

Annual  
Report  
2019



# 23<sup>RD</sup> Annual General Meeting



## Contents

### PLACE :

Lido Room, Level 6  
Amari Johor Bahru  
No. 82C, Jalan Trus  
80000 Johor Bahru  
Johor Darul Takzim

### TIME :

Thursday, 25 July 2019 at 2.00 p.m.

# 02

Notice of Annual General Meeting

# 07

Corporate Information

# 08

Group Structure

# 10

Group Financial Highlights

# 14

Board of Directors



16

Profile of Directors

22

Profile of  
Key Senior Management

24

Chairman's Statements

26

Management Discussion  
and Analysis

30

Sustainability Statement

34

Corporate Governance  
Overview Statement

48

Statement on  
Directors' Responsibilities

49

Additional Compliance  
Information

50

Statement on Risk  
Management & Internal  
Control

54

Report of the  
Audit Committee

57

Report of the  
Remuneration Committee

58

Report of the  
Nominating Committee

59

Financial Statements

140

Analysis of Shareholdings

143

Particulars of Properties

Enclosed Form of Proxy



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the **Twenty-third Annual General Meeting** of **Crescendo Corporation Berhad** will be held at the Lido Room, Level 6, Amari Johor Bahru, No. 82C, Jalan Trus, 80000 Johor Bahru, Johor Darul Takzim on Thursday, 25 July 2019 at 2.00 p.m. for the following purposes -

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### AGENDA

#### As Ordinary Business

1. To receive and adopt the Directors' Report and the Audited Financial Statements for the financial year ended 31 January 2019 together with the Auditors' Report thereon. **(Ordinary Resolution 1)**
2. To declare a final single tier dividend of 3 sen per share in respect of the financial year ended 31 January 2019. **(Ordinary Resolution 2)**
3. To approve the following payment to Directors –
  - (a) Fees totalling RM347,500 for the financial year ended 31 January 2019. **(Ordinary Resolution 3)**
  - (b) Benefits of up to RM40,000 from this Annual General Meeting until the next annual general meeting of the Company. **(Ordinary Resolution 4)**
4. To re-elect the following Directors retiring in accordance with Article 77 of the Articles of Association (Constitution) of the Company –
  - (a) Mr. Yeo Jon Tian @ Eeyo Jon Thiam **(Ordinary Resolution 5)**
  - (b) Mr. Gooi Seong Gum **(Ordinary Resolution 6)**
  - (c) Mr. Gan Kim Guan **(Ordinary Resolution 7)**
5. To re-appoint M/s. Raki CS Tan & Ramanan as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 8)**

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

6. **AUTHORITY TO ALLOT AND ISSUE SHARES** **(Ordinary Resolution 9)**

"THAT subject always to the Companies Act, 2016, the Articles of Association (Constitution) of the Company and the approval of the relevant governmental/regulatory bodies, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Companies Act, 2016, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as they may deem fit and that the Directors be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad provided always that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company."
7. **PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK** **(Ordinary Resolution 10)**

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

  - (a) the maximum number of shares which may be purchased by the Company (which includes the shares already purchased and held as treasury shares) shall be 28,046,249 representing 10% of the total number of issued shares of the Company as at 23 April 2019;

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- (b) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the audited retained profits of the Company as at 31 January 2019 of RM124,972,914;
- (c) the authority conferred by this Ordinary Resolution will be effective immediately upon the passing of this Ordinary Resolution and will expire at the conclusion of the next annual general meeting or the expiry of the period within which the next annual general meeting is required by law to be held, whichever occurs first (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting) but not so as to prejudice the completion of purchase(s) by the Company or any person before the aforesaid expiry date and in any event, in accordance with the provisions of the requirements issued by Bursa Securities or any other relevant authorities;
- (d) upon completion of the purchase by the Company of its own shares, the shares shall be dealt with in the following manner -
  - (i) to cancel the shares so purchased; or
  - (ii) to retain the shares so purchased in treasury for distribution as dividend to the shareholders of the Company and/or resell through Bursa Securities and/or subsequently cancel the treasury shares and/or transfer the treasury shares for the purposes of or under an employees' share scheme or as purchase consideration; or
  - (iii) to retain part of the shares so purchased as treasury shares and cancel the remainder;

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

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

### 8. RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

(Ordinary Resolution 11)

"THAT Mr. Yeo Jon Tian @ Eeyo Jon Thiam, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 12 years, be retained as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2017."

### 9. RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

(Ordinary Resolution 12)

"THAT Mr. Gan Kim Guan, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 12 years, be retained as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2017."

### 10. RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

(Ordinary Resolution 13)

"THAT Mr. Tan Ah Lai, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, be retained as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2017."



## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### 11. **PROPOSED ALTERATION OF THE WHOLE OF THE EXISTING MEMORANDUM AND ARTICLES OF ASSOCIATION BY REPLACING WITH A NEW CONSTITUTION** **(Special Resolution 1)**

"THAT the existing Memorandum and Articles of Association of the Company be and are hereby altered by deleting the same in their entirety and replaced with a new Constitution of the Company marked as Appendix I to the Circular to Shareholders dated 30 May 2019 AND THAT the Board of Directors of the Company be and is hereby authorised to sign and execute all documents, do all acts and things as may be required to give full effect to the new Constitution of the Company with full power to assent to any condition, variation, modification and/or amendment in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all steps and do all acts and things in such manner as may deem fit, expedient and in the best interest of the Company, to implement, finalise and give full effect to the new Constitution of the Company."

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

### NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Twenty-third Annual General Meeting, the final single tier dividend of 3 sen per share in respect of the financial year ended 31 January 2019 will be paid on 29 August 2019 to depositors registered in the Record of Depositors on 9 August 2019.

A depositor shall qualify for entitlement only in respect of:-

- (a) shares transferred into the Depositor's Securities Account before 4.30 p.m. on 9 August 2019 in respect of ordinary transfers; and
- (b) shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board

**CHONG FOOK SIN** (MACS 00681)  
**HAN CHEE JING** (MAICSA 7019764)  
**CHUA YOKE BEE** (MAICSA 7014578)  
 Company Secretaries

Petaling Jaya  
 30 May 2019

#### NOTES:

- (1) A member whose name appears in the Record of Depositors as at 18 July 2019 shall be regarded as a member entitled to attend, speak and vote at the meeting.

- (2) Proxy -

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

holding the meeting or any adjournment thereof. If the appointor is a corporation, this Form must be executed under its common seal or under the hand of its attorney. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

(3) Ordinary Resolution 4 -

The Directors' benefits comprise the following -

- (a) Meeting allowance of RM500 per meeting day; and
- (b) Training benefits.

(4) Ordinary Resolution 9 -

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

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

As at the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the last annual general meeting held on 25 July 2018 and which will lapse at the conclusion of the Twenty-third Annual General Meeting.

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

(5) Ordinary Resolution 10 -

The detailed text on this resolution on the Proposed Renewal of Authority for Share Buy-Back is included in the Statement to Shareholders dated 30 May 2019 which is enclosed together with this Annual Report.

(6) Ordinary Resolutions 11, 12 & 13 -

Both the Nominating Committee and the Board have assessed the independence of Mr. Yeo Jon Tian @ Eeyo Jon Thiam and Mr. Gan Kim Guan, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than 12 years, and Mr. Tan Ah Lai, who has served as Independent Non-Executive Director of the Company for a cumulative term of more

than 9 years, and recommended them to be retained as Independent Non-Executive Director of the Company based on the following justifications:-

- (a) They have fulfilled the criteria under the definition of an Independent Director as stated in the Main Market Listing Requirements of Bursa Securities, and thus, they would be able to provide independent judgement, objectivity and check and balance to the Board.
- (b) They perform their duties and responsibilities diligently and in the best interests of the Company without being subject to influence of the management.
- (c) Their in-depth knowledge of the Group's businesses and their extensive knowledge, commitment and expertise continue to provide invaluable contributions to the Board.
- (d) They, having been with the Company for more than 12 and 9 years respectively, are familiar with the Group's business operations and have devoted sufficient time and attention to their professional obligations and attended the Board and Committee meetings for an informed and balanced decision making.
- (e) They are independent as they have shown great integrity and have not entered into any related party transaction with the Group.
- (f) They are currently not sitting on the board of any other public and/or private companies having the same nature of business as that of the Group.

Shareholders' approval for Ordinary Resolutions 11 & 12 will be sought on a single tier voting basis.

(7) Special Resolution 1 -

The detailed text on this resolution on the Proposed Alteration of the whole of the existing Memorandum and Articles of Association by replacing with a new Constitution is included in the Circular to Shareholders dated 30 May 2019 which is enclosed together with this Annual Report.

This resolution, if approved, will bring the Constitution of the Company to be in line with the Companies Act, 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

### STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

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

- (a) Mr. Yeo Jon Tian @ Eeyo Jon Thiam
- (b) Mr. Gooi Seong Gum
- (c) Mr. Gan Kim Guan

The profiles of the Directors standing for re-election as mentioned in paragraph above at the Twenty-third Annual General Meeting are set out on pages 18 and 19 of this Annual Report.

(2) The statement relating to the general mandate for authority to allot and issue shares is set out in the Notes to the Notice of the Twenty-third Annual General Meeting on page 6 of this Annual Report.



## CORPORATE INFORMATION

### Board of Directors

**GOOI SEONG LIM** / Chairman and Managing Director

**GOOI SEONG HEEN** / Executive Director

**GOOI SEONG CHNEH** / Executive Director

**GOOI SEONG GUM** / Executive Director

**GAN KIM GUAN** / Senior Independent Non-Executive Director

**YEO JON TIAN @ EEOY JON THIAM** / Independent Non-Executive Director

**TAN AH LAI** / Independent Non-Executive Director

**CHEW CHING CHONG** / Independent Non-Executive Director

**GOOI KHAI SHIN** / Alternate Director to Gooi Seong Lim

**GOOI CHUEN HOWE** / Alternate Director to Gooi Seong Heen

#### AUDIT COMMITTEE

Gan Kim Guan (Chairman)  
Yeo Jon Tian @ Eeyo Jon Thiam  
Tan Ah Lai  
Chew Ching Chong

#### COMPANY SECRETARIES

Chong Fook Sin  
(MACS 00681)

Kan Chee Jing  
(MAICSA 7019764)

Chua Yoke Bee  
(MAICSA 7014578)

#### REGISTERED OFFICE

Unit No. 203, 2nd Floor,  
Block C, Damansara Intan,  
No. 1, Jalan SS 20/27,  
47400 Petaling Jaya,  
Selangor Darul Ehsan.  
Tel : 03 7118 2688  
Fax : 03 7118 2693

#### REGISTRAR

Tacs Corporate Services Sdn. Bhd.  
(231621-U)  
Unit No. 203, 2nd Floor,  
Block C, Damansara Intan,  
No. 1, Jalan SS 20/27,  
47400 Petaling Jaya,  
Selangor Darul Ehsan.  
Tel : 03 7118 2688  
Fax : 03 7118 2693

#### AUDITORS

Raki CS Tan & Ramanan  
Firm No. AF 0190  
Chartered Accountants  
Suite 23.04, 23rd Floor,  
Menara Zurich,  
No. 15, Jalan Dato' Abdullah Tahir  
80300 Johor Bahru,  
Johor Darul Takzim.

#### PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad  
(295400-W)  
HSBC Bank Malaysia Berhad  
(127776-V)

#### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad  
Stock Short Name: CRESNDO  
Stock Code : 6718

## GROUP STRUCTURE

AS AT 31 JANUARY 2019



## GROUP STRUCTURE

AS AT 31 JANUARY 2019 (CONT'D)



## GROUP FINANCIAL HIGHLIGHTS

← Financial Year ("FY") →  
**2015**   **2016**   **2017**   **2018**   **2019**

### STATEMENT OF COMPREHENSIVE INCOME (RM'MIL)

Revenue	268.90	194.57	254.36	277.16	295.59
EBITDA	161.60	45.30	92.85	64.47	73.97
Profit before tax	155.70	36.37	81.13	47.23	54.05
Profit after tax	124.54	23.96	74.24	34.26	37.35
Net profit attributable to equity holders	119.69	17.69	70.29	32.13	34.33

### STATEMENT OF FINANCIAL POSITION (RM'MIL)

Paid-up share capital	228.49	280.46	280.46	299.57	299.57
Shareholders' equity	842.74	850.45	910.56	874.79	893.24
Total assets	1,230.43	1,230.02	1,428.19	1,420.93	1,445.87
Total borrowings	247.70	246.21	329.96	346.22	351.59

### FINANCIAL INDICATORS

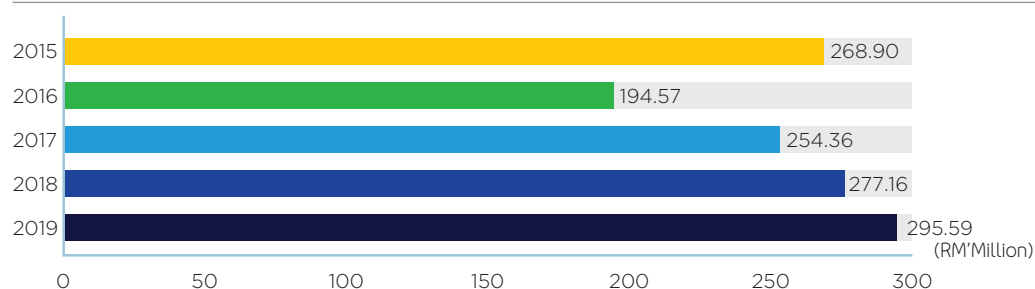
Return on shareholders' equity [Pre-tax]	%	18.5	4.3	8.9	5.4	6.1
Return on total assets [Pre-tax]	%	12.7	3.0	5.7	3.3	3.7
PE ratio	times	4.6	20.9	6.0	13.2	10.4
Gearing ratio	times	0.29	0.29	0.36	0.40	0.39
Interest cover	times	16.76	3.35	6.42	3.30	3.52
Earnings per share	Sen	53	8	25	11	12
Net assets per share	RM	3.70	3.04	3.26	3.13	3.20
Gross dividend per share	Sen	12	5	5	6	6
Gross dividend yield	%	5.0	3.0	3.3	4.1	4.8
Share price at financial year end	RM	2.42	1.67	1.51	1.45	1.25

- Figures for FY 2018 have been restated
- Figures for FY 2015 to FY 2017 are as per respective years' audited statements.

## GROUP FINANCIAL HIGHLIGHTS (CONT'D)

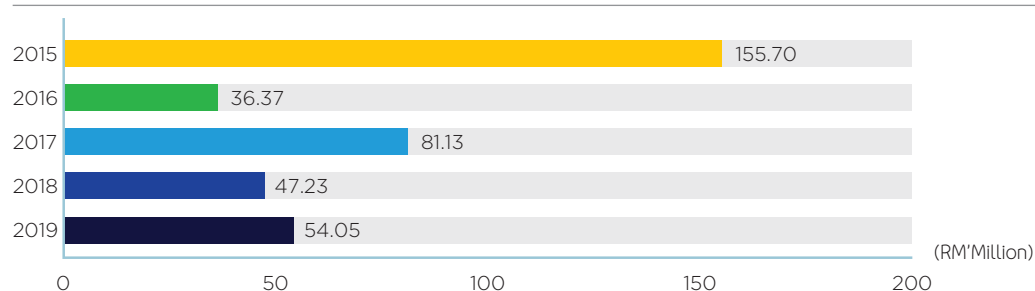
### REVENUE

**RM295.59m**



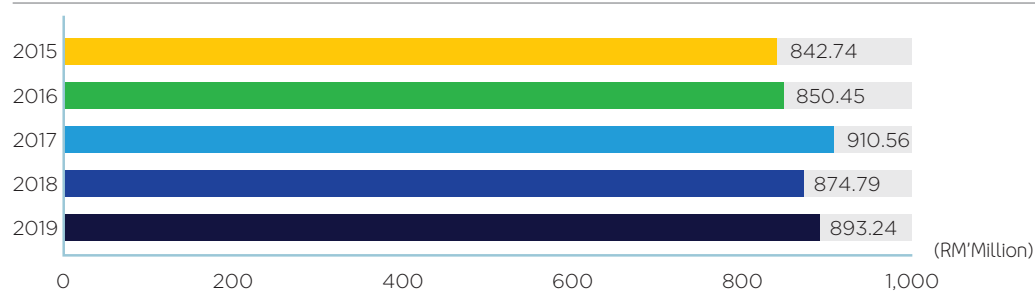
### PROFIT BEFORE TAXATION

**RM54.05m**



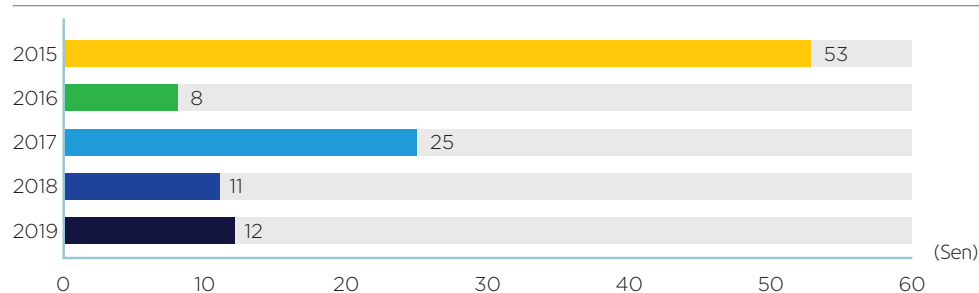
### SHAREHOLDERS' EQUITY

**RM893.24m**



### EARNINGS PER SHARE (EPS)

**12sen**



# PROPELLED BY

## PASSION

We keep our relevance and emerge triumph in our industry because we are fuelled with resilience and propelled by passion. The key strategy of Crescendos' developments is our deep understanding towards our stakeholders, balancing their absolute needs and lifestyle demands. Integrating this edge with innovation, that is the **future built with passion**







## BOARD OF DIRECTORS



**Gooi Seong Lim**  
Chairman and  
Managing Director



**Gooi Seong Heen**  
Executive Director



**Gooi Seong Chneh**  
Executive Director



**Gooi Khai Shin**  
Alternate Director to  
Mr. Gooi Seong Lim



**Gooi Chuen Howe**  
Alternate Director to  
Mr. Gooi Seong Heen



**Tan Ah Lai**  
Independent  
Non-Executive Director



## BOARD OF DIRECTORS

(CONT'D)



**Gooi Seong Gum**  
Executive Director



**Gan Kim Guan**  
Senior Independent  
Non-Executive Director



**Yeo Jon Tian @ Eeyo Jon Thiam**  
Independent Non-Executive Director



**Chew Ching Chong**  
Independent  
Non-Executive Director



**Chong Fook Sin**  
Company Secretary



**Kan Chee Jing**  
Company Secretary



**Chua Yoke Bee**  
Company Secretary

## PROFILE OF DIRECTORS



### GOOI SEONG LIM

*Chairman and Managing Director*

GOOI SEONG LIM, male, aged 70, a Malaysian, was appointed to the Board of Crescendo Corporation Berhad ("CCB") on 15 September 1995. He is currently the Chairman and Managing Director of CCB and was a member of the Remuneration Committee between 27 March 2002 and 30 January 2018. He graduated from the University of Toronto, Canada, with a Bachelor of Applied Science degree in Mechanical Engineering in 1972 and a Master's degree in Mechanical Engineering in 1975. Since 1975, he has been the Managing Director of Sharikat Kim Loong Sendirian Berhad ("SKL"), a company which owns a controlling stake in CCB and Kim Loong Resources Berhad ("KLR"), a public company listed on Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). He has also been a director of Kim Loong Palm Oil Sdn. Bhd. ("KLPO") since 1977 where the Company

is involved in palm oil milling. The success of the Group owes much to his extensive involvement in construction and property development. He is the Executive Chairman of KLR and also sits on the Board of several other private companies.

Mr Gooi has no personal interest in any business arrangement involving CCB, except that he is deemed interested in the transactions entered into with SKL Group (excluding CCB) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019. He attended all the five (5) Board meetings held during the financial year 2019.

## PROFILE OF DIRECTORS

(CONT'D)



**GOOI SEONG HEEN**  
*Executive Director*

GOOI SEONG HEEN, male, aged 68, a Malaysian, was appointed to the Board of CCB on 15 September 1995. He is currently an Executive Director of CCB and was a member of the Audit Committee until 1 November 2007. He graduated with a Bachelor of Applied Science degree in Chemical Engineering from the University of Toronto in 1972 and obtained a Master's degree in Business Administration from the University of Western Ontario, Canada in 1976. He served as an engineer with Esso Singapore Pte Ltd from 1973 to 1974. His experience embraces oil palm and rubber estate management, palm oil mill management and property development. Since 1972, he has been a Director of SKL, a holding company which owns a controlling stake in CCB and KLR. He has also been a director of

KLPO Group since 1977 which is involved in palm oil milling. He is the Managing Director of KLR and also a director of several other private companies.

Mr Gooi has no personal interest in any business arrangement involving CCB, except that he is deemed interested in the transactions entered into with SKL Group (excluding CCB) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019. He attended four (4) of the five (5) Board meetings held during the financial year 2019.



**GOOI SEONG CHNEH**  
*Executive Director*

GOOI SEONG CHNEH, male, aged 64, a Malaysian, was appointed to the Board of CCB on 15 September 1995. He is currently an Executive Director of CCB. He graduated with a Bachelor of Science degree from the University of Toronto, Canada in 1975 and obtained a Bachelor's degree in Civil Engineering from the University of Ottawa, Canada in 1980. He is a member of the Professional Engineers Association of Alberta, Canada and was formerly a consultant with Campbell Engineering and Associates, Calgary, Canada for three (3) years from 1981 to 1983. He has extensive experience in construction site management and property development as well as oil palm and cocoa estate management. Since 1976, he has been a Director of SKL, a company which owns a controlling stake in CCB and KLR. He has been responsible

for the development and management of oil palm and cocoa estates in Johor, Sabah & Sarawak since 1985. He is also a director of KLR and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving CCB, except that he is deemed interested in the transactions entered into with SKL Group (excluding CCB) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019. He attended all the five (5) Board meetings held during the financial year 2019.

## PROFILE OF DIRECTORS

(CONT'D)



**GOOI SEONG GUM**

*Executive Director*

GOOI SEONG GUM, male, aged 63, a Malaysian, was appointed to the Board of CCB on 15 September 1995. He is currently an Executive Director of CCB. He graduated with a Bachelor's degree in Civil Engineering from the University of Ottawa, Canada in 1980 and was an engineering consultant for Bobrowski & Partners, Calgary, Canada for one (1) year from 1982 to 1983. His experience covers oil palm and rubber estate management, property development and construction site management. Since 1980, he has been a Director of SKL, a company which owns a controlling stake in CCB and KLR. He has also been a director of KLPO Group since 1983 which is involved in palm oil milling. He currently sits on the Board of KLR and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving CCB, except that he is deemed interested in the transactions entered into with SKL Group (excluding CCB) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019. He attended four (4) of the five (5) Board meetings held during the financial year 2019.



**GAN KIM GUAN**

*Senior Independent Non-Executive Director*

GAN KIM GUAN, male, aged 56, a Malaysian, was appointed to the Board of CCB as an Independent Non-Executive Director on 29 March 2001. He is currently the Senior Independent Non-Executive Director of CCB. He was also appointed as a member of the Audit Committee on 29 March 2001 and currently serves as the Chairman of the Audit Committee since 5 May 2001. He sits as a member of both the Nominating and Remuneration Committees since 27 March 2002 and was appointed as the Chairman of the Nominating Committee from 31 December 2012. He has extensive experience in auditing, investigation, financial planning and financing related work. He is also a director of KLR.

Mr Gan is a Chartered Accountant of the Malaysian Institute of Accountants. He has no personal interest in any business arrangement involving CCB. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019. He attended all the five (5) Board meetings held during the financial year 2019.



## PROFILE OF DIRECTORS

(CONT'D)



**YEO JON TIAN @  
EEYO JON THIAM**

*Independent Non-Executive Director*

YEO JON TIAN @ EEYO JON THIAM, male, aged 78, a Malaysian, was appointed to the Board of CCB on 3 December 1996. He is currently an Independent Non-Executive Director of CCB and is also a member of both Audit and Nominating Committees. He is the Chairman of Remuneration Committee since 27 March 2002. He commenced his planting career in 1960 with the Rubber Research Institute of Malaya Smallholders' Advisory Service. He is also an associate of the Incorporated Society of Planter since 1968. He has been actively involved in the plantation management of large-scale cultivation of

rubber, oil palm and cocoa until 1990 when he became the General Manager of a property development company. He also sits on the board of several private companies.

Mr Yeo has no personal interest in any business arrangement involving CCB. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019. He attended all the five (5) Board meetings held during the financial year 2019.



**TAN AH LAI**

*Independent Non-Executive Director*

TAN AH LAI, male, aged 50, a Malaysian, was appointed as an Independent Non-Executive Director of CCB and a member of the Audit Committee on 1 November 2007. He also sits as a member of both the Nominating and Remuneration Committees since 26 February 2009. He is a fellow member of the ACCA, UK and a Chartered Accountant of the Malaysian Institute of Accountants. He started his career as an audit assistant in a public accounting firm in 1994. In 2011, he incorporated his own consulting and accounting firm which provides accounting, tax and consultation services. He has extensive experience in financial and tax related work. Currently, he is also a director of Guan Chong Berhad.

Mr Tan has no personal interest in any business arrangement involving CCB. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019. He attended four (4) of the five (5) Board meetings held during the financial year 2019.

## PROFILE OF DIRECTORS

(CONT'D)



**CHEW CHING CHONG**

*Independent Non-Executive Director*

CHEW CHING CHONG, male, aged 64, a Malaysian, was appointed as an Independent Non-Executive Director of CCB and a member of the Audit, Nominating and Remuneration Committees on 26 November 2013. He graduated with a Bachelor of Science (1st Class Hons) in Civil Engineering from University of Strathclyde Scotland, United Kingdom, in 1979. He is a fellow member of Institution of Engineer Malaysia, a member of Institution of Civil Engineer United Kingdom & Australia, a Chartered & Professional Engineer of Institution of Malaysia, United Kingdom & Australia and a member of ASEAN Engineer & Association of Consultant Engineer, Malaysia. He started his career in 1980 as a Civil Engineer with an engineering

consultancy firm and became a partner of the firm in 1987. Subsequently, he was appointed as the Managing Director in 2002, currently as Chairman of the firm employing 65 staff. He has acquired extensive experience in design practices, planning, management and implementation of many large and prestigious projects.

Mr Chew has no personal interest in any business arrangement involving CCB. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019. He attended all the five (5) Board meetings held during the financial year 2019.



**GOOI KHAI SHIN**

*Alternate Director to Mr. Gooi Seong Lim*

GOOI KHAI SHIN, male, aged 30, a Malaysian, was appointed as an Alternate Director to Mr. Gooi Seong Lim on 31 March 2016. He graduated with a Master's degree in Chemistry from the University of Edinburgh in year 2012. During his studies, he took a gap year and worked as a synthetic chemist in GlaxoSmithKline (UK) from 2010 to 2011. He joined CCB in year 2012 and has been involved in the business operation since then. He is currently the Project Director of CCB.

Mr Gooi has no personal interest in any business arrangement involving CCB, except that he is deemed interested in the transactions entered into with SKL Group (excluding CCB) which are carried out in the ordinary course of business, by virtue of being a person connected to Mr. Gooi Seong Lim. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019.

## PROFILE OF DIRECTORS

(CONT'D)



### GOOI CHUEN HOWE

*Alternate Director to  
Mr. Gooi Seong Heen*

GOOI CHUEN HOWE, male, aged 35, a Malaysian, was appointed as an Alternate Director to Mr. Gooi Seong Heen on 31 March 2016. He holds a Master of Business Administration from London Business School and a Master of Science degree in Applied Finance from the Singapore Management University. He started his career as an investment analyst in asset management companies from 2008 to 2009. Subsequently, he worked as an investment manager in Primevest Holdings Private Limited from 2010 to 2015. Since then, he has been involved in the business operation of CCB.

Mr Gooi has no personal interest in any business arrangement involving CCB, except that he is deemed interested in the transactions entered into with SKL Group (excluding CCB) which are carried out in the ordinary course of business, by virtue of being a person connected to Mr. Gooi Seong Heen. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019.

### Family Relationship

Gooi Seong Lim, Gooi Seong Heen, Gooi Seong Chneh and Gooi Seong Gum, are brothers.

Gooi Seong Lim is Gooi Khai Shin's father and Gooi Seong Heen, Gooi Seong Chneh and Gooi Seong Gum, are Gooi Khai Shin's uncles.

Gooi Seong Heen is Gooi Chuen Howe's father and Gooi Seong Lim, Gooi Seong Chneh and Gooi Seong Gum, are Gooi Chuen Howe's uncles.

Save for the above, none of the other Directors is related.

## PROFILE OF KEY SENIOR MANAGEMENT

The executive function in the Group is spearheaded by the Executive Chairman and Managing Director, Mr. Gooi Seong Lim, whose profile is included under the section on Directors' profile on page 16 of this Annual Report. The following Directors assist him with day to day running of the various operations of the Group.

**Gooi Seong Heen**

*Executive Director*

(Profile on Page 17 of this Annual Report)

**Gooi Seong Chneh**

*Executive Director*

(Profile on Page 17 of this Annual Report)

**Gooi Seong Gum**

*Executive Director*

(Profile on Page 18 of this Annual Report)

**Gooi Khai Shin**

*Project Director*

(Profile on Page 20 of this Annual Report)

The profiles of the other Key Senior Management members are set out below.



**IR. PUEN TAK HONG**

*Contract Director*

**Ir. Puen Tak Hong**, male, aged 68, a Malaysian, joined the Group in 1988 and was appointed as Contract Director of Crescendo Corporation Berhad ("CCB") in 2017. He graduated with a Bachelor of Science (Hons) from University of Strathclyde, United Kingdom. He is a Professional Engineer and fellow member of Institution of Engineers, Malaysia ("IEM"). He is also the Principal Interviewer for candidates sitting IEM profession accreditation and the past Chairman of Institution of Engineers, Southern Branch and Council Member of IEM, Malaysia for 2001/2002 and 2002/2003. He has more than forty six (46) years of design, constructional, project management and professional working experience. Upon graduating from Singapore Polytechnic, he worked in Singapore for 6 months in the construction industry. He then joined the Selangor Development Corporation as a Technical Assistant and latter as the Site Agent for Wisma PKNS and completed the supervision of the 22-storey building before leaving for UK in 1976 to pursue and complete his degree in 1978. Upon returning to Malaysia, he joined the consultancy firms and worked as their Design Engineer, Project Manager and Resident Engineer for Wisma Sime Darby, KL, worked with the late Professor Ir. Chin Fung Kee as an understudy for a short duration. He was in the consultancy line for 10 years before joining the Development industry.

He joined the Group as the Project Manager in 1988 and oversee the planning and implementation for the Group's first development project at Taman Desa Cemerlang, a 750-acre mixed residential and commercial housing development and all the subsequent projects of the Group. He oversees the construction arms of the Group from business planning, contract awarding, project management, compliance with regulations and ISO 9000-2008 Certification to human resource development and training of staff. Being a Contract Director, he plays an active role in the planning and supervision of various development projects and is a member of the tender and evaluation committee of various subsidiaries of CCB.

Ir. Puen does not hold any directorship of public companies and CCB. He does not have any family relationship with any director and/or substantial shareholder of CCB, nor any conflict of interest with CCB. He has no conviction of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019.

## PROFILE OF KEY SENIOR MANAGEMENT

(CONT'D)

**LEE KIM CHAI***General Manager (Sales & Marketing)***DR. KHING KIM HOCK***General Manager (Construction)***YUEN SUH CHIN***Group Financial Controller*

**Lee Kim Chai**, male, aged 67, a Malaysian, joined CCB as Senior Manager in 2006 and was promoted to General Manager (Sales & Marketing) in 2016. He graduated with a Bachelor of Science (Hons), Civil Engineering from University of Strathclyde, United Kingdom. He is a professional engineer with the Board of Engineers Malaysia and a member of Institution of Engineers Malaysia. He joined Public Works Department in Johor as project engineer from 1977 to 1981. During his tenure in Public Works Department, he was responsible for implementing building and highway project. He then joined Pelangi Berhad, a property development company, from 1981 to 2006, where he gained extensive experience in project planning and project management. He was also the Chairman for Real Estate and Housing Developers' Association (REHDA), Johor from 2008 to 2010. Currently he oversees the Property, Sales and Marketing Department of CCB Group and is responsible for the sales and marketing of the properties within the Group.

Mr Lee does not hold any directorship of public companies and CCB. He does not have any family relationship with any director and/or substantial shareholder of CCB, nor any conflict of interest with CCB. He has no conviction of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019.

**Dr. Khing Kim Hock**, male, aged 54, a Malaysian, joined CCB in 2002 as Senior Project Manager and is currently the General Manager (Construction) of CCB. He holds a Bachelor of Science and Master of Science degree in Civil Engineering and Mechanics and Ph.D in Engineering Science, specialized in Geotechnical Engineering from Southern Illinois University at Carbondale, Illinois, USA. He is a member of American Society of Civil Engineering. He has more than 20 years' experience in the property development, building and construction industries. He has worked in various companies involved in the construction of high-rise building, deep basement structure, geo-technical works, treatment plants, bridges and infrastructure works in Malaysia and Singapore.

Dr. Khing does not hold any directorship of public companies and CCB. He does not have any family relationship with any director and/or substantial shareholder of CCB, nor any conflict of interest with CCB. He has no conviction of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019.

**Yuen Suh Chin**, female, aged 46, a Malaysian, joined CCB in 2004 and is currently the Group Financial Controller of CCB. She graduated with a Bachelor of Arts majoring in Accounting & Finance from University of Strathclyde, United Kingdom. She is a fellow member of Association of Chartered Certified Accountants (ACCA) and a Chartered Accountant with Malaysian Institute of Accountants. She started her career as an audit assistant at Ernst & Young and her last position at Ernst & Young was Senior Manager with the Assurance and Advisory Business Services. Her portfolio includes both public listed and private companies involving in various industries. She was also involved in Initial Public Offering (IPO) exercises and due diligence audits for business acquisitions/joint ventures besides auditing. She is currently heading the Accounting & Finance Department of CCB and she is involved in various corporate exercises including group restructuring, funds raising and joint ventures. She has extensive experience in auditing, accounting, tax and financial related work.

Ms Yuen does not hold any directorship of public companies and CCB. She does not have any family relationship with any director and/or substantial shareholder of CCB, nor any conflict of interest with CCB. She has no conviction of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2019.



