

**MALAYSIA'S LANDMARK  
BUILDER SINCE 1975**

ANNUAL REPORT **2017**

Sabah State Administrative Centre (PPNS)  
Kota Kinabalu, Sabah

Melawati Mall

LRT Ampang Line Extension





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**MALAYSIA'S  
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# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Seventh Annual General Meeting of Bina Puri Holdings Bhd. ("Bina Puri" or "the Company") will be held at Ground Floor, Wisma Bina Puri, 88, Jalan Bukit Idaman 8/1, Bukit Idaman, 68100 Selayang, Selangor Darul Ehsan on Thursday, 28 June 2018 at 11:00 a.m. to transact the following business:-

## ORDINARY BUSINESS

1. To receive the Audited Accounts for the year ended 31 December 2017 and the Reports of Directors and Auditors thereon.
2. To re-elect the following Directors who retire pursuant to Article 80 of the Company's Articles of Association:
  - 2.1 Datuk Matthew Tee Kai Woon **Ordinary Resolution 1**
  - 2.2 Tay Hock Lee **Ordinary Resolution 2**
3. To approve the payment of Directors' fees of RM462,000 for the financial year ended 31 December 2017. **Ordinary Resolution 3**
4. To approve the payment of Directors' fees up to an amount of RM550,000 for the period from 1 January 2018 until 31 December 2018. **Ordinary Resolution 4**
5. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration. **Ordinary Resolution 5**

## SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

### 6. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS**

"THAT, subject to the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company and/or its subsidiary companies be and are hereby authorised to enter into recurrent related party transactions of a revenue or trading nature set out in paragraph 2.5 of the Circular to Shareholders of the Company dated 30 April 2018 which are necessary for their day-to-day operations with:

- 6.1 Sea Travel and Tours Sdn. Bhd.
- 6.2 Kumpulan Melaka Bhd.
- 6.3 Ideal Heights Properties Sdn. Bhd.
- 6.4 Dimara Construction Sdn. Bhd.
- 6.5 Dimara Holdings Sdn. Bhd.

**Ordinary Resolution 6**  
**Ordinary Resolution 7**  
**Ordinary Resolution 8**  
**Ordinary Resolution 9**  
**Ordinary Resolution 10**

subject further to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public;
- (b) appropriate disclosure is made in the annual report in accordance with Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of the Bursa Securities, which requires an actual breakdown of the aggregate value of the recurrent related party transactions entered into during the financial year, including amongst others, the type of recurrent related party transactions and the names of the related parties involved in each type of the recurrent related party transactions entered into and their respective relationships with the Company and that such approval shall, subject to annual renewal, continue to be in force until:

## NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

- i. the conclusion of the next annual general meeting of the Company (unless by a resolution or resolutions passed at the said annual general meeting, the authority is renewed);
  - ii. the expiry of the period within which the next annual general meeting of the Company following the forthcoming annual general meeting at which this mandate is approved, is required to be held pursuant to Section 340(2) of the Companies Act 2016, without regard to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016; or
  - iii. revoked or varied by a resolution or resolutions passed by the shareholders of the Company in general meeting, whichever is the earliest; and
- (c) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by these ordinary resolutions."

### 7. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 75 AND SECTION 76 OF THE COMPANIES ACT 2016**

"THAT pursuant to Section 75 and Section 76 of the Companies Act 2016 and approvals of the relevant government and/or regulatory bodies, the Directors be and are hereby empowered to allot and issue shares in the Company from time to time until the conclusion of the next annual general meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities."

#### **Ordinary Resolution 11**

### 8. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK")**

"THAT, subject to the provisions of the Company's Memorandum and Articles of Association, the Companies Act 2016 ("Act"), rules, regulations and orders made pursuant to the Act, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and any other relevant authorities, the Company be and is hereby authorised to purchase and/or hold such amount of ordinary shares in the Company through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that:

#### **Ordinary Resolution 12**

- (a) the aggregate number of shares so purchased and/or held pursuant to this ordinary resolution ("Purchased Shares") does not exceed ten percent (10%) of the total number of issued shares of the Company as at the point of purchase;
- (b) the maximum amount of funds to be allocated for the Purchased Shares shall not exceed the aggregate of the retained profits of the Company; and
- (c) the Directors be and are hereby authorised to decide at their discretion either to retain the Purchased Shares as treasury shares or cancel them or to retain part of the Purchased shares as treasury shares and cancel the remainder or to resell them or to distribute the treasury shares as share dividends or in any other manner as may be permitted and prescribed by the rules of Bursa Securities and any other relevant authorities.

## NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

AND THAT the authority conferred by this ordinary resolution shall be effective immediately upon passing of this ordinary resolution and shall continue in force until the conclusion of the next annual general meeting of the Company or the expiry of the period within which the next annual general meeting of the Company is required by law to be held (whichever is earlier), unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, but shall not prejudice the completion of purchase(s) by the Company before that aforesaid expiry date and in any event in accordance with the provisions of the Listing Requirements and other relevant authorities.”

9. To transact any other business of which due notice shall have been given.

By Order of the Board

TOH GAIK BEE  
MAICSA 7005448  
Group Company Secretary

Selangor Darul Ehsan  
Date: 30 April 2018

Notes:

1. A proxy may but need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.
2. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
3. In the event the Member duly executes the Form of Proxy but does not name any proxy, such Member shall be deemed to have appointed the Chairman of the meeting as his proxy.
4. A Member of the Company who is entitled to attend and vote at a meeting of the Company or at a meeting of any class of Members of the Company, may appoint not more than two (2) proxies to attend and vote instead of the Member at the meeting.
5. Where a Member or the authorised nominee appoints two (2) proxies or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
7. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.

An exempt authorised nominee refers to an authorised nominee defined under Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.

8. To be valid the proxy form duly completed must be deposited at the Registered Office of the Company at Wisma Bina Puri, 88, Jalan Bukit Idaman 8/1, Bukit Idaman, 68100 Selangor, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
9. Only members whose names appear in the Record of Depositors as at 22 June 2018 shall be eligible to attend the Twenty-Seventh Annual General Meeting or appoint proxy(ies) to attend and vote on his behalf.

# NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

## **Explanatory Notes on Ordinary Business:**

### **Item 1 of the Agenda Audited Accounts**

This agenda item is meant for discussion only as under the provisions of Section 340(1)(a) of the Companies Act 2016 and the Company's Articles of Association, the audited accounts do not require the formal approval of shareholders and hence, the matter will not be put forward for voting.

### **Ordinary Resolutions 1 and 2 - Re-election of directors**

Datuk Matthew Tee Kai Woon and Tay Hock Lee are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at this Annual General Meeting.

Datuk Tee Hock Hin who retires pursuant to Article 80 of the Company's Articles of Association, will not be seeking for re-election at the Twenty-Seventh Annual General Meeting and therefore, shall retire at the conclusion of the said meeting.

### **Ordinary Resolution 3 - Directors' fee 2017**

The details on the payment of Directors' fees for the financial year ended 31 December 2017 are set out in the Corporate Governance Overview Statement on page 57 of the annual report

### **Ordinary Resolution 4 - Directors' fee 2018**

Section 230(1) of the Companies Act 2016 provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company shall be approved at a general meeting. This resolution is to facilitate payment of Directors' fees for the current financial year basis. In the event the proposed amount is insufficient, e.g. due to enlarged Board size, approval will be sought at the next AGM for the shortfall.

## **Explanatory Notes on Special Business:**

### **Ordinary Resolutions 6 to 10 - Proposed renewal of shareholders' mandate for recurrent related party transactions**

The ordinary resolutions 6, 7, 8, 9 and 10 if passed, will authorise the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, particulars of which are set out in paragraph 2.5 of the Circular to Shareholders on recurrent related party transactions dated 30 April 2018 despatched with the Annual Report 2017.

### **Ordinary Resolution 11 - Authority to allot shares pursuant to section 75 and section 76 of the Companies Act 2016**

The ordinary resolution 11, if passed, will give the Directors the authority to allot and issue ordinary shares from the unissued share capital of the Company up to an amount not exceeding 10% of the Company's total number of issued shares for the time being for such purposes as the Directors consider would be in the interests of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting.

