels during the financial year ended 31 January 2017 and 31 January 2016.

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For the Financial Year Ended 31 January 2017 (Cont'd)

## 37. FINANCIAL INSTRUMENTS (CONT'D)

## (c) Classification of financial instruments

The table below provides an analysis of financial instruments categories as follows:-

- (a) Loans and receivables ("L&R")
- (b) Available-for-sale financial assets ("AFS")
- (c) Financial liabilities at amortised cost ("FLAC")

	Carrying Amount RM'000	L&R RM'000	AFS RM'000	FLAC RM'000
<b>Group</b>				
<b>31 January 2017</b>				
<b>Financial assets</b>				
Other investment	699	–	476	223
Trade and other receivables	144,870	144,870	–	–
Amount owing by associates	101,678	101,678	–	–
Sinking funds held by trustees	54	54	–	–
Cash and bank balances	11,914	11,914	–	–
	259,215	258,516	476	223
<b>Financial liabilities</b>				
Trade and other payables	386,388	–	–	386,388
Borrowings	99,241	–	–	99,241
	485,629	–	–	485,629
<b>Group</b>				
<b>31 January 2016</b>				
<b>Financial assets</b>				
Other investment	842	–	476	366
Trade and other receivables	165,494	165,494	–	–
Amount owing by associates	153,527	153,527	–	–
Sinking funds held by trustees	54	54	–	–
Cash and bank balances	6,655	6,655	–	–
	326,572	325,730	476	366
<b>Financial liabilities</b>				
Trade and other payables	431,306	–	–	431,306
Amount due to associates	33,564	–	–	33,564
Borrowings	201,220	–	–	201,220
	666,090	–	–	666,090

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For the Financial Year Ended 31 January 2017 (Cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

(c) Categories of financial instruments (Cont'd)

	Carrying Amount RM'000	L&R RM'000	AFS RM'000	FLAC RM'000
<b>Company</b>				
<b>31 January 2017</b>				
<b>Financial assets</b>				
Other investment	1	–	–	1
Trade and other receivables	41,150	41,150	–	–
Amount owing by subsidiaries	259,705	259,705	–	–
Amount owing by associates	99,401	99,401	–	–
Sinking funds held by trustees	54	54	–	–
Cash and bank balances	4,377	4,377	–	–
	404,688	404,687	–	1
<b>Financial liabilities</b>				
Trade and other payables	265,980	–	–	265,980
Amount owing to subsidiaries	253,654	–	–	253,654
Borrowings	73,032	–	–	73,032
	592,666	–	–	592,666
<b>Company</b>				
<b>31 January 2016</b>				
<b>Financial assets</b>				
Other investment	9	–	–	9
Trade and other receivables	58,957	58,957	–	–
Amount owing by subsidiaries	281,482	281,482	–	–
Amount owing by associates	151,294	151,294	–	–
Sinking funds held by trustees	54	54	–	–
Cash and bank balances	878	878	–	–
	492,674	492,665	–	9
<b>Financial liabilities</b>				
Trade and other payables	247,627	–	–	247,627
Amount owing to subsidiaries	292,630	–	–	292,630
Borrowings	103,241	–	–	103,241
	643,498	–	–	643,498

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 38. OTHER COMMITMENT

The Group leases out several of its properties which have remaining lease terms of between one to five years and the leases are renewable upon expiry. The leases do not include any contingent rentals.

Future minimum rental receivable under the non-cancellable operating leases at the reporting date are as follows:-

	GROUP	
	2017 RM'000	2016 RM'000
- Not later than one year	4,411	4,065
- More than one year but not later than five years	1,518	2,281
- More than five years	–	8
	5,929	6,354

### 39. SEGMENTAL INFORMATION

#### Measurement of reportable segments

The Group prepared the following segment information in accordance with FRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Executive Director of operation for the purpose of making decision about resource allocation and performance assessment.

Transactions between reportable segments are measured on the basis that is similar to those external customers.

#### Segment profit

Segment statements of comprehensive income are profit earned or loss incurred by each segment without allocation of central administrative costs, non-operating investment revenue, finance costs and income tax expense. There are no significant changes from previous financial year in the measurement methods used to determine reported segment statements of comprehensive income.

#### Segment assets

All the Group's assets are allocated to reportable segments other than assets used centrally for the Group, investment in associates and joint ventures. Jointly used assets are allocated on the basis of the revenues earned by individual segments.

#### Segment liabilities

All the Group's liabilities are allocated to reportable segments other than liabilities incurred centrally for the Group, current and deferred tax liabilities. Jointly incurred liabilities are allocated on proportion to the segment assets.

#### Business Segments

The Group's operations comprise the following business segments:-

- Property development : Investment holdings, development of residential and commercial properties.
- Property investment and management : Rental of properties and provision of management fees
- Hotel and recreation : Operate and manage hotel and club and other related services.

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For the Financial Year Ended 31 January 2017 (Cont'd)

39. SEGMENTAL INFORMATION (CONT'D)

Business Segments (Cont'd)