# CHAIRMAN'S STATEMENTS

**GOOI SEONG LIM**  
Chairman and  
Managing Director



## FINANCIAL RESULTS

Financial year 2019 presented another year of challenging market environment. However, the Group showed resilience and recorded an increase of approximately 7% in revenue to RM295.6 million for the financial year 2019 as compared to RM277.2 million recorded for the financial year 2018. The Group's profit before tax for the financial year 2019 improved with an increase of 14% to RM54.1 million as compared to RM47.2 million for the last financial year mainly due to higher property sales compounded by change of sales mix with industrial and mid-market landed residential property sales, which have a higher margin. This current year's performance was the result of prudent business strategy and our commitment to deliver sustainable value to our shareholders.

**On behalf of the Board of Directors of Crescendo Corporation Berhad, I am pleased to present to you the Annual Report and Audited Financial Statements for the financial year ended 31 January 2019**



## CHAIRMAN'S STATEMENTS

(CONT'D)



### DIVIDEND

We remain committed to continuously enhancing our shareholders' value. The Board maintains a balanced approach to dividend payments and ensuring that sufficient funds are maintained for future growth, whilst recognizing the need to provide reasonable returns to shareholders.

The Board is pleased to recommend to the shareholders for approval a final single tier dividend of 3.0 sen per share (2018: 3.0 sen per share) for the financial year ended 31 January 2019, making a total single tier dividend of 6.0 sen per share for the current financial year (2018: 6.0 sen per share).

### OUTLOOK AND PROSPECTS

For financial year 2020, the Group will continue to leverage on its strategic land bank to develop properties to meet the current market needs. However, the Group remains cautious in its launches and will adapt, re-strategize and seize opportunities from whatever the future property market environment may bring.

With committed sales in hand and unbilled revenue of RM226 million as at 15 May 2019 for the property development operation, the Board expects the performance of the Group to remain satisfactory for the financial year ending 31 January 2020.

### APPRECIATION

On behalf of the Board, I wish to express my appreciation to the Management and Staff for their loyal and dedicated services to the Group, and to various government authorities and agencies, bankers, valued customers, suppliers and business associates for their co-operation and continued support.

Finally, I wish to thank my fellow Board members for their support and the shareholders for their confidence in the Board and Management of the Group.

### Gooi Seong Lim

Chairman and Managing Director  
Johor Bahru, Johor  
Date: 15 May 2019

## MANAGEMENT DISCUSSION AND ANALYSIS



### GROUP'S BUSINESS AND STRATEGIES

Crescendo Corporation Berhad (CCB) Group is principally involved in Property Development & Construction, Manufacturing & Trading of Building Materials, Property Investment and Education & Management Services.

The core business for CCB Group is Property Development & Construction Division with a landbank of approximately 2,700 acres with four (4) active development projects in Johor Bahru, namely Bandar Cemerlang, Desa Cemerlang, Taman Perindustrian Cemerlang and Taman Dato' Chellam. CCB Group develops a wide range of properties ranging from low to medium high cost residential properties, shop office, small terrace factory to large detached factory to target a wide spectrum of customers' needs.

At the Manufacturing & Trading of Building Materials Division, CCB Group owns and operates three (3) ready mix concrete plants with a total capacity of 300 m<sup>3</sup>/hour. These three (3) plants also manufacture 'U' drain, concrete pipes/culverts, piles and other pre-cast concrete products for local and international markets.

For the Property Investment Division, there are currently 17 plots of land measuring approximately 48 acres located at Taman Perindustrian Nusa Cemerlang, Gelang Patah of which 11 units of factories with GDV of RM241 million have been completed and tenanted.

For the Education & Management Services Division, we have Crescendo International College ("CIC") and Crescendo-HELP International School ("CHIS") both located in Desa Cemerlang. CIC caters for Cambridge A-Levels, tertiary education and professional qualification, while CHIS offers primary and secondary education based on International General Certificate of Secondary Education ("IGCSE") syllabus. CHIS will also offer Cambridge A-Levels starting September 2019. As a purpose-built campus, CHIS is equipped with state-of-the-art facilities and staffed with highly qualified and experienced teachers, both local and international. CCB also provides management services to its subsidiaries and related companies.

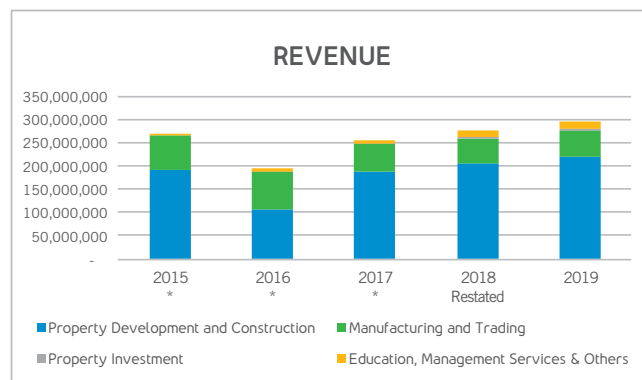
CCB Group believes in providing quality product and services to its customers. To achieve this, we value feedbacks from customers and other stakeholders and we have set up framework to manage and monitor our product quality. Apart from that, proactive customer engagement will remain as a key strategy to reach our customers and enhance our brand identity, visibility and awareness.

### FINANCIAL REVIEW

The Group's revenue and profit before tax for the financial year ("FY") 2019 increased 7% and 14% respectively as compared to the last financial year.

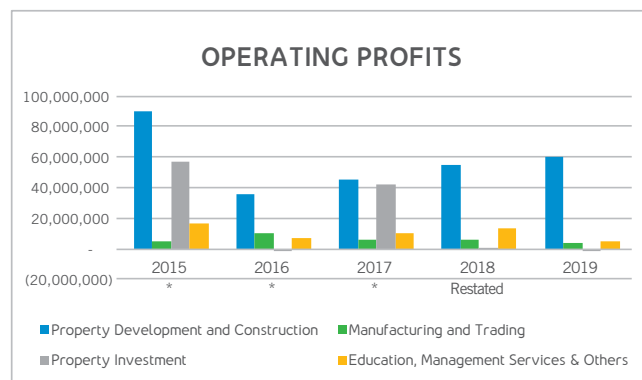
The increases in both revenue and profit before tax were mainly contributed by higher property sales and improvement of margin contributed by industrial and mid-market landed residential properties.

The five years' performance of the Group is as below:



\* As per respective year's audited financial statements.

The Property Development and Construction Division remains the major contributor to the Group revenue. The Manufacturing and Trading of Building Materials Division also contributed steady revenues and profits to the Group.



\* As per respective year's audited financial statements.

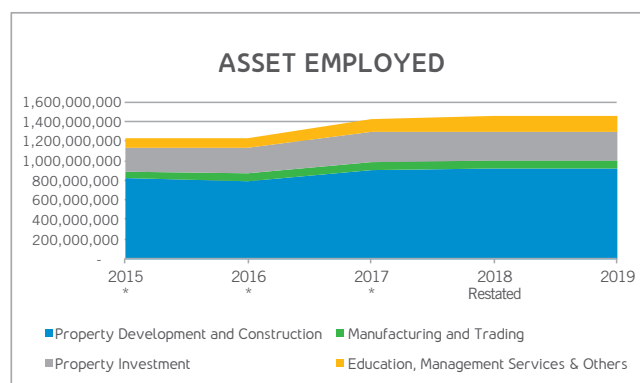
## MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

Our stock performance for the period from January 2018 till 13 May 2019:



Source: Bursa Securities



\* As per respective year's audited financial statements.

### DIVISIONAL PERFORMANCE

#### Property Development and Construction

During the FY 2019, the Property Development & Construction division has achieved revenue of approximately RM219.3 million.

Our property sales compared to the sales in the state of Johor:

Type of Properties	Group Sales (RM million)		Increase / (Decrease) (%)	
	FY 2019	FY 2018	Group	State*
Residential	164.8	101.6	62.20	1.48
Commercial	25.1	39.9	(37.09)	(4.29)
Industrial	72.1	129.7	(44.41)	17.51

\* Source: Table VI Value of Property Transactions by State and Time Period  
Annual Property Market Report 2018, Valuation and Property Services Department, Ministry of Finance Malaysia

Revenue for property development has increased in FY 2019 as compared to FY 2018 mainly due to increase in residential sales as the demand for affordable to medium cost landed residential properties is still good. Less commercial and industrial properties were launched by the Group during FY 2019 as a result the sales for these 2 types of properties dropped in FY 2019.

The profit margin recorded for the FY 2019 was 27.7% as compared to 26.6% for the FY 2018. The improvement in profit margin was mainly contributed by higher proportion of mid-market landed residential property sales with a higher margin.

Property development & construction operations of the Group contributed 74% of the total turnover in the FY 2019.

## MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

### Development Landbank

Project / Taman	Distance from JB (km)	Type of Development	Development Land (acres)
Bandar Cemerlang	20		
- Tebrau, Johor Bahru		Mixed	808
- Kota Tinggi		Mixed	526
Taman Perindustrian Cemerlang	16	Industrial	72
Taman Desa Cemerlang	16	Residential & Commercial	69
Taman Dato' Chellam	18	Residential & Commercial	12
Nusa Cemerlang Industrial Park	30	Industrial	204
Tanjung Senibong	18	Residential & Commercial	222
Ambok	67	Resorts/Mixed development	794
Others	20	Residential	5
Total development landbank as at 31 Jan 2019			<b>2,712</b>

During the FY 2019, CCB Group launched the following projects:

- 40 units of various sizes of factories ranging from terrace, detached, semi-detached to cluster factories with total GDV of RM91 million at Taman Perindustrian Cemerlang;
- 24 units of shop offices with total GDV of RM27.5 million at Bandar Cemerlang;
- 102 units of mid-market landed residential properties with a total GDV of RM74.9 million at Bandar Cemerlang; and
- 204 units of affordable housing with GDV of RM34.9 million at Bandar Cemerlang.

In our effort to continue developing landed properties, for FY 2020 we plan to launch 222 units of affordable housing at Tanjung Senibong and 230 units of mid to high-end market landed residential properties at Bandar Cemerlang, with total GDV of more than RM195 million.

### Manufacturing & Trading of Building Materials

The ready mix concrete plant and concrete products are to cater for both in house and external needs. 74.3% or RM9.6 million were from external sales in FY 2019.

The export sales make up for approximately 50% of the total sales for pre-cast products for FY 2019 as compared to approximately 40% for FY 2018.

The decrease in revenue and operating profits for the FY 2019 were mainly due to slowdown on demand, which leads to stiff competition causing lower pricing for ready mix supplies. To better manage our business risk, new customers are vetted carefully before commencement of new supply. In addition, tighter credit control and prudent practices have been implemented to minimise bad debts and ensure this Division continues to be profitable.

### Property Investment

The increases in revenue and operating profits in this Division were mainly contributed by the additional properties rented during the financial year. The occupancy rate is approximately 45.5% as at the end of the financial year and as at to date, all constructed properties are tenanted.

The Management will commence the construction of another 3 units of factories in the FY 2020.

### Education & Management Services

The Division consists of two main business activities i.e., Education and Management Services.

## MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

### Education

The education sector comprising CIC and CHIS has achieved an increase in revenue of RM9 million from RM16.2 million in FY 2018 to RM25.2 million in FY 2019. This is mainly contributed by the higher student number in CHIS.

As part of the Group's effort in "Returning to the Society", scholarships are awarded based on merit and on a need basis to keep its promise of offering quality education to Malaysian students.

### Management Services

The increase in revenue and operating profit in this Division during the financial year was in line with the increase in business activities in Property Development and Construction Division where the management fees are charged according to the turnover of the respective divisions.

### RISK EXPOSURE AND MITIGATIONS

The Group's major business operations are the property development and construction industry that is subject to the following major risks that may have a material effect on the Group's operations, performance, financial condition and liquidity:

- a) General economic condition;
- b) Changes in law, by-laws and/or government policy which affect property and construction industry;
- c) Changes by Bank Negara and commercial banks on their credit policy and fluctuation on bank interest rates; and
- d) Shortage of skilled labour and movement in building materials cost leading to increasing cost.

The Management will constantly monitor the development and changes in the conditions of the property markets and plan our property launches accordingly to avoid holding high level of stock. The Group will also take proactive measures to maintain its competitiveness through reasonably priced quality products that meet customers' expectation.

### OUTLOOK AND PROSPECTS

The uncertain market condition in the near term in view of the ongoing trade war between China and US and possible slowdown in China may have impact to demand on properties especially industrial properties. But the demand for residential landed properties and shop office in strategic growth areas with good accessibility and connectivity is expected to remain resilient. The Group will continue to leverage on its strategic land bank to develop properties that meet current market needs. The unbilled sales from the total committed property sales as at the date of the report is RM226 million.

Based on the above, we foresee the Group to perform satisfactorily for the financial year 2020.



## SUSTAINABILITY STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2019

The Group's principal activities, which remained largely unchanged during the financial year ended 31 January 2019, comprise property development and construction; manufacturing and trading of building materials; education and management services; and property investment. As a responsible corporate citizen, the Company, via its Board of Directors ("Board"), is mindful of the need to have, and supports, a growth strategy that incorporates sustainable development and management of economic, environmental and social risks and opportunities, based on a foundation of considering the impact of the Group's business endeavours on the economic conditions of its stakeholders ("Economic"), on living and non-living natural systems ("Environmental") and on the social system ("Social"), taking into consideration the salient concerns of the Group's key stakeholders.

This Sustainability Statement ("Statement"), which is prepared in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), sets out what the Board considers as material sustainability risks and opportunities, collectively known as Material Sustainability Matters ("MSMs"), that impact the way the Group's operations are carried out as well as how such MSMs are managed to achieve the strategic objectives of the Group. This Statement also explains the governance structure of the Group in overseeing sustainability matters and how measures are being deployed to manage these MSMs. In preparing this Statement, the Board has considered the Sustainability Reporting Guide issued by Bursa Securities.

### Our Sustainability Governance Structure

The Group has established a Risk Management and Sustainability Committee ("RMSC"), helmed by the Board Chairman and Managing Director with the other Executive Directors of the Company as well as Heads of Business Unit of the Group as

Committee members. The RMSC, which assists and reports directly to the Board on risk management and sustainability matters faced by the Group, is supported by a working group comprising the Executive Directors, Heads of Business Unit and key Management staff. The working group is involved in the identification of MSMs, including how MSMs are managed, which are deliberated at the RMSC, monitored and the outcome thereof disseminated to the Board for notification and comments, as the case may be.

### Our Stakeholder Engagement and Prioritisation

The Group's stakeholder identification process is based on an exercise of identifying key external and internal groups which have a substantial impact on the Group or upon which the Group has a substantial impact. The Group's businesses affect not only commercial stakeholders but also communities and other entities who have non-financial interest in the impact of the Group's activities.

Although it is the Group's aim to enhance stakeholder identification processes going forward, the Board believes that the present list of stakeholders provides a fair and representative assessment of groups that affect or are affected by our business activities. These stakeholders which are prioritised in importance to the Group, i.e. categorised as critical, high and moderate, are set out below, the findings of which were subsequently raised to the Board of Directors who endorsed both the process and the outcome:






Stakeholder group and prioritisation	Method of engagement	Key topics and concerns raised	Group's Response
<b>Employees</b>	<ul style="list-style-type: none"> <li>Annual appraisal</li> <li>Internal portal</li> <li>Circular of Internal Policies</li> <li>Sports and Recreation activities</li> <li>Meetings</li> <li>Informal gathering to enhance bonding</li> <li>Internal training</li> <li>Whistle-blowing Channel</li> </ul>	<ul style="list-style-type: none"> <li>Operational concerns</li> <li>Occupational, Safety and Health ("OSH") issues</li> <li>Other organisation – wide issues</li> <li>Corporate Direction and Growth Plans</li> <li>Career Development and Training Opportunities</li> <li>Rewards and recognition</li> </ul>	<ul style="list-style-type: none"> <li>Enhance better understanding and awareness among employees on Group Policies, sustainability requirements and compliance</li> <li>Improve mechanism for complaints and grievances</li> <li>Stricter enforcement on Safety Policy and more OSH and relevant Safe Operating Procedures training</li> <li>Town hall sessions to share company's direction and performance</li> <li>Provision of job related training and workshops</li> <li>Provide and stimulate work environment that encourages quality performance, high employee satisfaction and loyalty</li> </ul>





## SUSTAINABILITY STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2019 (CONT'D)

Stakeholder group and prioritisation	Method of engagement	Key topics and concerns raised	Group's Response
<b>Board of Director</b>  	<ul style="list-style-type: none"> <li>Meetings</li> <li>Site Visits</li> </ul>	<ul style="list-style-type: none"> <li>Progress of sustainability matters</li> <li>Group's Performance</li> <li>Strategic planning</li> <li>Maximising shareholder value</li> <li>Mitigating business risk</li> <li>Investment and expansion strategy</li> </ul>	<ul style="list-style-type: none"> <li>Better understanding of Group's sustainability progress and initiatives</li> </ul>
<b>Suppliers and contractors</b>  	<ul style="list-style-type: none"> <li>Regular Site Meeting</li> <li>Progress Report</li> <li>Performance Review/ Evaluation</li> <li>Site Visit/Inspection</li> <li>Contract Negotiation</li> <li>Tender Management System</li> </ul>	<ul style="list-style-type: none"> <li>Legal Compliance</li> <li>Product quality</li> <li>Pricing of services and products</li> <li>Payment Schedule</li> <li>Knowledge sharing</li> </ul>	<ul style="list-style-type: none"> <li>Raised awareness of CCB Group's sustainability commitments</li> <li>Better understanding of CCB's business activities</li> <li>Building of fair and sound business relations</li> <li>Payment terms and timeliness</li> <li>Work Ethics</li> <li>Application of new engineering and construction technologies</li> </ul>
<b>Customers</b>  	<ul style="list-style-type: none"> <li>Road shows</li> <li>One-to-one meeting</li> <li>Company web-site</li> <li>Exhibitions and site visits</li> <li>Advertisement</li> <li>Customer feedback channel</li> <li>Customer Satisfaction Survey</li> <li>Market Research</li> </ul>	<ul style="list-style-type: none"> <li>Product/service pricing and packages</li> <li>Quality, workmanship and product safety</li> <li>Timely delivery</li> </ul>	<ul style="list-style-type: none"> <li>Creation of better products and services</li> <li>Provide quality and value focused products and services at an affordable price</li> <li>Prompt response to operational concerns</li> </ul>
<b>Shareholders</b>  	<ul style="list-style-type: none"> <li>Meetings with shareholders (Annual General Meetings ("AGM"))</li> <li>Announcements to Bursa Securities, details of which may be accessed by shareholders</li> <li>Company's corporate website</li> <li>Annual Reports</li> </ul>	<ul style="list-style-type: none"> <li>Group's Financial and Operating Performance</li> <li>Risk Management and Internal Control System</li> <li>Corporate Governance</li> <li>Reporting Standard</li> <li>Dividend</li> <li>Company Reputation</li> <li>Succession Planning</li> </ul>	<ul style="list-style-type: none"> <li>Maintain good relationship and positive reputation amongst investors constructive feedback</li> <li>Provide timely updates of business performance</li> <li>Create sustainable shareholder value</li> </ul>
<b>Government agencies and regulatory bodies</b>  	<ul style="list-style-type: none"> <li>Inspections by the agencies</li> <li>Attends workshops and trainings</li> <li>Meeting with the regulators</li> <li>Correspondences with regulators on requirements</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with legal requirements</li> <li>Human &amp; workers' rights, social welfare, OSH, equal treatment, code of ethics</li> <li>Environmental Impact Assessment</li> <li>Product quality, supply chain and evaluation of supplier/contractors' sustainability commitment</li> <li>Compensation process and avenue</li> </ul>	<ul style="list-style-type: none"> <li>Support and contribute to the development of sustainability</li> </ul>

The feedback from engagement with stakeholders is considered in evaluating whether a sustainability risk and opportunity is considered material to enable pertinent responses to be factored in the Group's strategies.

## SUSTAINABILITY STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2019 (CONT'D)

### Our Materiality Assessment Process

Materiality, in sustainability terms, is not limited to matters that may have a significant financial impact on our Group but also includes matters that may impinge on our ability to meet present and future needs. Our definition of materiality is drawn from the Sustainability Reporting Guide provided by Bursa Securities, where material issues are defined as such if they:

- reflect an organisation's significant Economic, Environmental and Social impacts; or
- substantively influence the assessment and decisions of stakeholders.

For the purposes of this Statement, the following MSMs of the Group, categorised according to the themes of Economic, Environmental and Social, were identified by the RMSC and key Management personnel via a workshop facilitated by an external consultant during the financial year, including measures deployed to manage such MSMs.

## ECONOMIC

### Quality products and services

The Group is committed to provide quality products and services, delivered on a timely basis, to our customers through our available resources. It also aims for continuous improvement towards creating value to, and building long term relationships with, all its stakeholders. The Company is a member of the International Real Estate Federation (FIABCI) and the Malaysian International Chamber of Commerce and Industry (MICCI). Two (2) subsidiaries, namely Panoramic Industrial Development Sdn Bhd and Crescendo Development Sdn Bhd, are members of the Real Estate and Housing Developers' Association Malaysia (REHDA). Two (2) other subsidiaries, namely Unibase Corporation Sdn Bhd and Unibase Construction Sdn Bhd, have been accredited ISO 9001:2008 (BS EN 9001: 2008) certified companies by TQCS International (Group) Pty Ltd. Unibase Concrete Industries Sdn Bhd has obtained its product certification licence for precast reinforced concrete square pile, small precast reinforced concrete square pile and precast concrete pipes with ogee joints. As quality of the Group's property development units is crucial, we have adopted industry's best practices, where the procurement of materials and services are controlled to ensure conformance to specified requirements. Stringent quality checks are applied at all stages of construction and finishing, including tested and commissioned utilities, external and internal fittings, and aesthetic appeal that are packaged in the comfort of a secure and well-built home.

### Human capital development and retention, including safety and health at workplace

As the Group believes that human capital is vital asset to its operations on a sustainable basis, it focuses on development, motivation and retention of talents as well as emphasises on the health and safety of employees at the workplace. The Group's workforce as at 31 January 2019 stood at 439 (2018: 408) personnel, comprising almost equal proportions in gender diversity. The Group carried out various activities to improve workforce knowledge, upgrade their skills and improve productivity, quality of life and foster a sense of belonging to the Group, such as:

- Human capital development - equipping and learning culture

The Group inculcates a learning culture in the organisation so that employees at all levels are equipped with the necessary knowledge, skills and exposure, and that not only could they be fully effective in their current jobs but also prepared for their career progression and future assignments in support of the Group's objectives and business plan. Activities on equipping and learning during the financial year comprise:

- Engaging experts to share knowledge on a variety of issues that could benefit the employees on a personal and professional level; and
- Conducting in-house training for the staff on human capital, safety, accounting, technical issues and management skills. Where specialist training is required, the staff are sent for external training.
- The Group carried out the following activities to improve the quality of life and foster a sense of belonging in the Group:
  - Various staff activities, including festival celebrations and sporting events through the In-House Sports Club; and
  - Subsidised company trips were organised to bring the staff and their family together to strengthen the bonds of friendship and instil a sense of belonging among the staff and to promote a caring work culture.

## SUSTAINABILITY STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2019 (CONT'D)

### • Safety and health at the workplace

The safety and health of our employees is of utmost important to us. The Group is committed to create a culture of safety and health within the organisation in which employees are trained to be aware of and adopt safe practices and healthy lifestyle.

During the financial year under review, the following measures were carried out by the Group to address health and safety at the workplace:

- Providing appropriate Personal Protective Equipment for workers;
- Conducting safety programmes that included fire prevention, fire-fighting and rescue training;
- Safety Operations; and
- Occupational First Aid and Cardio-Pulmonary Resuscitation (CPR).

There was no serious accident suffered by the Group during the FY2019.

## ENVIRONMENTAL

### Compliance with rules and regulations governing the business

The Group complies strictly with the rules and directives set by the authorities regarding environmental safety and protection. Besides installing silt traps to minimise site pollution, all unwanted wastes, materials and by-products resulting from construction sites are either recycled or disposed of properly via transportation to designated disposal sites timely and efficiently to avoid daily disruption to the community.

The Group continues its efforts in landscaping the open spaces, parks and roads to beautify and green Bandar Cemerlang, Desa Cemerlang, Taman Perindustrian Cemerlang, Taman Dato' Chellam and Nusa Cemerlang Industrial Park to promote better ambience and connection with nature.

### Recycle paper usage at workplace

The Group encourages its employees to play a part in protecting the environment by promoting recycle paper usage in workplace and to promote recycling habits to shape the mindset to go green and make recycling as an integral part of our everyday life.

### Electronic publications

To reduce the consumption of paper, the Annual Report of the Company is published in CD-ROM format and posted on the Company's website for access by shareholders and investors.

## SOCIAL

### Community development and contribution

#### Community development

The Company strongly believes that in playing its role as a socially responsible corporate citizen, it creates business sustainability and enhances value for all its stakeholders. We strive to make a positive difference to the communities in which we live and operate.

Over the years, the Group has heeded the Government's call to build more affordable and high standard quality of residential houses for the people. This is reflected in the Group's townships which are all mixed development in nature, thus catering to all income groups. The Group has also worked with local authorities, local residents and communities within the housing estates on campaigns against dengue, awareness and eradication of mosquitoes as well as other water-borne and air-borne diseases.

Education plays an important role in community development. Crescendo Education Sdn Bhd, through its subsidiaries, namely Crescendo International College Sdn. Bhd. ("CIC"), the tertiary education arm of the Group, has a permanent campus at Desa Cemerlang, Ulu Tiram, Johor. The college provides GCE A Level, external degree programs and professional courses at affordable rates.

As at 31 January 2019, approximately 1,300 (2018: 1,100) students had enrolled in CIC. Bursary and partial scholarships were extended to the needy and deserving students to assist them in their education whilst accommodation was made available within the campus for outstation students as part of the Group's commitment towards training necessary human resource for the community.

Another subsidiary, i.e. Crescendo International School Sdn. Bhd. has entered into a joint venture with HELP Education Group to initiate an international school, name Crescendo-HELP International School, to provide quality education to the public. The number of students enrolled as at 31 January 2019 was more than 1,000 students from various nationality.

#### Community contribution

During the financial year under review, the Group made various contributions and donations amounting to approximately RM472,000 to worthy causes and organisations, including governmental and non-governmental organisations, to support their charitable causes in sports, cultural, social and welfare activities.

This Statement has been reviewed and approved by the Board of Directors at a meeting held on 15 May 2019.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**"Corporate Governance is the process and structure used to direct and manage the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long term shareholder value, whilst taking into account the interest of other stakeholders" "Corporate Governance as defined in the Malaysian Code of Corporate Governance (2017) and High Level Finance Committee Report (1999)"**

This Statement is prepared in compliance with Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR") and it is to be read together with the Corporate Governance Report 2019 of the Company ("CG Report") which is available on the Company's website at [www.crescendo.com.my](http://www.crescendo.com.my). The explanation for departure is further disclosed in the Corporate Governance ("CG") Report.

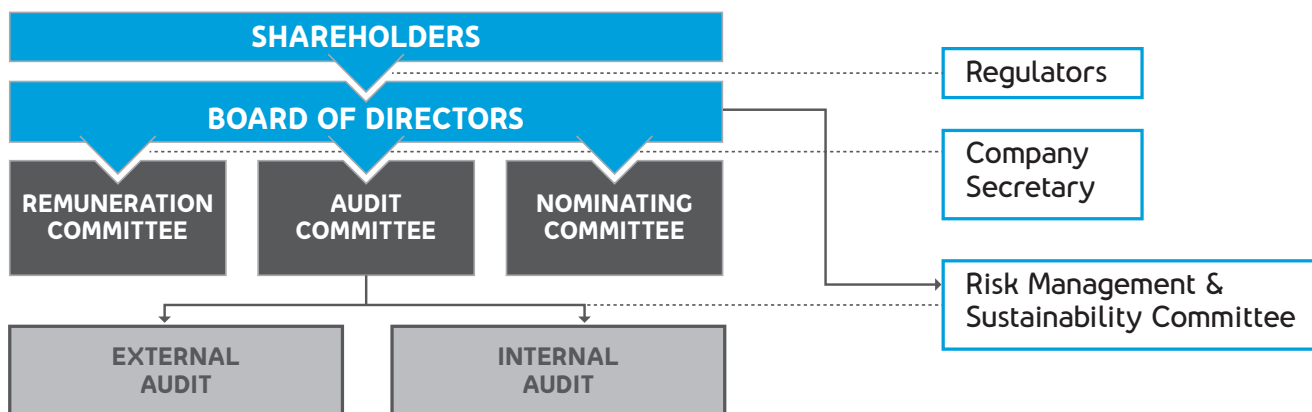
The Board of Directors Crescendo Corporation Berhad acknowledges the importance of good corporate governance in protecting and enhancing the interest of shareholders. As such the Board is committed towards adherence to the principles, intended outcome and best practices set out in the Malaysian Code on Corporate Governance ("MCCG" or the "Code") issued by the Securities Commission Malaysia.

The Board recognises the importance of CG and conscientiously strives to attain high business ethics and governance in conducting the day-to-day business affairs of the Company and its Group of Companies ("Group"), so as to safeguard and enhance shareholder's value, which includes protecting the interests of all stakeholders.

The Board believes that good CG adds value to the business of the Group and will ensure that this practice continues. The Board of Directors believes in playing an active role in guiding the Management through its oversight review while at the same time steer the Group's business direction and strategy.

The Board is pleased to disclose the manner and the extent in which the principles and practices set out in the MCCG and governance standards in accordance with the MMLR of Bursa Securities that have been adopted by the Company and the Group for all its business dealings and affairs throughout the financial year 31 January 2019.

Our Corporate Governance Framework, which is set out below, is vital in contributing towards our growth and long-term sustainability



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

#### I. Board Responsibilities

##### I.1 Roles of the Board

The Board's pivotal role is to lead and establish the Group's vision, strategic direction, key policies and framework, including the management of the succession planning process of the Group and the appointment of key senior management. In view thereof, the Board's roles and responsibilities include but are not limited to the following:

- Reviewing and approving the strategic business plan developed by Management for the Group;
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- Identifying and approving policies pertaining to the management of all risk categories including but not limited to, credit, financial, market, liquidity, operational, legal and reputational risks of the Group's business activities and ensure the implementation of appropriate systems to manage these risks;
- Serving as the ultimate approving authority for all significant financial expenditure;
- Developing and implementing a shareholder communications policy for the Company;
- Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- Approving the remuneration package of both Executive and Non-Executive Directors; and
- Ensuring that the Group adheres to high standards of conducts, ethics and corporate professional behaviour.

The Board has delegated specific responsibilities to the following committees:

- i. Audit Committee
- ii. Nominating Committee
- iii. Remuneration Committee

These Board Committees have been constituted with clear terms of reference and they are actively engaged to ensure that the Group is in adherence with good CG.

##### I.2 Board Corporate Governance Manual

All Board members are expected to show good stewardship and act in a professional manner, as well as uphold the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

The Board has formalised and adopted a Board Corporate Governance Manual ("Board CG Manual") which provides guidance to the Board in fulfilment of its roles, functions duties and responsibilities. The Board will review the Board CG Manual as and when required to ensure relevance and compliance with the regulations. Extracts of the Board CG Manual is now available at the Company's website at [www.crescendo.com.my](http://www.crescendo.com.my). The Board CG Manual is the primary document that elucidates on the governance of the Board, Board Committees and individual Directors.

The Board CG Manual sets out the role, functions, composition, operation and processes of the Board to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members. The Board CG Manual also acts as a source of reference and primary induction literature in providing insights to Board members and senior management.

The Board CG Manual, covers amongst others, the following matters:

- Policies on Corporate Social Responsibilities
- Gender Equality and Sustainable
- Board Charter
- Role, Responsibilities and Power of the Board, Individual Directors, Chairman & Managing Director
- Role of Board Committees
- Role of Company Secretary
- Board & General Meetings
- Corporate Disclosure Policy
- Whistle-blowing Policy
- Code of Ethics and Conduct
- Corporate Integrity Policy - Anti Fraud Policy
- Risk Management Policy
- Investors Relations Policy

This Board CG Manual will be reviewed and updated in accordance with the needs of the Company and any new regulations. Any amendments to the Board CG Manual shall be approved by the Board. The Board CG Manual was adopted on 17 May 2018. Extracts of the Board CG Manual is available on the Company's website at [www.crescendo.com.my](http://www.crescendo.com.my).

##### I.3 Roles and Responsibilities of the Executive Chairman and Managing Director, Executive Directors, Senior Independent Non-Executive Director and Independent Non-Executive Directors

###### Office of Executive Chairman and Managing Director

The Company's Chairman is an Executive Director and there are four (4) Independent Non-Executive Directors out of eight (8) board members, (excluding the two (2) Alternate Directors).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### Office of Executive Chairman and Managing Director (Cont'd)

Mr. Gooi Seong Lim is essentially functioning as Managing Director and Chairman of the Board. The Board is mindful that the convergence of the two roles is not in compliance with best practice but took into consideration the fact that he has a controlling shareholding and there is an advantage of shareholder leadership with natural alignment. In respect of potential conflict of interest, the Board is comfortable that there is no undue risk involved as all related party transactions are strictly dealt with in accordance with the Listing Requirements of Bursa Securities. This arrangement is a temporary measure until a suitable candidate is found.

The Nominating Committee has assessed, reviewed and determined that the chairmanship of Mr. Gooi Seong Lim remains based on the following justifications / aspects contributed by him, as a member of the Board -

- He has acted and will continue to act in the best interest of shareholders as a whole. Since the Chairman represents shareholders with a substantial interest in the Company, he is well placed to act on behalf of the shareholders and in their best interests;
- His vast experience in managing the operations of the Group's property development and construction would enable him to provide the Board with a diverse set of experience, expertise and skills to better manage and run the Group;
- He has exercised his due care in the interest of the Company and shareholders during his tenure as an Executive Chairman and Managing Director of the Company;
- He has provided objectivity in decision making and ensured effective check and balance in the proceedings of the Board; and
- He has shown tremendous commitment and played an integral role in stewardship.

Under the Code, it recommends that at least half of the Board of Directors comprises independent directors. The Board composition is in compliance with Paragraph I5.02(I) of the MMLR which stipulates that at least two Directors or 1/3 of the Board, whichever is higher, must be Independent Directors and also the recommendation by the MCCG to have at least half of the Board comprises independent directors. The Board is of the opinion that the current number of independent directors is sufficient to ensure effective check and balance of power and authority on the Board.