The private placement of up to 28,292,400 new ordinary shares, representing not more than ten percent (10%) of the enlarged number of share of the Company which had been approved by Bursa Malaysia Securities Berhad and shareholders of the Company on 23 November 2017 and 21 June 2017 respectively.

The Company had successfully placed out 3,000,000 new Bina Puri Shares pursuant to the Private Placement, which raised cumulative gross proceeds of approximately RM870,000 as detailed in the table below. The Company has utilised the proceeds in the following manner:

## NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

	Amount raised from Private Placement (RM'000)	Amount utilised (RM'000)	Amount unutilised (RM'000)
Working capital requirements	828	828	–
Repayment of bank borrowings	–	–	–
Expenses in relation to the Private Placement	42	42	–
Total	870	870	–

The renewal of this mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to, placement of shares, funding future investment project(s), working capital and/or acquisition(s).

### Ordinary Resolution 12 - Proposed Renewal of Share Buy-back

The ordinary resolution 12, if passed, will empower the Directors to purchase the Company's shares through Bursa Securities of up to 10% of the total number of issued shares of the Company.

The details of the Proposed Renewal of Share Buy-Back are contained in the Share Buy-Back Statement on page 7 of the annual report.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(pursuant to paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities)

### DETAILS OF INDIVIDUALS WHO ARE STANDING FOR ELECTION AS DIRECTORS

No individual is seeking election as a Director at the Twenty-Seventh Annual General Meeting of the Company.

# SHARE BUY-BACK STATEMENT

## **PROPOSED RENEWAL OF AUTHORITY FOR BINA PURI HOLDINGS BHD (“BINA PURI” OR THE “COMPANY”) TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT (10%) OF ITS TOTAL NUMBER OF ISSUED SHARES (“PROPOSED RENEWAL OF SHARE BUY-BACK”)**

### **1. INTRODUCTION**

On 21 June 2017, the Company had obtained approval from the shareholders of the Company to purchase its own shares of up to ten percent (10%) of the total number of issued shares of the Company. The said authority will lapse at the conclusion of this forthcoming Annual General Meeting (“AGM”).

The Company has intention to renew the authority to purchase its own shares by way of an ordinary resolution.

The purpose of this Statement is to provide shareholders with the relevant information on the Proposed Renewal of Share Buy-Back and to seek their approval for the ordinary resolution pertaining to the same to give effect to the Proposed Renewal of Share Buy-Back to be tabled at the forthcoming AGM. The notice of the AGM together with the Proxy Form is set out in this Annual Report.

If you are in any doubt as to the course of action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

### **2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK**

The Board of Directors of Bina Puri (“Board”) proposes to seek shareholders’ approval for a renewal of the authority to purchase and/or hold in aggregate of up to 10% of the total number of issued shares of the Company at any point of time through Bursa Malaysia Securities Berhad (“Bursa Securities”).

Based on the Company’s total number of issued shares of 267,160,650 ordinary shares (“Bina Puri Shares”) as at 31 March 2018 and the 14,763,700 outstanding options granted pursuant to the existing executives’ share option scheme (“ESOS Options”), the maximum number of up to 31,021,675 Bina Puri Shares (which is not more than 10% of the enlarged number of issued Bina Puri Shares) may be purchased by the Company pursuant to the Proposed Renewal of Share Buy-Back, assuming that the outstanding ESOS Options are fully exercised and up to 28,292,400 new Bina Puri Shares, representing not more than 10% of the enlarged number of issued Bina Puri Shares, are issued pursuant to the Company’s private placement exercise which was announced on 13 November 2017 and approved by Bursa Securities on 23 November 2017 (“Placement Shares”).

Such authority, if so approved, would be effective upon the passing of the ordinary resolution for the Proposed Renewal of Share Buy-Back until:-

- (i) the conclusion of the next AGM of Bina Puri following the general meeting at which the ordinary resolution for the Proposed Renewal of Share Buy-Back is passed, at which time such authority shall lapse unless it is renewed by ordinary resolution passed at the next AGM; or
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting of the Company,

whichever occurs first.

The purchase of Bina Puri Shares under the Proposed Renewal of Share Buy-Back will be carried out through Bursa Securities via stockbrokers appointed by the Board.

The Board proposes to allocate an amount of up to the retained profits of the Company for the purchase of its own shares subject to the compliance with Section 127 of the Companies Act 2016 (“Act”) and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase. Based on the latest audited financial statements of Bina Puri as at 31 December 2017, the retained profits amounted to approximately RM79.9 million.

## SHARE BUY-BACK STATEMENT (Cont'd)

### 2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONT'D)

The Proposed Renewal of Share Buy-Back will allow the Board to exercise the power of the Company to purchase its own shares at any time within the abovementioned period using the internal funds of the Bina Puri and its subsidiaries ("Group") and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later, depending on, amongst others, the availability of funds at the time of purchase, the actual number of shares to be purchased and other relevant cost factors. The actual number of shares to be purchased and the timing of such purchase will depend on, amongst others, the market conditions and sentiments of the stock market as well as the retained profits and the financial resources available to the Group.

If the Company purchases its own shares using external borrowings, the Board will ensure that the Group has sufficient funds to repay the external borrowings and that the repayment would not have any material effect on the cash flow of the Group.

Bina Puri may only purchase its own shares at a price which is not more than 15% above the weighted average market price of Bina Puri Shares for the 5 market days immediately preceding the date of the purchase.

The Company may only resell the purchased shares held as treasury shares at a price, which is:-

- (a) not less than the weighted average market price of the shares for the 5 market days immediately prior to the date of the resale; or
- (b) a discounted price of not more than 5% to the weighted average market price of the shares for the 5 market days immediately prior to the date of the resale, provided that the resale takes place no earlier than 30 days from the date of the purchase; and the resale price is not less than the cost of purchase of the shares being resold.

The Company shall, upon each purchase or re-sale of shares, make the necessary announcements to Bursa Securities.

In accordance with Section 127 of the Act, the Directors of the Company may deal with the purchased shares pursuant to the Proposed Renewal of Share Buy-Back, in the following manner:-

- (i) cancel the purchased shares;
- (ii) retain the purchased shares as treasury shares for distribution as share dividends to the shareholders and/or resell through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or cancel subsequently; or
- (iii) retain part of the purchased shares as treasury shares and cancel the remainder.

The decision whether to retain the purchased shares as treasury shares, to cancel the purchased shares, to distribute the treasury shares as share dividends or to resell the treasury shares on Bursa Securities will be made by the Board at the appropriate time. The distribution of treasury shares as share dividends may be applied as a reduction of the retained profits of the Company.

While the purchased shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in any distribution and otherwise are suspended. The treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

The Company will make an immediate announcement to Bursa Securities of any purchase and resale of the shares and whether the purchased shares will be cancelled or retained as treasury shares or a combination of both.

The Proposed Renewal of Share Buy-Back will be carried out in accordance with the prevailing laws at the time of the purchase including compliance with the 25% public shareholding spread as required by the Main Market Listing Requirements of Bursa Securities.

# SHARE BUY-BACK STATEMENT (Cont'd)

## 2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONT'D)

As at 31 March 2018, the public shareholding spread of the Company based on the total number of issued shares of 267,160,650 Bina Puri Shares was 62.09%. The Board will endeavour to ensure that the Company complies with the public shareholding spread requirements and shall not buy back the Company's own shares if the purchase would result in the public shareholding spread requirements not being met.

## 3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK

The Proposed Renewal of Share Buy-Back, if implemented, will enable Bina Puri to utilise any of its surplus financial resources, which is not immediately required for other uses, to purchase its own shares from the market. The Proposed Renewal of Share Buy-Back is expected to stabilise the supply and demand, as well as the price of Bina Puri Shares.