	Property Development RM'000	Property Investment and Management RM'000	Hotel and Recreation RM'000	Note	Total Before Elimination RM'000	Discontinuing Operation RM'000	Total RM'000
<b>At 31 January 2017</b>							
Revenue	105,274	7,719	–	A	112,993	–	112,993
<b>Results</b>							
Bad debts written off	48	159	–		207	–	207
Depreciation of:							
- property, plant and equipment	–	299	3,665		3,964	(3,665)	299
- investment properties	–	2,120	–		2,120	–	2,120
Impairment loss on:							
- investment in associates	5,739	–	–		5,739	–	5,739
- receivables - trade	21	–	–		21	–	21
- receivables - non trade	720	–	–		720	–	720
- land held for property development	681	–	–		681	–	681
Provision for liquidated and ascertained damages	–	(1,271)	–		(1,271)	–	(1,271)
Provision for cost to completion of project	–	(12,053)	–		(12,053)	–	(12,053)
Loss on financial assets at amortised cost	19,740	–	–		19,740	–	19,740
Inventories write down	158	–	–		158	–	158
Loss on financial liabilities at amortised cost	5,961	165	–		6,126	–	6,126
Impairment loss no longer required:							
- receivables - trade	(75)	(423)	(249)		(747)	249	(498)
- receivables - non trade	(11,267)	–	(550)		(11,817)	301	(11,516)
- amount owing by associates	(4,004)	–	–		(4,004)	–	(4,004)
- investment properties	–	(9,712)	–		(9,712)	–	(9,712)
Interest income	(2,708)	(67)	–		(2,775)	–	(2,775)
Income receivables from money market	–	(16)	–		(16)	–	(16)
Waiver of land and properties tax liabilities	–	–	(16,736)		(16,736)	16,736	–
Share of results of associates	(65)	–	–		(65)	–	(65)
Share of results of joint ventures	(2,481)	–	–		(2,481)	–	(2,481)
Results of segment (loss)/ profit	(51,612)	15,440	(631)		(36,803)	631	(36,172)
Taxation	10	2,171	–		2,181	–	2,181
Loss for the financial year	(51,602)	17,611	(631)		(34,622)	631	(33,991)
<b>Other information</b>							
Segment assets	829,965	102,165	–		932,130	–	932,130
Investment in associates	19,570	–	–		19,570	–	19,570
Investment in joint ventures	4,585	–	–		4,585	–	4,585
Segment liabilities	405,305	150,825	–		556,130	–	556,130
Capital expenditures	–	1	–	B	1	–	1

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For the Financial Year Ended 31 January 2017 (Cont'd)

## 39. SEGMENTAL INFORMATION (CONT'D)

## Business Segments (Cont'd)

	Property Development RM'000	Property Investment and Management RM'000	Hotel and Recreation RM'000	Elimination RM'000	Note	Total Before Elimination RM'000	Discontinuing Operation RM'000	Total RM'000
<b>At 31 January 2016</b>								
Revenue	242,330	13,625	4,053	(100,346)	A	159,662	(4,053)	155,609
<b>Results</b>								
Bad debts written off	8,610	650	-	-		9,260	-	9,260
Depreciation of:								
- property, plant and equipment	1	296	5,052	-		5,349	(5,052)	297
- investment properties	-	889	-	-		889	-	889
Impairment loss on:								
- receivables - trade	115	502	700	-		1,317	(700)	617
- receivables - non trade	19,332	-	887	-		20,219	(887)	19,332
- amount owing by associates	3,990	-	-	-		3,990	-	3,990
- land held for property development	181,112	-	-	-		181,112	-	181,112
- property development costs	73,962	-	-	-		73,962	-	73,962
Other non-cash expenses	271,374	-	-	-		271,374	-	271,374
Provision for liquidated and ascertained damages	537	-	-	-		537	-	537
Property, plant and equipment written off	-	-	4,604	-		4,604	(4,604)	-
Loss on financial assets at amortised cost	2,768	-	-	-		2,768	-	2,768
Inventories write down	12,828	-	1,583	-		14,411	(1,583)	12,828
Loss on financial liabilities at amortised cost	18,763	(165)	-	-		18,598	-	18,598
Impairment loss no longer required:								
- receivables - trade	(1,619)	(365)	-	-		(1,984)	-	(1,984)
- receivables - non trade	(5,826)	-	-	-		(5,826)	-	(5,826)
Interest income	(795)	(49)	(3)	-		(847)	3	(844)
Income receivables from money market	(36)	(11)	-	-		(47)	-	(47)
Waiver of debts	(18,931)	-	(614)	-		(19,545)	614	(18,931)
Share of results of associates	19	-	-	-		19	-	19
Share of results of joint ventures	(1,246)	-	-	-		(1,246)	-	(1,246)
Results of segment profit/ (loss)	36,945	4,868	(22,407)	-		19,406	-	19,406
Taxation	(20,324)	(355)	-	-		(20,679)	-	(20,679)
Profit/ (Loss) for the financial year	16,621	4,513	(22,407)	-		(1,273)	-	(1,273)
<b>Other information</b>								
Segment assets	879,548	98,512	114,016	-		1,092,076	-	1,092,076
Investment in associates	25,374	-	-	-		25,374	-	25,374
Investment in joint ventures	7,066	-	-	-		7,066	-	7,066
Segment liabilities	407,822	164,783	117,125	-		689,730	-	689,730
Capital expenditures	34	71	-	-	B	105	-	105



## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 39. SEGMENTAL INFORMATION (CONT'D)

#### Business Segments (Cont'd)

Note : Nature of adjustments and elimination to arrive at amounts reported in the consolidated financial statements.

A Inter-segment revenues are eliminated on consolidation

B Additions of capital expenditure consists of:-

	GROUP	
	2017 RM'000	2016 RM'000
Property, plant and equipment	1	105

#### Geographical information

The Group's hotel and recreation segment represents its entire overseas business. Hence, no geographical segment is presented.

#### Information about major customers

For property investment and development segment, revenue from three customers represent approximately RM97,585,333/- (2016: RM135,691,000/-) for the Group's total revenue.

### 40. MATERIAL LITIGATION

Save as disclosed below, neither the Group and the Company are engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the business or financial position of the Group, and the Board of Directors has no knowledge of any proceedings pending or threatened against the Group or of any fact likely to give rise to any proceedings which might materially and adversely affect the business or financial position of the Group:-

#### Talam Transform Berhad ("TTB")

- (i) TTB had initiated legal proceedings against Bangkok Bank Berhad ("BBB") for foreclosing a piece of property that was pledged to BBB for credit facilities granted to a related party, Keuro Leasing Sdn. Bhd., now a wholly-owned subsidiary of WCE Holdings Bhd.. The property, valued at RM48.70 million, was part and parcel of properties being disposed to Menteri Besar Selangor (Incorporated) ("MBI") under a settlement agreement entered into on 12 March 2010 between TTB and MBI which was made known to BBB. Notwithstanding the above, BBB had on 7 September 2010, proceeded to auction the property to a purchaser for RM15.00 million which was well below the transacted value with MBI of RM48.70 million.

TTB proceeded with full trial against BBB and the High Court had dismissed TTB's claims with cost on 22 October 2015.