### Roles and Responsibilities of Directors

Separation of power between the Board and Management

#### EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR

- Ensure that the Board functions effectively, cohesively and independently of Management
- Promotes the highest standards of corporate governance
- Leads the Board, including presiding over Board meetings and Company meetings and directs Board discussions to effectively use the time available to address the critical issues facing the Company
- Promotes constructive and respectful relationship among Board members and between Board members and Management
- Ensures that there is effective communication between the Company and/or Group and its shareholders and relevant stakeholders
- Develops the strategic direction of the Group
- Ensures that the Company and/or the Group's business is properly and efficiently managed by ensuring that the executive team implements the policies and strategies adopted by the Board and its Committees
- Ensures that the objectives and standards of performance are understood by the Management and employees
- Ensures that the operational planning and control systems are in place
- Monitors performance results against plans
- Take remedial action, where necessary

#### EXECUTIVE DIRECTOR

- Under the leadership of the Group Managing Director, makes and implements decisions in all matters affecting the operations, performance and strategy of the Group's business
- Provides specialist knowledge and experience to the Board
- Charts the overall business direction of the Group
- Design, develops and implements strategic plans
- Deals with day-to-day operations of the Group

#### SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

- Acts as a sounding board for the Chairman and Executive Directors
- Acts as a conduit for the views of other Non-Executive Directors
- Conducts the Chairman's annual performance appraisal
- Helps resolve shareholders' concerns



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### INDEPENDENT NON-EXECUTIVE DIRECTOR

- Challenge constructively
- Help develop and set the Group strategy
- Actively participate in Board decision making
- Scrutinise management performance
- Satisfy themselves on the integrity of financial information
- Review the Group's risk exposures and controls
- Provide independent judgement, experience and objectivity

### COMPANY SECRETARY

- Advises the Board
- Ensure accurate and timely information and required support are provided to Directors
- Organise Directors' induction and training
- Communicates with shareholders as appropriate and ensures due regard is paid to their interests

#### I.4 Qualified and Competent Company Secretaries

The Board is supported by three (3) qualified Companies Secretaries who are members of professional bodies such as the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) or the Malaysian Association of Company Secretaries (MACS) and are qualified to act as company secretary under Section 235(2)(a) of the Companies Act, 2016.

The Company Secretaries are external Company Secretary from Tacs Corporate Services Sdn. Bhd. with vast knowledge and experience from being in public practice and are supported by a dedicated team of company secretarial personnel.

The Company Secretaries are entrusted to record the Board's and their Committees deliberations, in terms of issues discussed, and the conclusions and the minutes of the previous Board meeting are distributed to the Directors prior to the Board meeting for their perusal before confirmation of the minutes at the commencement of the following Board meeting. The Directors may comment or request clarification before the minutes are tabled for confirmation and signed by the Chairman of the meeting as a correct record of the proceedings of the meeting.

All Directors have direct access to the advice and services of the Company Secretaries whether as a full Board or in their individual capacity, in discharging their duties.

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

The appointment and removal of the Company Secretaries is a matter for the Board as a whole. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of their functions.

#### I.5 Access to Information and advice

The Executive Chairman and Managing Director have the primary responsibility for organising information necessary for the Board to deal with the agenda and ensuring all Directors have full and timely access to the information relevant to matters that will be deliberated at Board meetings.

In exercising their duties, all Directors have the same right of access to all information within the Group and they have a duty to make further enquiries which they may require in discharging their duties. The Directors also have access to advice and services of the Company Secretaries, who are available to provide them with appropriate advice and services to ensure that Board meeting procedures are followed, and all applicable rules and regulations are complied with. If necessary, the services of other senior management will be arranged to brief and help the Directors to clear any doubt or concern to further facilitate the decision-making process.

All Directors are provided with an agenda and a set of comprehensive Board papers, issued within sufficient time prior to Board meetings to ensure that The Directors can appreciate the issues to be deliberated on, and where necessary, to obtain further explanation. The Board papers include updates on financial, operational and corporate developments of the Group. Board papers are also presented with details on other issues that may require the Board's deliberation or decisions, policies, strategic issues which may affect the Group's businesses and factors imposing potential risks affecting the performance of the Group. Senior management staff and external advisors may be invited to attend Board meetings, to advise and provide the Board with detailed explanations and clarifications whenever necessary on matters that are tabled.

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

- Minutes of previous Board meeting
- Minutes of the Board Committee's meeting
- Reports on matters arising
- Quarterly financial report
- Report on operations

Other matters highlighted for the Board's decision include the approval of corporate plans, acquisitions and disposals of assets that are material to the Group, major investments, changes to management and control structure of the Group, including key policies, procedures and authority limits.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### I.6 Independent Professional Advice

The Directors, whether acting as a full Board member or in their individual capacity, in the furtherance of their duties, may obtain independent professional advice at the Company's expense, in the event that circumstances warrant the same. The Company has placed internal procedures for the application and appointment process for the services.

### I.7 Conflict of Interest and Related Party Transactions

The Directors are responsible at all times to determine whether they have a potential or actual conflict of interest in relation to any matter, which comes before the Board. All the directors are required to make declarations on whether they have any interest in transactions tabled at Board meetings. The Directors acknowledged that they have to declare any interest they have in the Company and its subsidiaries and abstained from the deliberation and voting on the related resolutions at the Board or any general meetings convened to consider the matter. In the event that a corporate proposal is required to be approved by shareholders, interested directors will abstain from voting in respect of their shareholdings in Crescendo Corporation Berhad on the resolution related to the corporate proposal and will further ensure that persons related to them also refrain from voting on the resolution.

## 2. Board Composition

- 2.1 The Board composition is in compliance with Paragraph I5.02(I) of the MMLR which stipulates that at least two Directors or 1/3 of the Board, whichever is higher, must be Independent Directors and also the recommendation by the MCCG to have at least half of the Board comprises independent directors.

Details of the current individual director's qualifications and experiences is presented in the Board of Directors' Profile from page 16 to 21 of this Annual Report.

### 2.2 Independent Non-Executive Directors

The presence of Independent Non-Executive Directors provides a pivotal role in corporate accountability. The role of the Independent Non-Executive Directors is particularly important as they provide independent and objective views, advice and judgement and ensure strategies proposed by the management are thoroughly discussed and evaluated, and that the long-term interests of stakeholders are considered. The Independent Non-Executive Directors do not participate in the operation of the Group in order to uphold their objectivity and fulfil their responsibility to provide check and balance to the Board.

### i. Annual Assessment of Independent Directors

The Board recognises the importance of independence and objectivity in its decision-making process. The Independent Directors who are professionals of high calibre and integrity and possess in-depth knowledge of the Group's business, bring their independent and objective views and judgement to Board deliberations.

During the financial year, the Board through the Nominating Committee perform an evaluation of all Directors including the Independent Directors and was satisfied that the Independent Directors continued to exercise independent and objective judgement and acted in the interest of the Company and its stakeholders.

### ii. Tenure of Independent Director

The Board noted the recommendation of the Code that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the 9 (nine) years, an independent director may continue to serve on the board as a non-independent director. If the Board intends of retaining an individual as independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after twelve (12) years, the board should seek annual shareholders' approval through a two-tier voting process.

The Nominating Committee and the Board have deliberated on the recommendation and hold the view that the ability of an Independent Director to exercise independent judgement is not affected by the length of his service as an Independent Director. The suitability and ability of Independent Director to carry out his roles and responsibilities effectively are very much a function of his calibre, experience and personal qualities. Restriction on tenure may cause loss of experience and expertise that are important contributors to the efficient working of the Board.

Both the Nominating Committee and the Board have assessed the independence of Mr Yeo Jon Tian @ Eeyo Jon Thiam and Mr Gan Kim Guan, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than 12 years, Mr Tan Ah Lai for a cumulative term of more than 9 years, and recommended them to be retained as Independent Non-Executive Directors of the Company based on the following justifications:

- a) They have fulfilled the criteria under the definition of an Independent Director as stated in the Listing Requirements, and thus they would be able to provide independent judgement, objectivity and check and balance to the Board;

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### ii) Tenure of Independent Director (Cont'd)

- b) They perform their duties and responsibilities diligently and in the best interests of the Company without being subject to influence of the management;
- c) Their in-depth knowledge of the Group's businesses and their extensive knowledge, commitment and expertise continue to provide invaluable contributions to the Board;
- d) They, having been with the Company for more than 9 and 12 years respectively, are familiar with the Group's business operations and have devoted sufficient time and attention to their professional obligations and attended the Board and Committee meetings for an informed and balanced decision making;
- e) They are independent as they have shown great integrity and they have not entered into any related party transaction with the Group; and
- f) They are currently not sitting on the board of any other public and/or private companies having the same nature of business as that of the Group.

Both the Nominating Committee and the Board also recognise the benefits of the experience, valuable insights, expertise and stability brought by Mr Gan Kim Guan, Mr Yeo Jon Tian @ Eeyo Jon Thiam and Mr Tan Ah Lai and their continued service will serve the interest of the Company and its shareholders.

The Board is unanimous in its opinion that Mr Gan Kim Guan and Mr Yeo Jon Tian @ Eeyo Jon Thiam, who have served on the Board as Independent Directors, exceeding a cumulative term of twelve (12) years, and Mr Tan Ah Lai, who has served as Independent Director of the Company for a cumulative term of more than nine (9) years, continues to fulfill the criteria and definition of an Independent Director as set out under Paragraph I.OI of MMLR.

In this respect, the Board has approved the continuation of Mr Gan Kim Guan, Mr Yeo Jon Tian @ Eeyo Jon Thiam and Mr Tan Ah Lai as Independent Directors of the Company. The Board believes that it is in the best position to identify, evaluate and determine whether any Independent Director can continue acting in the best interests of the Company and bringing independent and professional judgement to board deliberations. Accordingly, the Board strongly recommends retaining Mr Gan Kim Guan, Mr Yeo Jon Tian @ Eeyo Jon Thiam and Mr Tan Ah Lai as Independent Non-Executive Directors and will be tabling Ordinary Resolutions to shareholders at the 23rd AGM for the said purpose. Shareholders' approval for the Ordinary Resolutions will be sought on a single tier voting process.

### iii. Shareholders' approval for retention of Independent Director

The Board takes cognizance of the recommendation of the Code regarding tenure of Independent Directors but will seek approval of the shareholders through a single tier voting process for retention of Independent Directors who have served for a cumulative term of more than twelve (12) years. This is in line with the general rule on voting as provided in the Companies Act, 2016 which states that every shareholder has one vote for every share he holds, and resolutions are to be decided by a simple majority for ordinary resolutions and 75% of votes for special resolutions through a single tier voting process.

### iv. Independent Directors and balance of power

The Code recommends that at least half of the Board must comprise Independent Directors. The Board is of the opinion that the current number of independent directors is sufficient to ensure balance of power and authority on the Board.

The Board is also satisfied with the Board's composition in respect of representation of minority shareholders by the Independent Non-Executive Directors.

## 2.3 Board Diversity

The Board acknowledges the importance of boardroom diversity policy and target by the Code. When appointing a Director, the Nominating Committee and the Board will always evaluate and match the criteria of the candidate to the Board based on individual merits, experience, skill, competency, knowledge and potential contribution, whilst the Code will also be given due consideration for boardroom diversity.

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

## 2.4 Foster Commitment of the Director

### Board Meetings

The Board normally meets at least four (4) times a year with additional meetings convened when urgent and important decisions need to be taken between scheduled meetings. Due notice of issue to be discussed, deliberated and conclusions arrived are recorded in discharging its duties and responsibilities.

During the financial year, the Board met on five (5) occasions where it deliberated upon and considered a variety of matters including approving the Group's financial results, strategic and investment decisions as well as financial and operating performance of its subsidiary companies.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### Board Meetings (Cont'd)

The agenda for each Board meeting and papers relating to the agenda are sent to all Directors at least seven (7) days before the meeting, in order to provide sufficient time for the Directors to review the Board papers and seek clarifications, if any.

All proceedings at the Board meetings are recorded by way of minutes and signed by the Chairman of the respective meeting.

### Time Commitment and Protocol for Accepting New Directorships

The Directors are aware of the time commitment expected from them to attend to matters of the Group in general, including attendance at meetings of the Board and Board Committees and other types of meeting. Meetings for each financial year are scheduled in advance for Directors to plan their schedule ahead.

The Board is satisfied with the level of time commitment given by the Directors in the discharge of their roles and responsibilities as the Directors of the Company as evidenced by their attendance at the respective meetings set out below:

Name of Director	Status of Directorship	Number of Meetings Attended	Percentage (%)
Gooi Seong Lim	Executive Chairman and Managing Director	5	100
Gooi Seong Heen	Executive Director	4	80
Gooi Seong Chneh	Executive Director	5	100
Gooi Seong Gum	Executive Director	4	80
Gan Kim Guan	Senior Independent Non-Executive Director	5	100
Yeo Jon Tian @ Eeyo Jon Thiam	Independent Non-Executive Director	5	100
Tan Ah Lai	Independent Non-Executive Director	4	80
Chew Ching Chong	Independent Non-Executive Director	5	100

All Directors have complied with the minimum 50% attendance requirements in respect of board meeting as stipulated by the MMLR.

Under the existing practice, the Directors shall inform the Board before accepting new directorships in other companies and ensure that their number of directorships in public listed companies is in compliance with the MMLR.

### 2.5 Overall Board Effectiveness

The Board reviews its performance and that of the Board Committees and individual Directors on an annual basis based on a set of predetermined criteria on a process that is facilitated by the Nominating Committee. The Nominating Committee will assess the overall Board and Board Committees' performance and effectiveness as a whole. The Nominating Committee is satisfied that the Board and Board Committees' composition has fulfilled the criteria required, possess a right blend of knowledge, experience and mix of skill as below:

#### Board Skills and Experience

Accounting & Finance  
Business Administration  
Chemical Engineering  
Civil Engineering  
Construction Site Management  
Investment and wealth management  
Marketing  
Property Development  
Mechanical Engineering

#### Core Business

Investment holding  
Provision of Management Services  
Property Development  
Construction  
Property investment and management  
Trading and manufacturing of concrete products  
Trading in building material  
Education services

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### 2.6 Directors Training

All Directors including the alternate directors have completed the "Mandatory Accreditation Programme for Directors of Public Listed Companies" pursuant to Paragraph I5.08 of the MMLR. During the financial year under review, the Board has discussed training programmes proposed for the Directors' attendance. Directors are also encouraged to participate in seminars and/or conferences organised by relevant regulatory authorities, professional bodies and commercial entities providing training. This is part of their Continuous Education Programme to keep abreast with relevant new developments on a continuous basis on the general regulatory, economic, industry and technical developments to further enhance their skills, knowledge and experience as well as update themselves on new developments in the business environment in order to fulfil their duties as Directors.

Directors also receive briefing from Internal and External Auditors on updates in financial reporting and new accounting standards affecting the Group, bankers on available financial instruments and suppliers/contractors on their products.

During the financial year under review, the Directors have attended the following training programmes/courses and/or conferences listed below:

Date Topic /Title	Gooi Seong Lim	Gooi Seong Heen	Gooi Seong Chneh	Gooi Seong Gum	Gan Kim Guan	Yeo Jon Tian @ Eeyo Jon Thiam	Tan Ah Lai	Chew Ching Chong	Gooi Khai Shin	Gooi Chuen Howe
19 March 2018 – KPMG Audit Committee Institute – Breakfast Roundtable 2018					○					
9 April 2018 – Ernst & Young, One-day Malaysian Financial Reporting Standard Training (MFRS 15 – Revenue from Contract with Customers & MFRS 141 Agriculture)	○	○	○	○	○		○	○		
10 April 2018 – Ernst & Young, Half-day Malaysian Financial Reporting Standard Training (MFRS 9 – Financial Instruments)	○	○	○	○	○		○	○	○	
10 April 2018 – Ernst & Young, Half-day Malaysian Financial Reporting Standard Training (MFRS 1 – First-time Adoption of Malaysian Financial Reporting Standards)	○	○	○	○	○		○	○	○	
19 May 2018 – The Society of Chinese Accountants & Auditors, Hong Kong – World Chinese Accountant Conference					○					
16 & 17 July 2018 – Lembaga Hasil Dalam Negeri and Chartered Tax Institute of Malaysia (CITM) – National Tax Conference 2018					○		○			
29-30 October 2018 – The Institute of Internal Auditors Malaysia, ACIIA Conference 2018, Staying relevant in a digital landscape.							○			
21 November 2018 – BSI Training Academy, Malaysian Sustainable Palm Oil Awareness Training Course	○	○	○	○	○	○	○	○		○
12 December 2018 – CITM, 2019 Budget Seminar					○		○			
20 December 2018 – Bursatra Sdn Bhd, Common Offences & Pitfalls to Avoid Under the Companies Act 2016							○			



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### 2.7 Board Committees

In order to assist in the execution of Board's responsibilities for the Group, certain functions have been delegated by the Board to Board Committees. Clearly defined terms of reference have been given to these Committees to enable them to operate effectively. However, these Committees do not have any executive powers. The Chairman of the respective Committees reports to the Board the outcome of the Committee meetings and such reports are incorporated in the Board papers (except the power of the Audit Committee to report to Bursa Securities in circumstances described in the Audit Committee Report).

The Board periodically reviews the Committees' terms of reference.

#### a. Audit Committee

The Audit Committee serves as a focal point of communication between Directors, External Auditors, Internal Auditors and the Senior Management on matters pertaining to financial accounting, reporting and controls. The Committee also assists the Board in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and all subsidiaries and the sufficiency of auditing of the Group. It is also the Board's principal agent in ensuring independence of the Company's External Auditors and the adequacy of disclosures to shareholders.

The Committee has full access to the auditors both internal and external, who in turn, have access at all times to the Chairman of the Audit Committee.

In line with good corporate governance practices, none of the Executive Directors are members of the Audit Committee. The Terms of Reference of the Audit Committee is available on the Company's website at [www.crescendo.com.my](http://www.crescendo.com.my) and the Report of the Audit Committee is disclosed on pages 54 to 56 of this Annual Report. The works of the Audit Committee during the financial year ended 31 January 2019 are also set out in the Report of the Audit Committee.

#### b. Remuneration Committee

The Remuneration Committee is responsible for recommending the remuneration framework and the remuneration packages of the Executive Chairman and Managing Director, Executive Directors and senior management to the Board so as to ensure that rewards are linked to their performance and contributions to the Group's growth and profitability in order to align the interest of the Directors and senior management with those of shareholders. The Committee also ensures that the level of remunerations for Executive Directors and senior management are

linked to their level of responsibilities and contribution to the effective functioning of the Company. None of the Executive Directors participated in any way in determining their individual remuneration.

The Board as a whole determines the remuneration packages of Independent Non-Executive Directors with the Directors concerned abstaining from discussions in respect of their individual remuneration. In deciding on an appropriate level of fees for each Independent Non-Executive Director, the Board has considered the responsibility level and time commitment required in attending both the scheduled and special Board meetings, deliberation time required for Board papers, as well as the number of Board Committees involved.

The Terms of Reference of the Remuneration Committee is available on the Company's website at [www.crescendo.com.my](http://www.crescendo.com.my) and at the Report of the Remuneration Committee on page 57 of this Annual Report.

#### c. Nominating Committee

The Nominating Committee is empowered by the Board through clearly defined terms of reference to ensure that there are appropriate procedures in place for the nomination, selection and evaluation of Directors. The Nominating Committee assesses the effectiveness of the Board as a whole and each of the Board Committees as well as the contribution of each individual Director, including the Independent Non-Executive Directors, Executive Chairman and Managing Director on an annual basis. All assessments and evaluations carried out by the Nominating Committee in discharging its duties are documented in the minutes of meetings.

The objective of the assessment of the effectiveness of the Board as a whole, the Board Committee and the contribution of each Director was to improve the Board and the Committee's effectiveness and to enhance the Director's awareness on the key areas that need to be addressed. The evaluation result was tabled for consideration of the Nominating Committee and its recommendations to the Board.

The Board, through the Nominating Committee's annual appraisal process, believes that it possesses the required mix of skills, experience and other qualities including core competencies brought by Independent Non-Executive Directors which enables it to discharge its duties in an effective manner in light of the challenging economic and operating environment in which the Group operates. Furthermore, the Board continuously reviews its size and composition with particular consideration on its impact on the effective functioning of the Board.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### c. Nominating Committee (Cont'd)

The Board appoints its members through a selection process. All new appointees will be considered and evaluated by the Nominating Committee for the candidates' ability to discharge responsibilities as expected from them. The Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

The Terms of Reference of the Nominating Committee is available on the Company's website at [www.crescendo.com.my](http://www.crescendo.com.my) and at the Report of the Nominating Committee on page 58 of this Annual Report.

### 3. Remuneration

3.1 The remuneration policy of the Company is based on the philosophy to enable the Company to attract and retain Directors and senior management of calibre and relevant experience and expertise to manage the Group successfully. For an Executive Director and senior management, their remuneration will depend on the achievement of goals including targets and personal achievement and is linked to Group and individual performance. In the case of a Non-Executive Director, the level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the particular Non-Executive Director concerned. All Independent Non-Executive Directors are paid Director's fees for serving as Directors on the Board and its Committees. The Company also reimburses reasonable expenses incurred by these Directors in the course of their duties.

#### a. The level and make up of Remuneration

The remuneration package of the Executive Directors and senior management is reviewed by the Remuneration Committee for consideration of the Board. The remuneration of all Non-Executive Directors is reviewed by the Board, based on their experience and expertise and the level of responsibilities of the Directors concerned as well as the condition of the industry.

#### b. Procedure

The Remuneration Committee recommends to the Board the remuneration package of the Executive Directors and senior management. The Executive Directors do not participate in decisions regarding their own remuneration packages. The Board as a whole determines the remunerations of Non-Executive Directors with individual Directors abstaining from making decisions in respect of their individual remunerations. The Directors' fees and meeting allowance are approved at the AGM by shareholders.

#### c. Disclosure

A summary of the remuneration of the Directors of the Company and the Group for the year ended 31 January 2019, distinguishing between Executive and Non-Executive Directors, with categorisation into appropriate components is set out as below:

Company	Fees RM	Salary RM	Bonus RM	Estimated Monetary Value of Benefit-in kind RM	Defined Contribution Plan and Social Security Cost RM	Meeting Attendance Allowance RM	Total RM
<b>Executive Director:</b>							
Gooi Seong Lim	-	540,000	450,000	13,925	129,292	2,500	1,135,717
Gooi Seong Heen	-	432,000	360,000	9,900	103,553	2,000	907,453
Gooi Seong Chneh	-	432,000	360,000	17,395	103,553	2,500	915,448
Gooi Seong Gum	-	432,000	360,000	13,925	103,553	2,000	911,478
<b>Non-Executive Director:</b>							
Gan Kim Guan	91,000	-	-	-	-	2,500	93,500
Yeo Jon Tian @ Eeyo Jon Thiam	85,500	-	-	-	-	2,500	88,000
Tan Ah Lai	85,500	-	-	-	-	2,000	87,500
Chew Ching Chong	85,500	-	-	-	-	2,500	88,000
<b>TOTAL</b>	<b>347,500</b>	<b>1,836,000</b>	<b>1,530,000</b>	<b>55,145</b>	<b>439,951</b>	<b>18,500</b>	<b>4,227,096</b>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### 3. Remuneration (Cont'd)

#### 3.1 c. Disclosure (Cont'd)

Group	Fees RM	Salary RM	Bonus RM	Estimated Monetary Value of Benefit-in kind RM	Defined Contribution Plan and Social Security Cost RM	Meeting Attendance Allowance RM	Total RM
<b>Executive Director:</b>							
Gooi Seong Lim	5,000	1,020,000	450,000	13,925	194,657	2,500	1,686,082
Gooi Seong Heen	5,000	912,000	360,000	9,900	168,917	2,000	1,457,817
Gooi Seong Chneh	5,000	912,000	360,000	17,395	168,917	2,500	1,465,812
Gooi Seong Gum	5,000	912,000	360,000	13,925	168,916	2,000	1,461,841
<b>Non-Executive Director:</b>							
Gan Kim Guan	91,000	-	-	-	-	2,500	93,500
Yeo Jon Tian @ Eeyo Jon Thiam	85,500	-	-	-	-	2,500	88,000
Tan Ah Lai	85,500	-	-	-	-	2,000	87,500
Chew Ching Chong	85,500	-	-	-	-	2,500	88,000
<b>TOTAL</b>	<b>367,500</b>	<b>3,756,000</b>	<b>1,530,000</b>	<b>55,145</b>	<b>701,407</b>	<b>18,500</b>	<b>6,428,552</b>

#### d. Senior Management

The Company has an existing policy whereby the remuneration of employees is classified as confidential. The remuneration details for senior management are not disclosed as the Board is of the view that it would not be in the best interest of the Company to disclose the details given the competitiveness in the market for good senior management. It could also possibly give rise to unnecessary staff rivalry and disillusionment.

The performance of senior management is evaluated on an annual basis and measured against pre-determined targets including responsibilities. The board will ensure that the remuneration for senior management is appropriately commensurate with their performance, in order to attract, retain and motivate them to contribute positively towards the Group's performance.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### 4.1 Compliance of Financial Statements with Applicable Financial Reporting Standards

The Audit Committee is tasked with assisting the Board in maintaining a sound system of internal control across the Group. Accurate and reliable financial statements are a key outcome of a sound system of internal control and towards this end, the Audit Committee considers the following on a regular basis:

- Changes in accounting policies, practices and implementation thereof
- Significant adjustment arising from external audit process
- Qualification of the External Auditor's report (if any)
- Going concern assumption
- Adequacy and appropriateness of disclosures

The Audit Committee also meets with the External Auditors without the presence of Management, and this is a forum at which the External Auditors may raise, among other matters, any concern they may have on the compliance aspect of the financial statements.

The Directors consider that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgement and estimates. All accounting standards which the Board considers to be applicable have been adopted, subject to any explanation for material departures disclosed in the notes to the financial statements.

The Group Financial Controller updates the Audit Committee regularly on the Group's financial performance and highlights key issues in connection with the preparation of the results, including the adoption of new accounting standards/policies. The Financial Controller is responsible for ensuring that the Group is aware of impending changes to the accounting standards and also the relevant regulatory requirements, recognises the implication of those changes and complies with the requirements.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### 4.1 Compliance of Financial Statements with Applicable Financial Reporting Standards (Cont'd)

The Company's financial statements are prepared in accordance with the requirements of the Companies Act, 2016 and Financial Reporting Standards in Malaysia. The Board is responsible to ensure that the financial statements give a true and fair view and balanced and understandable assessment of the state of affairs of the Company and of the Group. The Audit Committee assists the Board to ensure accuracy and adequacy of all information for disclosure and compliance with accounting standards.

The Board presents a balanced and meaningful assessment of the Group's financial performance and prospects to the shareholders, investors and regulatory authorities, primarily through the quarterly and annual financial statements, Chairman's Statements and Management Discussion & Analysis in the Annual Report.

### 4.2 External Auditors

The Board through the establishment of the Audit Committee, has established a good working relationship with its External Auditors i.e., Messrs Raki CS Tan & Ramanan. The Group also maintains a transparent and professional relationship with its External Auditors in seeking professional advice and ensuring compliance with the applicable Financial Reporting Standards in Malaysia. Messrs Raki CS Tan & Ramanan report to the shareholders of the Company on their opinion which are included as part of the Group's Annual Report with respect to their audit on each year's statutory financial statements. The Company's External Auditors are appointed every year during the AGM.

The External Auditors are invited to attend the Audit Committee meetings and AGM and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and content of their audit report.

The Board has adopted a procedure in relation to the provision of non-audit services by the Company's External Auditors to ensure that it is not in conflict with the role of the External Auditors or their independence. The External Auditors are required to declare their independence annually.

The Audit Committee is responsible to review all the non-audit services provided by the External Auditors and the aggregate amount of fees paid to them. Details of the amounts paid to the External Auditors for non-audit services performed during the year are set out in the Additional Compliance Information of this Annual Report.

The Audit Committee is also aware of the recommendation of the Code to have policies and procedures in place to assess the suitability and independence of External Auditors. Considering the expertise and existing business knowledge of the current External Auditors and the location of the Company and its subsidiaries, the Audit Committee is of the opinion that the current External Auditors are still suitable for re-appointment. While assessing the independence of the External Auditors, the Audit Committee is satisfied and agreed with the representation by the External Auditors in their Audit

Planning Memorandum for the audit of the financial year ended 31 January 2019, that they are independent in accordance with the By-laws (on Professional Ethics, Conduct and Practise) of the Malaysian Institute of Accountants. Furthermore, during the financial year ended 31 January 2019, the External Auditors were not engaged for any significant services other than the statutory audit.

The Board is satisfied based on advice from the Audit Committee that the provision of the non-audit services does not in any way compromise on their independence. In addition, the Audit Committee has obtained a written assurance from the External Auditors confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

### 4.3 Internal Audit Function

The Group's internal audit function is performed jointly by the Company's Internal Audit Department and the Group's holding company, Sharikat Kim Loong Sendirian Berhad ("Internal Auditors"). The Internal Audit Department acts independently from the activities and operations of the Group. With effect from 1 January 2019, the Group holding company ceased to provide this service as all their staff were transferred to Kim Loong Resources Berhad as part of the Group's business rationalisation process. The internal audit team reports to the Head of Internal Audit and the Audit Committee.

The main purposes of the Internal Auditors are:

- To review effectiveness of the Group's systems of internal controls;
- Assist in reviewing the adequacy, integrity and effectiveness of the Company's internal control system for the Board as well as to assist in drafting the Statement of Risk Management and Internal Control in the Annual Report;
- Support the Audit Committee in evaluating the effectiveness of the existing internal control system, identify future requirements and co-develop a prioritized action plan to further enhance the internal control system;
- Identify the key business processes within the Group and Company that Internal Audit should focus on;
- Allocate necessary resources to selected areas of audit in order to provide management and the Audit Committee an effective and efficient level of internal audit coverage; and
- Coordinate risk identification and risk management processes and activities.

The Internal Auditors adopts a risk-based auditing approach by focusing on identified high risk areas for compliance with control policies and procedures, identifying business risk which have not been appropriately addressed and evaluating the adequacy and integrity of controls and statutory requirements based on an internal audit plan agreed annually with the Audit Committee and report on the systems of financials and operations control to the Audit Committee. Submission of the audit results to the Management and the Audit Committee would ensure that the Management is compliant with the internal control systems and implementing continuous improvement.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### 4.4 Related Party Transactions

Directors recognise that they have to declare their respective interests in transactions with the Company and with the Group, and abstain from deliberation and voting on the relevant resolution in respect of such transactions at the Board or at any general meetings convened to consider the matter. The Company has an internal framework to ensure it complies with the related party transactions as prescribed in the Listing Requirements. The related party transactions are recorded and presented to the Audit Committee on a quarterly basis for review and discussion should any concern arise. All related party transactions are reviewed as part of the annual internal audit plan, and the Audit Committee reviews any related party transactions and conflict of interest situation that may arise within the Group including any transactions, procedure or course of conduct that causes questions of management integrity to arise.

### 4.5 Risk Management Framework

The Board recognises that risk management is an integral part of the Group's business operations and is important for the achievement of its business objectives. The Group has established a Risk Management and Sustainability Committee ("RMSC") that is chaired by the Chairman and Managing Director and its members comprise the Executive Directors, Heads of Divisions & Departments ("HODS") and staff from key operations. They have also been trained to identify the risks relating to their areas; the likelihood of these risks occurring; the consequences if they do occur; and the actions being and/or to be taken to manage these risks to the desired level. The risk profiles and risk treatment measures determined from this process are documented in risk registers with each business or operations area having its respective risk register.

The risk registers are eventually compiled to form the Group Risk Profile for reporting to the RMSC and the Audit Committee.

Ongoing risk management education and training is provided at Management and staff level by members of the RMSC.

### 4.6 Internal Control

The Board acknowledges that it is responsible for the Group's system of internal controls which is to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. It involves key management of each business unit to meet the Group's particular needs, manage risks to which it is exposed, the effective and efficient conduct of operations, financial controls and compliance with laws and regulations as well as with internal procedures and guidelines to provide reasonable but not absolute assurance against misstatement or loss.

The review on the systems of internal control is set out under the Statement on Risk Management & Internal Control as set out on pages 50 to 53 of this Annual Report.

The Statement on Risk Management & Internal Control provides an overview of the risk management framework and state of internal control within the Group.

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDER

### 5.1 Corporate Disclosure Policy

The Company's Corporate Disclosure Policy provides a framework for the Board, management and relevant staff to communicate effectively with shareholders, investors, other stakeholders and the public generally. The policy encompasses the following objectives:

- to raise awareness and provide guidance to the Board and employees of the Group on the Company's disclosure obligations and practices;
- to provide policies and guidelines in disseminating information to, and in dealing with shareholders, financial analysts, media, regulators, the investing community and other stakeholders;
- to ensure compliance with applicable legal and regulatory requirements on disclosure of material information; and
- to build good relations with the investing community to foster trust and confidence.

The Corporate Disclosure policy regulates the review and release of information to the stock exchange as well as through the Company's website, facilitating timely and accurate disclosure of the Company's affairs.

### 5.2 Leveraging on Information Technology for Effective Dissemination of Information

The Board recognises the importance of information technology for effective dissemination of information.

The Company's website has become a key communication channel for the Company to reach its shareholders and general public. The website has a number of sections which provide up-to-date information on Group activities, Board Charter, financial results, announcements released to Bursa Securities, annual reports and company profile, corporate presentations and other information on the Company and can be found on the Company's website at [www.crescendo.com.my](http://www.crescendo.com.my) to further enhance investors and shareholders communication.

### 5.3 Insider Trading

Directors and senior management are prohibited from dealing in securities if they have knowledge of any price sensitive information which has not been publicly disclosed in accordance with the MMLR and the relevant regulatory provisions.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

### 5.4 Dialogue between the Group and Investors

The Board adheres to the disclosure requirements of Bursa Securities and ensures timely release of the financial results on a quarterly basis in order to provide its shareholders with an overview of the Group's financial and operational performance. In addition, it communicates with its shareholders, institutional and potential investors through various announcements made during the year.

This Annual Report is also an important channel of communication to reach shareholders and investors as it provides comprehensive information pertaining to the Group.

A press conference is normally held after the AGM and/or Extraordinary General Meeting ('EGM') of the Company to provide the media the opportunity of receiving an update from the Board and to address any queries or areas of interest by the media.

In addition, the Group recognises the need for independent third-party assessment of itself. In this regard, the Executive Chairman and Managing Director and key senior management of the Group also conduct dialogue sessions or briefings with Investment/Financial Analysts and the Press on the results, performance and the potential of new developments of the Group. These briefings enable a direct and frank dialogue on the affairs of the Group.