If Bina Puri Shares purchased are subsequently cancelled, the Proposed Renewal of Share Buy-Back may strengthen the earnings per share ("EPS") of the Group. Consequently, long-term and genuine investors are expected to enjoy a corresponding increase in the value of their investments in the Company.

The purchased shares can also be held as treasury shares and resold on Bursa Securities at a higher price therefore realising a potential gain. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

The Proposed Renewal of Share Buy-Back is not expected to have any potential material disadvantage to the Company and its shareholders, and it will be implemented only after due consideration of the financial resources of the Group, and of the resultant impact on the shareholders of the Company. The Board will be mindful of the interests of Bina Puri and its shareholders in undertaking the Proposed Renewal of Share Buy-Back.

## 4. ADVANTAGES AND DISADVANTAGES

The potential advantages of the Proposed Renewal of Share Buy-Back are as follows:-

- (i) allows the Company to take preventive measures against speculation particularly when its shares are undervalued, which would in turn, stabilise the market price of Bina Puri Shares and hence, enhance investors' confidence;
- (ii) allows the Company flexibility in achieving the desired capital structure, in terms of debt and equity composition as well as size of equity;
- (iii) if the purchased shares which are retained as treasury shares are resold at a higher price, it will provide the Company with opportunities for potential gains; and
- (iv) if the treasury shares are distributed as dividends by the Company, it may then serve to reward the shareholders of the Company.

The potential disadvantages of the Proposed Renewal of Share Buy-Back are as follows:-

- (i) reduce the financial resources of the Company which may otherwise be retained and used for the businesses of the Group. Nevertheless, the Board will be mindful of the interests of the Group and its shareholders in undertaking the Proposed Renewal of Share Buy-Back; and
- (ii) as the Proposed Renewal of Share Buy-Back can only be made out of retained earnings, it may result in the reduction of financial resources available for distribution as dividends and bonus issues to the shareholders of the Company.

## 5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

The effects of the Proposed Renewal of Share Buy-Back on the share capital, shareholding structure, net assets, earnings and working capital of the Company are set out below based on the following scenarios:-

- |                  |   |  |
|------------------|---|--|
| Minimum scenario | : | Assuming none of the outstanding ESOS Options is exercised into new Bina Puri Shares and no Placement Share is issued prior to the Proposed Renewal of Share Buy-Back. |
| Maximum scenario | : | Assuming full exercise of the ESOS Options and full issuance of up to 28,292,400 Placement Shares prior to the Proposed Renewal of Share Buy-Back.                     |

# SHARE BUY-BACK STATEMENT (Cont'd)

## 5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONT'D)

### 5.1 Share Capital

The proforma effects of the Proposed Renewal of Share Buy-Back on the total number of issued shares of the Company are set out below:-

	<b>Minimum scenario No. of shares '000</b>	<b>Maximum scenario No. of shares '000</b>
Total number of issued shares*	267,161	267,161
Assuming full exercise of the ESOS Options **		14,764
	<b>267,161</b>	<b>281,925</b>
Assuming issuance of Placement Shares		28,292
	<b>267,161</b>	<b>310,217</b>
Maximum number of purchased shares are cancelled pursuant to the Proposed Renewal of Share Buy-Back	<b>(26,716)</b>	<b>(31,022)</b>
<b>Upon completion of the Proposed Renewal of Share Buy-Back</b>	<b>240,445</b>	<b>279,195</b>

Notes:-

\* As at 31 March 2018

\*\* As at 31 March 2018, Bina Puri has 14,763,700 ESOS Options granted but not exercised

On the other hand, if Bina Puri Shares purchased are retained as treasury shares, resold or distributed to its shareholders, the Proposed Renewal of Share Buy-Back will have no effect on the existing issued shares capital of Bina Puri.

The actual number of Bina Puri Shares to be purchased will depend on, inter alia, market conditions and sentiments of Bursa Securities as well as the retained profits and financial resources available to the Company at the time of the purchase(s).

### 5.2 Substantial Shareholders' and Directors' Shareholdings

The proforma effects of the Proposed Renewal of Share Buy-Back on the shareholdings of the Directors and substantial shareholders of the Company are set out below based on the Register of Substantial Shareholders and Register of Directors as at 31 March 2018:-

## 5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONT'D)

### 5.2 Substantial Shareholders' and Directors' Shareholdings (Cont'd)

#### (i) Minimum Scenario

	As at 31 March 2018			After the Proposed Renewal of Share Buy-Back <sup>^</sup>		
	Direct No. of shares	%	Indirect No. of shares	Direct No. of shares	%	Indirect No. of shares
<b>Substantial shareholders</b>						
Jentera Jati Sdn. Bhd.	20,388,000*	7.63	—	20,388,000*	8.48	—
Tan Sri Datuk Tee Hock Seng, JP	18,489,778*	6.92	4,888,925**	18,489,778*	7.69	4,888,925**
Ng Keong Wee	14,093,600	5.28	—	14,093,600	5.86	—
<b>Directors</b>						
Tan Sri Dato' Ir Wong Foon Meng	—	—	—	—	—	—
Tan Sri Datuk Tee Hock Seng, JP	18,489,778*	6.92	4,888,925**	18,489,778*	7.69	4,888,925**
Dr Tony Tan Cheng Kiat	9,668,902*	3.62	—	9,668,902*	4.02	—
Datuk Matthew Tee Kai Woon	4,488,925	1.68	18,889,778***	4,488,925	1.87	18,889,778***
Datuk Henry Tee Hock Hin	5,594,668	2.09	—	5,594,668	2.33	—
Tay Hock Lee	1,807,707	0.68	—	1,807,707	0.75	—
Dato' Yeow Wah Chin	—	—	—	—	—	—
Ir. Ghazali Bin Bujang	—	—	—	—	—	—
Mohd Najib Bin Abdul Aziz	—	—	—	—	—	—
Dato' Tan Seng Hu	—	—	—	—	—	—
We Her Ching	104,900	0.04	—	104,900	0.04	—

Notes:-

\* including shares held through nominee company.

\*\* indirect interest - 400,000 Shares held by Tee Hock Seng Holdings Sdn. Bhd. and 4,488,925 Shares held by Tan Sri Datuk Tee Hock Seng, JP's son, Datuk Matthew Tee Kai Woon.

\*\*\* indirect interest - 18,489,778 Shares held by Datuk Matthew Tee Kai Woon's father, Tan Sri Datuk Tee Hock Seng, JP and 400,000 Shares held by Tee Hock Seng Holdings Sdn. Bhd.

<sup>^</sup> Assuming that the Proposed Renewal of Share Buy-Back is implemented in full, i.e. up to ten percent (10%) of the total number of issued shares, the purchased shares are acquired from public shareholders and the purchased shares are cancelled.

## SHARE BUY-BACK STATEMENT (Cont'd)

# SHARE BUY-BACK STATEMENT (Cont'd)

## 5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONT'D)

### 5.2 Substantial Shareholders' and Directors' Shareholdings (Cont'd)

#### (ii) Maximum Scenario

	As at 31 March 2018			(i) Assuming full exercise of the ESOS Options#		
	Direct No. of shares	%	Indirect No. of shares	Direct No. of shares	Indirect No. of shares	%
<b>Substantial shareholders</b>						
Jentera Jati Sdn. Bhd.	20,388,000*	7.63	—	20,388,000*	—	—
Tan Sri Datuk Tee Hock Seng, JP	18,489,778*	6.92	4,888,925**	18,489,778*	4,888,925**	1.73
Ng Keong Wee	14,093,600	5.28	—	14,093,600	—	—
<b>Directors</b>						
Tan Sri Dato' Ir Wong Foon Meng	—	—	—	—	—	—
Tan Sri Datuk Tee Hock Seng, JP	18,489,778*	6.92	4,888,925**	18,489,778*	4,888,925**	1.73
Dr Tony Tan Cheng Kiat	9,668,902*	3.62	—	10,797,902*	—	—
Datuk Matthew Tee Kai Woon	4,488,925	1.68	18,889,778***	4,488,925	18,889,778***	6.70
Datuk Henry Tee Hock Hin	5,594,668	2.09	—	6,623,668	—	—
Tay Hock Lee	1,807,707	0.68	—	2,522,207	—	—
Dato' Yeow Wah Chin	—	—	—	—	—	—
Ir. Ghazali Bin Bujang	—	—	—	—	—	—
Mohd Najib Bin Abdul Aziz	—	—	—	—	—	—
Dato' Tan Seng Hu	—	—	—	—	—	—
We Her Ching	104,900	0.04	—	933,900	—	—
					0.33	—