TTB had on 5 November 2015, filed an appeal to the Court of Appeal against the decision of the High Court and the appeal was fully heard on 21 and 22 April 2016 and on 22 August 2016 the Court of Appeal had dismissed the appeal with costs.

## Notes to the Financial Statements

For the Financial Year Ended 31 January 2017 (Cont'd)

### 40. MATERIAL LITIGATION (CONT'D)

#### Talam Transform Berhad ("TTB") (Cont'd)

- (i) TTB had on 19 September 2016 filed a Notice of Motion for leave pursuant to Section 96 of the Courts of Judicature Act, 1964 to appeal to the Federal Court against part of the decision of the Court of Appeal given on 22 August 2016 in the Court of Appeal Civil Appeal No. B-02(W)-1890-11/2015 dismissing TTB and Continental Heights Development Sdn. Bhd.'s appeal against the Judgment dated 22 October 2015 of the High Court at Shah Alam. The Federal Court had on 2 March 2017 heard our Notice of Motion for leave to appeal to the Federal Court and the application for leave to appeal was dismissed with cost.

TTB had already fully impaired on the amount lost and will seek recovery of losses from related parties.

- (ii) A Writ of Summons and the Statement of Claim was filed in the Kuala Lumpur High Court by Universal Healthcare (R&D) Sdn Bhd ("UHSB") against TTB and 3 other Defendants who were Directors of Pandan Indah Medical Management Sdn. Bhd. (In Liquidation), a former subsidiary of TTB ("PIMM").

UHSB claims against TTB for the Declarations that TTB is a director of PIMM and that the business of PIMM was carried out by its Directors and/or TTB and that the Directors of PIMM and/ or TTB are personally liable to UHSB. Consequently, UHSB is seeking an order that the Directors of PIMM and/ or TTB pay jointly and/ or severally, the alleged debt arising from the judgment sum of RM23.82 million assessed by UHSB against PIMM together with interest at the rate of 8% per annum from the date of Writ of Summons until full settlement amounting to RM49.23 million (as at 12 October 2015) and/ or in the alternative, damages to be assessed.

TTB has filed its defense and also counterclaimed against UHSB and the 3 Directors of UHSB for general damages, exemplary damages and aggravated damages for the tort of abuse of process and/ or malicious prosecution.

The full trial of the Civil Suit was part heard on 19 to 24 January 2017 and fixed for continued hearing on 19, 20 and 21 June 2017 and 31 July, 01, 02 and 03 August 2017.

Based on legal counsel's advice, the Civil Suit by UHSB is unlikely to succeed.

## Supplementary Information

### on the Breakdown of Realised and Unrealised Profits or Losses

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the accumulated losses of the Group and of the Company as at 31 January 2017 and 31 January 2016, into realised and unrealised profits or losses, pursuant to the directive, is as follows:-

	GROUP		COMPANY	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b><i>Total accumulated losses of the Group and its subsidiaries:-</i></b>				
- Realised	(483,125)	(436,297)	(497,659)	(385,338)
- Unrealised	(5,208)	(20,079)	–	–
	(488,333)	(456,376)	(497,659)	(385,338)
<b><u>Joint Ventures</u></b>				
- Realised	(5,665)	(3,184)	–	–
<b><u>Associates</u></b>				
- Realised	(5,395)	(5,330)	–	–
	(499,393)	(464,890)	(497,659)	(385,338)

The determination of realised and unrealised profits or losses is based on the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits or losses above is solely complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

## Statement by Directors

We, **CHUA KIM LAN** and **YAW CHUN SOON**, being two of the directors of **TALAM TRANSFORM BERHAD**, do hereby state that in the opinion of the directors, the financial statements set out on pages 49 to 152 are properly drawn up in accordance with the 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 January 2017 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

The supplementary information set out on page 153 have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

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

.....  
**CHUA KIM LAN**  
Director

.....  
**YAW CHUN SOON**  
Director

Kuala Lumpur

Date: 18 May 2017

## Statutory Declaration

I, **SOO KAH PIK**, being the officer primarily responsible for the financial management of **TALAM TRANSFORM BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 49 to 152 and the supplementary information set out on page 153 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.

.....  
**SOO KAH PIK**

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 18 May 2017.

Before me,

.....  
**TAN KIM CHOOI W661**  
Commissioner for Oaths

## Independent Auditors' Report

to the Members of Talam Transform Berhad (Incorporated in Malaysia)

### Opinion

#### Report on the Financial Statements

We have audited the financial statements of **TALAM TRANSFORM BERHAD**, which comprise the statements of financial position as at 31 January 2017 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 49 to 152.

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 January 2017, and of their financial performance and cash flows for the financial year then ended in accordance with the 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

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#### Going concern (Note 2)

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The directors have continued to adopt the going concern basis in preparing the financial statements after having prepared a cash flow projection supporting the assertion that the Group will have sufficient resources to continue for a period of at least 12 months from the end of the financial year.

We focused on this area because the directors made significant judgements on the assumptions supporting the cash flows projection, including the revenue, profit margins, timing of launching and completion of development projects.

#### Our audit response:

Our audit procedures included, among others:

- reviewing the cash flows projection by comparing the Group's assumptions to externally derived data as well as our assessments in relation to key inputs;
- testing the mathematical accuracy of the cash flows projection calculation;
- agreeing sources of financing and uses of funds to supporting documents; and
- evaluating the disclosures in relation to going concern.

**Key Audit Matters (Cont'd)**

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**Receivables and amount owing by associates (Note 4(e), 9 and 12 to the financial statements)**

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We focused on this area because the directors made judgements over both the events or changes in circumstances indicating that receivables and amount owing by associates are impaired and the estimation of the size of any such impairment. The receivables and amount owing by associates are monitored individually by management and therefore the impairment is assessed based on the knowledge of each individual receivable and amount owing by associates.

**Our audit response:**

Our audit procedures included, among others:

- evaluating the design and assessing the implementation of controls associated with monitoring and impairment assessment of receivables and amount owing by associates that were significantly overdue as at 31 January 2017;
- developing an understanding of significant credit exposures which were significantly overdue through analysis of ageing reports and other collection reports prepared by management;
- obtaining confirmation of balances from selected receivables and associates;
- assessing the potential impairment based on the latest management accounts;
- reviewing subsequent receipts, correspondences, and considering the level of activity with the debtor and management explanations on recoverability with significantly past due balances; and
- assessing the reasonableness of impairment charges for identified receivables and amount owing by associates.