Other avenues whereby shareholders and interested stakeholders have access to company data are through quarterly filing of financial data at Bursa Securities and via the Company's website at [www.crescendo.com.my](http://www.crescendo.com.my) which they can access for information about the Group.

### 5.5 AGM

The AGM is the principal forum of dialogue with shareholders. In accordance with the Company's Articles of Association (Constitution), Notice of AGM together with a copy of the Company's Annual Report is sent to shareholders at least twenty-one (21) days prior to the meeting.

Each item of special business included in the notice of meeting is accompanied by an explanation for the proposed resolution.

All Directors had attended the AGM held during the financial year. At the AGM, the Board presents the progress and performance of the Group as contained in the Annual Report and shareholders are encouraged to participate and are given every opportunity to raise questions or seek more information during the meeting. The Executive Chairman and Managing Director and Board members are available to respond to all shareholders' queries.

Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Shareholders can also leave written questions for the Board to respond. The Shares Registrar is available to attend to matters relating to shareholders' interests.

Shareholders are welcome to raise queries by contacting the Company at any time throughout the year and need not wait for the AGM for such an opportunity.

### 5.6 Poll Voting

The Company has always made the necessary preparation for poll voting for all resolutions tabled at the AGM and EGM. The Company will explore the suitability and feasibility of employing electronic means for poll voting.

The Company conducted poll voting in respect of all resolutions put before the shareholders at the last AGM as required by the MMLR. The poll results of each resolution were announced to Bursa Securities after the AGM via Bursa Link on the same day.

### 5.7 Annual Report

The Directors believe that an important channel to reach shareholders and investors is through the Annual Report. Besides including comprehensive financial performance and information on the business activities, the Group strives to improve the contents of the Annual Report in line with the developments in corporate governance practices. The Company's Annual Report can be accessed at the Company's website at [www.crescendo.com.my](http://www.crescendo.com.my). Bursa Securities also provides facilities for the Company to electronically publish all its announcements, including full version of its quarterly results announcements and Annual Report at its website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

### Compliance Statement

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

This Statement has been reviewed and approved by the Board of Directors at a meeting held on 15 May 2019.

## STATEMENT ON DIRECTORS' RESPONSIBILITIES

The Board is required under paragraph I5.26(a) Listing Requirements to issue a statement explaining its responsibility for preparing the annual audited financial statements.

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

In preparing the financial statements, the Directors have:

- applied the appropriate and relevant accounting policies on a consistent basis;
- made judgements and estimates that are reasonable and prudent; and
- prepared the annual financial statements in accordance with applicable Malaysia Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Act and the MMLR.

The Directors are responsible for ensuring that the Company and its subsidiaries keep accounting records which disclose with reasonable accuracy at any time the financial position of each company and which enable them to ensure that the financial statements comply with the requirements of the Act.

The Directors consider that, in preparing the financial statements of CRESCENDO CORPORATION BERHAD for the financial year ended 31 January 2019, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgement and estimates.

The Directors also consider that all applicable Financial Reporting Standards in Malaysia, have been complied with and confirm that the financial statements have been prepared on a going concern basis.

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

This Statement is made in accordance with a resolution of the Board dated 15 May 2019.

## ADDITIONAL COMPLIANCE INFORMATION

To comply with the MMLR, the following information is provided:

### Utilisation of Proceeds from Corporate Proposal

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

### Audit and Non-audit fees

The audit fees paid or payable to the External Auditors, Messrs Raki CS Tan & Ramanan, by the Company and the Group during the financial year 2019 were as follows:

Group (RM'000)	Company (RM'000)
183	28

The non-audit fees paid or payable to the External Auditors, Messrs Raki CS Tan & Ramanan, by the Company and the Group during the financial year 2019 were as follows:

Group (RM'000)	Company (RM'000)
3	3

### Material Contracts Involving Directors and Major Shareholders' Interest

There were no material contracts for the Company and its subsidiaries involving Directors and major shareholders' interest either subsisting at the end of the financial year or entered into since the end of the previous year.

### Recurrent Related Party Transactions

Details of transactions with related parties undertaken by the Group during the financial year are disclosed in Note 30 to the Financial Statements. The Group did not seek for shareholders' mandate for recurrent related party transactions at the last AGM as the aggregate value of transactions was not expected to exceed the threshold prescribed under the MMLR of Bursa Securities.

This Statement is made in accordance with a resolution of the Board dated 15 May 2019.

## STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

This Statement on Risk Management & Internal Control is made pursuant to the Malaysian Code on Corporate Governance 2012 ("the Code") and Paragraph 15.26 (b) of the Listing Requirements with regards to the Group's state of internal control.

The Board of Directors ("the Board") of CRESCENDO CORPORATION BERHAD ("CCB" or "the Company") is pleased to present below its Statement on Risk Management & Internal Control as a Group for the financial year under review, prepared in accordance with the 'Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Companies' ("the Guidelines") issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Securities and taking into consideration the recommendations underlying Principle 6 of the Code.

### BOARD RESPONSIBILITIES

The Board affirms its overall responsibilities for the Group's system of risk management and internal control, and for reviewing the adequacy and integrity of the Group's risk management and internal control system. The Board's responsibility in relation to the system of risk management & internal control embedded in all aspects of the Group's activities which encompasses all subsidiaries of the Company.

The Board has received assurance from the Executive Chairman and Managing Director and the Financial Controller that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

However, as there are inherent limitations in any system of risk management and internal control, such system put into effect by Management can only manage but not eliminate all risk that may impede the achievement of the Group's business objectives. Therefore, the risk management and internal control system can only provide reasonable assurance and not absolute assurance against material misstatement or loss. The process to identify, evaluate and manage the significant risks is a concerted and continuing effort throughout the financial year under review.

The Board sets the policy on internal controls after conducting a proper assessment of operational and financial risks by considering the overall control environment of the organisation and an effective monitoring mechanism. The Executive Chairman and Managing Director and his management carried out the process of implementation and maintenance of the control systems. Except for insurable risks where insurance covers are purchased, other risks are reported on a general reporting basis and managed by the respective Committees within the Group.

### KEY FEATURE OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The responsibility for reviewing the adequacy and integrity of the risk management and internal control system has been delegated by the Board to the Audit Committee. On a periodic basis, the Audit Committee assesses the adequacy and integrity of the risk management and internal control system through independent reviews conducted and reports it received from the Internal Auditors, the External Auditors and Management. Significant risk management and internal control matters were brought to the attention of the Audit Committee.

The Audit Committee then in turn reports such matters to the Board, if the Audit Committee deems such matters warrant the Board's attention.

Key elements of the Group's risk management and internal control system that have been established to facilitate the proper conduct of the Group's businesses are described below:

#### i. Control Environment

##### • Policies and Procedures

Clearly defined policies and procedures are in place and are undergoing constant improvements to ensure that they continue to support the Group's business activities as the Group continues to grow.

##### • Operations Review and Monitoring

Operations of the Group are constantly monitored with up-to-date reports being presented by the Management. Variances are carefully analysed, and corrective actions are taken where necessary. Detailed reports on performance review with steps to be taken are presented to Executive Directors periodically.

The Executive Directors, Project Director, Contract Director, General Managers and Deputy General Manager regularly visit the Group's business units. During the visits, the head of business unit report on the progress and performance, discuss and resolve the business unit's operational and key management issues.

##### • Organisation Structure and Authorisation Procedures

The Group maintains a formal organisational structure with clear lines of reporting to the Board, Committees and Senior Management with defined roles and responsibilities, authority limits, review and approval procedures and proper segregation of duties which supports the maintenance of a strong control environment.

Specific responsibilities have been delegated to relevant Committees authorised to examine all matters within their scope and report to the Executive Chairman & Managing Director and Executive Directors with their recommendations.

## STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

(CONT'D)

### • Human Capital Policy

Comprehensive and rigorous guidelines on the employment, performance appraisal and training program and retention of employees are in place, to ensure that the Group has a team of employees who are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibility effectively.

Emphasis is being placed on enhancing the quality and ability of employees through training and development. Employees' competencies are assessed annually through the annual appraisal system and subsequently, further development and training requirements are highlighted to Heads of Departments and business units for follow up.

### • Management Style

The Board relies on the experience of the Executive Chairman and Managing Director, Executive Directors and the respective business units' management teams to run and manage the operations and businesses of the Group in an effective and efficient manner.

The Executive Chairman and Managing Director and management adopt a "hands on" approach in managing the businesses of the Group. This enables timely identification and resolution of any significant issues arising.

### • Quality Control

Strong emphasis is placed on ensuring that the Group adheres to health, safety and environmental regulations as required by the various authorities.

### • Other Key Elements of Internal Control

Other key elements of procedures established by the Board which provide effective internal control include:

- The Finance Department monitors the activities and performance of the subsidiaries through the monthly management accounts and ensures control accounts are reconciled with the subsidiary's records.
- Adequate insurance and physical safeguarding of major assets are in place to ensure these assets are sufficiently covered against any mishap that may result in material losses to the Group.
- Proposals for major capital expenditures of the Group are reviewed and approved by the Executive Directors.
- Regular Board and management meetings to assess performance of business units.
- All recurrent related party transactions are dealt with in accordance with the MMLR. The Audit Committee and the Board review the recurrent related party transactions at the respective meetings of the Audit Committee and the Board.

- Budgetary controls for its projects.
- Reporting mechanism whereby Executive Directors receive monthly performance and production statistics with explanations and justification.

### • Code of Business Conduct and other related Policies

In addition, the following Internal Control component have been embedded and defined in the CG Manual to assist the Board in maintaining sound internal control system:

- The Code of Ethics and Conduct defines acceptable behaviour for staff in dealing with key stakeholders. The Code of Business Conduct is made available to all staff through their respective Head of Department.
- Corporate Integrity Policy – Anti Fraud Policy have been developed to define consistent and clear process focussed on the prevention, detection and management of fraud and applies to any irregularity, or suspected irregularity, involving employees as well as shareholders, consultants, vendors, contractors, external parties doing business with employees with the Group.
- Whistle-Blowing Policy had been formulated to encourage and provide a channel to employees to report in good faith and in confidence, without fear of reprisals, of concerns about possible improprieties. Allegations of improprieties which had been reported via the whistle-blowing channel are appropriately followed up upon and the outcome(s) reported at the Audit Committee meetings.

### ii. Risk Management Framework

The Board recognises that risk management is an integral part of the Group's business operations and is important for the achievement of its business objectives. The Group has established a Risk Management and Sustainability Committee ("RMSC") that is chaired by the Chairman and Managing Director and its members comprising the Executive Directors, Heads of Divisions & Departments ("HODS") and staff from key operations. They have also been trained to identify the risks relating to their areas; the likelihood of these risks occurring; the consequences if they do occur; and the actions being and/or to be taken to manage these risks to the desired level. The risk profiles and risk treatment measures determined from this process are documented in risk registers with each business or operations area having its respective risk register. The risk registers are eventually compiled to form the Group Risk Profile for reporting to the RMSC and the Audit Committee.

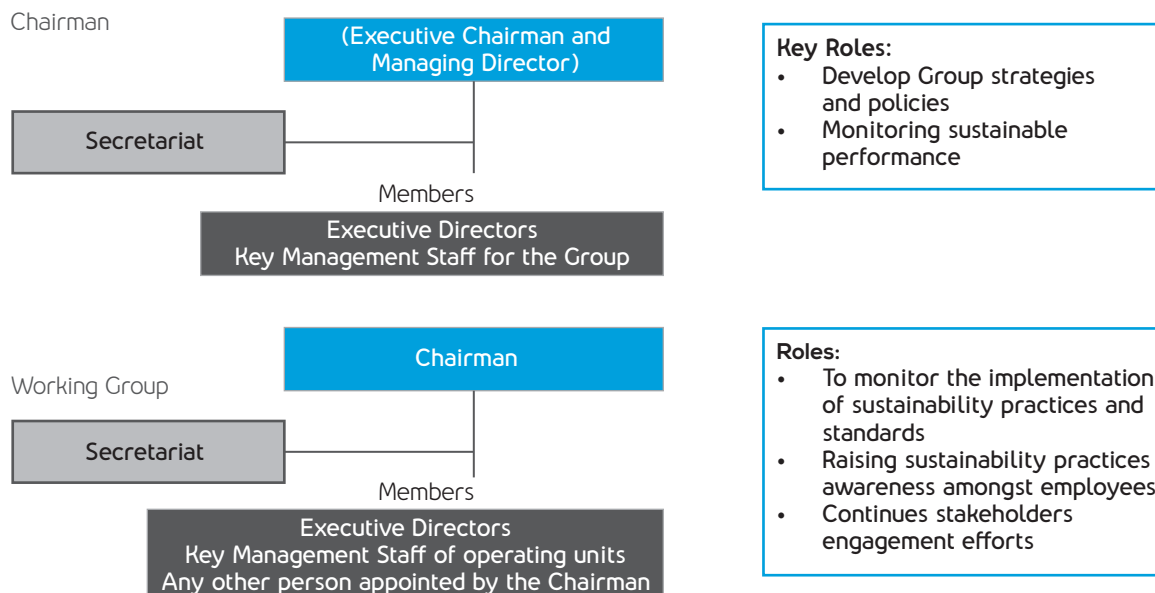
Ongoing risk management education and training is provided at Management and staff level by members of the RMSC.



## STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

(CONT'D)

### Risk Management & Sustainability Committee



Note:

The Chairman of the Working Group can be a member of the Risk Management & Sustainability Committee or appointed by the Risk Management & Sustainability Committee

Tabulated below are the key risk faced by the Group and the mitigation strategies.

Key Risk	Effect on us	Mitigation strategies
Softening Market Demand and competition from competitors	The risk arising from the weak macroeconomics that may have an adverse impact on the Group's revenue and lead to higher competition.	This is an Inherent Risk and in order to mitigate the risk, the Management conducts market studies to identify and to understand the needs of customers and ensure our products and services are competitive.
Project Management & Delivery Risk	The risk is associated with potential weak services to customers as well as late deliverables of product and services.	Putting in place an actively managed operational risk to ensure the products and services meets expectation, quality checks and controls are performed, and the delivery timelines are closely monitored.
Changes in Regulatory requirements and government policies	Risk that some of the changes could have a negative impact on the Group's operations, environment and possibly financial performance.	<p>Management actively monitors changes in the legal and regulatory requirements to adapt and adopt to ensure compliance.</p> <p>Maintaining regular communication with the Authorities to ensure updates on the changes that have an impact on the Group.</p> <p>In addition, the relevant Departments carry out the following measures:</p> <ul style="list-style-type: none"> <li>Liaising closely with government officials and external institutions;</li> <li>Maintaining close working relationships with financial institutions to counter the cooling policies; and</li> <li>Adopting methods that are less dependent on labour, whilst improving the productivity and quality of construction work.</li> </ul>
Operational Risk: Escalating operational costs and shortage of skilled labour	<p>Movement of building material costs due to external factors e.g. weak Ringgit, increase in inflation and shortage of skilled labour will lead to increasing cost.</p> <p>The construction industry is highly dependent on foreign workers and any change in Government policies may lead to shortage of labour.</p>	Before any new launches, if possible, we will lock in the construction cost with our contractors to keep our costs in check.

## STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

(CONT'D)

### iii. Internal Audit Function

The roles, responsibilities and activities of the Internal Audit functions are described and detailed on page 45 under Corporate Governance Overview Statement of this Annual Report.

There were neither major weaknesses in the system identified during the year, nor any of the reported weaknesses resulted in material losses or contingencies requiring disclosure in the Group's Annual Report. Those areas of non-compliance with the procedures and policies and those which require improvements as highlighted by the Internal Auditors during the period have been or are being addressed.

### iv. Information and Communication

Information critical to meeting Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and resolution on a timely basis.

### v. Review and Monitoring Process

The Group's management teams carry out monthly monitoring and review of the Group's operations and performance, including financial results and forecasts for all business operations within the Group.

In addition to the above, scheduled and ad-hoc meetings are held at operational and management levels to identify, discuss and resolve business and operational issues as and when necessary. The Board monitors the Group's performance by reviewing its quarterly results and operations and examines the announcement to Bursa Securities. These are usually reviewed by the Audit Committee before they are tabled to the Board for approval.

### CONFIDENTIAL REPORTING

The Group's whistleblowing policy enables staff, in confidence, to raise concerns about possible improprieties in financial and other matters and to do so without fear of reprisal. Details of the policy are set out in the Company's Code of Ethics. The Audit Committee receives reports on whistleblowing incidents and remains satisfied that the procedures in place are satisfactory to enable independent investigation and follow up action of all matters reported. No major issues have been reported in financial year 2019 (major issues being defined for this purpose as matters having a financial impact greater than RM10,000).

### ASSURANCE PROVIDED BY THE EXECUTIVE CHAIRMAN & MANAGING DIRECTOR AND GROUP FINANCIAL CONTROLLER

In line with the Guidelines, the Executive Chairman & Managing Director and the Group Financial Controller have provided assurance to the Board that the Group's risk management and internal control systems have been operated adequately and effectively, in all material aspects, to meet the Group's business objectives during the financial year under review. The Executive Chairman & Managing Director and the Group Financial Controller have in turn obtained relevant assurance from the business heads in the Group.

### REVIEW OF STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph I5.23 of the MMLR of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 January 2019. Their review was performed in accordance with Recommended Practice Guide 5 (RPG 5) issued by the Malaysian Institute of Accountants.

The External Auditors have opined to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system of the Group.

RPG 5 does not require the External Auditors to and they did not consider whether this statement covers all risks and controls or to form an opinion on the effectiveness of the Group's risk management and internal control system.

### CONCLUSION

The Board is of the view that the system of internal control in place throughout the year under review is sound and sufficient to safeguard the shareholders' investment, the interests of customers, regulators, employees and the Group and to facilitate the expansion of its operations. Additionally, the Board regards the risks faced by the Group are within acceptable levels to the business environment within which the Group operates.

There were no material losses or fraud during the current financial year as a result of internal control failures and the Board and Management are continuously taking measures to improve and strengthen the internal control framework and environment of the Group.

This Statement is made in accordance with a resolution of the Board of Directors dated 15 May 2019.

## REPORT OF THE AUDIT COMMITTEE

The Board of Directors of CRESCENDO CORPORATION BERHAD is pleased to present the Report of the Audit Committee which lays out the activities held throughout the financial year ended 31 January 2019 and in compliance with Paragraph 15.15 (I) of the MMLR of Bursa Securities.

### MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee presently comprises four (4) Directors of the Board, all of whom are Independent Non-Executive Directors.

The members are:

Chairman : Gan Kim Guan  
Members : Yeo Jon Tian @ Eeyo Jon Thiam  
Tan Ah Lai  
Chew Ching Chong  
Secretaries : Chong Fook Sin, Kan Chee Jing, Chua Yoke Bee

### MEMBERSHIP

#### Membership

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

Mr. Gan Kim Guan, the Chairman of the Audit Committee is a member of MIA and Mr. Tan Ah Lai, another member of the Audit Committee is a Fellow of the Association of Chartered Certified Accountants and a member of MIA. The Company has therefore complied with Paragraph 15.09(I)(c)(i) of the Listing Requirements of Bursa Securities.

#### Meeting

During the financial year 2019, the Audit Committee held a total of five (5) meetings with the attendance of the Group Financial Controller, Financial Controller, Head of Internal Audit, senior representative of the External Auditors and the Company Secretaries.

A quorum consists of two (2) members present and both of whom must be Independent Directors. Other Board members and Senior Management may attend meetings upon the invitation of the Audit Committee. Both the Internal and External Auditors, too, may request a meeting if they consider that one is necessary.

During the financial year, the Chairman of the Audit Committee had engaged on a continuous basis with Senior Management, Head of Internal Audit and the External Auditors, in order to keep abreast of matters and issues affecting the Group.

The Company Secretary acts as the secretary to the Audit Committee. Minutes of each meeting are distributed electronically to each Board member, and the Chairman of the Audit Committee reports on key issues discussed at each meeting to the Board.

Details of the Audit Committee members' attendance are tabled below:

Member	Total number of meetings held in the financial year during Member's tenure in Office	Meeting attended by member
Gan Kim Guan	5	5
Yeo Jon Tian @ Eeyo Jon Thiam	5	5
Tan Ah Lai	5	4
Chew Ching Chong	5	5

### TERMS OF REFERENCE

The details of the Terms of Reference of the Audit Committee are available on the Company's website at [www.crescendo.com.my](http://www.crescendo.com.my)

### SUMMARY OF WORKS OF THE AUDIT COMMITTEE

The Audit Committee met at scheduled times with due notices of meetings issued, and with agenda planned and itemised so that issues raised were deliberated and discussed in a focussed and detailed manner.

During the financial year 2019, the Audit Committee discharged its duties and responsibilities in accordance with its terms of reference.

The Chairman of the Committee reported on each meeting to the Board. Detailed audit reports by the External Auditors, Internal Auditors and the respective Management response were circulated to members of the Committee before each Meeting.

## REPORT OF THE AUDIT COMMITTEE

(CONT'D)

The main works undertaken by the Audit Committee were as follows:

### Financial and Operations Review

- Reviewed and recommended for the Board's approval the quarterly reports for announcement to Bursa Securities in compliance with the Financial Reporting Standards and adhered to other legal and regulatory requirements;
- Reviewed the annual audited financial statements of the Group and the Company. The Audit Committee discussed with the management and the External Auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements;
- Reviewed the impact of new or proposed changes in accounting standards and regulatory requirements of the Company; and
- Reviewed the application of the corporate governance principles and the extent of the Group's compliance with Best Practices set under the Code in conjunction with the preparation of the Corporate Governance Overview Statement and Statement of Risk Management and Internal Control.

### External Audit

- Reviewed the External Auditor's annual audit plan and audit strategy for the financial year ended 31 January 2019 to ensure their scope of work adequately covered the activities of the Group and the Company;
- Discussed with the management and the External Auditors the Financial Reporting Standards applicable to the financial statements of the Group and the Company that were applied and their judgement of the items that may affect the financial statements;
- Reviewed with the External Auditors, the result of the audit, the audit report and internal control recommendations in respect of control weaknesses noted in the course of the audit that required appropriate actions and the Management's responses thereon;
- Inquired of the External Auditors whether they have become aware of any items relating to the detection of material illegal acts or material related party transactions during the course of their procedures;
- Reviewed and evaluated the External Auditors and their performance, objectivity and independence during the year before recommending to the Board for reappointment and remuneration;
- Review the assistance given by the Internal Audit Department's ("IAD") to the external auditors;
- Held independent meeting (without the presence of Management) with the External Auditors; and
- Reviewed and approved the provision of non-audit services by the external auditors that were agreed to prior to their commencement of such work and confirmed as permissible for them to undertake, as provided under the By-Laws of the Malaysian Institute of Accountants.

The amount of audit and non-audit fee incurred for the financial year ended 31 January 2019 were as follows:

Fee Incurred	Audit Fees RM'000	Non-Audit Fees RM'000
The Company	28	3
The Group	183	3

### Internal Audit

- Reviewed and approved the IAD's plans for the financial year to ensure adequate coverage over the activities of the respective subsidiaries;
- Reviewed the internal audit reports presented by the IAD on findings, recommendations and management responses thereto and ensured that material findings were adequately addressed by Management and reported relevant issues to the Board;
- Held independent meeting (without the presence of Management) with the Internal Auditors;
- Reviewed whistleblowing activities to monitor the actions taken by the Group in respect of whistleblowing reports received; and
- Monitored the implementation of the audit recommendation to ensure all the key risks and controls have been addressed.

### Risk Management

- Reviewed the outcome of the risk management programme, including key risks identified, the potential impacts and the likelihood of the risks occurring, existing controls which can mitigate the risks and action plans; and
- Reviewed the Risk Management and Sustainability Committee's reports and assessment.

### Related Party Transactions

- The Audit Committee reviewed all significant related party transactions and recurrent related party transaction entered by the Group and the Company to ensure that such transactions are undertaken at arm's length basis on normal commercial terms which are not detrimental to the interests of the minority shareholders of the Company and the internal control procedures employed are both sufficient and effective before recommending to the Board for approval.

## REPORT OF THE AUDIT COMMITTEE

(CONT'D)

### Reporting Responsibilities

- Regularly reports to the Board of Directors about the Committee's activities, issues and related recommendations.
- Provides an open avenue of communication between Internal Auditors, the External Auditors and the Board of Directors.
- Reports annually to the shareholders, describing the Committee's composition, responsibilities and how they were discharged, and any other information required by Listing Requirements, including approval of non-audit services.
- Reviewed any other reports the Company issues that relate to the Committee's responsibilities.

### Site Visit

The Audit Committee members visited Unibase Pre-Cast Sdn Bhd and certain on-going development projects at Bandar Cemerlang and Desa Cemerlang to have a better understanding of the Group's business activities.

### Trainings

During the year, all the Audit Committee members attended various seminars, training programmes and conferences. Kindly refer to the CG Overview Statement on page 4I for the training.

### Internal Audit Function

During the financial year under review, the Internal Auditors carried out periodic internal audit reviews in accordance with the approved internal audit plan to monitor compliance with the Group's procedures and to review the adequacy and effectiveness of the Group's system of risk management and internal control. The results of these reviews have been presented to the Audit Committee at their scheduled meetings. Follow up reviews were also conducted to ensure that the recommendations for improvement have been implemented by Management on a timely basis.

The Internal Auditors communicate and report directly to the Audit Committee on their activities based on the approved Annual Internal Audit Plan to ensure their independent status within the Group. The total cost incurred in respect of the internal audit function during the financial year was approximately RM529,000.

The Internal Auditors assisted the Audit Committee in discharging its duties and responsibilities with respect to adequacy and integrity of internal control within the Group and undertook the following works in accordance with the approved Audit Plan:

- Carrying out the internal auditing of the Group subsidiaries.
- Facilitating the improvement of business processes within the Group.
- Establishing a follow up process in monitoring the implementation of audit recommendation by Management.
- Monitoring the effectiveness of the Group's risk management systems by reviewing the implementation of the risk assessment action plans by Management.
- Conducting investigation audits or special assignment from time to time as requested by Management.

### CONCLUSION

During the financial year, the Audit Committee carried out its duties and responsibilities in accordance with its terms of reference and held discussions with the Internal Auditors, External Auditors and relevant members of Management. The Audit Committee is of the view that no material misstatements or losses, contingencies or uncertainties have arisen, based on the reviews made and discussions held.

This Report is made in accordance with a resolution of the Board of Directors dated 15 May 2019.

## REPORT OF THE REMUNERATION COMMITTEE

### COMPOSITION OF MEMBERS

#### Members

The Committee comprises the following members:

Chairman : Yeo Jon Tian @ Eeyo Jon Thiam  
Members : Gan Kim Guan  
Tan Ah Lai  
Chew Ching Chong

Secretaries : Chong Fook Sin, Kan Chee Jing, Chua Yoke Bee

### TERMS OF REFERENCE

#### I. Membership

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

The members of the Committee shall elect the Chairman from amongst their members who shall be an Independent Director.

The quorum shall be two (2) members, a majority of whom shall be Independent Directors.

The Company Secretaries shall be the Secretaries of the Committee.

#### II. Frequency of Meetings

Meetings shall be held not less than once a year.

#### III. Authority

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

#### IV. Duty

The duty of the Committee is to recommend to the Board the structure and level of remuneration of Executive Directors and Senior Management.

#### V. Reporting Procedures

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

### SUMMARY OF ACTIVITIES OF THE COMMITTEE

The Committee met twice during the financial year 2019. The attendance of the members of the Committee of the meeting is as follows:

Member	Total number of meetings held in the financial year during Member's tenure in Office	Meeting attended by member
Yeo Jon Tian @ Eeyo Jon Thiam	2	2
Gan Kim Guan	2	2
Tan Ah Lai	2	2
Chew Ching Chong	2	2

The main activities undertaken by the Committee during the year under review were as follows:

- Reviewed the structure of the remuneration package for each of the Executive Directors and Senior Management; and
- Reviewed the performance bonuses for each of the Executive Directors and Senior Management.

This Report is made in accordance with a resolution of the Board of Directors dated 15 May 2019.



## REPORT OF THE NOMINATING COMMITTEE

### COMPOSITION OF MEMBERS

#### Members

The Committee comprises the following members:

Chairman : Gan Kim Guan  
 Members : Tan Ah Lai  
                   Yeo Jon Tian @ Eeyo Jon Thiam  
                   Chew Ching Chong  
 Secretaries : Chong Fook Sin, Kan Chee Jing, Chua Yoke Bee

### TERMS OF REFERENCE

The details of the Terms of Reference of the Nominating Committee are available on the Company's website at [www.crescendo.com.my](http://www.crescendo.com.my)

The main activities undertaken by the Committee during the year under review were as follows:

- Reviewed the re-election of Directors retiring at the AGM under Article 77 of the Article of Association (Constitution) of the Company;
- Assessed the independence of Independent Directors;
- Reviewed the composition and the required mix of skills, experience and other qualities of the Board and gender diversity;
- Reviewed the effectiveness of the Board as a whole and the Board Committees and performance of each of the Board Members and the Audit Committee members; and
- Reviewed and recommended retention of Independent Directors.

This Report is made in accordance with a resolution of the Board of Directors dated 15 May 2019.

### SUMMARY OF ACTIVITIES OF THE COMMITTEE

The Committee met once during the financial year 2019.

The attendance of the members of the Committee of the meetings is as follows:

Member	Total number of meetings held in the financial year during Member's tenure in Office	Meeting attended by member
Gan Kim Guan	1	1
Yeo Jon Tian @ Eeyo Jon Thiam	1	1
Tan Ah Lai	1	1
Chew Ching Chong	1	1

# FINANCIAL STATEMENTS

<b>60</b>	Directors' Report
<b>66</b>	Statement by Directors
<b>66</b>	Statutory Declaration
<b>67</b>	Independent Auditors' Report
<b>71</b>	Consolidated Statement of Financial Position
<b>72</b>	Company Statement of Financial Position
<b>73</b>	Statements of Comprehensive Income
<b>74</b>	Consolidated Statement of Changes in Equity
<b>76</b>	Company Statement of Changes in Equity
<b>77</b>	Consolidated Statement of Cash Flows
<b>78</b>	Company Statement of Cash Flows
<b>79</b>	Notes to the Financial Statements

## DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 January 2019.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and in the provision of management services to companies in the Group and other related companies.

The subsidiaries are principally engaged in property development, investment holding, construction, property investment and management, trading and manufacturing of concrete products, trading in building materials and providing educational services, as detailed in Note 7 to the financial statements.

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

### FINANCIAL RESULTS

	GROUP RM	COMPANY RM
Profit attributable to:		
Owners of the Company	34,327,592	45,154,683
Non-controlling interests	3,026,831	-
Profit net of tax	37,354,423	45,154,683

### DIVIDENDS

The dividends paid by the Company since the end of the previous financial year were as follows:

	RM
In respect of the financial year ended 31 January 2018:	
Final single tier dividend of 3 sen per share on 279,418,698 ordinary shares, paid on 29 August 2018	8,382,561
In respect of the financial year ended 31 January 2019:	
Interim single tier dividend of 3 sen per share on 279,418,698 ordinary shares, paid on 22 November 2018	8,382,561
	16,765,122

The Directors recommend the payment of a final single tier dividend of 3 sen per share in respect of the financial year ended 31 January 2019, subject to the approval of members at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 January 2020.

### 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.

### ISSUE OF SHARES, SHARE OPTIONS AND DEBENTURES

The Company did not issue any new shares, debentures or grant any share options during the financial year and there were no unissued shares under option at the end of the year.

## DIRECTORS' REPORT

(CONT'D)

### TREASURY SHARES

The shareholders of the Company, by an ordinary resolution passed at the Twenty-second Annual General Meeting held on 25 July 2018, approved the Company's plan to repurchase its own shares up to a maximum of 28,046,249 ordinary shares representing approximately 10% of the total number of issued shares on the Bursa Malaysia Securities Berhad ("Bursa Securities").

The Directors of the Company are committed to enhancing the shareholders' value and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, there was no repurchase of ordinary shares from the open market on the Bursa Securities.

### DIRECTORS

The Directors who have held office since the beginning of the financial year to the date of this report are as follows:

Gooi Seong Lim *	
Gooi Seong Heen *	
Gooi Seong Chneh *	
Gooi Seong Gum *	
Gan Kim Guan	
Yeo Jon Tian @ Eeyo Jon Thiam	
Tan Ah Lai	
Chew Ching Chong	
Gooi Khai Shin **	(Alternate Director to Gooi Seong Lim)
Gooi Chuen Howe	(Alternate Director to Gooi Seong Heen)

\* These Directors are also Directors of the Company's subsidiaries.

\*\* Gooi Khai Shin is also an Alternate Director to Gooi Seong Lim in one of the Company's subsidiaries.