## SHARE BUY-BACK STATEMENT (Cont'd)

### 5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONT'D)

#### 5.2 Substantial Shareholders' and Directors' Shareholdings (Cont'd)

##### (ii) Maximum Scenario (Cont'd)

	(II) After (I) and Assuming Issuance of Placement Shares			(III) After (II) and the Proposed Renewal of Share Buy-Back ^		
	Direct	Indirect	%	Direct	Indirect	%
	No. of shares	No. of shares		No. of shares	No. of shares	
<b>Substantial shareholders</b>						
Jentera Jati Sdn. Bhd.	20,388,000*	—	—	20,388,000*	—	—
Tan Sri Datuk Tee Hock Seng, JP	18,489,778*	4,888,925**	1.58	18,489,778*	4,888,925**	1.75
Ng Keong Wee	14,093,600	—	—	14,093,600	—	—
<b>Directors</b>						
Tan Sri Dato' Ir Wong Foon Meng	—	—	—	—	—	—
Tan Sri Datuk Tee Hock Seng, JP	18,489,778*	4,888,925**	1.58	18,489,778*	4,888,925**	1.75
Dr Tony Tan Cheng Kiat	10,797,902*	—	—	10,797,902*	—	—
Datuk Matthew Tee Kai Woon	4,488,925	18,889,778***	6.09	4,488,925	18,889,778***	6.77
Datuk Henry Tee Hock Hin	6,623,668	—	—	6,623,668	—	—
Tay Hock Lee	2,522,207	—	—	2,522,207	—	—
Dato' Yeow Wah Chin	—	—	—	—	—	—
Ir. Ghazali Bin Bujang	—	—	—	—	—	—
Mohd Najib Bin Abdul Aziz	—	—	—	—	—	—
Dato' Tan Seng Hu	—	—	—	—	—	—
We Her Ching	933,900	—	—	933,900	—	—

##### Notes:-

\* including shares held through nominee company.

\*\* indirect interest - 400,000 Shares held by Tee Hock Seng Holdings Sdn. Bhd. and 4,488,925 Shares held by Tan Sri Datuk Tee Hock Seng, JP's son, Datuk Matthew Tee Kai Woon.

\*\*\* indirect interest - 18,489,778 Shares held by Datuk Matthew Tee Kai Woon's father, Tan Sri Datuk Tee Hock Seng, JP and 400,000 Shares held by Tee Hock Seng Holdings Sdn. Bhd.

# Assuming 14,763,700 ESOS options were granted and exercised under the Company's ESOS.

^ Assuming that the Proposed Renewal of Share Buy-Back is implemented in full, i.e. up to ten percent (10%) of the total number of issued shares, the purchased shares are acquired from public shareholders and the purchased shares are cancelled.

# SHARE BUY-BACK STATEMENT (Cont'd)

## 5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONT'D)

### 5.3 Net Assets

The effect of the Proposed Renewal of Share Buy-Back on the consolidated net assets of the Company will depend on the actual number of shares purchased, the purchase prices of the shares, the effective cost of funding or any loss in interest income to the Company, and the treatment of the shares so purchased.

The Proposed Renewal of Share Buy-Back will reduce the consolidated net assets per share when the purchase price exceeds the consolidated net assets per share of the Company at the time of purchase. On the contrary, the consolidated net assets per share will increase when the purchase price is less than the consolidated net assets per share of the Company at the time of purchase.

If the shares purchased under the Proposed Renewal of Share Buy-Back are held as treasury shares and subsequently resold on Bursa Securities, the consolidated net assets per share would increase if the Group realise a gain from the resale or vice versa. If the treasury shares are distributed as share dividends, it will decrease the consolidated net assets by the cost of the treasury shares redistributed.

### 5.4 Earnings

The effect of the Proposed Renewal of Share Buy-Back on the consolidated earnings per share of the Company will depend on the purchase prices paid for the shares, the effective funding cost to the Group to finance the purchase of the shares or any loss in interest income to the Group if internally generated funds are utilised to finance the purchase of the shares.

Assuming that any shares so purchased are retained as treasury shares as per Section 127 of the Act and resold on Bursa Securities, the effects on the consolidated earnings of the Company will depend on the actual selling price, the number of treasury shares resold and the effective gain or interest savings arising from the exercise.

### 5.5 Working capital

The implementation of the Proposed Renewal of Share Buy-Back is likely to reduce the working capital of the Group, the quantum being dependent on the number of the purchased shares, the purchase price(s) and the amount of financial resources to be utilised for the purchase of the shares.

For the purchased shares retained as treasury shares as per Section 127 of the Act, upon its resale, the working capital of the Company will increase. Again, the quantum of the increase in the working capital will depend on the actual selling price of the treasury shares resold, the effective gain or interest saving arising and the gain or loss from the disposal.

## 6. IMPLICATION OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS 2016 ("CODE") AND RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS ("RULES")

Pursuant to the Code, a person and/or any person acting in concert with him will be required to make a mandatory offer for the remaining shares not already owned by him/them if his and/or their holding of voting shares in a company is increased beyond 33% or, if his and/or their holding of voting shares is more than 33% but less than 50%, his and/or their holding of voting shares is increased by more than 2% in any 6 months period. However, an exemption from undertaking a mandatory offer when the company purchases its own voting shares may be granted by the Securities Commission Malaysia under Rule 4.15 of the Rules.

The Board takes cognizance of the requirements of the Code and the Rules and will be mindful of the requirements when making any purchases of shares pursuant to the Proposed Renewal of Share Buy-Back.

## 7. PURCHASE, RESALE AND CANCELLATION OF PURCHASED SHARES MADE PURSUANT TO THE EXISTING AUTHORITY

The Company has not made any purchase of its own Shares or resale of treasury shares since it obtained the shareholders' approval at the Twenty-Sixth AGM held on 21 June 2017.

## SHARE BUY-BACK STATEMENT (Cont'd)

### 8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM

None of the directors and major shareholders and any person connected with the directors or major shareholders, or both, have direct and indirect interests in the proposed purchase of shares or resale of treasury shares, if any.

### 9. DIRECTORS' RECOMMENDATION

The Board, after having considered all aspects of the Proposed Renewal of Share Buy-Back and after careful deliberation, is of the opinion that the Proposed Renewal of Share Buy-Back is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the relevant resolutions in relation to the Proposed Renewal of Share Buy-Back to be tabled at the forthcoming AGM.