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**Land held for property development (Note 4(c) and 6(a) to the financial statements)**

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The Group and the Company have significant balances of land held for property development as at 31 January 2017. We focused on this area because the assessment of recoverable amount of these land held for property development requires the application of significant judgements made by the directors.

**Our audit response:**

Our audit procedures included, among others:

- assessing the appropriateness and reasonableness of the assumption used by the directors in determining the value of land held for development;
- performing site visit to ascertain the existence of the selected land held for property development; and
- sighted the selected land titles to ascertain the ownership of the land held for property development.

**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.



**Independent  
Auditors' Report  
(Cont'd)**

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 the *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.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

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

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

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

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

## Independent Auditors' Report (Cont'd)

### Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

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

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

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 32 to the financial statements.

### Other Reporting Responsibilities

The supplementary information set out on page 153 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

### Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

**Baker Tilly Monteiro Heng**  
No. AF 0117  
Chartered Accountants

**Ong Teng Yan**  
No. 3076/07/17 (J)  
Chartered Accountant

Kuala Lumpur

Date: 18 May 2017

## List of Top 10 Properties

As at 31 January 2017

No.	+ Registered # Beneficial Owner	Location	Original Land area/ Built up area	* Remaining Acreage/ ** Built up area (sq.ft.) (Nett Area)	Description/ Proposed development	Date of Acquisition/ Joint Venture/ Completion	Tenure	Expiry	Approximate age of the building (Years)	Net book value/Net carrying value as at 31/01/2017 (RM'000)
1	Europlus Berhad	+ Mukim Serendah # Daerah Ulu Selangor Bandar Bukit Beruntung Negeri Selangor	197.61 acres	* 197.61	Town ship Development Bukit Beruntung	17/02/2015	Freehold	N/A	N/A	41,954
2	Talam Transform Berhad	+ Mukim Serendah # Daerah Ulu Selangor Bandar Bukit Sentosa Negeri Selangor	993.99 acres	* 127.82	Bukit Sentosa III Development of industrial, residential and commercial development	29/10/1994	Freehold	N/A	N/A	62,175
3	Europlus Berhad	+ Mukim Serendah, # Daerah Ulu Selangor Prima Beruntung Negeri Selangor	249.25 acres	* 18.51	Town ship Development Prima Beruntung	14/05/1996	Freehold	N/A	N/A	16,432
		+ Mukim Ulu Yam # Daerah Ulu Selangor Bukit Beruntung 3 Negeri Selangor	717 acres	* 199.53	Residential, industrial and Bukit Beruntung III	18/12/1991	Freehold	N/A	N/A	82,074
4	Talam Leisure Development Sdn Bhd	+ Mukim Dengkil # Daerah Sepang Taman Putra Perdana Puchong Selangor	120.50 acres	* 67.71	Development of residential and commercial properties	05/02/2015	99 years Leasehold	19/10/2093	N/A	99,690
5	Talam Transform Berhad	+ Mukim Batang # Berjuntai, Daerah Kuala Selangor Negeri Selangor	236.50 acres	* 236.50	Batang Berjuntai	04/07/2014	99 years Leasehold	21/01/2101	N/A	35,530
6	Talam Transform Berhad	+ Taman Puncak Jalil # Bandar Putra Permai Seri Kembangan Selangor	16.50 acres	* 16.50	Taman Puncak Jalil	16/03/2015	99 years Leasehold	02/07/2100	N/A	7,187
7	Jilin Province Maxcourt Hotel Limited	+ No. 19, Xian Road # Changchun City District of Chaoyang Jilin, China	5,995 sq meter 41,584 sq meter	N/A	A 4 star 24-storey hotel building	24/12/1999	30 years Leasehold	29/12/2023	13	112,588
8	Abra Development Sdn Bhd	+ Menara Maxisegar, # Jalan Pandan Indah 4/2, Pandan Indah, 55100 Kuala Lumpur	3,900 sq meter/ 33,778.15 sq meter	N/A	Menara Maxisegar 24-storey commercial complex	22/06/1995	99 years Leasehold	03/04/2094	19	51,040
9	Inti Johan Sdn Bhd	+ Pandan Kapital # Shopping Mall Jalan Pndan Utama Pandan Indah, 55100 Kuala Lumpur	28,007 sq meter/ 177,471 sq feet	** 151,681 sq feet	Pandan Kapital Shopping Mall	09/03/2005	99 years Leasehold	24/03/2101	18	27,112
10	Zhinmun Sdn Bhd	+ Mukim Of Batu, # District Of Gombak, State Of Selangor	50 acres	* 50 acres	Mixed Development	08/02/2006	99 years Leasehold	23/12/2103	N/A	36,000

Material Properties Owned By Associates (Refer to Note 9 (a) of the Audited Financial Statements for further information)

11	Cekap Tropikal Sdn Bhd	+ Mukim of Batu # District of Gombak State of Selangor	50 acres	* 50 acres	Mixed Development	05/03/2007	99 years Leasehold	24/02/2105	N/A	21,300
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# Statement on Directors' Interests

As at 2 May 2017

## DIRECTORS' SHAREHOLDINGS

(Based on Register of Directors' shareholdings as at 2 May 2017)

		Direct Interest	No. of Ordinary Shares Held		% *4
			% *4	Indirect Interest	
The Company					
1.	Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon	607,710,694	14.41	658,760,772 *1	15.62
2.	Chua Kim Lan	90,039	0.002	28,125 *2	0.001
3.	Yaw Chun Soon	445,000	0.01	—	—
4.	Chan Tet Eu	—	—	866,471,466 *3	20.54

### Notes:

<sup>\*1</sup> Held through his spouse, Puan Sri Datin Thong Nyok Choo ("PSDTNC"), his daughter, Chan Siu Wei ("CSW") and deemed interested by virtue of his interest in Pengurusan Projek Bersistem Sdn Bhd ("PPBSB"), Sze Choon Holdings Sdn Bhd ("SCHSB"), Jejak Progresif Sdn Bhd ("JPSB") and the Sale Shares pursuant to Section 59(11)(c) and Section 8 of the Companies Act 2016 ("Act") respectively.