The name of the Directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those Directors listed above) are:

Chow Kok Hiang	
Datuk Venkata Chellam A/L Subramanian	
Sacher Ezra Bin Rizal Shah	
Dato' Tan Sui Hou	
Lim Thai San	
Lim Bok Hek	
Chan Eu-Khin	
Soh Choong Boon	
Cheah Kee Nguan	
Fang Kiam Hui	
Chong Chin Yee	
D Gerard Joseph Louis	(Appointed on 18.1.2019)
Chong Chai Pin	(Appointed on 24.1.2019)
Goh Chee Leong	(Resigned on 17.1.2019)
Chong Chin Wee	(Ceased on 24.1.2019)

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those disclosed in Note 25 and Note 30 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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

## DIRECTORS' REPORT

(CONT'D)

### DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

None of the Directors who held office at the end of the financial year had, according to the Register of Directors' Shareholdings pursuant to Section 59 of the Companies Act 2016, any interest in the shares, debentures and options over the shares in the Company and its related corporations except as stated below:

	Number of ordinary shares in the Company			
	At 1.2.2018	Bought	Sold	At 31.1.2019
Gooi Seong Lim				
- direct interest	1,130,452	-	-	1,130,452
- indirect interest	196,063,786	-	-	196,063,786
Gooi Seong Heen				
- direct interest	4,559,121	-	-	4,559,121
- indirect interest	192,216,114	-	-	192,216,114
Gooi Seong Chneh				
- direct interest	4,144,124	-	-	4,144,124
- indirect interest	192,148,114	-	-	192,148,114
Gooi Seong Gum				
- indirect interest	192,148,114	-	-	192,148,114
Yeo Jon Tian @ Eeyo Jon Thiam				
- direct interest	60,000	-	-	60,000
- indirect interest	19,000	-	-	19,000
Chew Ching Chong				
- direct interest	10,000	-	-	10,000
Gooi Khai Shin				
- indirect interest	3,775,672	-	-	3,775,672

	Number of ordinary shares in the related corporation			
	At 1.2.2018	Share split	Sold	At 31.1.2019
<b>Kim Loong Resources Berhad</b>				
Gooi Seong Lim				
- direct interest	683,552	1,367,104	-	2,050,656
- indirect interest	199,442,101	398,884,202	-	598,326,303
Gooi Seong Heen				
- direct interest	1,767,912	3,535,824	-	5,303,736
- indirect interest	198,106,102	396,212,204	-	594,318,306
Gooi Seong Chneh				
- direct interest	1,627,912	3,255,824	-	4,883,736
- indirect interest	198,106,102	396,212,204	-	594,318,306
Gooi Seong Gum				
- direct interest	132,600	265,200	-	397,800
- indirect interest	198,162,102	396,324,204	-	594,486,306
Gooi Khai Shin				
- indirect interest	999,999	1,999,998	-	2,999,997

## DIRECTORS' REPORT

(CONT'D)

## DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (Cont'd)

	Number of ordinary shares in the related corporations			
	At 1.2.2018	Bought	Sold	At 31.1.2019
<b>Crescendo Overseas Corporation Sdn. Bhd.</b>				
Gooi Seong Lim				
- direct interest	12,250	-	-	12,250
- indirect interest	51,000	-	-	51,000
Gooi Seong Heen				
- direct interest	12,250	-	-	12,250
- indirect interest	51,000	-	-	51,000
Gooi Seong Chneh				
- direct interest	12,250	-	-	12,250
- indirect interest	51,000	-	-	51,000
Gooi Seong Gum				
- direct interest	12,250	-	-	12,250
- indirect interest	51,000	-	-	51,000

**Panoramic Housing Development Sdn. Bhd.**

Gooi Seong Lim				
- direct interest	5,700	-	-	5,700
- indirect interest	1,444,200	-	-	1,444,200
Gooi Seong Heen				
- direct interest	5,700	-	-	5,700
- indirect interest	1,444,200	-	-	1,444,200
Gooi Seong Chneh				
- direct interest	5,700	-	-	5,700
- indirect interest	1,444,200	-	-	1,444,200
Gooi Seong Gum				
- direct interest	5,700	-	-	5,700
- indirect interest	1,444,200	-	-	1,444,200

	Number of warrants 2018/2025 in the related corporation			
	At 1.2.2018	Bonus issue	Sold	At 31.1.2019
<b>Kim Loong Resources Berhad</b>				
Gooi Seong Lim				
- direct interest	-	102,532	-	102,532
- indirect interest	-	29,916,369	-	29,916,369
Gooi Seong Heen				
- direct interest	-	265,186	-	265,186
- indirect interest	-	29,715,970	-	29,715,970
Gooi Seong Chneh				
- direct interest	-	244,186	-	244,186
- indirect interest	-	29,715,970	-	29,715,970
Gooi Seong Gum				
- direct interest	-	19,890	-	19,890
- indirect interest	-	29,724,370	-	29,724,370
Gooi Khai Shin				
- indirect interest	-	149,999	-	149,999



## DIRECTORS' REPORT

(CONT'D)

### DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (Cont'd)

	Number of ordinary shares in the holding company Sharikat Kim Loong Sendirian Berhad			
	At 1.2.2018	Bought	Sold	At 31.1.2019
Gooi Seong Lim				
- direct interest	22,125	-	-	22,125
- indirect interest	11,250	-	-	11,250
Gooi Seong Heen				
- direct interest	22,125	-	-	22,125
- indirect interest	11,250	-	-	11,250
Gooi Seong Chneh				
- direct interest	22,125	-	-	22,125
- indirect interest	11,250	-	-	11,250
Gooi Seong Gum				
- direct interest	22,125	-	-	22,125
- indirect interest	11,250	-	-	11,250

By virtue of their interests in the shares in the holding company, Sharikat Kim Loong Sendirian Berhad, Gooi Seong Lim, Gooi Seong Heen, Gooi Seong Chneh and Gooi Seong Gum, are also deemed to have interests in the shares in the Company and its related corporations to the extent that the holding company has interests in accordance with Section 8 of the Companies Act, 2016.

### INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been the Director, officer or auditor of the Company.

### STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

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

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

- (i) which 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; or
- (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

## DIRECTORS' REPORT

(CONT'D)

### STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (Cont'd)

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; or
- (ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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 that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

### HOLDING AND ULTIMATE HOLDING COMPANY

The Directors regard Sharikat Kim Loong Sendirian Berhad, a company incorporated in Malaysia, as the Company's holding and ultimate holding company.

### SUBSIDIARY COMPANIES

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

There were no qualifications in the auditors' report of the subsidiary companies.

None of the subsidiaries had any interest in shares in the Company during the financial year.

### AUDITORS

The total amount receivable by the auditors as remuneration are disclosed in Note 23 to the financial statements.

The auditors, Messrs. Raki CS Tan & Ramanan, Chartered Accountants, have expressed their willingness to continue in office.

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

**GOOI SEONG LIM**  
Director

**GOOI SEONG GUM**  
Director

Dated: 15 May 2019

## STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, GOOI SEONG LIM and GOOI SEONG GUM, being two of the Directors of CRESCENDO CORPORATION BERHAD, do hereby state that in the opinion of the Directors, the financial statements set out on pages 71 to 139 are drawn up in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 January 2019 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

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

**GOOI SEONG LIM**  
Director

**GOOI SEONG GUM**  
Director

Dated: 15 May 2019

## STATUTORY DECLARATION

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

I, YUEN SUH CHIN, being the Officer primarily responsible for the financial management of CRESCENDO CORPORATION BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 71 to 139 are, in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the )  
abovenamed YUEN SUH CHIN )  
at Johor Bahru in the State of Johor Darul )  
Takzim on 15 May 2019. )

**YUEN SUH CHIN**  
Officer

Before me,

Nur Amreeta Kaur Gubachen Singh  
No. J276  
Commissioner of Oaths  
Johor Bahru

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CRESCENDO CORPORATION BERHAD (359750-D)  
(Incorporated in Malaysia)

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Crescendo Corporation Berhad, which comprise the statements of financial position as at 31 January 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 71 to 139.

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 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

#### Basis for Opinion

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

#### Independence and Other Ethical Responsibilities

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

#### Key Audit Matters

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

#### Key Audit Matters

#### How our audit addressed the Key Audit Matters

##### Land Held for Property Development

Land held for property development is disclosed in Note 9 to the financial statements and is carried at the lower of cost and net realisable values as stated in Note 2.3(f)(i) to the financial statements.

The carrying values of land held for property development as at 31 January 2019 amounted to RM580.6 million.

As stated in Note 2.4(b)(ii), net realisable values for land held for property development are based on estimated selling prices. Significant judgement is required in estimating the selling price.

In respect of land held for property development, we have sighted, on a sample basis, the titles to ascertain ownership of properties.

We have reviewed, on a sample basis, management's determination of net realisable values based on estimated selling prices of land held for property development.

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CRESCENDO CORPORATION BERHAD (359750-D)  
(Incorporated in Malaysia) (CONT'D)

### Report on the Audit of the Financial Statements (Cont'd)

#### Key Audit Matters (Cont'd)

##### Key Audit Matters

##### How our audit addressed the Key Audit Matters

#### Investment Properties

Investment properties are disclosed in Note 6 to the financial statements and as explained in Note 2.3(d), the Group elected to measure investment properties at its deemed cost less accumulated depreciation and impairment losses, if any.

The net carrying amount of investment properties amounted to RM281.2 million.

As mentioned in Note 2.3(s), the Group assesses at each reporting date whether there is an indication that an asset may be impaired.

As stated in Note 2.4(b)(iii), indicators of impairment are assessed by comparing the net carrying amount of investment properties to fair values less cost to sell. Fair values are based on estimated selling price. Judgement is required in estimating selling price.

In respect of investment properties, we have sighted, on a sample basis, the titles to ascertain ownership of properties.

We have reviewed, on a sample basis, management's determination of the estimated recoverable amounts of investment properties.

#### Property Development Activities and Construction Contracts

The Group's revenue of RM217.4 million from the Property Development Activities and construction contracts are stated in Note 21 to the financial statements and are accounted for in accordance with Notes 2.3(f), (g), (j) and (n) to the financial statements.

As stated in Note 2.4(b)(i), significant judgement is required in determining the measure of progress, the extent of the costs incurred, the estimation of revenue and costs, as well as the recoverability of costs.

Our audit approach includes, inter alia, the following:

Review on a sample basis of material on-going projects.

Review of management's policy on recognition of revenue and management's judgement and estimations used in determining the measure of progress, revenue and costs relating to property development and construction activities, as well as the recoverability of costs.

We corroborated, on a sample basis, the stage of completion, the level of completion of the physical proportion of contract work to date and contract assets, to the certificates of professional consultants.

We have checked on a sample basis, revenue and cost recognised to contracts, letter of awards, variation orders, subcontractors claims, architect and other specialist certificates.

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CRESCENDO CORPORATION BERHAD (359750-D)  
(Incorporated in Malaysia) (CONT'D)

### Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

### Responsibilities of the Directors for the Financial Statements

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

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

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

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional recognised 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.



## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CRESCENDO CORPORATION BERHAD (359750-D)  
(Incorporated in Malaysia) (CONT'D)

### Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### Other Matters

As state in Note 2.2 to the financial statements, Crescendo Corporation Berhad adopted Malaysian Financial Reporting Standards on 1 February 2018 with a transition date of 1 February 2017. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statement of financial position of the Group and of the Company as at 31 January 2018 and 1 February 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and the statements of cash flows of the Group and of the Company for the year ended 31 January 2018 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 January 2019, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 February 2018 do not contain misstatements that materially affect the financial position as at 31 January 2019 and the financial performance and cash flows for the year then ended.

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**RAKI CS TAN & RAMANAN**

Firm Number: AF 0190  
Chartered Accountants

Johor Bahru,  
Dated: 15 May 2019

**HARICHANDRAN A/L A. RUBASUNDRAM**

Chartered Accountant  
Approval Number: 02931/07/2019 J  
Partner

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2019

	Note	As at 31.1.2019 RM	As at 31.1.2018 (Restated) RM	As at 1.2.2017 (Restated) RM
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	162,688,773	150,501,814	139,267,177
Land use rights	4	5,350,907	5,668,385	5,985,845
Bearer plant	5	2,936,594	1,576,477	1,148,445
Investment properties	6	281,239,933	283,968,167	286,696,401
Other investment	8	15,897,912	18,231,416	19,729,477
Inventories	9	580,614,870	585,346,045	569,209,162
Deferred tax assets	10	33,630,094	26,018,450	21,062,316
Derivative financial assets	11	14,409,189	13,627,931	22,433,108
		<b>1,096,768,272</b>	<b>1,084,938,685</b>	<b>1,065,531,931</b>
<b>Current assets</b>				
Inventories	9	205,413,824	184,216,649	171,051,372
Receivables	12	61,412,761	74,766,829	81,498,213
Contract assets	13	5,489,197	10,069,597	10,027,140
Prepaid operating expenditure		11,071,914	9,956,961	10,169,317
Tax recoverable		1,295,261	1,407,006	1,879,267
Cash and bank balances	14	64,414,477	55,569,451	58,561,300
		<b>349,097,434</b>	<b>335,986,493</b>	<b>333,186,609</b>
<b>TOTAL ASSETS</b>		<b>1,445,865,706</b>	<b>1,420,925,178</b>	<b>1,398,718,540</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the Company</b>				
Share capital	15	299,572,064	299,572,064	280,462,498
Share premium	15	-	-	19,109,566
Treasury shares	15	(3,114,728)	(3,114,728)	(3,114,728)
Hedging reserve	17	10,212,102	9,331,294	15,473,680
Other capital reserve		426,200	426,200	426,200
Retained earnings	18	586,140,728	568,578,258	553,157,530
		<b>893,236,366</b>	<b>874,793,088</b>	<b>865,514,746</b>
<b>Non-controlling interests</b>		<b>52,190,545</b>	<b>44,558,077</b>	<b>44,389,169</b>
<b>Total equity</b>		<b>945,426,911</b>	<b>919,351,165</b>	<b>909,903,915</b>
<b>Non-current liabilities</b>				
Loans and borrowings	19	259,713,384	290,057,656	282,408,217
Deferred tax liabilities	10	33,882,275	30,237,711	33,192,362
Derivative financial liabilities	11	1,003,064	1,390,839	2,140,151
		<b>294,598,723</b>	<b>321,686,206</b>	<b>317,740,730</b>
<b>Current liabilities</b>				
Payables	20	105,846,529	117,300,439	118,396,132
Contract liabilities	13	5,387,843	2,978,934	1,220,580
Loans and borrowings	19	91,876,829	56,160,560	47,547,460
Tax payable		2,728,871	3,447,874	3,909,723
		<b>205,840,072</b>	<b>179,887,807</b>	<b>171,073,895</b>
<b>Total liabilities</b>		<b>500,438,795</b>	<b>501,574,013</b>	<b>488,814,625</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,445,865,706</b>	<b>1,420,925,178</b>	<b>1,398,718,540</b>

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

## COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2019

	Note	As at 31.1.2019 RM	As at 31.1.2018 RM	As at 1.2.2017 RM
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	3,426,844	3,241,170	3,639,347
Investment in subsidiaries	7	191,565,279	196,565,279	196,565,279
Deferred tax assets	10	221,000	116,000	12,000
Amounts owing by subsidiaries	12	243,771,796	202,461,085	173,524,049
		<b>438,984,919</b>	402,383,534	373,740,675
<b>Current assets</b>				
Receivables	12	3,474,100	6,327,765	3,756,333
Prepaid operating expenditure		190,852	150,251	155,605
Cash and bank balances	14	149,854	55,606	46,681
		<b>3,814,806</b>	6,533,622	3,958,619
<b>TOTAL ASSETS</b>		<b>442,799,725</b>	408,917,156	377,699,294
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the Company</b>				
Share capital	15	299,572,064	299,572,064	280,462,498
Share premium	15	-	-	19,109,566
Treasury shares	15	(3,114,728)	(3,114,728)	(3,114,728)
Retained earnings	18	124,972,914	96,583,353	67,666,170
<b>Total equity</b>		<b>421,430,250</b>	393,040,689	364,123,506
<b>Current liabilities</b>				
Payables	20	20,269,213	12,068,813	9,695,249
Loans and borrowings	19	520,262	3,350,049	2,782,855
Tax payable		580,000	457,605	1,097,684
		<b>21,369,475</b>	15,876,467	13,575,788
<b>Total liabilities</b>		<b>21,369,475</b>	15,876,467	13,575,788
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>442,799,725</b>	408,917,156	377,699,294

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

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019

			GROUP		COMPANY
		2019	2018	2019	2018
	Note	RM	(Restated) RM	RM	RM
<b>Revenue</b>	21	<b>295,589,924</b>	277,160,512	<b>55,124,074</b>	57,715,518
<b>Cost of sales</b>		<b>(206,214,040)</b>	(195,720,865)	-	-
Gross profit		<b>89,375,884</b>	81,439,647	<b>55,124,074</b>	57,715,518
<b>Other items of income</b>					
Rental income		<b>9,961,329</b>	8,564,940	-	-
Interest income		<b>1,969,733</b>	1,757,981	<b>12,138,447</b>	10,649,442
Other income		<b>4,900,712</b>	2,256,829	<b>1,559,501</b>	53,844
<b>Other items of expense</b>					
Administrative expenses		<b>(41,025,820)</b>	(37,497,215)	<b>(20,820,718)</b>	(20,106,330)
Finance costs	22	<b>(11,130,890)</b>	(9,290,340)	<b>(593,063)</b>	(547,059)
<b>Profit before tax</b>	23	<b>54,050,948</b>	47,231,842	<b>47,408,241</b>	47,765,415
Tax	26	<b>(16,696,525)</b>	(12,974,513)	<b>(2,253,558)</b>	(2,083,110)
<b>Profit net of tax</b>		<b>37,354,423</b>	34,257,329	<b>45,154,683</b>	45,682,305
<b>Other Comprehensive Income, net of tax</b>					
Net movements on cash flow hedges	17	<b>1,169,033</b>	(8,055,865)	-	-
Tax relating to cash flow hedges	10	<b>(280,568)</b>	1,933,408	-	-
		<b>888,465</b>	(6,122,457)	-	-
<b>Total comprehensive income for the year</b>		<b>38,242,888</b>	28,134,872	<b>45,154,683</b>	45,682,305
<b>Profit attributable to:</b>					
Owners of the Company		<b>34,327,592</b>	32,127,928	<b>45,154,683</b>	45,682,305
Non-controlling interests		<b>3,026,831</b>	2,129,401	-	-
		<b>37,354,423</b>	34,257,329	<b>45,154,683</b>	45,682,305
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		<b>35,208,400</b>	25,985,542	<b>45,154,683</b>	45,682,305
Non-controlling interests		<b>3,034,488</b>	2,149,330	-	-
		<b>38,242,888</b>	28,134,872	<b>45,154,683</b>	45,682,305
<b>Earnings per share attributable to owners of the Company (sen)</b>					
Basic	27	<b>12.3</b>	11.5		

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019

	2019	Note	Attributable to owners of the Company									
			Non-distributable					Distributable				
	Total Equity		Total	Share	Revaluation	Hedging	Other	Retained	Treasury	Non-		
	RM		RM	Capital	Reserve	Reserve	Capital	Earnings	Shares	controlling		
				RM	RM	RM	Reserve	RM	RM	Interests	RM	RM
<b>At 1.2.2018</b>	967,281,963		922,723,886	299,572,064	69,867,089	9,331,294	426,200	546,641,967	(3,114,728)	44,558,077		
Effect of adoption of MFRS framework	(47,930,798)	2.2	(47,930,798)	-	(69,867,089)	-	-	21,936,291	-	-		
<b>At 1.2.2018 (Restated)</b>	919,351,165		874,793,088	299,572,064	-	9,331,294	426,200	568,578,258	(3,114,728)	44,558,077		
<b>Total comprehensive income</b>	38,242,888		35,208,400	-	-	880,808	-	34,327,592	-	3,034,488		
<b>Transactions with owners</b>												
Disposal of redeemable preference shares in a subsidiary	5,000,000		-	-	-	-	-	-	-	5,000,000		
Dividend paid to non-controlling interests	(402,020)		-	-	-	-	-	-	-	(402,020)		
Dividends	(16,765,122)	28	(16,765,122)	-	-	-	-	(16,765,122)	-	-		
Total transactions with owners	(12,167,142)		(16,765,122)	-	-	-	-	(16,765,122)	-	4,597,980		
<b>At 31.1.2019</b>	945,426,911		893,236,366	299,572,064	-	10,212,102	426,200	586,140,728	(3,114,728)	52,190,545		

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

		Attributable to owners of the Company									
		Non-distributable					Distributable				
		Total RM	Share Capital RM	Share Premium RM	Revaluation Reserve RM	Hedging Reserve RM	Other Capital Reserve RM	Retained Earnings RM	Treasury Shares RM	Non- controlling Interests RM	
2018	Note										
At 1.2.2017		954,953,479	280,462,498	19,109,566	69,867,089	15,473,680	426,200	528,340,005	(3,114,728)	44,389,169	
Effect of adoption of MFRS framework	2.2	(45,049,564)	-	-	(69,867,089)	-	-	24,817,525	-	-	
At 1.2.2017 (Restated)		909,903,915	280,462,498	19,109,566	-	15,473,680	426,200	553,157,530	(3,114,728)	44,389,169	
Total comprehensive income		28,134,872	-	-	-	(6,142,386)	-	32,127,928	-	2,149,330	
Transactions with owners											
Acquisition of interest in a subsidiary		(1,882,500)	-	-	-	-	-	57,922	-	(1,940,422)	
Dividend paid to non- controlling interests		(40,000)	-	-	-	-	-	-	-	(40,000)	
Dividends	28	(16,765,122)	-	-	-	-	-	(16,765,122)	-	-	
Transition to no-par value regime	15	-	19,109,566	(19,109,566)	-	-	-	-	-	-	
Total transactions with owners		(18,687,622)	19,109,566	(19,109,566)	-	-	-	(16,707,200)	-	(1,980,422)	
At 31.1.2018 (Restated)		919,351,165	299,572,064	-	-	9,331,294	426,200	568,578,258	(3,114,728)	44,558,077	

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



## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019

2019	Note	Total Equity RM	Non-distributable		Distributable	
			Share Capital RM	Share Premium RM	Retained Earnings RM	Treasury Shares RM
<b>At 1.2.2018</b>		<b>393,040,689</b>	<b>299,572,064</b>	<b>-</b>	<b>96,583,353</b>	<b>(3,114,728)</b>
<b>Total comprehensive income</b>		<b>45,154,683</b>	<b>-</b>	<b>-</b>	<b>45,154,683</b>	<b>-</b>
<b>Transactions with owners</b>						
Dividends	28	(16,765,122)	-	-	(16,765,122)	-
Total transactions with owners		(16,765,122)	-	-	(16,765,122)	-
<b>At 31.1.2019</b>		<b>421,430,250</b>	<b>299,572,064</b>	<b>-</b>	<b>124,972,914</b>	<b>(3,114,728)</b>
<b>2018</b>						
<b>At 1.2.2017</b>		<b>364,123,506</b>	<b>280,462,498</b>	<b>19,109,566</b>	<b>67,666,170</b>	<b>(3,114,728)</b>
<b>Total comprehensive income</b>		<b>45,682,305</b>	<b>-</b>	<b>-</b>	<b>45,682,305</b>	<b>-</b>
<b>Transactions with owners</b>						
Dividends	28	(16,765,122)	-	-	(16,765,122)	-
Transition to no-par value regime	15	-	19,109,566	(19,109,566)	-	-
Total transactions with owners		(16,765,122)	19,109,566	(19,109,566)	(16,765,122)	-
<b>At 31.1.2018</b>		<b>393,040,689</b>	<b>299,572,064</b>	<b>-</b>	<b>96,583,353</b>	<b>(3,114,728)</b>

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019

	Note	2019 RM	2018 RM
<b>Operating activities</b>			
Cash received from customers		312,904,104	295,767,032
Cash paid to suppliers and employees		(239,936,151)	(241,792,099)
Cash generated from operations		72,967,953	53,974,933
Deposit interest received		1,577,183	1,640,114
Interest paid		(18,525,714)	(17,027,599)
Tax paid		(21,551,431)	(18,941,478)
Net cash from operating activities		34,467,991	19,645,970
<b>Investing activities</b>			
Acquisition of property, plant and equipment	A	(20,886,929)	(21,836,939)
Acquisition of bearer plant	B	(1,912,305)	-
Acquisition of subsidiary company		-	(1,882,500)
Acquisition of other investment		(402,496)	(197,939)
Capital realisation from other investment		2,736,000	1,696,000
Pledge of time deposits		(8,288)	(7,570)
Proceeds from disposal of property, plant and equipment		137,910	126,142
Proceeds from disposal of redeemable preference shares in a subsidiary		6,500,000	-
Net cash used in investing activities		(13,836,108)	(22,102,806)
<b>Financing activities</b>			
Proceeds from loans and borrowings		47,944,632	45,541,000
Repayment of loans and borrowings		(36,916,186)	(24,394,038)
Dividends paid		(16,765,122)	(16,765,122)
Dividends paid to non-controlling interests		(402,020)	(40,000)
Net cash (used in)/from financing activities		(6,138,696)	4,341,840
<b>Net increase in cash and cash equivalents</b>		14,493,187	1,885,004
<b>Cash and cash equivalents at the beginning of the financial year</b>		43,074,998	41,189,994
<b>Cash and cash equivalents at the end of the financial year</b>	29	57,568,185	43,074,998
<b>Notes to Consolidated Statement of Cash Flows</b>			
<b>A Acquisition of property, plant and equipment</b>			
Property, plant and equipment acquired		18,524,476	16,499,402
Unpaid balance included under payables		(259,241)	(661,209)
Cash paid in respect of prior year acquisition		2,643,586	6,143,188
Deposits paid in current/prior year		(21,892)	(144,442)
Cash paid		20,886,929	21,836,939
<b>B Acquisition of bearer plant</b>			
Bearer plant acquired		1,422,195	490,110
Unpaid balance included under payables		-	(490,110)
Cash paid in respect of prior year acquisition		490,110	-
Cash paid		1,912,305	-

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

## COMPANY STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019

	Note	2019 RM	2018 RM
<b>Operating activities</b>			
Cash received from customers		15,430,871	17,432,695
Dividends received from subsidiaries		38,000,000	40,443,500
Cash paid to suppliers and employees		(18,907,019)	(19,545,068)
Cash generated from operations		34,523,852	38,331,127
Interest received		12,138,447	10,649,442
Interest paid		(593,063)	(547,059)
Tax paid		(2,236,163)	(2,827,189)
Net cash from operating activities		43,833,073	45,606,321
<b>Investing activities</b>			
Acquisition of plant and equipment	3	(790,853)	(154,102)
Proceeds from disposal of plant and equipment		52,000	-
Proceeds from disposal of redeemable preference shares in a subsidiary		6,500,000	-
Advance to subsidiaries		(38,863,014)	(31,309,094)
Repayment from subsidiaries		81,667	49,793
Net cash used in investing activities		(33,020,200)	(31,413,403)
<b>Financing activities</b>			
Advance from related companies		3,063	954
Advance from subsidiaries		8,874,175	2,020,372
Repayment to a related company		(954)	(7,391)
Dividends paid		(16,765,122)	(16,765,122)
Net cash used in financing activities		(7,888,838)	(14,751,187)
<b>Net increase/(decrease) in cash and cash equivalents</b>		2,924,035	(558,269)
<b>Cash and cash equivalents at the beginning of the financial year</b>		(3,294,443)	(2,736,174)
<b>Cash and cash equivalents at the end of the financial year</b>	29	(370,408)	(3,294,443)

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019

### 1. GENERAL INFORMATION

- (a) The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.
- (b) The Company is principally engaged in investment holding and in the provision of management services to companies in the Group and other related companies.

The subsidiaries are principally engaged in property development, investment holding, construction, property investment and management, trading and manufacturing of concrete products, trading in building materials and providing educational services, as detailed in Note 7 to the financial statements.

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

- (c) The address of the registered office of the Company is as follows:

Unit No. 203, 2nd Floor  
Block C, Damansara Intan  
No. 1, Jalan SS 20/27  
47400 Petaling Jaya  
Selangor Darul Ehsan

- (d) The address of the principal place of business of the Company is as follows:

18th Floor, Public Bank Tower  
No. 19, Jalan Wong Ah Fook  
80000 Johor Bahru  
Johor Darul Takzim

- (e) The Directors regard Sharikat Kim Loong Sendirian Berhad, a company incorporated in Malaysia, as the Company's holding and ultimate holding company.
- (f) Authorisation for issue of financial statements

These financial statements were authorised for issue by the Board of Directors on 15 May 2019.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

#### 2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as disclosed in summary of significant accounting policies in Note 2.3 and comply with applicable Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

For all periods up to and including the year ended 31 January 2018, the Group and the Company prepared its financial statements in accordance with Financial Reporting Standards in Malaysia ("FRS"). These financial statements for the year ended 31 January 2019 are the first that the Group and the Company have prepared in accordance with MFRS and MFRS 1: First-Time Adoption of Malaysia Financial Reporting Standards ("MFRS 1") has been applied.

As provided in MFRS 1, first-time adopter of MFRS Framework can elect optional exemptions from full retrospective application of MFRS. The Group and the Company have elected certain optional exemptions and not to apply the following accounting standards retrospectively:

- MFRS 3 Business Combinations
- MFRS 9 Financial Instruments
- MFRS 10 Consolidated Financial Statements

The financial statements of the Group and of the Company are presented in Ringgit Malaysia (RM) which is also the Group's and the Company's functional currency.

The statements of cash flows of the Group and of the Company are prepared by using the direct method.

#### 2.2 Adoption of new and amended Malaysian Financial Reporting Standards ("MFRS")

##### New and revised MFRS adopted

These financial statements, for the year ended 31 January 2019, are the first the Group and the Company have prepared in accordance with MFRS. For periods up to and including the year ended 31 January 2018, the Group and the Company prepared its financial statements in accordance with FRS.

Accordingly, the Group and the Company have prepared financial statements that comply with MFRS applicable as at 31 January 2019, together with the comparative period data for the year ended 31 January 2018, as described in the significant accounting policies. In preparing the financial statements, the Group's and the Company's opening statement of financial position was prepared as at 1 February 2017, the Group's date of transition to MFRS. This note explains the principal adjustments made by the Group and the Company in restating its FRS financial statements, including the statement of financial position as at 1 February 2017 and the financial statements for the year ended 31 January 2018.

There are no adjustments arising from the transition to MFRS except for those discussed below. Accordingly, notes related to the statements of financial position as at date of transition to MFRS are only presented for those items.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

#### 2.2 Adoption of new and amended Malaysian Financial Reporting Standards ("MFRS") (Cont'd)

The impact arising from the adoption is summarized as follows:

##### (a) MFRS 116 Bearer plant

The amendment to MFRS 116 and MFRS 141 Agriculture: Bearer Plants change the accounting requirements for biological asset that meet the definition of bearer plants. Under the amendment, biological assets that meet the definition of bearer plants will be within the scope of MFRS 116. After initial recognition, bearer plants will now be measured under MFRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). As the Group has previously measured the biological assets at cost less amortisation, the change in accounting policies is limited to reclassification of the bearer assets from biological assets to bearer plants and thus, the change does not impact comprehensive income or equity.

##### (b) MFRS 141 Biological assets

Prior to the adoption of the Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants, biological assets which form part of the bearer plants were not recognised. With the adoption of the amendments to MFRS 116 and MFRS 141, the biological assets within the scope of MFRS 141 are measured at fair value less costs to sell. The change in fair value less costs to sell of the biological assets is recognised in profit or loss.

##### (c) MFRS 112 Deferred tax

The various transitional adjustments lead to different temporary differences. According to the accounting policies stated in Note 2.3(h)(ii), the Group and the Company have to account for such difference. Deferred tax adjustments are recognised for the underlying transactions either in retained earnings or a separate component of equity.

##### (d) MFRS 1 First time adoption of Malaysian Financial Reporting Standards

Upon transition to MFRS, the Group has elected to measure its freehold land and buildings and investment properties using the cost model under MFRS 116 Property, Plant and Equipment. At the date of transition to MFRS, the Group elected to regard the revalued amounts of the freehold land and buildings and investment properties as deemed cost. The revaluation surplus was transferred to retained earnings on the date of transition to MFRS.

GROUP	Under FRS Framework RM	Effect of transition to MFRS RM	Under MFRS Framework RM
<b>Statement of financial position</b>			
<b>As at 1 February 2017</b>			
Property, plant and equipment	167,587,411	(28,320,234)	139,267,177
Deferred tax assets	22,162,316	(1,100,000)	21,062,316
Revaluation reserve	(69,867,089)	69,867,089	-
Retained earnings	(528,340,005)	(24,817,525)	(553,157,530)
Deferred tax liabilities	(17,563,032)	(15,629,330)	(33,192,362)



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

#### 2.2 Adoption of new and amended Malaysian Financial Reporting Standards ("MFRS") (Cont'd)

##### (d) MFRS 1 First time adoption of Malaysian Financial Reporting Standards (Cont'd)

GROUP	Under FRS Framework RM	Effect of transition to MFRS RM	Under MFRS Framework RM
<b>Statement of financial position</b>			
<b>As at 31 January 2018</b>			
Property, plant and equipment	178,822,048	(28,320,234)	150,501,814
Investment properties	287,245,401	(3,277,234)	283,968,167
Deferred tax assets	27,118,450	(1,100,000)	26,018,450
Revaluation reserve	(69,867,089)	69,867,089	-
Retained earnings	(546,641,967)	(21,936,291)	(568,578,258)
Deferred tax liabilities	(15,004,381)	(15,233,330)	(30,237,711)
<b>Statement of comprehensive income</b>			
<b>For the financial year ended 31 January 2018</b>			
Cost of sales	(192,992,631)	(2,728,234)	(195,720,865)
Gross profit	84,167,881	(2,728,234)	81,439,647
Other items of income			
- Net gain from fair value adjustment of investment properties	549,000	(549,000)	-
Profit before tax	50,509,076	(3,277,234)	47,231,842
Tax expenses	(13,370,513)	396,000	(12,974,513)
Profit net of tax	37,138,563	(2,881,234)	34,257,329
Total comprehensive income for the year	31,016,106	(2,881,234)	28,134,872
Profit attributable to Owners of the Company	35,009,162	(2,881,234)	32,127,928
Total comprehensive income attributable to Owners of the Company	28,866,776	(2,881,234)	25,985,542
Basic earnings per share (sen)	12.5	(1.0)	11.5

#### MFRS 9 Financial Instruments

MFRS 9 Financial Instruments replaces MFRS 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment; and hedge accounting.

The effect of adopting MFRS 9 is as follows:

##### i. Classification and measurement

Under MFRS 9, the Group's and the Company's debt financial instruments are measured at amortised cost. The classification is based on two criteria: the Group's and the Company's business model for managing the assets; and whether the instruments' contractual cash flows represents 'solely payments of principal and interest' on the principal amount outstanding (the "SPPI criterion").

The assessment of the Group's and the Company's business model were made as of the date of initial application, 1 February 2018. The assessment of whether contractual cash flows on financial assets comprised solely of payments of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Trade and other receivables previously classified as Loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as Debt instruments at amortised cost.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

#### 2.2 Adoption of new and amended Malaysian Financial Reporting Standards ("MFRS") (Cont'd)

##### MFRS 9 Financial Instruments (Cont'd)

##### i. Classification and measurement (Cont'd)

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's and the Company's financial liabilities.

The classification and measurement requirements of MFRS 9 had no impact to the Group's and the Company's statement of financial position and statement of other comprehensive income.

In summary, upon the adoption of MFRS 9, the Group and the Company had the following required or elected reclassifications as at 1 February 2018.

	Measurement category under	
	MFRS 139	MFRS 9
	Loans and receivables RM	Debt instruments at amortised cost RM
<b>Group</b>		
Trade and other receivables	74,766,829	74,766,829
Cash and bank balances	55,569,451	55,569,451
<b>Company</b>		
Trade and other receivables	208,788,850	208,788,850
Cash and bank balances	55,606	55,606

##### ii. Impairment

The adoption of MFRS 9 has changed the Group's and the Company's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach.

MFRS 9 requires the Group and the Company to record an allowance for ECLs for all financial assets not held at fair value through profit or loss and contract assets.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive.