### 10. DISCLAIMER STATEMENT

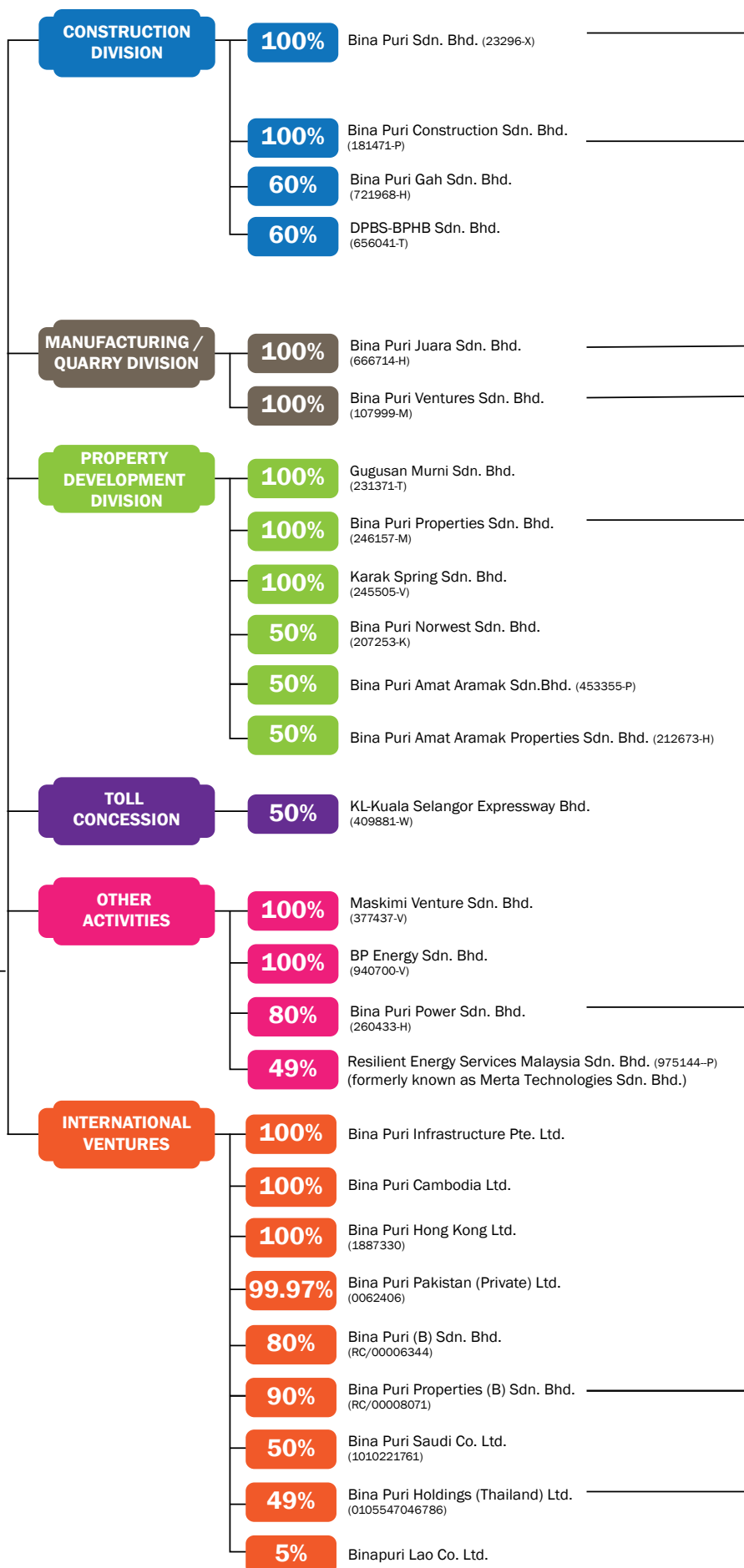
Bursa Securities has not perused this Statement prior to its issuance as it is exempted pursuant to the provisions of Practice Note 18 of the Main Market Listing Requirements of Bursa Securities. Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

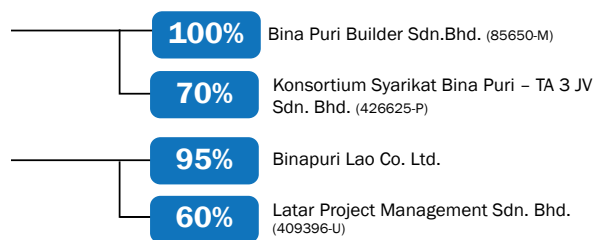
# GROUP CORPORATE STRUCTURE



**Holdings Bhd.**

(207184-X)





# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Tan Sri Dato' Ir. Wong Foon Meng  
 Tan Sri Datuk Tee Hock Seng, JP  
 Dr. Tony Tan Cheng Kiat  
 Datuk Matthew Tee Kai Woon  
 Datuk Henry Tee Hock Hin  
 Tay Hock Lee  
 Dato' Yeow Wah Chin  
 Ir. Ghazali Bin Bujang  
 Mohd Najib Bin Abdul Aziz  
 Dato' Tan Seng Hu  
 We Her Ching

*Chairman/Independent Non-Executive Director*  
*Group Managing Director*  
*Founder Director*  
*Group Executive Director*  
*Executive Director*  
*Non-Independent Non-Executive Director*  
*Independent Non-Executive Director*  
*Independent Non-Executive Director*  
*Independent Non-Executive Director*  
*Alternate Director to Dr Tony Tan Cheng Kiat*  
*Alternate Director to Datuk Henry Tee Hock Hin*

## BOARD COMMITTEES

### Group Executive Committee

Tan Sri Datuk Tee Hock Seng, JP	(Chairman)
Dr. Tony Tan Cheng Kiat	(Member)
Datuk Henry Tee Hock Hin	(Member)
Datuk Matthew Tee Kai Woon	(Member)
Datuk Tan Kwe Hee	(Member)

### Audit Committee

Dato' Yeow Wah Chin	(Chairman)
Ir. Ghazali Bin Bujang	(Member)
Mohd Najib Bin Abdul Aziz	(Member)

### Remuneration Committee

Tan Sri Dato' Ir. Wong Foon Meng	(Chairman)
Dato' Yeow Wah Chin	(Member)
Ir. Ghazali Bin Bujang	(Member)
Mohd Najib Bin Abdul Aziz	(Member)
Tan Sri Datuk Tee Hock Seng, JP	(Member)

### Nomination Committee

Tan Sri Dato' Ir. Wong Foon Meng	(Chairman)
Dato' Yeow Wah Chin	(Member)
Ir. Ghazali Bin Bujang	(Member)
Mohd Najib Bin Abdul Aziz	(Member)

## SHARE REGISTRAR

Systems & Securities Sdn. Bhd.  
 Plaza 138, Suite 18.03  
 18th Floor, 138, Jalan Ampang  
 50450 Kuala Lumpur  
 Tel : 03 2161 5466  
 Fax: 03 2163 6968

## AUDITORS

Messrs Baker Tilly Monteiro Heng  
 Baker Tilly MH Tower  
 Level 10, Tower 1, Avenue 5  
 Bangsar South City  
 59200 Kuala Lumpur  
 Tel: 03 2297 1000  
 Fax: 03 2282 9980

## PRINCIPAL BANKERS

Bangkok Bank Berhad  
 Malayan Banking Berhad  
 United Overseas Bank (Malaysia) Bhd.  
 Alliance Bank Malaysia Berhad  
 MBSB Bank Berhad  
 AmBank (M) Berhad

## GROUP COMPANY SECRETARY

Toh Gaik Bee  
 MAICSA 7005448

## REGISTERED OFFICE

Wisma Bina Puri  
 88, Jalan Bukit Idaman 8/1  
 Bukit Idaman, 68100 Selayang  
 Selangor Darul Ehsan  
 Tel: 03 6136 3333  
 Fax: 03 6136 9999  
 E-mail: corpcomm@binapuri.com.my  
 Website: www.binapuri.com.my

## STOCK EXCHANGE LISTING

The Main Board of Bursa Malaysia Securities Berhad  
 Stock name : BPuri  
 Stock code : 5932  
 Listing date : 6 January 1995

# BOARD OF DIRECTORS



**TAN SRI DATO'  
IR WONG FOON MENG**

*Chairman / Independent  
Non-Executive Director*

**Tan Sri Dato' Ir Wong Foon Meng**, Malaysian, aged 64, was appointed as Chairman/Independent Non-Executive Director of the Company on 1 June 2010 and redesignated as Independent Non-Executive Director on 20 April 2013. He graduated in mechanical engineering from the University of Technology Malaysia in 1978. He spent his early career in Government service where he held various positions at technical and administrative level. He had a distinguished career during his 13 years' service and had been attending various technical trainings, conferences and management courses at international level among others in Thailand, Philippines, Japan, France, Yugoslavia and USA. He had also been accorded the Excellence Service Award by the Ministry of Science, Technology and Environment in 1982. His last position held was as the Regional Director of Department of Environment for Terengganu and Kelantan before he left the service to be in the private practice in 1991.