The Sale Shares refers to the Second Tranche Sale Shares comprising 400,000,000 ordinary shares in Talam Transform Berhad to be disposed by WCE Holdings Berhad (Formerly known as Kumpulan Europlus Berhad) to Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon ("TSDCAC") pursuant to the Share Sale Agreement dated 17 October 2014 ("SSA") and Supplemental Agreement to SSA dated 28 August 2015.

<sup>\*2</sup> Held through her spouse, Chin Chee Meng pursuant to Section 59(11)(c) of the Act.

<sup>\*3</sup> Deemed interested through his father, TSDCAC, his mother, PSDTNC, his sister, CSW and by virtue of his interest in PPBSB, SCHSB and JPSB pursuant to Section 8 of the Act.

<sup>\*4</sup> % shareholding based on total number of voting shares as at 2 May 2017 of 4,217,643,762.

Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon and Chan Tet Eu, by virtue of their interests in the shares of the Company are also deemed interested in the shares of all the Company's subsidiaries to the extent the Company has an interest.

Save as disclosed above, none of the other Directors of the Company have any interests in the shares of the Company and its related corporations as at 2 May 2017.

## Analysis of Shareholdings

As at 2 May 2017

### SHARE CAPITAL

Total Number of Issued Shares	:	4,220,279,562 ordinary shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share
Total Number of Voting Shares	:	4,217,643,762 (excluding treasury shares of 2,635,800)

### DISTRIBUTION OF ORDINARY SHAREHOLDINGS

(Based on Record of Depositors as at 2 May 2017)

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares Held
1 - 99	1,417	6.52	61,392	0.00
100 - 1,000	1,943	8.94	1,207,613	0.03
1,001 - 10,000	6,837	31.46	32,206,984	0.76
10,001 - 100,000	7,935	36.52	387,294,583	9.18
100,001 - 210,882,187 <sup>(*)1</sup>	3,595	16.54	3,153,703,640	74.77
210,882,188 and above <sup>(*)2</sup>	2	0.01	643,169,550	15.25
<b>TOTAL <sup>(*)3</sup></b>	<b>21,729</b>	<b>100.00</b>	<b>4,217,643,762</b>	<b>100.00</b>

### NOTES:

<sup>(\*)1</sup> Less than 5% of the total number of voting shares

<sup>(\*)2</sup> 5% and above of the total number of voting shares

<sup>(\*)3</sup> Exclusive of treasury shares

**THIRTY LARGEST ORDINARY SHAREHOLDERS***(Based on Record of Depositors as at 2 May 2017)*

No.	Name	No. of Ordinary Shares Held	%
(1)	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WCE HOLDINGS BERHAD	413,169,550	9.80
(2)	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JEJAK PROGRESIF SDN BHD	230,000,000	5.45
(3)	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN AH CHYE @ CHAN CHONG YOON	183,718,086	4.36
(4)	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHAN AH CHYE @ CHAN CHONG YOON (PB)	168,000,000	3.98
(5)	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHAN AH CHYE @ CHAN CHONG YOON (PBCL-0G0237)	126,000,000	2.99
(6)	CHAN AH CHYE @ CHAN CHONG YOON	124,374,565	2.95
(7)	AL WAKALAH NOMINEES (TEMPATAN) SDN BHD BANK ISLAM MALAYSIA BERHAD	103,373,494	2.45
(8)	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PROMINENT XTREME SDN BHD	65,490,700	1.55
(9)	TASEC NOMINEES (TEMPATAN) SDN BHD TA FIRST CREDIT SDN BHD FOR WCE HOLDINGS BERHAD	60,000,000	1.42
(10)	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG YIEW ON (6000006)	50,798,000	1.20
(11)	CHONG YIEW ON	46,900,000	1.11
(12)	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PROMINENT XTREME SDN BHD	41,765,000	0.99
(13)	MPI GENERALI INSURANS BERHAD	40,000,000	0.95
(14)	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	38,000,000	0.90
(15)	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD ( A/C CLIENTS )	37,111,267	0.88
(16)	DB (MALAYSIA) NOMINEE (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED	31,110,000	0.74



Analysis of  
Shareholdings  
(Cont'd)

**THIRTY LARGEST ORDINARY SHAREHOLDERS (Cont'd)**

*(Based on Record of Depositors as at 2 May 2017)*

No.	Name	No. of Ordinary Shares Held	%
(17)	RESON SDN BHD	27,131,500	0.64
(18)	TASEC NOMINEES (TEMPATAN) SDN BHD TA FIRST CREDIT SDN BHD FOR PENGURUSAN PROJEK BERSISTEM SDN BHD	20,400,000	0.48
(19)	NG LOO SOON	16,000,000	0.38
(20)	ONG YENG TIAN @ ONG WENG TIAN	13,934,470	0.33
(21)	GENERAL TECHNOLOGY SDN BHD	13,197,431	0.31
(22)	TASEC NOMINEES (TEMPATAN) SDN BHD TA FIRST CREDIT SDN BHD FOR WCE HOLDINGS BERHAD (A/C NO 2)	12,874,167	0.31
(23)	POS MALAYSIA BERHAD	11,637,000	0.28
(24)	ONG YEW BENG	10,900,000	0.26
(25)	LIM SIEW KHEONG	10,000,000	0.24
(26)	TAN SUAN HUAT	10,000,000	0.24
(27)	YEOH TEONG ENG	10,000,000	0.24
(28)	KHOO SU CHIN	9,500,000	0.23
(29)	KIM POH HOLDINGS SDN BHD	9,000,000	0.21
(30)	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR GENERAL TECHNOLOGY SDN BHD (PB)	8,755,000	0.21
		<b>1,943,140,230</b>	<b>46.07</b>