For trade and other receivables, the Group and the Company applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group and the Company have established a provision matrix that is based on the Group's and the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Company consider a financial asset to be in default when contractual payment are past due based on historical credit loss experience. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company is unlikely to receive outstanding contractual amounts in full amount before taking into account any credit enhancements held by the Group and the Company.

Due to the strong creditworthiness of the Group's and the Company's debtors, the adoption of the ECL requirements of MFRS 9 did not result in any increase in impairment allowance of the Group's and the Company's financial assets.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

#### 2.2 Adoption of new and amended Malaysian Financial Reporting Standards ("MFRS") (Cont'd)

##### MFRS 15 Revenue from contracts with customers

MFRS 15 supersedes MFRS 111 Construction Contracts, MFRS 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

MFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group and the Company have elected to apply the standard only to contracts that are not completed at the date of initial application of 1 February 2018.

The adoption of this standard did not have an impact on the Group's and the Company's financial statements.

The comparative figures have been reclassified to conform with current year presentation.

	As previously reported RM	Reclassification RM	After reclassification RM
<b>GROUP</b>			
<b>Non-current assets</b>			
Inventories	-	585,346,045	585,346,045
Land held for property development	585,346,045	(585,346,045)	-
<b>Current assets</b>			
Inventories	69,479,558	114,737,091	184,216,649
Property development costs	114,737,091	(114,737,091)	-
Receivables	74,766,289	540	74,766,829
Contract assets	-	10,069,597	10,069,597
Prepaid operating expenses	-	9,956,961	9,956,961
Other current assets	20,074,576	(20,074,576)	-
<b>Current liabilities</b>			
Payables	(120,279,373)	2,978,934	(117,300,439)
Contract liabilities	-	(2,978,934)	(2,978,934)
Due to customers on contracts	(47,478)	47,478	-
<b>COMPANY</b>			
<b>Current assets</b>			
Receivables	4,390,754	1,937,011	6,327,765
Prepaid operating expenses	-	150,251	150,251
Other current assets	2,087,262	(2,087,262)	-

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

#### 2.2 Adoption of new and amended Malaysian Financial Reporting Standards ("MFRS") (Cont'd)

##### Standards issued but not yet effective

The Group and the Company have not elected for early adoption of the following new and amended MFRSs and IC Interpretations relevant to the current operations of the Group and the Company, which were issued but not yet effective for the financial year ended 31 January 2019:

MFRS and Interpretation	Effective for financial periods beginning on or after
Annual Improvements to MFRS Standards 2015 – 2017 Cycle	1 January 2019
MFRS 16 Leases	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9 Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 128 Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 119 Plan, Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 3 Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108 Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

These new and amended MFRSs and IC Interpretations are not expected to have any significant impact on the financial statements of the Group and of the Company upon their initial application.

#### 2.3 Summary of significant accounting policies

##### (a) Subsidiaries and basis of consolidation

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

#### 2.3 Summary of significant accounting policies (Cont'd)

##### (a) Subsidiaries and basis of consolidation (Cont'd)

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

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of an investment.

A subsidiary is an entity over which the Company has all the following:

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

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

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised to profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(s).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

#### 2.3 Summary of significant accounting policies (Cont'd)

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

As stated in Note 2.2, the Group has elected to measure freehold land and buildings at fair value as at 1 February 2011 and 1 February 2017 as their deemed cost.

Freehold land has unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is calculated to write off the cost of the assets to their residual values on a straight line basis over the estimated useful life of the assets as follows:

	No. of years
Buildings	10 – 50
Bearer plants	20
Plant and machinery	5 – 10
Equipment, furniture & fittings and renovation	5 – 10
Motor vehicles	10

Assets under construction are stated at cost incurred to reporting date and no depreciation is provided on these assets until they are completed and available for use.

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

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

##### (c) Biological assets

The biological assets of the Group comprises fresh fruit bunches ('FFB') prior to harvest. Biological assets are classified as current assets for bearer plants that are expected to be harvested and sold or used for production on a date not more than 14 days after the reporting date.

Biological assets are measured at fair value less costs to sell are recognised in profit or loss. Any gains or losses arising from changes in the fair value less costs to sell are recognised in profit or loss.

##### (d) Investment properties

Investment properties which are held to earn rentals or for capital appreciation or both, including properties that are being constructed or developed for future use as investment properties, are measured initially at its cost. Transaction costs are included in the initial measurement.

As stated in Note 2.2, the Group has elected to measure investment properties at fair value as at 1 February 2017 as their deemed cost. As such, investment properties will be carried at cost less accumulated depreciation and accumulated impairment losses (Note 2.3(s)), if any.

Freehold land, which has an unlimited useful life, is not depreciated.

Depreciation of buildings is calculated to write off the cost of the assets to their residual values on a straight line basis over the estimated useful life of the buildings of 50 years.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising from derecognition, determined as the difference between any net disposal proceeds and the carrying amounts of the investment property, is recognised in profit or loss in the year of retirement or disposal.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

#### 2.3 Summary of significant accounting policies (Cont'd)

##### (d) 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 to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

##### (e) Other investment

The Group has under a collaboration agreement with a third party agreed to contribute an agreed sum to the project costs of a restaurant project. The sum contributed is to be returned to the Group through a scheduled capital realisation scheme over an estimated period of 10 years. The Group is also entitled to receive a share of profits before depreciation and tax of the project annually until full capital realisation and another seven consecutive year after full capital realisation. The Group does not have any participative or management rights in the investee.

The Group classifies this as an investment which is initially recognised at cost and capital realisations received are deducted therefrom.

Subsequent to initial recognition, other investment is stated at cost less impairment losses.

##### (f) Inventories

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

##### i. Land held for property development

Land held for property development consists of land on which no significant development activities have been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development are transferred to property development costs within inventories (classified under current assets) when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle of one to two years.

##### ii. Property development cost

The cost of land, related development costs common to whole projects and direct building costs less cumulative amounts recognised as expense in the profit or loss for property under development are carried in the statements of financial position as property development costs. The property development cost is subsequently recognised as an expense in profit or loss as and when the control of the inventory is transferred to the customer.

Property development cost of unsold unit is transferred to completed development unit once the development is completed.

##### iii. Completed development units

Costs of unit of development properties completed and held for sale comprise costs of acquisition of land including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended use, related development costs to projects and direct building costs.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

#### 2.3 Summary of significant accounting policies (Cont'd)

##### (f) Inventories (Cont'd)

##### iv. Other inventories

##### (a) Raw material

Cost of raw materials include all expenses which relate to bringing the inventories to their present location and condition and their costs are determined on a first-in, first-out basis.

##### (b) Work in progress

Cost of work-in-progress includes the cost of direct materials and labour and a proportion of project overheads based on normal operating capacity. The costs are assigned on a first-in first-out basis.

##### (c) Finished goods

Cost of finished goods constitute the average cost of production which includes materials, labour and manufacturing overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs to be incurred in marketing, selling and distribution.

##### (g) Contract cost

##### i. Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

##### ii. Costs to fulfil a contract

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or of the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contracts costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the assets relate. An impairment loss is recognised in the profit or loss when carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has impaired, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

##### (h) Income taxes

##### i. Current tax

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

#### 2.3 Summary of significant accounting policies (Cont'd)

##### (h) Income taxes (Cont'd)

###### ii. Deferred tax

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

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

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

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

#### 2.3 Summary of significant accounting policies (Cont'd)

##### (i) Financial instruments – Initial recognition and subsequent measurement

A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity investment of another entity.

##### i. Financial assets

###### Initial recognition and measurement

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

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

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

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

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

###### Subsequent measurement

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

#### 2.3 Summary of significant accounting policies (Cont'd)

##### (i) Financial instruments – Initial recognition and subsequent measurement (Cont'd)

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

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified and impaired.

The Group's and the Company's financial assets at amortised cost comprise trade and other receivables balances and cash and bank balances.

###### Derecognition

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

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

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

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

###### ii. Financial liabilities

###### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

#### 2.3 Summary of significant accounting policies (Cont'd)

##### (i) Financial instruments – Initial recognition and subsequent measurement (Cont'd)

##### ii. Financial liabilities (Cont'd)

##### Subsequent measurement

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

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

The Group's and the Company's financial liability at amortised cost comprise trade and other payables and loans and borrowings.

##### Derecognition

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

##### iii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement 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.

##### (j) Contract assets and contract liabilities

A contract asset is the right to consideration for goods or services transferred to the customers. If the Group performs by transferring goods or services to a customer before the customers pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

The contract asset will be transferred to trade receivables when the rights to consideration become unconditional.

A contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier).

Contract liabilities are recognised as revenue when the Group performs under the contract.

##### (k) Impairment of financial assets and contract assets

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



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

#### 2.3 Summary of significant accounting policies (Cont'd)

##### (k) Impairment of financial assets and contract assets (Cont'd)

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

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Company consider a financial asset in default when the contractual payments are past due based on historical credit loss experience. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

##### (l) 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.

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

##### (m) Employee benefits

###### i. Short term benefits

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

###### ii. Defined contribution plans

The Group and the Company make contributions to the Employees Provident Fund ("EPF"), the national defined contribution plan. Contributions to the defined contribution plan are charged to profit or loss in the period in which they relate. Once the contributions have been paid, the Group has no further payment obligations.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

#### 2.3 Summary of significant accounting policies (Cont'd)

##### (n) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognise revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfer control of a good or service at a point in time unless one of the following overtime criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
- (b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

##### i. Revenue from property development

Property development contracts with customers may include multiple promises to customers and are accounted for as separate performance obligations. Transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost-plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognises revenue over time using the output method, which is based on the level of completion of the physical proportion of contract work to date, certified by professional consultants.

The promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) as in the attached layout plan in the sale and purchase agreements. The purchasers could enforce its rights to the promised properties if the Group seeks to sell the unit to another purchaser. The contractual restriction on the Group's ability to direct the promised property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group. The Group has the right to payment for performance completed to date, is entitled to continue to transfer the customer the development units promised, and has the rights to complete the construction of the properties and enforce its rights to full payment.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the consideration to which it will be entitled to in exchange for the assets sold.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

#### 2.3 Summary of significant accounting policies (Cont'd)

##### (n) Revenue recognition (Cont'd)

###### ii. Revenue from construction contract

Construction contracts with customers may include multiple promises to customers and are accounted for as separate performance obligations. Transaction price will be allocated to each performance obligation based on the stand-alone selling prices when these are not directly observable, they are estimated based on expected cost-plus margin. The Group recognises construction revenue over time as the project being constructed has no alternative use to the Group and it has an enforceable right to the payment for the performance completed to date. The stage of completion is measured using the output method, which is based on the level of completion of the physical proportion of contract work to date, certified by professional consultants.

###### iii. Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

###### iv. Revenue from services rendered

Revenue from services rendered is recognised net of tax and discounts as and when service is performed.

###### v. Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

###### vi. Dividend income

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

###### vii. Others

Interest income is recognised on a time proportion basis and takes into the account the effective yield on the assets.

The share of profit from the other investment is recognised on an accrual basis.

##### (o) Equity instruments

###### i. Ordinary shares

Ordinary shares are classified as equity. Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of retained earnings in the period in which the obligation to pay is established.

###### ii. Repurchase of share capital

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

Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

Where treasury shares are reissued by re-sale in the open market, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

#### 2.3 Summary of significant accounting policies (Cont'd)

##### (p) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

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

##### (q) Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include cash in hand, cash at bank and unpledged deposits which have an insignificant risk of changes in value, net of outstanding bank overdrafts that form an integral part of the Group's and the Company's cash management.

##### (r) Foreign currencies

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

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

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

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

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

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

#### 2.3 Summary of significant accounting policies (Cont'd)

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

##### (t) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

##### (u) Hedge accounting

The Group uses derivatives to manage its exposure to interest rate risk. The Group applies hedge accounting for certain hedging relationships that qualify for hedge accounting.

For the purpose of hedge accounting, hedging relationships are classified as cash flow hedge when the Group is hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

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

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

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

##### (v) 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 events not wholly within the control of the Group.

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

#### 2.3 Summary of significant accounting policies (Cont'd)

##### (w) Fair value measurement

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

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

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

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

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

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

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

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

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

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

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



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

#### 2.3 Summary of significant accounting policies (Cont'd)

##### (x) Current versus non-current classification

Assets and liabilities in the statements of the financial position are presented based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

##### (y) Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms or rights to use period range from 20 to 30 years.

#### 2.4 Significant accounting judgements and estimates

##### (a) Judgements

In the process of preparing these financial statements, there were no significant judgements made by the management in applying the accounting policies which may have significant effects of the amounts recognised in the financial statements.

##### (b) Key sources of estimation uncertainty

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

##### i. Revenue and cost recognition from property development activities and construction contracts

Revenue is recognised as and when the control of the asset is transferred to customers and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

Significant judgement is required in determining the measure of progress, the extent of the costs incurred, the estimated revenue and costs, as well as the recoverability of the costs. In making judgement, the Group evaluates based on past experience and by relying on the work of specialists.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

#### 2.4 Significant accounting judgements and estimates (Cont'd)

##### (b) Key sources of estimation uncertainty (Cont'd)

##### ii. Inventories

The Group and the Company recognise inventories at the lower of cost and net realisable value. Net realisable values are based on the estimated selling prices, net of the estimated cost necessary to complete the sale. Estimated selling price of inventories from property development activities are based on recent sales transactions of similar properties or comparable properties in similar or nearby locations; where these are not readily available, a valuation by an independent valuer to determine the valuation of a property at a selected location is obtained and used as a basis to test other properties at similar location.

Significant judgement is required in estimating the selling price, which is subject to inherent uncertainties, in particular the property market.

The Directors exercise due care and attention to make reasonable estimates of selling price and the related cost to complete the sale.

The details of inventories are disclosed in Note 9.

##### iii. Impairment of property, plant and equipment and investment properties

The Group and the Company assess whether there are any indicators of impairment for property, plant and equipment and investment properties at each reporting date. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

Impairment test is carried out based on the fair value less cost to sell. Fair value is based on estimated selling price, based on estimates derived from recently transacted properties in the similar or nearby locations; where these are not readily available, a valuation by an independent valuer to determine the valuation of a property at a selected location is obtained and used as a basis to test other properties at similar location.

Significant judgement is required in estimating the selling price, which is subject to inherent uncertainties, in particular the property market.

The Directors exercise due care and attention to make reasonable estimates of selling price less cost to sell.

The details of property, plant and equipment and investment properties are disclosed in Notes 3 and 6 respectively.

##### iv. Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and unabsorbed investment tax allowance to the extent that it is probable that taxable profit will be available against which the tax losses, capital allowances and investment tax allowance can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying amount of recognised deferred tax assets arising from unused tax losses, unabsorbed capital allowances and unabsorbed investment tax allowance of the Group was RM16,669,000 (2018: RM11,703,000). The amount of temporary differences not recognised as deferred tax assets arising from unused tax losses of the Group was RM11,846,000 (2018: RM10,741,000).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 3. PROPERTY, PLANT AND EQUIPMENT

GROUP	Properties RM	Plant and machinery RM	Equipment, furniture & fittings and renovation RM	Motor vehicles RM	Assets under construction RM	Total RM
<b>At 31 January 2019</b>						
<b>Cost</b>						
At 1.2.2018 (Restated)	113,019,549	15,484,841	22,580,084	15,537,520	17,260,765	183,882,759
Additions	13,533,080	439,968	2,620,329	1,558,999	372,100	18,524,476
Disposal/Write off	(194,350)	(519,623)	(873,559)	(603,417)	-	(2,190,949)
Reclassification	14,929,964	-	785,389	-	(15,715,353)	-
At 31.1.2019	141,288,243	15,405,186	25,112,243	16,493,102	1,917,512	200,216,286
<b>Accumulated depreciation</b>						
At 1.2.2018	3,804,586	12,143,162	7,637,003	9,796,194	-	33,380,945
Depreciation charge for the year:	1,394,179	769,401	2,961,715	853,882	-	5,979,177
Recognised in profit or loss (Note 23)	1,394,179	579,512	2,961,715	740,896	-	5,676,302
Construction costs	-	189,889	-	112,986	-	302,875
Disposal/Write off	(170,565)	(451,348)	(762,763)	(447,933)	-	(1,832,609)
At 31.1.2019	5,028,200	12,461,215	9,835,955	10,202,143	-	37,527,513
<b>Net carrying amount</b>						
At 31.1.2019	136,260,043	2,943,971	15,276,288	6,290,959	1,917,512	162,688,773
Net carrying amount of assets under restriction of title due to loans and borrowings	58,950,419	-	-	-	-	58,950,419

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

GROUP	Properties RM	Plant and machinery RM	Equipment, furniture & fittings and renovation RM	Motor vehicles RM	Assets under construction RM	Total RM
<b>At 1 February 2017/ 31 January 2018</b>						
<b>Cost</b>						
At 1.2.2017 (As previously reported)						
At cost	77,056,533	14,952,834	12,113,904	15,281,443	11,155,073	130,559,787
At valuation	65,846,000	-	-	-	-	65,846,000
	142,902,533	14,952,834	12,113,904	15,281,443	11,155,073	196,405,787
Effect of adoption of MFRS framework	(28,320,234)	-	-	-	-	(28,320,234)
At 1.2.2017 (Restated)						
At cost	114,582,299	14,952,834	12,113,904	15,281,443	11,155,073	168,085,553
Additions	238,451	780,290	4,518,266	506,832	10,455,563	16,499,402
Disposal/Write off	-	(248,283)	(203,158)	(250,755)	-	(702,196)
Reclassification	(1,801,201)	-	6,151,072	-	(4,349,871)	-
At 31.1.2018 (Restated)	113,019,549	15,484,841	22,580,084	15,537,520	17,260,765	183,882,759
<b>Accumulated depreciation</b>						
At 1.2.2017	2,723,966	11,508,944	5,517,821	9,067,645	-	28,818,376
Depreciation charge for the year:	1,080,620	824,946	2,316,122	870,778	-	5,092,466
Recognised in profit or loss (Note 23)	1,080,620	674,626	2,316,122	768,815	-	4,840,183
Construction costs	-	150,320	-	101,963	-	252,283
Disposal/Write off	-	(190,728)	(196,940)	(142,229)	-	(529,897)
At 31.1.2018	3,804,586	12,143,162	7,637,003	9,796,194	-	33,380,945
<b>Net carrying amount</b>						
At 1.2.2017 (Restated)	111,858,333	3,443,890	6,596,083	6,213,798	11,155,073	139,267,177
At 31.1.2018 (Restated)	109,214,963	3,341,679	14,943,081	5,741,326	17,260,765	150,501,814
Net carrying amount of assets under restriction of title due to loans and borrowings						
At 1.2.2017 (Restated)	49,079,218	213,118	35,792	447,236	-	49,775,364
At 31.1.2018 (Restated)	58,950,419	69,783	9,877	328,654	-	59,358,733

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Properties of the Group:

GROUP	Freehold land RM	Buildings RM	Total RM
<b>At 31 January 2019</b>			
<b>Cost</b>			
At 1.2.2018 (Restated)	67,309,038	45,710,511	113,019,549
Additions	13,448,587	84,493	13,533,080
Disposal/Write off	-	(194,350)	(194,350)
Reclassification	-	14,929,964	14,929,964
At 31.1.2019	80,757,625	60,530,618	141,288,243
<b>Accumulated depreciation</b>			
At 1.2.2018	-	3,804,586	3,804,586
Depreciation charge for the year:			
Recognised in profit or loss	-	1,394,179	1,394,179
Disposal/Write off	-	(170,565)	(170,565)
At 31.1.2019	-	5,028,200	5,028,200
<b>Net carrying amount</b>			
At 31.1.2019	80,757,625	55,502,418	136,260,043
<b>At 1 February 2017/31 January 2018</b>			
<b>Cost</b>			
At 1.2.2017 (As previously reported)			
At cost	30,513,362	46,543,171	77,056,533
At valuation	65,846,000	-	65,846,000
Effect of adoption of MFRS framework	96,359,362 (29,050,324)	46,543,171 730,090	142,902,533 (28,320,234)
At 1.2.2017 (Restated)			
At cost	67,309,038	47,273,261	114,582,299
Additions	-	238,451	238,451
Reclassification	-	(1,801,201)	(1,801,201)
At 31.1.2018 (Restated)	67,309,038	45,710,511	113,019,549
<b>Accumulated depreciation</b>			
At 1.2.2017	-	2,723,966	2,723,966
Depreciation charge for the year:			
Recognised in profit or loss	-	1,080,620	1,080,620
At 31.1.2018	-	3,804,586	3,804,586
<b>Net carrying amount</b>			
At 1.2.2017 (Restated)	67,309,038	44,549,295	111,858,333
At 31.1.2018 (Restated)	67,309,038	41,905,925	109,214,963

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

COMPANY	Equipment, furniture & fittings and renovation RM	Motor vehicles RM	Total RM
<b>At 31 January 2019</b>			
<b>Cost</b>			
At 1.2.2018	3,338,844	2,283,725	5,622,569
Additions	76,671	714,182	790,853
Disposal/Write off	(141,992)	(204,339)	(346,331)
At 31.1.2019	3,273,523	2,793,568	6,067,091
<b>Accumulated depreciation</b>			
At 1.2.2018	1,548,034	833,365	2,381,399
Depreciation charge for the year:			
Recognised in profit or loss (Note 23)	341,484	217,502	558,986
Disposal/Write off	(139,785)	(160,353)	(300,138)
At 31.1.2019	1,749,733	890,514	2,640,247
<b>Net carrying amount</b>	<b>1,523,790</b>	<b>1,903,054</b>	<b>3,426,844</b>
<b>At 31 January 2018</b>			
<b>Cost</b>			
At 1.2.2017	3,398,878	2,165,348	5,564,226
Additions	35,725	118,377	154,102
Disposal/Write off	(95,759)	-	(95,759)
At 31.1.2018	3,338,844	2,283,725	5,622,569
<b>Accumulated depreciation</b>			
At 1.2.2017	1,277,857	647,022	1,924,879
Depreciation charge for the year:			
Recognised in profit or loss (Note 23)	364,282	186,343	550,625
Disposal/Write off	(94,105)	-	(94,105)
At 31.1.2018	1,548,034	833,365	2,381,399
<b>Net carrying amount</b>	<b>1,790,810</b>	<b>1,450,360</b>	<b>3,241,170</b>

In accordance with the exemption in MFRS 1, the Group has elected to measure freehold land and buildings at fair value as at 1 February 2011 and 1 February 2017 as their deemed cost at that date.

Certain parcels of freehold land of the subsidiaries with net carrying amount of RM50,078,161 (31.1.2018 and 1.2.2017: RM36,629,574) are registered in the name of vendors. The said subsidiaries are the beneficial owners of the freehold land.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 4. LAND USE RIGHTS

	2019 RM	GROUP 2018 RM
<b>Cost</b>		
At 1 February 2018/2017 and 31 January 2019/2018	6,401,996	6,401,996
<b>Accumulated amortisation</b>		
At 1 February 2018/2017	733,611	416,151
Amortisation for the year: Recognised in profit or loss (Note 23)	317,478	317,460
At 31 January 2019/2018	1,051,089	733,611
<b>Net carrying amount</b>	5,350,907	5,668,385
<b>Amount to be amortised</b>		
Not later than one year	317,478	317,478
Later than one year but not later than five years	1,269,912	1,269,912
Later than five years	3,763,517	4,080,995

The land use rights leased from the State Government have a tenure ranging from 20 to 30 years.

### 5. BEARER PLANT

	2019 RM	GROUP 2018 RM
<b>Cost</b>		
At 1 February 2018/2017	1,731,672	1,241,562
Additions	1,422,195	490,110
At 31 January 2019/2018	3,153,867	1,731,672
<b>Accumulated amortisation</b>		
At 1 February 2018/2017	155,195	93,117
Amortisation for the year: Recognised in profit or loss (Note 23)	62,078	62,078
At 31 January 2019/2018	217,273	155,195
<b>Net carrying amount</b>	2,936,594	1,576,477

No biological assets have been recognised as the amount is immaterial.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 6. INVESTMENT PROPERTIES

GROUP	Freehold land RM	Buildings RM	Total RM
<b>At 31 January 2019</b>			
<b>Cost</b>			
At 1 February 2018 (As previously reported)	155,416,240	131,829,161	287,245,401
Effect of adoption MFRS framework	680,000	(1,229,000)	(549,000)
At 1 February 2018 (Restated)/31 January 2019	156,096,240	130,600,161	286,696,401
<b>Accumulated depreciation</b>			
At 1 February 2018 (As previously reported)	-	-	-
Effect of adoption MFRS framework	-	2,728,234	2,728,234
At 1 February 2018 (Restated)	-	2,728,234	2,728,234
Depreciation charge for the year: Recognised in profit or loss (Note 23)	-	2,728,234	2,728,234
At 31 January 2019	-	5,456,468	5,456,468
<b>Net carrying amount</b>	156,096,240	125,143,693	281,239,933
<b>At 31 January 2018</b>			
<b>Cost</b>			
At 1 February 2017 / 31 January 2018 (Restated)	156,096,240	130,600,161	286,696,401
<b>Accumulated depreciation</b>			
At 1 February 2017	-	-	-
Depreciation charge for the year: Recognised in profit or loss (Note 23)	-	2,728,234	2,728,234
At 31 January 2018 (Restated)	-	2,728,234	2,728,234
<b>Net carrying amount</b>	156,096,240	127,871,927	283,968,167

In accordance with the exemption in MFRS 1, the Group has elected to measure freehold land and buildings at fair value as at 1 February 2017 as their deemed cost at that date.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Certain investment properties amounting to RM183,693,560 (31.1.2018: RM163,696,440 and 1.2.2017: RM165,588,000) are pledged to a licensed bank as security for the loans and borrowings (Note 19).

Direct operating expenses (including repairs and maintenance) recognised in profit or loss during the year for:

	GROUP 2019 RM	2018 (Restated) RM
Income generating investment properties	1,561,158	556,149
Non-income generating investment properties	2,318,952	3,083,754

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 7. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2019 RM	2018 RM
Unquoted shares, at cost		
At 1 February 2018/2017	196,565,279	196,565,279
Disposal of redeemable preference shares in a subsidiary	(5,000,000)	-
At 31 January 2019/2018	191,565,279	196,565,279

All these subsidiaries have their principal place of business and are incorporated in Malaysia as follows:

		Proportion of effective ownership interest	
Name	Principal activities	2019	2018
<b>Held by the Company:</b>			
Panoramic Industrial Development Sdn. Bhd.	Property development and investment holding	100%	100%
Panoramic Jaya Sdn. Bhd.	Property development	70%	70%
Crescendo Development Sdn. Bhd.	Property development and cultivation of oil palm	100%	100%
Unibase Construction Sdn. Bhd.	Building and general contractors, civil engineering work and investment holding	100%	100%
Crescendo Education Sdn. Bhd.	Investment holding	100%	100%
Crescendo Commercial Complex Sdn. Bhd.	Property investment	100%	100%
Panoramic Land Sdn. Bhd.	Property investment	100%	100%
Medini Capital Sdn. Bhd.	Dormant	100%	100%
Crescendo Properties Sdn. Bhd.	Intended for investment holding	100%	100%
<b>Held by Panoramic Industrial Development Sdn. Bhd.</b>			
Ambok Resorts Development Sdn. Bhd.	Property development and cultivation of oil palm	100%	100%
<b>Held by Crescendo Development Sdn. Bhd.</b>			
Crescendo Jaya Sdn. Bhd.	Property development	70%	70%
Crescendo Land Sdn. Bhd.	Property development	95%	95%
<b>Held by Crescendo Education Sdn. Bhd.</b>			
Crescendo International College Sdn. Bhd.	Providing educational services	55%	55%
Crescendo International School Sdn. Bhd.	Providing educational services	70%	70%

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 7. INVESTMENT IN SUBSIDIARIES (Cont'd)

		Proportion of effective ownership interest	
Name	Principal activities	2019	2018
<b>Held by Unibase Construction Sdn. Bhd.</b>			
Unibase Concrete Industries Sdn. Bhd.	Trading and manufacturing of concrete products	<b>60%</b>	60%
Unibase Corporation Sdn. Bhd.	Building and general contractors, civil engineering work and investment holding	<b>100%</b>	100%
Unibase Resources Sdn. Bhd.	Investment holding	<b>88.35%</b>	88.35%
Unibase Sand Industries Sdn. Bhd.	Dormant	<b>100%</b>	100%
<b>Held by Unibase Concrete Industries Sdn. Bhd.</b>			
Unibase Pre-cast Sdn. Bhd.	Fabrication, trading and marketing of concrete products	<b>50.4%</b>	50.4%
Unibase Trading Sdn. Bhd.	Trading of building materials	<b>60%</b>	60%
Unibase Jaya Sdn. Bhd.	Investment holding	<b>48%</b>	48%
<b>Held by Unibase Corporation Sdn. Bhd.</b>			
Repute Ventures Sdn. Bhd.	Investment holding	<b>70%</b>	70%
<b>Held by Repute Ventures Sdn. Bhd.</b>			
Repute Construction Sdn. Bhd.	Buildings construction	<b>60.2%</b>	60.2%
<b>Held by Crescendo Land Sdn. Bhd.</b>			
Cresendo Supreme Sdn. Bhd.	Dormant	<b>95%</b>	95%
Crescendo Vision Sdn. Bhd.	Dormant	<b>95%</b>	95%
Crescendo Horizon Sdn. Bhd.	Dormant	<b>95%</b>	95%
Crescendo Evergreen Sdn. Bhd.	Dormant	<b>95%</b>	95%
Crescendo Landmark Sdn. Bhd.	Dormant	<b>95%</b>	95%
Crescendo Prestige Sdn. Bhd.	Dormant	<b>95%</b>	95%
Crescendo Majestic Sdn. Bhd.	Dormant	<b>95%</b>	95%
<b>Held by Unibase Resources Sdn. Bhd.</b>			
Unibase Quarry Industries Sdn. Bhd.	Trading and manufacturing of building materials	<b>61.85%</b>	61.85%

The financial statements of all subsidiaries are audited by Raki CS Tan & Ramanan.

Summarised financial information of Unibase Construction Sdn. Bhd. and its subsidiaries which has non-controlling interests that is material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 7. INVESTMENT IN SUBSIDIARIES (Cont'd)

#### (i) Summarised statement of financial position

	2019 RM	2018 (Restated) RM
Non-current assets	47,024,895	47,831,899
Current assets	110,322,383	114,683,131
Total assets	157,347,278	162,515,030
Current liabilities	64,485,334	71,758,648
Non-current liabilities	7,636,752	10,622,906
Total liabilities	72,122,086	82,381,554
Net assets	85,225,192	80,133,476
Equity attributable to owners of the Company	55,173,667	51,371,267
Non-controlling interests	30,051,525	28,762,209
	85,225,192	80,133,476

#### (ii) Summarised statement of comprehensive income

	2019 RM	2018 RM
Revenue	185,440,047	208,646,747
Profit before tax	16,419,053	15,231,328
Profit net of tax	10,493,736	10,720,014
Total comprehensive income attributable to:		
- owners of the Company	8,802,400	8,778,100
- non-controlling interests	1,691,336	1,941,914
	10,493,736	10,720,014

#### (iii) Summarised statement of cash flows

	2019 RM	2018 RM
Net cash flows from operating activities	15,735,628	7,789,691
Net cash flows from/(used in) investing activities	106,413	(3,732,819)
Net cash flows (used in)/from financing activities	(7,026,673)	4,358,354
Net increase in cash and cash equivalents	8,815,368	8,415,226
Cash and cash equivalents at beginning of year	19,726,559	11,311,333
Cash and cash equivalents at end of the year	28,541,927	19,726,559

#### (iv) Dividends paid to non-controlling interests

	2019 RM	2018 RM
Dividend paid to non-controlling interests	402,020	40,000

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

#### 8. OTHER INVESTMENT

	2019 RM	GROUP 2018 RM
<b>At cost</b>		
At 1 February 2018/2017	23,067,416	22,869,477
Additional contribution	402,496	197,939
At 31 January 2019/2018	23,469,912	23,067,416
<b>Capital realisation</b>		
At 1 February 2018/2017	(4,836,000)	(3,140,000)
Realisation during the year	(2,736,000)	(1,696,000)
At 31 January 2019/2018	(7,572,000)	(4,836,000)
<b>Net investment</b>		
At 31 January 2019/2018	15,897,912	18,231,416

This represents the agreed sum contributed to the project costs of a restaurant project pursuant to a collaboration agreement with a third party.

The sum contributed will be returned through a scheduled capital realisation scheme over an estimated period of 10 years.

#### 9. INVENTORIES

	2019 RM	GROUP 2018 RM
<b>Non-current</b>		
<b>At cost</b>		
Land held for property development {Note 9 (a)}	580,614,870	585,346,045
<b>Current</b>		
<b>At cost</b>		
Raw materials	2,033,150	1,693,084
Work in progress	6,218,900	4,687,919
Finished goods	7,764,547	7,304,052
Completed properties for sale	78,966,192	54,918,687
Property development cost {Note 9 (b)}	109,867,551	114,737,091
	204,850,340	183,340,833
<b>At net realisable value</b>		
Raw materials	563,484	875,816
Total inventories	205,413,824	184,216,649
Recognised in profit or loss:		
Inventories recognised as cost of sales	172,963,663	176,939,644

A completed property amounting to RM4,946,900 (2018: RM4,946,900) is pledged to a licensed bank as security for the loans and borrowings (Note 19).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 9. INVENTORIES (Cont'd)

#### (a) Land held for property development

GROUP	Land RM	Development costs RM	Total RM
<b>At 31 January 2019</b>			
<b>Cost</b>			
At 1 February 2018	317,291,509	268,054,536	585,346,045
Cost incurred during the year	57,406	17,852,731	17,910,137
Transfer to property development costs {Note 9(b)}	(10,765,448)	(11,875,864)	(22,641,312)
At 31 January 2019	306,583,467	274,031,403	580,614,870
<b>At 31 January 2018</b>			
<b>Cost</b>			
At 1 February 2017	321,102,268	248,106,894	569,209,162
Cost incurred during the year	49,286	33,627,144	33,676,430
Transfer to property development costs {Note 9(b)}	(3,860,045)	(13,679,502)	(17,539,547)
At 31 January 2018	317,291,509	268,054,536	585,346,045

	GROUP 2019 RM	2018 RM
Carrying amount of assets under restriction of title due to loans and borrowings and bank guarantees issued	129,521,067	123,034,426

Included in land held for property development costs incurred during the financial year is interest expenses amounting to RM4,107,995 (2018: RM4,208,561) (Note 22).