He was elected as a State Assemblyman in Terengganu in 1995 and subsequently appointed as a member of the State Executive Council (EXCO). He was appointed as Senator and elected as Deputy President of the Senate of Parliament of Malaysia in 2004. He was then elected as the President of the Senate from July 2009 until April 2010. During his tenure with the Parliament, he had fostered close bilateral relationships with the Governments and Parliaments of countries in Asia, Africa, Europe as well as South America.

Tan Sri Dato' Ir Wong Foon Meng's extensive experience in the public sector, executive and legislative experience at state and federal level, as well as corporate experience in the later years has enabled him to lead and share his experience with the Board. He does not have any securities holdings in the Company or in any of its subsidiaries.

He is the Chairman of the Nomination Committee and Remuneration Committee.

## BOARD OF DIRECTORS (Cont'd)



**TAN SRI DATUK  
TEE HOCK SENG, JP**  
*Group Managing Director*

Tan Sri Datuk Tee Hock Seng, JP, Malaysian, aged 69, was appointed to the Board on 5 November 1990 and was subsequently appointed as the Group Managing Director on 22 November 1994. He is an experienced entrepreneur with more than 40 years business acumen in trading, construction and development. He is responsible for the day-to-day operations of the Group.

Currently, he is an Exco member of Malaysia South-South Association and Perdana Leadership Foundation. He is a Director of Malaysian South-South Corporation Bhd.

He also serves as the Honorary President of The Federation of Hokkien Associations of Malaysia, Honorary Chairman of the Malaysia Quarries Association, Honorary Chairman of The International Fellowship of Eng Choon Associates, President of the Kuala Lumpur Eng Choon Hoey Kuan, Chairman of the Chinese Maternity Hospital (CMH) and Deputy President of Tung Shin Hospital and Chairman, Board of Governors of SMJK Confucian. He is also the Honorary Chairman of the Young Malaysians Movement and The Federation of Malaysian Clans & Guilds Association as well as an elder of Elim Chapel.

He was appointed a member of the Senate (Ahli Dewan Negara), Parliament of Malaysia on 15 July 2008 for a duration of three years and had served as Treasurer-General of Malaysian Chinese Association (MCA) from 2008 to 2010.

A respected individual in the construction industry, he was accorded the “Most Prominent Player” by the Construction Industry Development Board in 2005, being one of the highest individual award recognised by the industry.

As at 31 March 2018, he held 18,489,778 ordinary shares of the Company and did not have any securities holdings in any of its subsidiaries.

Except for recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of the Company and its subsidiaries and for which he is deemed to be interested as disclosed on page 190 of the Annual Report, there are no other business arrangements with the Company in which he has personal interests.

He is also the Chairman of the Group Executive Committee and a member of the Remuneration Committee.

## BOARD OF DIRECTORS (Cont'd)



**DR TONY TAN CHENG KIAT**

*Founder Director*

**Dr Tony Tan Cheng Kiat**, Malaysian, aged 70, founded Bina Puri Sdn. Bhd. in 1975 and has been the Executive Chairman since its inception. He was appointed to the Board of the Company on 5 November 1990. He is responsible for the growth and ongoing development of the Company's business. He was instrumental in the development of a number of major projects throughout Malaysia for the Group. He holds a doctorate in Business Administration and is also a licensed builder. He has been successful as a private property developer in Australia. With his wide experience, he has brought much progress to the Group.

As at 31 March 2018, he held 9,668,902 ordinary shares of the Company and did not have any securities holdings in any of its subsidiaries.

Except for recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of the Company and its subsidiaries and for which he is deemed to be interested as disclosed on page 190 of the Annual Report, there are no other business arrangements with the Company in which he has personal interests.

Dr Tony Tan is a member of the Group Executive Committee.

## BOARD OF DIRECTORS (Cont'd)



**DATUK MATTHEW TEE KAI WOON**

*Group Executive Director*

**Datuk Matthew Tee Kai Woon**, Malaysian, aged 43, joined the Company in December 2003 as Special Assistant to the Group Managing Director. He was appointed as Executive Director on 1 December 2009 and was redesignated as Group Executive Director on 7 March 2013.

He is a Chartered Accountant and holds a Bachelor of Commerce (Accounting and Marketing) from the University of Auckland, New Zealand. He has been a member of the Malaysian Institute of Accountants (MIA) since 2002 and was duly awarded the status, Fellow Certified Practising Accountant (FCPA) by CPA Australia in March 2016. He is also a Certified Financial Planner (Financial Planning Association of Malaysia).

Previously, he was the Administrator of the Chinese Maternity Hospital from 2001 to 2003 and was once attached to PricewaterhouseCoopers in the audit department from 1999 to 2001. He was also a Business Services Accountant with Marsden B. Robinson Chartered Accountants (New Zealand) from 1998 to 1999.

Datuk Matthew Tee is the Immediate Past President of the Master Builders Association Malaysia (MBAM), serving as President from 2012 to 2016. Previously, he served as a Board member of Construction Industry Development Board Malaysia (CIDB Malaysia) from 2013 to 2016 and Construction Labour Exchange Centre Berhad (CLAB) from 2012 to 2016.

Presently, he is the President of the International Federation of Asian and Western Pacific Contractors' Association (IFAWPCA). He sits in the Board of Advisory of CLAB as well as a member of the Advisory Committee on Hotel and Tourism Management by the Chinese University of Hong Kong for the term 2017-2018. He is also the Honorary Treasurer General of Malaysian Steel Structural Association (MSSA).

On 24 January 2017, he was appointed as an Independent Non-Executive Director of Chin Teck Plantations Berhad. He also holds directorships in other companies.

Except for recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of the Company and its subsidiaries and for which he is deemed to be interested as disclosed on page 190 of the Annual Report, there are no other business arrangements with the Company in which he has personal interests.

As at 31 March 2018, he held 4,488,925 ordinary shares of the Company and did not have any securities holdings in any of its subsidiaries. He is a member of the Group Executive Committee.



**DATUK HENRY TEE HOCK HIN**

*Executive Director*

**Datuk Henry Tee Hock Hin**, Malaysian, aged 60, was appointed to the Board of the Company on 5 November 1990. He has held the position of Managing Director of Bina Puri Construction Sdn. Bhd. since 22 August 1996. He is responsible for the overall management of projects and operations. He has wide exposure and experience in the management of civil and building construction overseas and in both East and West Malaysia. He represents the Company on the Board of a number of its subsidiaries.

As at 31 March 2018, he held 5,594,668 ordinary shares of the Company and did not have any securities holdings in any of its subsidiaries.

Except for recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of the Company and its subsidiaries and for which he is deemed to be interested as disclosed on page 190 of the Annual Report, there are no other business arrangements with the Company in which he has personal interests.

Datuk Henry Tee is a member of the Group Executive Committee.

## BOARD OF DIRECTORS (Cont'd)



**TAY HOCK LEE**

*Non-Independent Non-Executive Director*

**Tay Hock Lee**, Malaysian, aged 64, was appointed to the Board of the Company on 5 November 1990. He has more than 20 years' experience in the building and civil engineering industry. He is a director of Ideal Heights Holdings Bhd. and also holds directorships in several other companies.

As at 31 March 2018, he held 1,807,707 ordinary shares of the Company and did not have any securities holdings in any of its subsidiaries.

Except for recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of the Company and its subsidiaries and for which he is deemed to be interested as disclosed on page 190 of the Annual Report, there are no other business arrangements with the Company in which he has personal interests.



**DATO' YEOW WAH CHIN**

*Independent Non-Executive Director*

**Dato' Yeow Wah Chin**, a Malaysian, aged 58 was appointed to the Board on 31 May 2013. A lawyer by profession, Dato' Yeow holds a Bachelor of Economics (Hons) degree from University Kebangsaan Malaysia in 1984 and worked with Maybank for a number of years before he went for further studies to read law at the University College of Wales, Aberystwyth, United Kingdom in September, 1989 where he graduated with LLB (Hons) degree in 1991. Upon his return he sat and passed his Certificate in Legal Practice and continued to serve Maybank for two years before he set up his own legal practice, Messrs Yeow & Salleh in 1994.