**SUBSTANTIAL SHAREHOLDERS***(Based on Register of Substantial Shareholders as at 2 May 2017)*

No.	Name of Substantial Shareholders	Direct Interest	No. of Ordinary Shares		% <sup>*9</sup>
			% <sup>*9</sup>	Indirect Interest	
1.	WCE Holdings Berhad	492,840,517	11.69	—	—
2.	IJM Corporation Berhad	—	—	492,840,517 <sup>*1</sup>	11.69
3.	MWE Holdings Berhad	—	—	492,840,517 <sup>*2</sup>	11.69
4.	Pinjaya Sdn Bhd	—	—	492,840,517 <sup>*3</sup>	11.69
5.	Tan Sri Dato' Surin Upatkoorn	—	—	492,840,517 <sup>*4</sup>	11.69
6.	Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon	607,710,694	14.41	658,760,772 <sup>*5</sup>	15.62
7.	Puan Sri Datin Thong Nyok Choo	600,145	0.01	865,871,321 <sup>*6</sup>	20.53
8.	Chan Siu Wei	3,259,950	0.07	863,211,516 <sup>*7</sup>	20.47
9.	Chan Tet Eu	—	—	866,471,466 <sup>*8</sup>	20.54

**NOTES:**

<sup>\*1</sup> Deemed interested by virtue of its interest in WCE Holdings Berhad (Formerly known as Kumpulan Europlus Berhad) ("WCE") pursuant to Section 8 of the Companies Act 2016 ("Act").

<sup>\*2</sup> Deemed interested by virtue of its interest in WCE pursuant to Section 8 of the Act.

<sup>\*3</sup> Deemed interested by virtue of its interest in MWE Holdings Berhad pursuant to Section 8 of the Act.

<sup>\*4</sup> Deemed interested by virtue of his interest in Pinjaya Sdn Bhd pursuant to Section 8 of the Act.

<sup>\*5</sup> Held through his spouse, Puan Sri Datin Thong Nyok Choo ("PSDTNC"), his daughter, Chan Siu Wei ("CSW") and deemed interested by virtue of his interest in Pengurusan Projek Bersistem Sdn Bhd ("PPBSB"), Sze Choon Holdings Sdn Bhd ("SCHSB"), Jejaka Progresif Sdn Bhd ("JPSB") and the Sale Shares pursuant to Section 59(11)(c) and Section 8 of the Act respectively.

The Sale Shares refers to the Second Tranche Sale Shares comprising 400,000,000 ordinary shares in Talam Transform Berhad to be disposed by WCE to Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon ("TSDCAC") pursuant to the Share Sale Agreement dated 17 October 2014 ("SSA") and Supplemental Agreement to SSA dated 28 August 2015.

<sup>\*6</sup> Deemed interested through her spouse, TSDCAC, her daughter, CSW and by virtue of her interest in PPBSB, SCHSB and JPSB pursuant to Section 8 of the Act.

<sup>\*7</sup> Deemed interested through her father, TSDCAC, her mother, PSDTNC and by virtue of her interest in PPBSB, SCHSB and JPSB pursuant to Section 8 of the Act.

<sup>\*8</sup> Deemed interested through his father, TSDCAC, his mother, PSDTNC, his sister, CSW and by virtue of his interest in PPBSB, SCHSB and JPSB pursuant to Section 8 of the Act.

<sup>\*9</sup> % shareholding based on the total number of voting shares as at 2 May 2017 of 4,217,643,762.

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the 92nd AGM of **Talam Transform Berhad** (“the Company”) will be held at Cubic World Function Hall, 41, Level 3 (1st Floor), Pusat Beli Belah Pandan Kapital, Persiaran MPAJ, Off Jalan Pandan Indah Utama, Pandan Indah, 55100 Kuala Lumpur on Thursday, 6 July 2017 at 11.30 a.m. for the following purposes:-

### AGENDA

#### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 January 2017 and the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note A)**
2. To approve the payment of Directors’ fees of RM40,000 for each Director for the financial year ended 31 January 2017 (2016: RM35,000 for each Director). **(Resolution 1)**
3. To approve the payment of Non-Executive Directors’ remuneration (excluding Directors’ fees) up to an amount of RM540,000 from 1 February 2017 until the next Annual General Meeting of the Company to be held in the year 2018. **(Resolution 2)**
4. To re-elect the following Directors who is retiring in accordance with Article 97 of the Constitution (Memorandum and Articles of Association) of the Company:-
  - i. Mr Tsen Keng Yam **(Resolution 3)**
  - ii. Dato’ Kamaruddin Bin Mat Desa **(Resolution 4)**
5. To re-appoint Tan Sri Dato’ (Dr) Ir Chan Ah Chye @ Chan Chong Yoon as a Director of the Company. **(Resolution 5)**
6. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

#### AS SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications, the following resolutions:-

7. **ORDINARY RESOLUTION** **(Resolution 7)**  
**Proposed Retention of Independent Non-Executive Director**  
  
“**THAT** Mr Tsen Keng Yam be and is hereby retained as an Independent Non-Executive Director of the Company and he shall continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting notwithstanding that he has been in that capacity for a cumulative term of more than nine (9) years.”
8. **ORDINARY RESOLUTION** **(Resolution 8)**  
**Proposed Retention of Independent Non-Executive Director**  
  
“**THAT** Dato’ Kamaruddin Bin Mat Desa be and is hereby retained as an Independent Non-Executive Director of the Company and he shall continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting notwithstanding that he has been in that capacity for a cumulative term of more than nine (9) years.”

## Notice of Annual General Meeting (Cont'd)

### 9. ORDINARY RESOLUTION

(Resolution 9)

#### **Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016**

“**THAT**, subject to Sections 75 and 76 of the Companies Act 2016 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, and the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad.