#### (b) Property development costs

GROUP	Land RM	Development costs RM	Total RM
<b>At 31 January 2019</b>			
<b>Cumulative property development costs</b>			
At 1 February 2018	19,235,555	258,941,322	278,176,877
Cost incurred during the year	-	143,641,640	143,641,640
Transfer from land held for property development {Note 9(a)}	10,765,448	11,875,864	22,641,312
Reversal of completed projects	(4,421,028)	(126,984,215)	(131,405,243)
Transfer to inventories	(1,213,785)	(30,290,287)	(31,504,072)
At 31 January 2019	24,366,190	257,184,324	281,550,514

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 9. INVENTORIES (Cont'd)

#### (b) Property development costs (Cont'd)

GROUP	Land RM	Development costs RM	Total RM
<b>Cumulative costs recognised in profit or loss</b>			
At 1 February 2018	(5,220,255)	(158,219,531)	(163,439,786)
Recognised during the year	(6,417,559)	(133,230,861)	(139,648,420)
Reversal of completed projects	4,421,028	126,984,215	131,405,243
At 31 January 2019	(7,216,786)	(164,466,177)	(171,682,963)
<b>Property development costs as at 31 January 2019</b>	<b>17,149,404</b>	<b>92,718,147</b>	<b>109,867,551</b>
<b>At 31 January 2018</b>			
<b>Cumulative property development costs</b>			
At 1 February 2017	21,862,695	158,062,555	179,925,250
Cost incurred during the year	-	129,449,233	129,449,233
Transfer from land held for property development {Note 9(a)}	3,860,045	13,679,502	17,539,547
Reversal of completed projects	(6,487,185)	(42,249,968)	(48,737,153)
At 31 January 2018	19,235,555	258,941,322	278,176,877
<b>Cumulative costs recognised in profit or loss</b>			
At 1 February 2017	(3,275,735)	(84,071,206)	(87,346,941)
Recognised during the year	(8,431,705)	(116,398,293)	(124,829,998)
Reversal of completed projects	6,487,185	42,249,968	48,737,153
At 31 January 2018	(5,220,255)	(158,219,531)	(163,439,786)
<b>Property development costs as at 31 January 2018</b>	<b>14,015,300</b>	<b>100,721,791</b>	<b>114,737,091</b>

Included in property development costs incurred during the financial year is interest expenses amounting to RM3,278,567 (2018: RM3,650,152) (Note 22).

Certain parcels of the land included in land held for property development and property development costs with carrying amount of RM46,077,449 (2018: RM46,563,249) are registered in the name of the vendors. The subsidiaries are the beneficial owners of the said land.

Land and development expenditure pertaining to those portions of property development project in which development works are expected to be completed within the normal operating cycle of one to two years are classified as current assets.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 10. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

GROUP	31.1.2019 RM	31.1.2018 (Restated) RM	1.2.2017 (Restated) RM
Presented after appropriate offsetting as follows:			
Deferred tax assets	33,630,094	26,018,450	21,062,316
Deferred tax liabilities	(33,882,275)	(30,237,711)	(33,192,362)
	(252,181)	(4,219,261)	(12,130,046)

GROUP	At 1.2.2018 (Restated) RM	Recognised in other comprehensive income RM	Recognised in profit or loss (Note 26) RM	At 31.1.2019 RM
<b>Deferred tax assets</b>				
Subject to income tax:				
Allowance for impairment	-	-	13,000	13,000
Accrued expenses	121,000	-	217,000	338,000
Advanced service income	1,254,000	-	676,000	1,930,000
Derivatives financial liabilities	333,801	(93,066)	-	240,735
Unrealised foreign exchange	1,000	-	(1,000)	-
Unrealised profits	15,799,000	-	2,921,000	18,720,000
Unused tax losses and unabsorbed capital allowance	3,052,000	-	880,000	3,932,000
Unabsorbed investment tax allowance	8,651,000	-	4,086,000	12,737,000
	29,211,801	(93,066)	8,792,000	37,910,735
Offsetting	(3,193,351)	-	(1,087,290)	(4,280,641)
Deferred tax assets (after offsetting)	26,018,450	(93,066)	7,704,710	33,630,094
<b>Deferred tax liabilities</b>				
Subject to income tax:				
Property, plant and equipment	(4,436,000)	-	(1,210,000)	(5,646,000)
Bearer plant	(260,000)	-	14,000	(246,000)
Investment properties	(17,252,000)	-	368,000	(16,884,000)
Land held for property development	(4,272,497)	-	266,509	(4,005,988)
Derivative financial assets	(3,270,704)	(187,502)	-	(3,458,206)
Unrealised foreign exchange	-	-	(43,000)	(43,000)
	(29,491,201)	(187,502)	(604,491)	(30,283,194)
Offsetting	3,193,351	-	1,087,290	4,280,641
Deferred tax liabilities (after offsetting)	(26,297,850)	(187,502)	482,799	(26,002,553)
Subject to real property gains tax:				
Investment properties	(3,362,000)	-	(3,362,000)	(6,724,000)
Property, plant and equipment	(577,861)	-	(577,861)	(1,155,722)
	(3,939,861)	-	(3,939,861)	(7,879,722)
	(30,237,711)	(187,502)	(3,457,062)	(33,882,275)
	(4,219,261)	(280,568)	4,247,648	(252,181)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 10. DEFERRED TAX (Cont'd)

GROUP	At 1.2.2017 (Restated) RM	Recognised in other comprehensive income RM	Recognised in profit or loss (Note 26) RM	At 31.1.2018 (Restated) RM
<b>Deferred tax assets</b>				
Subject to income tax:				
Allowance for impairment	125,000	-	(125,000)	-
Accrued expenses	-	-	121,000	121,000
Advanced service income	756,000	-	498,000	1,254,000
Derivative financial liabilities	513,635	(179,834)	-	333,801
Unrealised foreign exchange	8,000	-	(7,000)	1,000
Unrealised profits	13,420,000	-	2,379,000	15,799,000
Unused tax losses and unabsorbed capital allowances	2,047,000	-	1,005,000	3,052,000
Unabsorbed investment tax allowance	6,737,000	-	1,914,000	8,651,000
	23,606,635	(179,834)	5,785,000	29,211,801
Offsetting	(2,544,319)	-	(649,032)	(3,193,351)
Deferred tax assets (after offsetting)	21,062,316	(179,834)	5,135,968	26,018,450
<b>Deferred tax liabilities</b>				
Subject to income tax:				
Property, plant and equipment	(3,559,000)	-	(877,000)	(4,436,000)
Bearer plant	(276,000)	-	16,000	(260,000)
Investment properties	(17,620,000)	-	368,000	(17,252,000)
Land held for property development	(4,957,874)	-	685,377	(4,272,497)
Derivative financial assets	(5,383,946)	2,113,242	-	(3,270,704)
	(31,796,820)	2,113,242	192,377	(29,491,201)
Offsetting	2,544,319	-	649,032	3,193,351
Deferred tax liabilities (after offsetting)	(29,252,501)	2,113,242	841,409	(26,297,850)
Subject to real property gains tax:				
Investment properties	(3,362,000)	-	-	(3,362,000)
Property, plant and equipment	(577,861)	-	-	(577,861)
	(3,939,861)	-	-	(3,939,861)
	(33,192,362)	2,113,242	841,409	(30,237,711)
	(12,130,046)	1,933,408	5,977,377	(4,219,261)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 10. DEFERRED TAX (Cont'd)

COMPANY	At 1.2.2018 RM	Recognised in profit or loss (Note 26) RM	At 31.1.2019 RM
<b>Deferred tax assets</b>			
Subject to income tax:			
Unused tax losses and unabsorbed capital allowances	360,000	94,000	454,000
Offsetting	(244,000)	11,000	(233,000)
Deferred tax assets (after offsetting)	116,000	105,000	221,000
<b>Deferred tax liabilities</b>			
Subject to income tax:			
Property, plant and equipment	(244,000)	11,000	(233,000)
Offsetting	244,000	(11,000)	233,000
Deferred tax liabilities (after offsetting)	-	-	-
	116,000	105,000	221,000

COMPANY	At 1.2.2017 RM	Recognised in profit or loss (Note 26) RM	At 31.1.2018 RM
<b>Deferred tax assets</b>			
Subject to income tax:			
Unused tax losses and unabsorbed capital allowances	310,000	50,000	360,000
Offsetting	(298,000)	54,000	(244,000)
Deferred tax assets (after offsetting)	12,000	104,000	116,000
<b>Deferred tax liabilities</b>			
Subject to income tax:			
Property, plant and equipment	(298,000)	54,000	(244,000)
Offsetting	298,000	(54,000)	244,000
Deferred tax liabilities (after offsetting)	-	-	-
	12,000	104,000	116,000

Deferred tax assets are recognised for unused tax losses, unabsorbed capital allowance and unabsorbed investment tax allowance carried forward to the extent that realisation of the related tax benefits through the future available profits is probable. The Directors are of the opinion that the particular companies will be able to generate sufficient profit in the foreseeable future to fully utilise the deferred tax assets.

Deferred tax assets and liabilities arising from temporary differences subject to income tax are calculated based on income tax rate of 24%.

Deferred tax arising from temporary differences subject to real property gains tax ("RPGT") are calculated based on tax rate of 10% (31.1.2018: 5% and 1.2.2017: 5%) pursuant to the Finance Act 2018 which announced the change in RPGT rate from 5% to 10% on disposal of properties held for more than 5 years with effective from 1 January 2019.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 10. DEFERRED TAX (Cont'd)

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

	31.1.2019 RM	GROUP 31.1.2018 RM	1.2.2017 RM
Unused tax losses	11,846,000	10,741,000	9,500,000

### 11. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	GROUP			
	2019		2018	
	Notional amount RM	Carrying amount Assets/ (Liabilities) RM	Notional amount RM	Carrying amount Assets/ (Liabilities) RM
<b>Derivatives that are designated as effective hedging instruments carried at fair value</b>				
Interest rate swap	68,166,667	(1,003,064)	77,733,333	(1,390,839)
Cross currency interest rate swap	43,100,000	14,409,189	46,350,000	13,627,931
<b>Presented as:</b>				
Non-current assets		14,409,189		13,627,931
Non-current liabilities		(1,003,064)		(1,390,839)

#### (a) Interest rate swap ("IRS")

The Group has entered into IRS agreements that are designated as a cash flow hedge to convert floating rate liabilities to fixed rate liabilities to reduce the Group's exposure to adverse fluctuations in interest rate on underlying debts instruments.

At the reporting date, the Group had IRS agreements in place with notional principals totalling of RM68,166,667 (2018: RM77,733,333) whereby the Group pays a fixed rate of interest at 4.3% per annum and receive variable rates based on one month KLIBOR on the amortised notional amounts. The Management considers the IRS as an effective hedging instrument as the secured loan and the swap have identical critical terms. The swaps will mature on 9 September 2021 and 31 December 2021 respectively.

The payments made arising from the IRS of RM653,914 (2018: RM892,896) have been recognised in finance costs.

#### (b) Cross currency interest rate swap ("CCIRS")

The Group has entered into a CCIRS agreement that is designated as a cash flow hedge to reduce the Group's exposure to adverse fluctuation in interest and exchange rate on underlying debts instruments.

At the reporting date, the Group had a CCIRS agreement in place with a notional principal of USD13,761,175 (2018: USD14,798,851) that entitles the Group to receive interest at a floating rate of one month USD LIBOR plus 2% per annum on the USD notional amount and obliges the Group to pay interest at a fixed rate of 4.95% per annum on the RM notional amount of RM43,100,000 (2018: RM46,350,000) (calculated at USD/RM3.132). The swap will mature on 31 August 2023.

The CCIRS effectively converts the USD liability into RM liability.

The payments received in the financial year 2019 of RM148,581 and the payment made in the financial year 2018 of RM305,046 arising from the CCIRS have been recognised in finance costs.

#### (c) There are no forecast transactions for which hedge accounting had previously been used.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 12. RECEIVABLES

	2019 RM	GROUP 2018 RM	2019 RM	COMPANY 2018 RM
<b>Current</b>				
Trade receivables				
Third parties	52,300,386	66,455,237	-	-
Amounts owing by related companies	142,308	221,004	135,879	147,880
Amounts owing by subsidiaries	-	-	1,932,034	2,163,841
	52,442,694	66,676,241	2,067,913	2,311,721
Less: Allowance for impairment	(790,595)	(655,259)	-	-
Trade receivables, net	51,652,099	66,020,982	2,067,913	2,311,721
Other receivables and deposits	9,842,286	8,745,847	124,860	138,888
Amounts owing by subsidiaries, non-trade				
- interest bearing	-	-	-	2,720,000
- non-interest bearing	-	-	1,281,327	1,157,156
	61,494,385	74,766,829	3,474,100	6,327,765
Less: Allowance for impairment	(81,624)	-	-	-
	61,412,761	74,766,829	3,474,100	6,327,765
<b>Non-current</b>				
Amount owing by subsidiaries, non-trade				
- interest bearing	-	-	242,971,796	201,661,085
- non-interest bearing	-	-	800,000	800,000
	-	-	243,771,796	202,461,085
Total trade and other receivables	61,412,761	74,766,829	247,245,896	208,788,850

#### (a) Trade receivables

The Group's and the Company's trade receivables are non-interest bearing and its normal credit terms given to customers are less than 60 days (2018: 60 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

##### Ageing analysis of trade receivables

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

	2019 RM	GROUP 2018 RM	2019 RM	COMPANY 2018 RM
Neither past due nor impaired	41,686,184	37,967,935	2,067,913	2,311,721
1 to 30 days past due not impaired	3,537,391	14,387,472	-	-
31 to 120 days past due not impaired	3,870,288	6,141,107	-	-
More than 121 days past due not impaired	534,685	4,869,609	-	-
	7,942,364	25,398,188	-	-
Impaired	790,595	655,259	-	-
	50,419,143	64,021,382	2,067,913	2,311,721
Retention sum	2,023,551	2,654,859	-	-
	52,442,694	66,676,241	2,067,913	2,311,721

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 12. RECEIVABLES (Cont'd)

#### (a) Trade receivables (Cont'd)

##### Receivables that are neither past due nor impaired

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

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

##### Receivables that are past due but not impaired

The Group has trade receivables amounting to RM7,780,114 (2018: RM25,398,188) that are past due at the reporting date but not impaired. The management is confident that these receivables are recoverable as these accounts are still active.

##### Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	GROUP	
	2019 RM	2018 RM
Trade receivables - nominal amounts	<b>790,595</b>	655,259
Less: Allowance for impairment	<b>(790,595)</b>	(655,259)
	-	-
<b>Lifetime expected credit loss</b>		
Movement in allowance accounts:		
At 1 February 2018/2017	<b>655,259</b>	2,492,714
Charge for the year	<b>273,308</b>	65,097
Recovered	-	(464,000)
Written off	<b>(137,972)</b>	(1,438,552)
At 31 January 2019/2018	<b>790,595</b>	655,259

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

##### Expected credit loss

Exposure to credit risk is represented by the carrying amounts in the statement of financial position.

The Group and the Company use an allowance matrix to measure expected credit loss ("ECL") of trade receivables except for property development and construction activities. Consistent with the debt recovery process, invoices which are past due based on historical credit loss experience will be considered as credit impaired. The provision rates are based on days past due for grouping of various customer segments that have similar risk nature and is initially based on the Group's and the Company's historical observed default rates.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 12. RECEIVABLES (Cont'd)

#### (a) Trade receivables (Cont'd)

##### Expected credit loss (Cont'd)

The Directors of the Group and the Company are of the view that loss allowance is not material and hence, it is not provided for.

The Group does not have any significant credit risk from its property development activities as its products are predominantly sold to large number of property purchasers with end financing facilities from reputable financiers. In addition, the credit risk is limited as the ownership and rights to the properties are returned to the Group in the event of default.

The Group's construction contracts are mainly with few external customers, the Group assesses the risk of loss of each customer individually based on their financial information and past trend of payments. All of these customers have low risks of default.

#### (b) Amounts owing by related companies

Related companies refer to fellow subsidiaries of the ultimate holding company of the Company.

#### (c) Amounts owing by subsidiaries, non trade

These amounts are unsecured. The interest bearing portion has an effective interest of 5.62% (2018: 5.67%) per annum. The non-current portion has no fixed term of repayment.

An amount of RM53,000,000 (2018: RM53,000,000) is subordinated to bank borrowings obtained by the subsidiaries.

#### (d) Other receivables that are impaired

The Group's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	GROUP	
	2019 RM	2018 RM
Other receivables - nominal amounts	81,624	-
Less: Allowance for impairment	(81,624)	-
	-	-
<b>Lifetime expected credit loss</b>		
Movement in allowance accounts:		
At 1 February 2018/2017	-	30,761
Charge for the year	81,624	-
Written off	-	(30,761)
At 31 January 2019/2018	81,624	-

### 13. CONTRACT ASSETS/(LIABILITIES)

#### (a) Contract assets

Contract assets primarily relate to the Group's right to consideration for work completed, but which has not been billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 13. CONTRACT ASSETS/(LIABILITIES) (Cont'd)

#### (a) Contract assets (Cont'd)

##### Unsatisfied performance obligations

The unsatisfied performance obligations at the end of the reporting period amounting to RM160,705,434 (2018: RM113,840,249) are expected to be recognised within 2 years.

#### (b) Contract liabilities

Contract liabilities primarily relate to the Group's billings in advance at the reporting date. Contract liabilities are recognised as revenue when the services are performed.

Revenue from rendering of services of the Group includes RM3,113,384 (2018: RM1,375,930) that was included in contract liabilities at the beginning of the reporting period.

### 14. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash on hand and at banks	38,788,810	36,427,428	149,854	55,606
Cash at bank in Housing Development Account	3,320,553	5,061,589	-	-
Time deposits with licensed banks	17,281,795	14,080,434	-	-
Deposits with other financial institution	5,023,319	-	-	-
	<b>64,414,477</b>	55,569,451	<b>149,854</b>	55,606

An arrangement has been made with licensed banks whereby certain bank balances can earn interest of 2.63% (2018: 2.45%) per annum for the Group and 2.30% (2018: 2.10%) per annum for the Company on a daily rest basis. As at reporting date, bank balances under this arrangement amounted to RM36,036,670 (2018: RM32,964,091) for the Group and RM146,654 (2018: RM52,295) for the Company.

The Group's cash held under the Housing Development Accounts represent receipts from purchasers of residential properties less payments or withdrawals provided under Section 7A of the Housing Developers (Control and Licensing) Amendment Act 2002. The utilisation of these balances is restricted before completion of the housing development projects and fulfilment of all relevant obligations to the purchasers, such that the cash could only be withdrawn from such accounts for the purpose of completing the particular projects.

The Group's time deposits amounting to RM4,605,544 (2018: RM4,597,256) are pledged to licensed banks as security for the loans and borrowings (Note 19) and the banker's guarantees issued to suppliers (Note 33).

Deposits are made for varying periods of between one day and twelve months depending on the immediate cash requirements of the Group, and earn interests at the respective deposit rates.

The weighted average interest rate for time deposits with licensed banks were as follows:

	GROUP	
	2019 % per annum	2018 % per annum
Time deposits with licensed banks	3.5	3.4
Deposits with other financial institution	3.7	-

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 15. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	GROUP and COMPANY					
	Number of ordinary shares		Share capital	Amount	Total share capital and share premium	Treasury shares
	Share capital (Issued and fully paid)	Treasury shares	(Issued and fully paid) RM	Share premium RM	RM	RM
At 1.2.2018/31.1.2019	<b>280,462,498</b>	<b>1,043,800</b>	<b>299,572,064</b>	-	<b>299,572,064</b>	<b>(3,114,728)</b>
At 1.2.2017	280,462,498	1,043,800	280,462,498	19,109,566	299,572,064	(3,114,728)
Transition to no-par value regime	-	-	19,109,566	(19,109,566)	-	-
At 31.1.2018	280,462,498	1,043,800	299,572,064	-	299,572,064	(3,114,728)

#### (a) Share capital

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

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 RM19,109,566 become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transaction.

#### (b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance. This is presented as a component within shareholders' equity.

During the financial year, there were no repurchase of its issued share capital from the open market on the Bursa Malaysia Securities Berhad.

The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distributions are suspended.

Of the total 280,462,498 [2018: 280,462,498] issued and fully paid ordinary shares as at 31 January 2019, 1,043,800 [2018: 1,043,800] treasury shares are held by the Company. As at 31 January 2019, the number of outstanding ordinary shares in issue after setting off treasury shares is 279,418,698 [2018: 279,418,698].

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 16. REVALUATION RESERVE

	31.1.2019 RM	GROUP 31.1.2018 (Restated) RM	1.2.2017 (Restated) RM
Surplus arising from revaluation of freehold land	-	73,847,495	73,847,495
Less: Deferred tax on revaluation surplus	-	(3,980,406)	(3,980,406)
Effect of adoption of MFRS framework	-	(69,867,089)	(69,867,089)
Revaluation reserve net of deferred tax	-	-	-

This reserve represents the cumulative surplus, net of deferred tax effects, arising from the revaluation of freehold land above its cost.

### 17. HEDGING RESERVE

	2019 RM	GROUP 2018 RM
At 1 February 2018/2017	9,331,294	15,473,680
Recognised in other comprehensive income:		
Net movements on cash flow hedges	1,169,033	(8,055,865)
Tax relating to cash flow hedges	(280,568)	1,933,408
Non-controlling interest	(7,657)	(19,929)
At 31 January 2019/2018	10,212,102	9,331,294

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

### 18. RETAINED EARNINGS

The entire retained earnings of the Company as at 31 January 2019 may be distributed as dividends under single tier system.

### 19. LOANS AND BORROWINGS

	2019 RM	GROUP 2018 RM	2019 RM	COMPANY 2018 RM
<b>Current</b>				
Secured:				
Bank overdrafts	2,240,748	7,897,197	520,262	3,350,049
Revolving credit	39,900,000	14,800,000	-	-
Term loans	49,736,081	33,463,363	-	-
	91,876,829	56,160,560	520,262	3,350,049

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 19. LOANS AND BORROWINGS (Cont'd)

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Non-current</b>				
Secured:				
Term loans	259,713,384	290,057,656	-	-
<b>Total loans and borrowings</b>				
Bank overdrafts	2,240,748	7,897,197	520,262	3,350,049
Revolving credit	39,900,000	14,800,000	-	-
Term loans	309,449,465	323,521,019	-	-
	351,590,213	346,218,216	520,262	3,350,049
<b>Repayment of loans and borrowings:</b>				
On demand or within one year	91,876,829	56,160,560	520,262	3,350,049
More than one year and up to two years	71,070,578	50,149,648	-	-
More than two years and up to five years	185,427,384	194,409,988	-	-
More than five years	3,215,422	45,498,020	-	-
	351,590,213	346,218,216	520,262	3,350,049

The principal amounts of term loans are repayable over the repayment tenures ranging from 36 months to 144 months.

The weighted average effective interest rates for borrowings are as follows:

	GROUP		COMPANY	
	2019 % per annum	2018 % per annum	2019 % per annum	2018 % per annum
Bank overdrafts	7.99	7.73	8.26	7.96
Revolving credit	5.22	4.80	-	-
Trade facilities	-	3.93	-	-
Term loans	5.35	5.26	-	-

The unutilised banking facilities are as follows:

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Bank overdrafts	29,158,000	21,501,000	4,479,000	1,649,000
Revolving credit	19,300,000	21,450,000	-	-
Trade facilities	12,000,000	12,000,000	-	-
Term loans	14,794,000	4,639,000	-	-
	75,252,000	59,590,000	4,479,000	1,649,000

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 19. LOANS AND BORROWINGS (Cont'd)

The movements in the loans and borrowings were as follow:

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
At 1 February 2018/2017	<b>346,218,216</b>	329,955,677	<b>3,350,049</b>	2,782,855
Proceeds	<b>47,944,632</b>	45,541,000	-	-
Repayment	<b>(36,916,186)</b>	(24,394,038)	-	-
Movement in bank overdrafts	<b>(5,656,449)</b>	(4,884,423)	<b>(2,829,787)</b>	567,194
At 31 January 2019/2018	<b>351,590,213</b>	346,218,216	<b>520,262</b>	3,350,049

The Company's overdraft facility is secured by way of a lien-holder's caveat over the freehold land of a subsidiary.

The subsidiaries' banking facilities are secured by:

- (i) fixed charges and debentures over certain parcels of the subsidiaries' landbanks and completed properties included in property, plant and equipment, inventories and land held for property development;
- (ii) fixed charge over specific investment properties of a subsidiary;
- (iii) time deposit of subsidiaries;
- (iv) corporate guarantee from the Company;
- (v) subordination of advances from the Company to subsidiaries; and
- (vi) corporate guarantee from a shareholder of a subsidiary.

### 20. PAYABLES

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Current</b>				
Trade payables	<b>73,937,300</b>	75,386,941	-	-
Other payables and accruals	<b>31,757,260</b>	41,326,512	<b>3,226,761</b>	3,884,645
Amounts owing to related companies	<b>75,969</b>	468,949	<b>11,761</b>	9,652
Amounts owing to subsidiaries	-	-	<b>16,955,691</b>	8,081,516
Amount owing to holding company	<b>76,000</b>	118,037	<b>75,000</b>	93,000
Total trade and other payables	<b>105,846,529</b>	117,300,439	<b>20,269,213</b>	12,068,813

#### (a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2018: 30 to 90 days) terms.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 20. PAYABLES (Cont'd)

#### (b) Amounts owing to related companies

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade in nature	-	443,610	-	-
Non trade in nature	75,969	25,339	11,761	9,652
	<b>75,969</b>	<b>468,949</b>	<b>11,761</b>	<b>9,652</b>

The amounts owing to related companies arose from advances are unsecured, non-interest bearing and repayable on demand.

Related companies refer to fellow subsidiaries of Sharikat Kim Loong Sendirian Berhad, the holding company of the Company.

#### (c) Amount owing to subsidiaries

The amount owing to subsidiaries arose from advances is unsecured, repayable on demand and bears an effective interest of 4.90% (2018: 4.65%) per annum.

#### (d) Amount owing to holding company

The amount owing to holding company is trade in nature.

### 21. REVENUE

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Revenue from contracts with customers, disaggregated as follows:</b>				
- Sale of properties	216,932,711	200,124,946	-	-
- Construction contract	514,597	4,394,716	-	-
- Sale of goods	47,631,854	52,928,020	-	-
- Rendering of services	25,351,675	16,369,349	17,124,074	17,272,018
	<b>290,430,837</b>	<b>273,817,031</b>	<b>17,124,074</b>	<b>17,272,018</b>
<b>Revenue from other source:</b>				
- Rental income	5,159,087	3,343,481	-	-
- Dividend income from subsidiaries	-	-	38,000,000	40,443,500
	<b>295,589,924</b>	<b>277,160,512</b>	<b>55,124,074</b>	<b>57,715,518</b>
<b>Timing of revenue recognition</b>				
- At a point in time	63,051,780	85,013,366	55,124,074	57,715,518
- Over time	232,538,144	192,147,146	-	-
	<b>295,589,924</b>	<b>277,160,512</b>	<b>55,124,074</b>	<b>57,715,518</b>

Defect liability period of 3 months to 2 years are given to property purchasers and construction contract customers.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 22. FINANCE COSTS

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Interest expenses on:				
Bank borrowings	18,517,452	17,149,053	22,511	42,092
Advances from subsidiaries	-	-	570,552	504,967
	18,517,452	17,149,053	593,063	547,059
Less: Interest expenses capitalised in assets:				
- Land held for property development {Note 9(a)}	(4,107,995)	(4,208,561)	-	-
- Property development costs {Note 9(b)}	(3,278,567)	(3,650,152)	-	-
	11,130,890	9,290,340	593,063	547,059

### 23. PROFIT BEFORE TAX

	GROUP		COMPANY	
	2019 RM	2018 (Restated) RM	2019 RM	2018 RM
The following items have been charged/ (credited) in arriving at profit before tax:				
Allowance for impairment - trade receivables	354,932	65,097	-	-
Auditors' remuneration:				
- Statutory audit				
- current year	183,100	190,100	28,000	28,000
- under provision in prior year	2,500	14,256	-	-
- Other services	3,000	3,000	3,000	3,000
Depreciation and amortisation				
- property, plant and equipment (Note 3)	5,676,302	4,840,183	558,986	550,625
- land use rights (Note 4)	317,478	317,460	-	-
- bearer plant (Note 5)	62,078	62,078	-	-
- investment properties (Note 6)	2,728,234	2,728,234	-	-
Employee benefits expenses (Note 24)	37,933,138	32,394,098	17,148,443	16,281,430
Hiring of equipment	196,643	61,668	12,300	13,000
Inventories written off	335,304	-	-	-
Loss on disposal of plant and equipment	67,900	613	-	-
Non-executive Directors' remuneration (Note 25)	357,000	357,000	357,000	357,000
Plant and equipment written off	172,484	63,773	2,208	1,654
Rental expenses	667,401	567,616	455,562	475,562
Foreign exchange loss/(gain):				
- realised	471,447	(198,597)	-	-
- unrealised	(182,177)	301,516	-	-
Doubtful debts recovered	-	(464,000)	-	-
Gain on disposal of plant and equipment	(20,816)	(18,229)	(8,015)	-
Gain on disposal of redeemable preference shares in a subsidiary	(1,500,000)	-	(1,500,000)	-
Interest income from:				
- deposits	(1,586,237)	(1,426,782)	-	-
- subsidiaries	-	-	(12,138,447)	(10,649,442)
- others	(383,496)	(331,199)	-	-
Rental income	(15,120,416)	(11,908,420)	-	-



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 24. EMPLOYEE BENEFITS EXPENSES

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Salaries, wages and bonuses	35,032,323	30,100,843	15,124,341	14,366,130
Defined contribution plan - EPF	4,021,733	3,483,242	1,926,689	1,829,790
Social security cost	276,905	222,174	97,413	85,510
Less: Construction costs	(1,397,823)	(1,412,161)	-	-
	<b>37,933,138</b>	<b>32,394,098</b>	<b>17,148,443</b>	<b>16,281,430</b>

Included in employee benefits expenses of the Group and of the Company are Executive Directors' remuneration amounting to RM6,016,407 (2018: RM6,016,909) and RM3,814,951 (2018: RM3,815,453) respectively as further disclosed in Note 25.

### 25. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Executive:</b>				
Fees	20,000	20,000	-	-
Salaries and other emoluments	5,295,000	5,295,500	3,375,000	3,375,500
Defined contribution plan - EPF	687,180	687,182	437,580	437,582
Social security cost	14,227	14,227	2,371	2,371
	<b>6,016,407</b>	<b>6,016,909</b>	<b>3,814,951</b>	<b>3,815,453</b>
Estimated money value of benefits-in-kinds	55,145	50,909	55,145	50,909
Total Executive Directors' remuneration (including benefits-in-kinds)	<b>6,071,552</b>	<b>6,067,818</b>	<b>3,870,096</b>	<b>3,866,362</b>
<b>Non-executive:</b>				
Fees	347,500	347,500	347,500	347,500
Other emoluments	9,500	9,500	9,500	9,500
Total Non-Executive Directors' remuneration	<b>357,000</b>	<b>357,000</b>	<b>357,000</b>	<b>357,000</b>
Total Directors' remuneration	<b>6,428,552</b>	<b>6,424,818</b>	<b>4,227,096</b>	<b>4,223,362</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 26. TAX

	2019 RM	GROUP 2018 (Restated) RM	2019 RM	COMPANY 2018 RM
<b>Current tax</b>				
Current year	<b>18,927,000</b>	18,073,800	<b>2,280,000</b>	2,055,000
<b>Deferred tax</b>				
Relating to origination and reversal of temporary differences	<b>(7,001,509)</b>	(6,101,377)	<b>(105,000)</b>	(101,000)
Change of tax rate in real property gains tax	<b>3,939,861</b>	-	-	-
	<b>15,865,352</b>	11,972,423	<b>2,175,000</b>	1,954,000
Under provision of income tax in prior years	<b>2,017,173</b>	878,090	<b>78,558</b>	132,110
(Over)/under provision of deferred tax in prior years	<b>(1,186,000)</b>	124,000	-	(3,000)
	<b>16,696,525</b>	12,974,513	<b>2,253,558</b>	2,083,110

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year. The corporate statutory tax rate was reduced to the range of 20% to 24% during Year of Assessment 2017 and 2018. The reduction in the income tax rate is based on the percentage of increase in chargeable income as compared to the immediate preceding year of assessment.

A reconciliation of income tax expense applicable to 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 is as follows:

	2019 RM	GROUP 2018 (Restated) RM	2019 RM	COMPANY 2018 RM
Profit before tax	<b>54,050,948</b>	47,231,842	<b>47,408,241</b>	47,765,415
Taxed at Malaysian statutory tax rate of 24%	<b>12,972,228</b>	11,335,642	<b>11,377,978</b>	11,463,700
Effect on change in tax rate	<b>3,939,861</b>	(141,524)	-	-
Expenses not deductible for tax purposes	<b>3,003,838</b>	3,116,751	<b>277,022</b>	196,740
Income not subject to tax	<b>(474,855)</b>	(37,185)	<b>(9,480,000)</b>	(9,706,440)
Utilisation of previously unrecognised tax losses	-	(38,520)	-	-
Unabsorbed investment tax allowance	<b>(4,085,000)</b>	(1,914,000)	-	-
Deferred tax asset not recognised on current year's tax losses	<b>323,857</b>	336,636	-	-
Realisation of revaluation surplus	<b>(266,509)</b>	(685,377)	-	-
Costs of assets under controlled transfer not eligible for capital allowance	<b>451,932</b>	-	-	-
Effective tax	<b>15,865,352</b>	11,972,423	<b>2,175,000</b>	1,954,000
Effective taxation rate	<b>29.35%</b>	25.35%	<b>4.59%</b>	4.09%

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 27. EARNING PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to 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.

	2019 RM	GROUP 2018 (Restated) RM
Profit net of tax, attributable to owners of the Company (RM)	34,327,592	32,127,928
Weighted average number of ordinary shares in issue	279,418,698	279,418,698
Basic earnings per share (sen)	12.3	11.5

The earnings per share is anti-dilutive.