He specialises in banking and commercial law. He had served as a member of Advocates and Solicitors' Disciplinary Committee for some years and had also served as a committee member of the Conveyancing Practice Committee of the Bar Council. As an experienced practising lawyer, he has also been appointed to serve as Legal Advisor for Society of Interpreters of the Deaf in Selangor and Wilayah Persekutuan and Yeow See Association in Melaka.

He does not have any securities holdings in the Company or in any of its subsidiaries. He is the Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee.

## BOARD OF DIRECTORS (Cont'd)



**IR GHAZALI BIN BUJANG**

*Independent Non-Executive Director*

**Ir Ghazali Bin Bujang**, Malaysian, aged 67, was appointed to the Board of the Company on 31 May 2013. He is an engineer by profession and is currently the Executive Chairman of Ghazali & Associates Sdn. Bhd. He graduated with a Bachelor of Engineering from the University of Liverpool, England in 1974 and obtained a Master of Science from the University of Leeds, England in 1979.

He is a member of the Board of Engineers, the Past President of the Association of Consulting Engineers Malaysia (1992-1994) and Honorary member of the Association of Consulting Engineers Malaysia.

He has vast experience in planning, engineering and management of infrastructure and development works. He also has a broad and balanced knowledge with respect to issues on economic and finance, technical and environmental relevant to development and infrastructure projects.

He does not have any securities holdings in the Company or in any of its subsidiaries. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee.



**MOHD NAJIB BIN ABDUL AZIZ**

*Independent Non-Executive Director*

**Mohd Najib Bin Abdul Aziz**, Malaysian, aged 45 was appointed to the Board on 31 May 2013. He is an accountant by profession and graduated from the University of New South Wales, Australia with a Bachelor of Commerce (Accounting) Degree. He is a member of the Institute of Chartered Accountants in Australia (ICAA) as well as a member of the Malaysian Institute of Accountants (MIA).

He is currently the Managing Director of Corporate-Pacific Holdings Sdn. Bhd. and an Independent Non-Executive Director of Tropicana Corporation Berhad. He was the Assistant Manager of Global Corporate Finance in Arthur Andersen & Co. and had held the position of Senior Consultant with the Corporate Recovery Division of KPMG for three years in Perth, Western Australia. He is also a director of several private limited companies.

He was previously an Independent Non-Executive Director of Kumpulan Jetson Berhad, ECM-Avenue Securities Sdn. Bhd. and Alam Flora Sdn. Bhd.

He does not have any securities holdings in the Company or in any of its subsidiaries. He is a member of the Audit Committee, Nominating Committee and Remuneration Committee

## BOARD OF DIRECTORS (Cont'd)



**DATO' TAN SENG HU**

*Alternate Director to Dr Tony Tan Cheng Kiat*

**Dato' Tan Seng Hu**, Malaysian, aged 42, was appointed as an Alternate Director to Dr Tony Tan Cheng Kiat, Founder Director on 18 March 2010. He graduated with a Bachelor of Arts, Business Administration, Human Resource and Personnel from the Washington State University in 2001 and obtained a Master of Science, Economics from the University of Idaho in 2003.

He has been involved in the construction industry for more than ten years and is currently managing his own project management company since 2006.

Dato' Tan is the Non-Independent Non-Executive Director of SHH Resources Holdings Berhad and sits on the board of several private limited companies.

He does not have any securities holdings in the Company or in any of its subsidiaries.

## BOARD OF DIRECTORS (Cont'd) KEY SENIOR MANAGEMENT



### **WE HER CHING**

*Alternate Director to Datuk Henry Tee Hock Hin /  
Group Chief Operating Officer, Contract and  
Administration*

**We Her Ching**, Malaysian, aged 58, was appointed as an Alternate Director to Datuk Henry Tee Hock Hin, Executive Director on 6 June 2011. He graduated with a Bachelor of Applied Science (Construction Management and Economics) and is a member of The Chartered Institute of Building (MCIOB). He is the Group Chief Operating Officer, Contract and Administration of Bina Puri Holdings Bhd. since 1 October 2002.

Mr. We joined Bina Puri Sdn. Bhd. in 1986 and has extensive experience in the construction industry. He is responsible for the overall management and operations of projects within the construction arm. He sits on the Board of a few of its subsidiaries.

As at 31 March 2018, he held 104,900 ordinary shares of the Company and did not have any securities holdings in any of its subsidiaries.

#### **1. Family relationship**

- Tan Sri Datuk Tee Hock Seng, JP, Tay Hock Lee and Datuk Henry Tee Hock Hin are brothers.
- Dr Tony Tan Cheng Kiat is the uncle of Tan Sri Datuk Tee Hock Seng, JP, Tay Hock Lee and Datuk Henry Tee Hock Hin.
- Datuk Matthew Tee Kai Woon is the son of Tan Sri Datuk Tee Hock Seng, JP, the nephew of Tay Hock Lee and Datuk Henry Tee Hock Hin and the grandnephew of Dr Tony Tan Cheng Kiat.
- Dato' Tan Seng Hu is the son of Dr Tony Tan Cheng Kiat, the cousin of Tan Sri Datuk Tee Hock Seng, JP, Tay Hock Lee and Datuk Henry Tee Hock Hin and the uncle of Datuk Matthew Tee Kai Woon.

Save as disclosed, none of the Directors has any family relationship with any Directors and/or major shareholders of the Company.

#### **2. Conflict of Interest**

None of the Directors has any conflict of interest with the Company.

#### **3. Conviction for offences**

None of the Directors has been convicted of any offences within the past five years other than traffic offences, if any.

## KEY SENIOR MANAGEMENT (Cont'd)

**David Lee Tuck Wai**, Malaysian, aged 54, was appointed as Group Chief Financial Officer of the Company on 1 November 2007. He joined Bina Puri Group in June 1997 and was posted to several subsidiaries before serving as Senior Manager, Group Finance on 1 December 1999 prior to his appointment to the current position.

He is a member of the Association of International Accountants and graduated from Tunku Abdul Rahman College with a Diploma in Commerce (Financial Accounting). Prior to joining Bina Puri Group, he gained experience by working with two major accounting firms from 1988 to 1997.

As at 31 March 2018, he held 81,000 ordinary shares of the Company and did not have any securities holdings in any of its subsidiaries.

Other than as disclosed, he does not have any family relationship with any Directors and/or major shareholders of the Company. He has no personal interest in any business arrangements involving the Company. He has had no convictions for any offences within the past five years.

KK Times Square, Sabah



The Haven, Ipoh



# CHAIRMAN'S STATEMENT

*Dear Shareholders,*

*On behalf of the Board of Directors and the Management,  
it is my great pleasure to present the Annual Report and  
Audited Financial Statements of Bina Puri Holdings Bhd  
for the financial year ended 31 December 2017.*

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The year 2017 was a challenging year for the Group. However, as an organisation we can stand tall and be proud of our achievements, in spite of the various challenges we faced throughout the year. The Malaysian economy, measured by the Gross Domestic Product (GDP), grew by 5.9% in 2017. This was driven mainly by private sector demand with strong external sector lending.

Meanwhile at Bina Puri, we continue to perform. Total revenue for the year ending 2017 was RM1.10 billion, as slight increase compared to RM1.05 billion registered in 2016. For the same period profit stood at RM19.7 million compared to the RM26.8 million recorded in 2016. This drop was mainly due to the RM25 million provision for impairment loss for trade receivables. But with a convincing book order that presently stands at RM2.3 billion and total unbuilt projects worth RM1.1 billion as at 31 December 2017, Bina Puri is well equipped to tackle the future with confidence.