**AND THAT** such authority shall commence immediately upon the passing of this resolution and to continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

### 10. ORDINARY RESOLUTION

(Resolution 10)

#### **Proposed renewal of shareholders' mandate for existing recurrent related party transactions and/or new shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature (“Proposed Shareholders' Mandate I”)**

“**THAT** subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, the Company and its subsidiary companies shall be mandated to enter into such recurrent transactions of a revenue or trading nature which are necessary for their day-to-day operations and with those related parties as specified in Section 2.4(1) to (6) of the Circular to Shareholders dated 31 May 2017 subject further to the following:-

- (i) the transactions are in the ordinary course of business of the Company and its subsidiary companies on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company; and
- (ii) disclosure will be made in the Annual Report of the aggregate value of transactions of the Proposed Shareholders' Mandate I conducted during the financial year, including amongst others, the following information:-
  - (a) the type of the recurrent transactions made; and
  - (b) the names of the related parties involved in each type of the recurrent transactions made and their relationship with the Company and/or its subsidiary companies.

Notice of  
Annual General Meeting  
(Cont'd)

**AND THAT** such mandate shall commence upon passing of this resolution and shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which such mandate was passed, at which time it will lapse, unless by a resolution passed at a general meeting, the authority is renewed; or
- (ii) 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 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

**AND FURTHER THAT** the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate I."

11. **ORDINARY RESOLUTION**

*(Resolution 11)*

**Proposed renewal of shareholders' mandate for existing recurrent related party transactions and/or new shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature ("Proposed Shareholders' Mandate II")**

**"THAT** subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, the Company and its subsidiary companies shall be mandated to enter into such recurrent transactions of a revenue or trading nature which are necessary for their day-to-day operations and with those related parties as specified in Section 2.4(7) to (11) of the Circular to Shareholders dated 31 May 2017 subject further to the following:-

- (i) the transactions are in the ordinary course of business of the Company and its subsidiary companies on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company; and
- (ii) disclosure will be made in the Annual Report of the aggregate value of transactions of the Proposed Shareholders' Mandate II conducted during the financial year, including amongst others, the following information:-
  - (a) the type of the recurrent transactions made; and
  - (b) the names of the related parties involved in each type of the recurrent transactions made and their relationship with the Company and/or its subsidiary companies.

**Notice of  
Annual General Meeting  
(Cont'd)**

**AND THAT** such mandate shall commence upon passing of this resolution and shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which such mandate was passed, at which time it will lapse, unless by a resolution passed at a general meeting, the authority is renewed; or
- (ii) 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 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

**AND FURTHER THAT** the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate II."

12. To transact any other ordinary business of which due notice shall have been given.

**BY ORDER OF THE BOARD**

**SOO KAH PIK (MIA 8102)**  
Company Secretary

Kuala Lumpur  
31 May 2017



Notice of  
Annual General Meeting  
(Cont'd)

**NOTES:**

1. *A member of the Company entitled to attend and vote at the meeting may appoint one (1) proxy to attend and vote in his stead. A proxy need not be a member of the Company. There shall be no restrictions as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the members to speak at the meeting.*
2. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, under its common seal or the hand of its attorney duly authorised.*
3. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *All Forms of Proxy must be deposited at the Registered Office of the Company situated at Unit 17.02, Level 17, Menara Maxisegar, Jalan Pandan Indah 4/2, Pandan Indah, 55100 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
7. *For the purpose of determining members who shall be entitled to attend the Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 30 June 2017. Only depositors whose names appear therein shall be entitled to attend the said meeting or appoint a proxy to attend and vote on their behalf.*
8. *Pursuant to Paragraph 8.29(A)(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of this Annual General Meeting will be put to vote by poll.*

**EXPLANATORY NOTE A**

*This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.*

## Notice of Annual General Meeting (Cont'd)

### EXPLANATORY NOTES TO THE ORDINARY AND SPECIAL BUSINESS

#### 1. Resolution pursuant to the Directors' remuneration (excluding Directors' Fees)

Pursuant to Section 230(1) of the Companies Act 2016 which came into force on 31 January 2017, the fees and benefits payable to the Directors of the Company will have to be approved by the shareholders at a general meeting. The Company is seeking shareholders' approval for the payment of the Non-Executive Directors' remuneration from 1 February 2017 until the next annual general meeting of the Company to be held in the year 2018.

The Directors' remuneration (excluding Directors' Fees) payable to the Non-Executive Directors are set out below:-

(i)	Fixed Monthly Allowance	Chairman	RM10,000 per month
		Non-Executive Directors	RM5,000 per month
(ii)	Ex-Gratia	Chairman	RM10,000
		Non-Executive Directors	RM5,000 per director

The payment of the Directors' remuneration (excluding Directors' Fees) to the Non-Executive Directors will be made by the Company on a monthly basis and/or as and when incurred, if the Proposed Resolution 2 has been passed at the 92nd AGM. The Board is of the view that it is fair and equitable for the Non-Executive Directors to be paid the Directors' remuneration (excluding Directors' Fees) on a monthly basis and/or as and when incurred, given that they have duly discharged their responsibilities and provided their services to the Company and the Group for the said period.

#### 2. Resolution pursuant to the re-appointment of Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon as Director of the Company

With the coming into force of the Companies Act 2016 on 31 January 2017, there is no more age limit for directors.

At the 91st Annual General Meeting of the Company held on 23 June 2016, Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon, who is above the age of 70, was re-appointed pursuant to Section 129 of the Companies Act 1965 to hold office until the conclusion of the 92nd Annual General Meeting. His term of office will end at the conclusion of the 92nd Annual General Meeting and he has offered himself for re-appointment.

The proposed Ordinary Resolution 5, if passed, will enable Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon to continue to act as Director of the Company and he shall be subject to retirement by rotation at a later date.

Notice of  
Annual General Meeting  
(Cont'd)

3. Resolution pursuant to the Proposed Retention of Independent Non-Executive Director

Resolution 7 and Resolution 8 are proposed pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012 and if passed, will allow Mr Tsen Keng Yam and Dato' Kamaruddin Bin Mat Desa to be retained and continue to act as Independent Non-Executive Directors.

(a) Mr Tsen Keng Yam

The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Mr Tsen Keng Yam who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:-

- (i) He has fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore is able to bring independent and objective judgment to the Board;
- (ii) His experience in the various industries enables him to provide the Board with a diverse set of experience, expertise, skills and competence;
- (iii) He has been with the Company for more than thirteen (13) years and therefore understands the Company's business operations which enables him to participate actively and contribute during deliberations or discussions at the Board and Board Committees' meetings;
- (iv) He has contributed sufficient time and effort and attended all the Board and Board Committees' meetings for the financial year ended 31 January 2017 to obtain independent information required for a balanced decision making; and
- (v) He has exercised due care during his tenure as an Independent Non-Executive Director of the Company and carried out his duties in the interest of the Company and its shareholders.