### 28. DIVIDENDS

	GROUP and COMPANY			
	Dividends in respect of Year		Dividends recognised in Year	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Financial year 2017:</b>				
Final single tier dividend of 3 sen per share on 279,418,698 ordinary shares	-	-	-	8,382,561
<b>Financial year 2018:</b>				
Interim single tier dividend of 3 sen per share on 279,418,698 ordinary shares	-	8,382,561	-	8,382,561
<b>Financial year 2018:</b>				
Final single tier dividend of 3 sen per share on 279,418,698 ordinary shares	-	8,382,561	8,382,561	-
<b>Financial year 2019:</b>				
Interim single tier dividend of 3 sen per share on 279,418,698 ordinary shares	8,382,561	-	8,382,561	-
<b>Financial year 2019:</b>				
<b>Recommended for approval at AGM (not recognised as at 31 January 2019)</b>				
Final single tier dividend of 3 sen per share on 279,418,698 ordinary shares	8,382,561	-	-	-
	<b>16,765,122</b>	16,765,122	<b>16,765,122</b>	16,765,122

The Directors recommend the payment of a final single tier dividend of 3 sen per share in respect of the financial year ended 31 January 2019, subject to the approval of members at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 January 2020. The proposed final dividend of RM8,382,561 is subject to change in proportion to changes in the Company's paid up capital, if any.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 29. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Time deposits with licensed banks	17,281,795	14,080,434	-	-
Deposits with other financial institution	5,023,319	-	-	-
Cash and bank balances	42,109,363	41,489,017	149,854	55,606
Bank overdrafts (Note 19)	(2,240,748)	(7,897,197)	(520,262)	(3,350,049)
	62,173,729	47,672,254	(370,408)	(3,294,443)
Less: Time deposits pledged	(4,605,544)	(4,597,256)	-	-
	57,568,185	43,074,998	(370,408)	(3,294,443)

### 30. RELATED PARTY DISCLOSURES

#### (a) Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Group and the Company have the following significant related party transactions during the financial year:

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>With holding company</b>				
Professional services - expenses	76,000	93,000	75,000	93,000
<b>With subsidiaries</b>				
Interest expenses	-	-	570,552	504,967
Interest income	-	-	(12,138,447)	(10,649,442)
Management fees	-	-	(16,713,543)	(16,912,027)
Professional services	-	-	(218,250)	(214,500)
<b>With fellow subsidiaries of the holding company</b>				
Estate management fees	54,536	50,341	-	-
Maintenance fees	360,000	-	-	-
Management fees	(6,681)	(6,491)	(6,681)	(6,491)
Professional services	(185,600)	(139,000)	(185,600)	(139,000)
Purchase of goods	14,663	-	-	-
Purchase of property, plant and equipment	13,000,000	20,000	-	-
Rental expenses	26,600	45,600	26,600	45,600
Replanting of contract	1,035,000	465,000	-	-
Sales of goods	(928,568)	(841,188)	-	-
Sales of property, plant and equipment	(10,000)	(13,500)	-	-
Services expenses	31,687	-	-	-

The Directors are of the opinion that the transactions have been entered into in the normal course of business which are at negotiated terms.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 30. RELATED PARTY DISCLOSURES (Cont'd)

#### (b) Compensation of key management personnel

The remuneration of Directors and other members of key management during the financial year was as follows:

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Short-term employee benefits	7,451,022	7,368,946	5,499,166	5,417,090
Post employment benefits:				
Defined contribution plan - EPF	954,455	939,921	704,855	690,321
	8,405,477	8,308,867	6,204,021	6,107,411
Included in the total remuneration of key management personnel are:				
- Executive Directors	6,071,552	6,067,818	3,870,096	3,866,362
- Non-executive Directors	357,000	357,000	357,000	357,000
	6,428,552	6,424,818	4,227,096	4,223,362

### 31. CAPITAL COMMITMENT

	GROUP	
	2019 RM	2018 RM
Approved and contracted for		
- Bearer plant	2,440,000	1,035,000
- Other investment	-	402,000

### 32. UNPAID CUMULATIVE PREFERENCE DIVIDEND INCOME

At the reporting date, an amount of RM13,200,000 (2018: RM11,640,000) is due to the Company in respect of unpaid cumulative preference dividends which are subject to availability of sufficient distributable profits and liquidity of respective subsidiaries and have not been recognised in Company's financial statements.

### 33. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
(a) Bank guarantees				
Issued by licensed banks in favour of third parties				
- Secured	28,140,329	33,462,876	18,000	18,000

The bank guarantees are secured by:

- (i) A subsidiary's landbank in land held for property development as stated in Note 9;
- (ii) A subsidiary's time deposits as stated in Note 14;
- (iii) Earmarking to overdraft facilities of the subsidiaries and the Company as stated in Note 19; and
- (iv) Corporate guarantees from the Company.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

#### 33. CONTINGENT LIABILITIES (Cont'd)

	COMPANY 2019 RM	2018 RM
<b>(b) Corporate guarantees - unsecured</b>		
Issued to bank for facilities granted to subsidiaries	435,992,199	411,730,434
Issued to third parties for supplies of goods and services to a subsidiary	3,450,000	3,250,000
<b>Amounts utilised:</b>		
Issued to bank for facilities granted to subsidiaries	371,595,160	364,483,458
Issued to third parties for supplies of goods and services to a subsidiary	883,276	863,892

#### 34. SEGMENTAL INFORMATION

##### (a) Business Segments

The Group comprises the following main business segments:

- (i) Property development and construction - the development of industrial, residential and commercial properties and letting of undeveloped and unsold properties; and building construction.
- (ii) Manufacturing and trading - manufacturing and trading of building materials.
- (iii) Property investment - investment in industrial properties.
- (iv) Education, management services and others - providing management services, investment holding, providing educational services and cultivation of oil palm.

##### (b) Geographical segments

No segmental reporting by geographical segment is provided as the Group operates only in Malaysia.

##### (c) Allocation basis and transfer pricing

Segments results, assets and liabilities include item directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer pricing between business segments are measured on the basis that similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

## 34. SEGMENTAL INFORMATION (Cont'd)

	Property development and construction		Manufacturing and trading		Property Investment		Education, management services and others		Consolidated	
	2019	2018 (Restated)	2019	2018	2019	2018 (Restated)	2019	2018 (Restated)	2019	2018 (Restated)
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Revenue</b>										
Total revenue	219,272,751	206,727,623	55,766,575	59,080,416	4,060,381	1,754,016	42,283,468	33,495,876	321,383,175	301,057,931
Inter-segment sales	-	-	(8,861,458)	(6,770,892)	-	-	(16,931,793)	(17,126,527)	(25,793,251)	(23,897,419)
External sales	219,272,751	206,727,623	46,905,117	52,309,524	4,060,381	1,754,016	25,351,675	16,369,349	295,589,924	277,160,512
<b>Results</b>										
Segment results	60,788,716	55,016,413	4,012,539	6,146,572	(53,255)	(1,937,527)	17,701,147	13,473,139	82,449,147	72,698,597
Inter-segment eliminations									(12,318,786)	(11,048,911)
Segment results (external)									70,130,361	61,649,686
Unallocated expenses									(4,948,523)	(5,127,504)
Finance cost									(11,130,890)	(9,290,340)
Profit before tax									54,050,948	47,231,842
Tax									(16,696,525)	(12,974,513)
Profit after tax									37,354,423	34,257,329
<b>Other Information</b>										
Segment assets	921,123,124	916,771,881	86,240,618	80,909,718	295,971,425	297,717,791	141,235,279	124,118,782	1,444,570,446	1,419,518,172
Unallocated assets									1,295,260	1,407,006
Total assets									1,445,865,706	1,420,925,178
Segment liabilities	316,724,984	310,660,536	28,847,569	30,007,130	108,594,279	112,399,837	43,543,092	45,058,636	497,709,924	498,126,139
Unallocated liabilities									2,728,871	3,447,874
Total liabilities									500,438,795	501,574,013
Capital expenditure	2,408,149	1,020,215	689,797	1,539,154	-	-	16,848,725	13,940,033	19,946,671	16,499,402
Depreciation and amortisation	941,984	866,760	1,312,891	1,517,525	2,728,234	2,728,234	4,103,858	3,087,719	9,086,967	8,200,238



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 35. FINANCIAL INSTRUMENTS

The financial instruments of the Group and of the Company are categorised into the following classes:

#### (a) Categories of financial instruments

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>(i) Debt instruments measured at amortised cost</b>				
Trade and other receivables	61,412,761	74,766,829	247,245,896	208,788,850
Cash and bank balances	64,414,477	55,569,451	149,854	55,606
	<b>125,827,238</b>	<b>130,336,280</b>	<b>247,395,750</b>	<b>208,844,456</b>
<b>(ii) Financial liabilities carried at amortised cost</b>				
Trade and other payables	105,846,529	117,300,439	20,269,213	12,068,813
Loans and borrowings	351,590,213	346,218,216	520,262	3,350,049
	<b>457,436,742</b>	<b>463,518,655</b>	<b>20,789,475</b>	<b>15,418,862</b>
<b>(iii) Financial assets designated as effective hedging instruments carried at fair value</b>				
Derivatives	14,409,189	13,627,921	-	-
<b>(iv) Financial liabilities designated as effective hedging instruments carried at fair value</b>				
Derivatives	1,003,064	1,390,839	-	-

#### (b) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of their fair value are:

	Note
Receivables (current and non-current)	12
Payables (current)	20
Loans and borrowings (current and non-current)	19

The carrying amounts of current portion of receivables, payables, loans and borrowings are reasonable approximation of fair values due to their short-term nature.

The carrying amounts of non-current portion of receivables, loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The fair values of derivatives are calculated by reference to forward rates or prices quoted at the reporting date for contracts with similar maturity profiles.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 35. FINANCIAL INSTRUMENTS (Cont'd)

#### (c) Fair value hierarchy

As at reporting date, the Group held the following financial instruments measured at fair value:

	31 January RM	Level 1 RM	Level 2 RM	Level 3 RM
<b>Assets/(Liabilities) measured at fair value</b>				
<b>2019</b>				
Derivatives:				
- Interest rate swap	(1,003,064)	-	(1,003,064)	-
- Cross currency interest rate swap	14,409,189	-	14,409,189	-
<b>2018</b>				
Derivatives:				
- Interest rate swap	(1,390,839)	-	(1,390,839)	-
- Cross currency interest rate swap	13,627,931	-	13,627,931	-

There were no transfers between the various categories in the hierarchy of fair value measurement during the reporting periods ended 31 January 2019 and 31 January 2018.

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Managing Director. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that derivatives may be undertaken for the use as hedging instruments where appropriate and cost efficient.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

#### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The credit risk in the property development activity is negligible as sales are to purchasers who obtain financing from financial institutions. As such, the credit risk has been effectively transferred to the financial institutions as provided for in the sale and purchase agreements. For those sales on cash basis which only forms an insignificant portion of sales amount, credit risk is also negligible as titles will only be surrendered after full payments are made.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

#### (a) Credit risk (Cont'd)

The Group's and the Company's exposure to credit risk in other businesses arises primarily from receivables. For other financial assets (cash and bank balances), the Group and the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company is contingently liable to the extent of the amount of banking facilities utilised by the subsidiaries and amount of supplies of goods and services by third parties to a subsidiary as disclosed in Note 33.

The value of corporate guarantees provided by the Company to its subsidiaries is determined by reference to the difference in the interest rates, by comparing the actual rates charged by the bank if these guarantees have not been available. The Directors have assessed the fair value of these corporate guarantees to have no material financial impact on the results and the retained earnings of the Company.

The Group's concentration of credit risk arose from exposure to 5 (2018: 6) customers who comprise 22% (2018: 32%) of trade receivables.

#### Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 12. Deposits with banks and other financial institutions and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit rating and no history of default.

#### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 12.

#### Deposits with licensed banks and other financial institution

Deposits with licensed banks and other financial institution are placed with reputable financial institutions with high credit ratings.

#### (b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from the financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness. At the reporting date, assets held by the Group and Company for managing liquidity risk included cash and short term deposits as disclosed in Note 14.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

#### (b) Liquidity risk (Cont'd)

##### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
<b>2019</b>				
<b>GROUP</b>				
<b>Financial liabilities:</b>				
Payables	105,846,529	-	-	105,846,529
Loans and borrowings	106,192,316	277,710,147	13,101,313	397,003,776
Derivative financial liabilities	-	1,003,064	-	1,003,064
Total undiscounted financial liabilities	212,038,845	278,713,211	13,101,313	503,853,369
<b>COMPANY</b>				
<b>Financial liabilities:</b>				
Payables	20,269,213	-	-	20,269,213
Loans and borrowings	520,262	-	-	520,262
Total undiscounted financial liabilities	20,789,475	-	-	20,789,475
<b>2018</b>				
<b>GROUP</b>				
<b>Financial liabilities:</b>				
Payables	117,300,439	-	-	117,300,439
Loans and borrowings	71,745,870	278,882,156	46,704,689	397,332,715
Derivative financial liabilities	-	1,390,839	-	1,390,839
Total undiscounted financial liabilities	189,046,309	280,272,995	46,704,689	516,023,993
<b>COMPANY</b>				
<b>Financial liabilities:</b>				
Payables	12,068,813	-	-	12,068,813
Loans and borrowings	3,350,049	-	-	3,350,049
Total undiscounted financial liabilities	15,418,862	-	-	15,418,862

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 (CONT'D)

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

#### (c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales, purchases and borrowings that are denominated in a currency other than the functional currency of the Group which is RM. The foreign currency in which these transactions is denominated are mainly Singapore Dollar ("SGD") and US Dollars ("USD").

The Group has entered into Cross Currency Interest Rate Swap ("CCIRS") to mitigate financial risks arising from adverse fluctuations in interest and exchange rates.

No sensitivity analysis is prepared as the Group does not expect any material effect on the Group's profit or loss arising from the effects of reasonably possible changes to these foreign currencies at the end of the reporting period.

#### (d) 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 rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. To manage this mix in a cost-efficient manner, the Group enters into interest rate swaps. At the reporting date, after taking into account the effect of an interest rate swap, approximately 33% (2018: 38%) of the Group's loans and borrowings are at fixed rates of interest.

The Group's and the Company's other interest rate risk relates to its placement of deposits with financial institutions. The Group's policy is to obtain the most favourable interest rates available.

At the reporting date, if interest rates had been 25 (2018: 25) basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM341,000 higher/lower (2018: RM321,000 higher/lower), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings, offset by lower/higher interest income from bank balances and deposits with financial institutions. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

### 37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in objectives, policies or processes during the years ended 31 January 2019 and 31 January 2018.

## ANALYSIS OF SHAREHOLDINGS

AS AT 23 APRIL 2019

Issued and Fully Paid Up Capital : RM299,572,064 consisting of 280,462,498 ordinary shares  
 Class of Shares : Ordinary shares  
 Voting Rights : 1 vote per ordinary share

### DISTRIBUTION OF SHAREHOLDINGS (As per Record of Depositors)

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Total Number of Issued Shares
Less than 100 shares	28	0.58	702	0.00
100 to 1,000 shares	2,334	48.00	2,228,041	0.80
1,001 to 10,000 shares	1,771	36.42	7,593,380	2.72
10,001 to 100,000 shares	614	12.62	18,439,700	6.60
100,001 to less than 5% of shares	115	2.36	59,422,213	21.26
5% and above of shares	1	0.02	191,734,662	68.62
<b>Total</b>	<b>4,863</b>	<b>100.00</b>	<b>279,418,698<sup>Ω</sup></b>	<b>100.00</b>

<sup>Ω</sup> is equivalent to 280,462,498 less 1,043,800 shares bought back and retained as treasury shares

### THIRTY LARGEST SHAREHOLDERS (As per Record of Depositors)

Name of Shareholders	No of Shares Held	% of Total Number of Issued Shares
1. Sharikat Kim Loong Sendirian Berhad	191,734,662	68.62
2. Citigroup Nominees (Tempatan) Sdn. Bhd. – Exempt an for AIA Bhd.	5,641,700	2.02
3. Amanahraya Trustees Berhad – Public Smallcap Fund	4,531,200	1.62
4. Public Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account for Gooi Seong Heen (E-JBU)	3,847,669	1.38
5. Citigroup Nominees (Tempatan) Sdn. Bhd. – Exempt an for OCBC Securities Private Limited (Client A/C-RES)	3,775,672	1.35
6. Gooi Seong Chneh	3,593,124	1.29
7. Gooi Seow Mee	2,675,492	0.96
8. Heng Peng Heng	1,616,000	0.58
9. UOB Kay Hian Nominees (Asing) Sdn. Bhd. – Exempt an for UOB Kay Hian Pte Ltd (A/C Clients)	1,356,000	0.48
10. CIMSEC Nominees (Tempatan) Sdn. Bhd. – CIMB Bank for Siow Wong Yen @ Siow Kwang Hwa (PBCL-0G0320)	1,239,800	0.44
11. UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. – Exempt an for UOB Kay Hian Pte Ltd (A/C Clients)	1,146,452	0.41
12. Gan Teng Siew Realty Sdn. Berhad	1,000,000	0.36
13. Lim Khuan Eng	855,000	0.30

## ANALYSIS OF SHAREHOLDINGS

AS AT 23 APRIL 2019 (CONT'D)

### THIRTY LARGEST SHAREHOLDERS (As per Record of Depositors) (Cont'd)

Name of Shareholders	No of Shares Held	% of Total Number of Issued Shares
14. HSBC Nominees (Asing) Sdn. Bhd. – Exempt an for Credit Suisse (SG BR-TST-ASING)	826,300	0.30
15. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad – Exempt an for Bank of Singapore Limited	781,100	0.28
16. Cheah Kek Ding @ Chea Kek Ding	732,000	0.26
17. CIMB Group Nominees (Tempatan) Sdn. Bhd. – Exempt an for DBS Bank Ltd (SFS-PB)	711,452	0.25
18. Wong Lok Jee @ Ong Lok Jee	692,000	0.25
19. Teoh Guan Kok & Co. Sdn. Berhad	659,400	0.24
20. Affin Hwang Nominees (Asing) Sdn. Bhd. – Exempt an for DBS Vickers Securities (Singapore) Pte Ltd (Clients)	639,000	0.23
21. Tan Liew Cheun	620,000	0.22
22. Maybank Nominees (Tempatan) Sdn. Bhd. – Heng Peng Heng	563,000	0.20
23. Lye Kam Hoong	560,000	0.20
24. Gooi Seong Chneh	551,000	0.20
25. Ng Teng Song	543,900	0.19
26. Maybank Nominees (Tempatan) Sdn. Bhd. – Jincan Sdn. Bhd.	538,000	0.19
27. Loh Boon Hong	519,000	0.19
28. LTK (Melaka) Sdn. Bhd.	493,200	0.18
29. Chong Thuah Realty Sdn. Bhd.	484,500	0.17
30. Shoptra Jaya (M) Sdn. Bhd.	462,700	0.17
<b>TOTAL</b>	<b>233,389,323</b>	<b>83.53</b>

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



## ANALYSIS OF SHAREHOLDINGS

AS AT 23 APRIL 2019 (CONT'D)

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

Name of Substantial Shareholders	No. of Shares Held or Beneficially Interested in		% of Total Number of Issued Shares	
	Direct	Indirect	Direct	Indirect
Sharikat Kim Loong Sendirian Berhad	192,148,114	–	68.77	–
Gooi Seong Lim	1,130,452 <sup>(a)</sup>	196,063,786 <sup>(b)</sup>	0.40	70.17
Gooi Seong Heen	4,559,121 <sup>(c)</sup>	192,216,114 <sup>(d)</sup>	1.63	68.79
Gooi Seong Chneh	4,144,124	192,148,114 <sup>(e)</sup>	1.48	68.77
Gooi Seong Gum	–	192,148,114 <sup>(e)</sup>	–	68.77

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

Name of Directors	Direct Interest		Indirect Interest	
	Shareholdings	%	Shareholdings	%
Gooi Seong Lim	1,130,452 <sup>(a)</sup>	0.40	196,063,786 <sup>(b)</sup>	70.17
Gooi Seong Heen	4,559,121 <sup>(c)</sup>	1.63	192,216,114 <sup>(d)</sup>	68.79
Gooi Seong Chneh	4,144,124	1.48	192,148,114 <sup>(e)</sup>	68.77
Gooi Seong Gum	–	–	192,148,114 <sup>(e)</sup>	68.77
Yeo Jon Tian @ Eeyo Jon Thiam	60,000	0.02	19,000 <sup>(f)</sup>	0.01
Gan Kim Guan	–	–	–	–
Tan Ah Lai	–	–	–	–
Chew Ching Chong	10,000	0.00	–	–
Gooi Khai Shin	–	–	3,775,672 <sup>(g)</sup>	1.35
Gooi Chuen Howe	–	–	–	–

Notes:-

<sup>(a)</sup> 1,130,452 shares held in bare trust by UOB Kay Hian Nominees (Tempatan) Sdn. Bhd.

<sup>(b)</sup> Deemed interest by virtue of his interest in Sharikat Kim Loong Sendirian Berhad ("SKL") which holds 192,148,114 shares, and 3,775,672 shares held in bare trust by Citigroup Nominees (Tempatan) Sdn. Bhd. for Wilgain Holdings Pte. Ltd. of which Gooi Seong Lim is a director and major shareholder, and his spouse, Lim Phaik Ean, who holds 140,000 shares.

<sup>(c)</sup> 711,452 and 3,847,669 shares held in bare trust by CIMB Group Nominees (Tempatan) Sdn. Bhd. and Public Nominees (Tempatan) Sdn. Bhd. respectively.

<sup>(d)</sup> Deemed interest by virtue of his interest in SKL which holds 192,148,114 shares and his spouse, Looi Kok Yean, who holds 68,000 shares.

<sup>(e)</sup> Deemed interest by virtue of their interest in SKL which holds 192,148,114 shares.

<sup>(f)</sup> Deemed interest by virtue of his spouse, Ng Yit How, who holds 19,000 shares.

<sup>(g)</sup> Deemed interest by virtue of his interest in 3,775,672 shares held in bare trust by Citigroup Nominees (Tempatan) Sdn. Bhd. for Wilgain Holdings Pte. Ltd. of which Gooi Khai Shin is a director and major shareholder.

## PARTICULARS OF PROPERTIES

Description & Location		Existing Use / (Status of Development)	Tenure / (Age of Building)	Date of Acquisition / (Revaluation*)	Land Area [Acres]	Net Carrying Amount As At 31 Jan 2019 RM'000
<b>Properties Held by Panoramic Industrial Development Sdn. Bhd.</b>						
1.	Taman Perindustrian Cemerlang Mukim of Plentong, Johor Bahru, Johor.	Industrial land (development-in-progress)	Freehold	18 Nov 1996	18.82 <sup>(a)</sup>	3,302
		Industrial plots (completed)	Freehold (1 year)	18 Nov 1996	2.03 <sup>(a)</sup>	3,770
		Industrial land (development-in-progress)	Leasehold - 999 years commencing from 28.10.1912	18 Nov 1996	28.15 <sup>(a)</sup>	33,218
		Industrial plots (completed)	Leasehold - 999 years commencing from 28.10.1912 (1 year)	18 Nov 1996	1.02 <sup>(a)</sup>	2,103
2.	Nusa Cemerlang Industrial Park Mukim of Pulau, Johor Bahru, Johor.	Approved industrial land (development-in-progress)	Freehold	22 Jul 2005 to 30 Dec 2009	196.34 <sup>(a)</sup>	133,598
		Industrial plots (completed)	Freehold (6 to 8 years)	22 Jul 2005 to 30 Dec 2009	7.90 <sup>(a)</sup>	18,948
<b>Properties Held by Crescendo Development Sdn. Bhd.</b>						
3.	Taman Perindustrian Cemerlang Mukim of Plentong, Johor Bahru, Johor.	Industrial land (development-in-progress)	Freehold	18 Nov 1996	9.17 <sup>(a)</sup>	3,584
		Industrial plots (completed)	Freehold (12 to 20 years)	18 Nov 1996	12.07 <sup>(a)</sup>	12,761
4.	Desa Cemerlang Mukim of Plentong, Johor Bahru, Johor.	Residential and commercial land (development-in-progress)	Freehold	18 Nov 1996	47.57 <sup>(a)</sup>	14,168
		Residential and commercial plots (completed)	Freehold (6 to 12 years)	18 Nov 1996	13.29 <sup>(a)</sup>	23,210

## PARTICULARS OF PROPERTIES

(CONT'D)

Description & Location		Existing Use / (Status of Development)	Tenure / (Age of Building)	Date of Acquisition / (Revaluation*)	Land Area [Acres]	Net Carrying Amount As At 31 Jan 2019 RM'000
5.	Bandar Cemerlang Mukim of Tebrau, Johor Bahru, Johor.	Mixed residential and commercial development (development-in-progress)	Freehold	26 Jun 2001	208.77 <sup>(a)</sup>	159,993
		Oil palm estate (approved for residential and commercial development)	Freehold	26 Jun 2001	594.01 <sup>(a)</sup>	68,920
		Residential and commercial plots (completed)	Freehold (1 year)	26 Jun 2001	5.47 <sup>(a)</sup>	18,175
	Lot Nos. PTD 31034 to 31035 and 31037, Mukim and District of Kota Tinggi, Johor.	Oil palm estate (approved for residential and commercial development)	Freehold	26 Jun 2001	526.21	58,878
<b>Properties Held by Panoramic Jaya Sdn. Bhd.</b>						
6.	Taman Dato' Chellam Mukim of Tebrau, Johor Bahru, Johor.	Mixed residential and commercial land (development-in-progress)	Freehold	12 May 2004	11.81 <sup>(a)</sup>	11,371
<b>Properties Held by Crescendo Land Sdn. Bhd.</b>						
7.	Tanjung Senibong Mukim of Plentong, Johor Bahru, Johor.	Approved residential and commercial land (development-in-progress)	Freehold	30 Aug 2006	221.58 <sup>(a)</sup>	162,077
<b>Properties Held by Ambok Resorts Development Sdn. Bhd.</b>						
8.	Lot Nos. 2, 58, 60, 116, 325, 349, 607, 608, 609, 716, 717, 747, 748, 749, 750, 960 and 1331, Mukim of Tanjung Surat, Kota Tinggi, Johor.	Oil palm estate <sup>(b)</sup> [zoned for mixed development]	Freehold	(24 Jan 2005)	794.43	40,909
<b>Properties Held by Crescendo Jaya Sdn. Bhd.</b>						
9.	Lot Nos. PTD 190809, 190814 to 190825, Mukim of Plentong, Johor Bahru, Johor.	Vacant land for mixed residential and commercial development	Freehold	30 Dec 2002	5.24	1,488
<b>Properties Held by Crescendo Education Sdn. Bhd.</b>						
10.	Lot No. PTD 204446, Desa Cemerlang.	Private college building	Freehold (7 years)	(1 Feb 2011)	2.74	12,583
		Land for private education institutions	Freehold	(1 Feb 2011)	11.65	10,153
11.	GRN 187992 Lot Nos. 80571, Mukim of Plentong, Johor Bahru, Johor.	Vacant land	Freehold	18 Dec 2018	4.60	13,449

## PARTICULARS OF PROPERTIES

(CONT'D)

Description & Location		Existing Use / (Status of Development)	Tenure / (Age of Building)	Date of Acquisition / (Revaluation*)	Land Area [Acres]	Net Carrying Amount As At 31 Jan 2019 RM'000
<b>Properties Held by Crescendo International School Sdn. Bhd.</b>						
12.	PTD 204446, Desa Cemerlang.	International school building <sup>(c)</sup>	Freehold (3 years)	25 Jan 2017	Not applicable	27,458
		Multi purpose hall <sup>(c)</sup>	Freehold (1 year)	12 April 2018	Not applicable	14,262
<b>Property Held by Crescendo Commercial Complex Sdn. Bhd.</b>						
13.	Lot No. PTD 111187, Desa Cemerlang.	Vacant land for commercial buildings	Freehold	(1 Feb 2011)	8.50	24,089
<b>Properties Held by Panoramic Land Sdn. Bhd.</b>						
14.	Lot Nos. PTD 154331, 154332, 154333 and 154334, Nusa Cemerlang Industrial Park.	Factory buildings (completed)	Freehold (6 years)	(1 Feb 2017)	8.44	77,686
15.	Lot Nos. PTD 154326, 154327, 154328 and 154329, Nusa Cemerlang Industrial Park.	Factory buildings (completed)	Freehold (5 years)	(1 Feb 2017)	9.14	84,119
16.	Lot Nos. PTD 154148, 154147 and 154146 Nusa Cemerlang Industrial Park.	Factory buildings (completed)	Freehold (3 years)	(1 Feb 2017)	7.52	73,231
17.	Lot Nos. PTD 154364, 154362, 154358, 154359, 182005 and 154353, Nusa Cemerlang Industrial Park.	Vacant land for factory buildings	Freehold	17 Dec 2014	22.66	43,160
<b>Property Held by Crescendo Properties Sdn. Bhd.</b>						
18.	Lot No. PTD 210920 Mukim of Plentong, Johor Bahru, Johor.	Vacant residential land	Freehold	27 Mar 2015	2.71	3,043
<b>Properties Held by Unibase Concrete Industries Sdn. Bhd.</b>						
19.	GM 2038 Lot 1338 and GM 2040 Lot 1339, Mukim Jeram Batu, Pontian, Johor.	Vacant agricultural land	Freehold	24 Jul 2013	15.74	6,818
20.	GM 2584 Lot 10789 Mukim Jeram Batu, Pontian, Johor.	Vacant agricultural land	Freehold	13 Oct 2015	9.83	9,871
<b>Properties Held by Unibase Pre-cast Sdn. Bhd.</b>						
21.	GM 2010 Lot 1350, GM 1969 Lot 1351 and GM 1968 Lot 1352, Mukim Jeram Batu, Pontian, Johor.	Vacant agricultural land	Freehold	24 Jul 2013	31.43	13,608

## PARTICULARS OF PROPERTIES

(CONT'D)

Description & Location	Existing Use / (Status of Development)	Tenure / (Age of Building)	Date of Acquisition / (Revaluation*)	Land Area [Acres]	Net Carrying Amount As At 31 Jan 2019 RM'000
<b>22. Properties Held by Unibase Quarry Industries Sdn. Bhd.</b>					
PTD 4222 and PTD 4223, Mukim Ulu Sungai Sedili Besar, District of Kota Tinggi, Johor.	Quarry land	Leasehold - 20 years commencing from 20.10.2015	20 Oct 2015	81.00	5,202

### Notes:

- <sup>(a)</sup> Gross land are based upon land titles held by Panoramic Industrial Development Sdn. Bhd., Crescendo Development Sdn. Bhd., Panoramic Jaya Sdn. Bhd. and Crescendo Land Sdn. Bhd. as at 31 January 2019. The conversion factors from gross to net saleable freehold and leasehold land area are as follows:

Property No.	Conversion Factor
1	0.7032 for freehold land and 0.5724 for leasehold land
2	0.9286
3	0.6996
4	0.5353
5	0.4381
6	0.6609
7	0.4883

The conversion factor is derived based on pre-computation areas of all sub-divided lots as stated in qualifying titles (as per approval letters from Pengarah Tanah dan Galian Johor) over the total land areas acquired (as per sale and purchase agreement).

- <sup>(b)</sup> The oil palm estate which is an unconverted development land zoned for mixed development was replanted in 2018.
- <sup>(c)</sup> The building is being constructed on land owned by Crescendo Education Sdn. Bhd.
- \* Date of revaluation includes the date of transition to MFRS of those companies which had elected to regard the fair value/carrying amount of those land and building at date of transition as deemed cost.



Crescendo Corporation Berhad  
(359750-D)

## FORM OF PROXY

CDS Account No.	
Contact No.	

I/We, \_\_\_\_\_

Company No./NRIC No. (new) \_\_\_\_\_ (old) \_\_\_\_\_

of \_\_\_\_\_

being (a) member(s) of Crescendo Corporation Berhad do hereby appoint: \_\_\_\_\_

\_\_\_\_\_ NRIC No. (new) \_\_\_\_\_ (old) \_\_\_\_\_

of \_\_\_\_\_

and/or failing whom \_\_\_\_\_ NRIC No. (new) \_\_\_\_\_

(old) \_\_\_\_\_ of \_\_\_\_\_

or failing whom the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Twenty-third Annual General Meeting of the Company to be held at the Lido Room, Level 6, Amari Johor Bahru, No. 82C, Jalan Trus, 80000 Johor Bahru, Johor Darul Takzim on Thursday, 25 July 2019 at 2.00 p.m. and at any adjournment thereof in the manner as indicated below –

No.	Ordinary Resolution	For	Against
1.	Adoption of Reports and Audited Financial Statements		
2.	Declaration of final dividend		
3.	Payment of Directors' fees		
4.	Payment of Directors' benefits		
5.	Re-election of Director: Mr. Yeo Jon Tian @ Eeyo Jon Thiam		
6.	Re-election of Director: Mr. Gooi Seong Gum		
7.	Re-election of Director: Mr. Gan Kim Guan		
8.	Re-appointment of Auditors		
9.	Authority to allot and issue shares		
10.	Proposed Renewal of Authority for Share Buy-Back		
11.	Retention of Independent Non-Executive Director: Mr. Yeo Jon Tian @ Eeyo Jon Thiam		
12.	Retention of Independent Non-Executive Director: Mr. Gan Kim Guan		
13.	Retention of Independent Non-Executive Director: Mr. Tan Ah Lai		
No.	Special Resolution	For	Against
1.	Proposed Alteration of the whole of the existing Memorandum And Articles of Association by replacing with a new Constitution		

(Please indicate with an 'X' in the appropriate box against each resolution how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote at his/her discretion.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

\_\_\_\_\_  
Signature(s)/Common Seal of Member(s)

No. of Shares Held		
For appointment of two proxies, percentage of shareholdings to be represented by proxies:		
	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

### NOTES:

A member whose name appear in the Record of Depositors as at 18 July 2019 shall be regarded as a member entitled to attend, speak and vote at the meeting.

A member entitled to attend and vote at the meeting is entitled to appoint any person as his proxy to attend, speak and vote instead of him. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

To be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company not less than twenty-four (24) hours

before the time set for holding the meeting or any adjournment thereof. If the appointor is a corporation, this Form must be executed under its common seal or under the hand of its attorney.

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

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The Secretary  
**CRESCENDO CORPORATION BERHAD**  
Unit No. 203, 2<sup>nd</sup> Floor, Block C,  
Damansara Intan,  
No. 1, Jalan SS 20/27,  
47400 Petaling Jaya,  
Selangor Darul Ehsan.

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**[www.crescendo.com.my](http://www.crescendo.com.my)**

**CRESCENDO CORPORATION BERHAD** (359750-D)

Unit No. 203, 2nd Floor, Block C, Damansara Intan,  
No. 1, Jalan SS 20/27, 47400 Petaling Jaya,  
Selangor Darul Ehsan.

Tel : 03 - 7118 2688  
Fax : 03 - 7118 2693