(b) Dato' Kamaruddin Bin Mat Desa

The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Dato' Kamaruddin Bin Mat Desa who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:-

- (i) He has fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore is able to bring independent and objective judgment to the Board;
- (ii) He has been with the Company for more than nine (9) years and therefore understands the Company's business operations which enables him to participate actively and contribute during deliberations or discussions at the Board and Board Committees' meetings;
- (iii) He has contributed sufficient time and effort and attended all the Board and Board Committees' meetings for the financial year ended 31 January 2017 to obtain independent information required for a balanced decision making; and
- (iv) He has exercised due care during his tenure as an Independent Non-Executive Director of the Company and carried out his duties in the interest of the Company and its shareholders.

## Notice of Annual General Meeting (Cont'd)

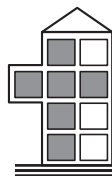
### 4. Resolution pursuant to the authority to issue shares

*The proposed Ordinary Resolution 9 is intended to renew the authority granted to the Directors of the Company at the 91st Annual General Meeting of the Company held on 23 June 2016, to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the total number of issued shares of the Company for the time being ("General Mandate").*

*The General Mandate granted by the shareholders at the 91st Annual General Meeting of the Company has not been utilised and hence, no proceed was raised therefrom.*

*The new General Mandate will enable the directors to take swift action for allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions and to avoid delay and cost in convening general meetings to approve such issue of shares.*

### 5. *The detailed information on the proposed Ordinary Resolution nos. 10 and 11 pertaining to the proposed renewal of shareholders' mandate for existing recurrent related party transactions and/or new shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature, is set out in the Circular to Shareholders dated 31 May 2017 which is enclosed together with the Company's Annual Report 2017.*



## TALAM TRANSFORM BERHAD

(Company No: 1120-H)  
(Incorporated in Malaysia)

### FORM OF PROXY

CDS Account No.	
No. of Shares Held	

I/We \_\_\_\_\_ (Name in full and in block letters) (NRIC/Passport/Company No. \_\_\_\_\_)

of \_\_\_\_\_ (Full address)

being a member/members of **TALAM TRANSFORM BERHAD (1120-H)** hereby appoint: \_\_\_\_\_

\_\_\_\_\_ (Name in full and in block letters) (NRIC/Passport No. \_\_\_\_\_)

of \_\_\_\_\_ (Full address)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote on my/our behalf at the 92nd Annual General Meeting of the Company to be held at the Cubic World Function Hall, 41, Level 3 (1st Floor), Pusat Beli Belah Pandan Kapital, Persiaran MPAJ, Off Jalan Pandan Indah Utama, Pandan Indah, 55100 Kuala Lumpur on Thursday, 6 July 2017 at 11.30 a.m. and at any adjournment thereof, on the resolutions referred to in the Notice of the Annual General Meeting.

My/our proxy is to vote as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
<b>As Ordinary Business</b>			
1	To approve the payment of Directors' fees of RM40,000 for each Director for the financial year ended 31 January 2017.		
2	To approve the payment of Non-Executive Directors' remuneration (excluding Directors' fees) up to an amount of RM540,000 from 1 February 2017 until the next Annual General Meeting of the Company to be held in the year 2018.		
3	To re-elect the Director, Mr Tsen Keng Yam, who is retiring in accordance with Article 97 of the Constitution (Memorandum and Articles of Association) .		
4	To re-elect the Director, Dato' Kamaruddin Bin Mat Desa who is retiring in accordance with Article 97 of the Constitution (Memorandum and Articles of Association) .		
5	To re-appoint Tan Sri Dato' (Dr) Ir Chan Ah Chye @ Chan Chong Yoon as a Director of the Company		
6	To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration.		
<b>As Special Business</b>			
7	Ordinary Resolution Proposed retention of Mr Tsen Keng Yam as Independent Non-Executive Director.		
8	Ordinary Resolution Proposed retention of Dato' Kamaruddin Bin Mat Desa as Independent Non-Executive Director.		
9	Ordinary Resolution Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
10	Ordinary Resolution Proposed renewal of shareholders' mandate for existing recurrent related party transactions and/or new shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature ("Proposed Shareholders' Mandate I").		
11	Ordinary Resolution Proposed renewal of shareholders' mandate for existing recurrent related party transactions and /or new shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature ("Proposed Shareholders' Mandate II").		

(Please indicate with an "X" in the appropriate spaces how you wish your vote to be casted. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit, or at his/her discretion, abstains from voting).

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

\_\_\_\_\_  
Signature/Common Seal of Member

### NOTES:

- A member of the Company entitled to attend and vote at the meeting may appoint one (1) proxy to attend and vote in his stead. A proxy need not be a member of the Company. There shall be no restrictions as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the members to speak at the meeting.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, under its common seal or the hand of its attorney duly authorised.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- All Forms of Proxy must be deposited at the Registered Office of the Company situated at Unit 17.02, Level 17, Menara Maxisegar, Jalan Pandan Indah 4/2, Pandan Indah, 55100 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- For the purpose of determining members who shall be entitled to attend the Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 30 June 2017. Only depositors whose names appear therein shall be entitled to attend the said meeting or appoint a proxy to attend and vote on their behalf.
- Pursuant to Paragraph 8.29(A)(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of this Annual General Meeting will be put to vote by poll.



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The Company Secretary  
**TALAM TRANSFORM BERHAD** (1120-H)  
Unit 17.02, Level 17, Menara Maxisegar  
Jalan Pandan Indah 4/2  
Pandan Indah  
55100 Kuala Lumpur

Please fold here





Unit 17.02, Level 17,  
Menara Maxisegar,  
Jalan Pandan Indah 4/2,  
Pandan Indah, 55100 Kuala Lumpur.

Tel : +603-42962000  
Fax : +603-42977220

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