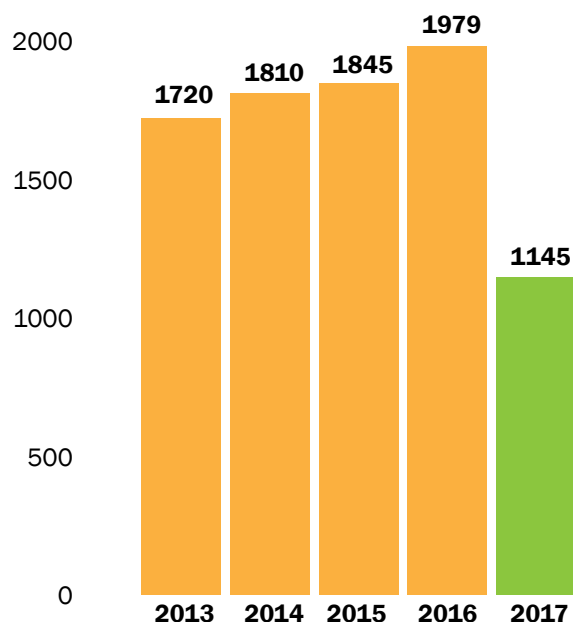
## CHAIRMAN'S STATEMENT (Cont'd)



**TAN SRI DATO' IR WONG FOON MENG**  
PSM, DPMT, JMN  
*Chairman*

## CHAIRMAN'S STATEMENT (Cont'd)

### Unbuilt Book Order from year 2013 to 2017



### SEGMENTAL BUSINESS OVERVIEW

As in previous years, construction continues to be the main focus of the Group while property development, quarry & ready mix concrete as well as power generation complete the various sectors that formed the Bina Puri Group of Companies.

As we continue to push ahead in these tough times, our Construction Division stands firm as the right arm of Bina Puri. As the Government focuses on fulfilling its 11th Malaysia Plan, various projects have been dished out to the construction industry and key players within the industry continue to show their interest in participating in these transformational projects. Construction projects worth RM350bil are expected to come on stream over the next two to three years as announced in the 2018 Budget. Among these projects are the affordable housing projects, Malaysia People's Housing Programme (PR1MA) and the rail transportation projects such as Mass Rapid Transit (MRT) 3 Circle Line, High Speed Rail (HSR) and ECRL.

The new projects secured recently for the Construction Division include the Pavement works for the upgrading of the Federal Route 'FT 54' and the 'I'm Fine Condominium' Project in Bangkok, Thailand. Growth in the local construction industry is expected to continue to grow at a steady rate of 7.5% in 2018. However we also foresee the construction sector to moderate on the back of slower residential construction this coming year.



The diversification of Bina Puri in the various other sectors continue to bear fruits and contribute to the success of the organisation as a whole.

The Property division remains a strong sector for the Bina Puri Group. With good support towards our sales for the development of The Opus, Kuala Lumpur, Jesselton View & One Jesselton in Kota Kinabalu, Sabah, The Valley located in Karak @ Bentong, Pahang plus the retail rental income from Main Place Mall in USJ, we managed to record a revenue of RM152.9 million and RM31.5 million pre tax profit for the year in review as compared to the RM90.1 million revenue and pre tax profit of RM24.1 million registered in the previous year.

The estimated projected gross development presently stands at RM3 billion for the property development business segment which is a very healthy sign for the group. This division continues to play a key role within the organisation and contribute to the overall profitability of the organisation.



The successful listing of PT Megapower Makmur Tbk on the Indonesian Stock Exchange (IDX)

The Quarry and Ready Mix Concrete Division has always played a very supportive role for the company providing essential raw and processed materials for the Construction and Property divisions. This division recorded a drop in revenue to RM50.1 million from the RM88.2 million achieved last year. Loss before tax recorded was, RM4.6 million as compared to RM4.3 million in 2016. The loss is mainly driven by the discontinuation of the Hulu Langat quarry land's lease by the authorities and intensive competition in the ready mix industry.

The successful listing of our PT Megapower Makmur Tbk on the Indonesian Stock Exchange (IDX) on 5th July 2017 is another feather in our cap. The Power Supply division has since been growing from strength to strength. However, in spite of this division recording an increase in total revenue of RM20.7 million for the year ended 2017 from the RM18.5 million in 2016, profit before tax dropped to RM3.9 million as compared to the RM7.2 million reported last year.

We continue to operate diesel power plants with a total capacity of 28 megawatts at eight locations throughout Indonesia and another 4.2 megawatt mini-hydro plant in Sulawesi Selatan.

We have received a Letter of Intent from Suruhanjaya Tenaga in December 2017 to construct and operate a solar power plant in Kunak, Sabah. We have been awarded to undertake a 5.00 MW Large Scale Solar Photovoltaic (PV) Plant which will be operation in early 2019. This power plant has been awarded to us on a Build, Own and Operate basis which will add to the success of this division.

With all these projects and prudent management, Bina Puri will continue to excel across the Group.

### ACHIEVEMENTS AND AWARDS

Due to integrity and sheer hard work, Bina Puri has received awards for various achievements. We continue to be recognised for the values that we hold dear to our heart. At the Third Malaysian Golden Entrepreneur Award on 12th March 2017, Bina Puri Holdings Bhd was bestowed with the 'Malaysian Brand Award 2016' title for our contribution to Malaysia's ever growing economy. This is followed by the KPI-YBM Excellence Achievement Award received from the Ministry of Energy, Green Technology and Water of Malaysia in August 2017. This award was for the excellent work at our BUNUS Regional Sewerage Treatment Plant Project located in the heart of the Malaysia, Kuala Lumpur.

## CHAIRMAN'S STATEMENT (Cont'd)

Our Group Managing Director, YBhg Tan Sri Datuk Tee Hock Seng, JP also won another accolade. On 22nd September 2017, Tan Sri Tee was honoured with the 'Malaysian Fujian Outstanding Entrepreneur Award' by the Federation of Hokkien Associations Malaysia. The award is for his remarkable success in contributing towards the community and well-being of the nation. At hand to present the award to our GMD was our Prime Minister of Malaysia, YAB Dato' Sri Mohd Najib Bin Tun Haji Abdul Razak.

Also, YBhg Datuk Matthew Tee Kai Woon, Group Executive Director of Bina Puri Holdings Bhd was elected and sworn in as the 44th President of the International Federation of Asian and Western Pacific Contractors' Associations (IFAWPCA) at the IFAWPCA convention from 30th May to 2nd June 2017. This is truly an honour for Datuk Matthew Tee as well as for the Bina Puri Group.

We are indeed proud of our various achievements thus far and will continue to push ourselves to even greater heights.

### OUR BUSINESS OUTLOOK AND PROSPECTS

According to the Malaysian Institute of Economic Research (MIER), Malaysia's GDP is forecast to grow at 5.4% year-on-year in 2018. This will be mainly driven by domestic demand, which is projected to increase by 5.2%. Among the factors that will need our special attention is the unexpectedly aggressive monetary policy normalisation, slower than expected growth in China and the local currency rate that has presently appreciated to RM3.95 versus the US dollar, although it is still considered undervalued, judging from long-term stable values prior to the crisis. These factors could directly or indirectly risk and effect the growth forecast for 2018.

Among our current on-going projects are the civil work for Rapid Steam Cracker Complex and Main Control building and laboratory building and 2 Blocks of 23 storey office building in Johor, Terengganu state hotel in Tasik Kenyir, Bunus Regional Sewerage Treatment in Kuala Lumpur, Pan Borneo Highway in Sarawak and the Malaysian Embassy in Moscow, Russia. These projects are worth approximately RM2.3 billion, which is expected to provide a steady stream of revenue for the Group over the next two to three (2 to 3) years.

We have begun selling the agricultural lands in Karak. Sales, thus far has been encouraging. Our property development business segment is constantly monitoring the progress of this project as well as other developments projects in Klang Valley, Johor Bahru, Pahang and East Malaysia. The estimated gross development value of these projects are RM3 billion.



Group Managing Director, YBhg Tan Sri Datuk Tee Hock Seng, JP was honoured with the 'Malaysian Fujian Outstanding Entrepreneur Award' by the Federation of Hokkien Associations Malaysia.



Bunus Regional Sewerage Treatment in Kuala Lumpur.

In addition to the above, the Group is constantly exploring other business opportunities that would contribute more recurring income to the Group in the future.

### DIVIDENDS PAYABLE TO OUR VALUED SHAREHOLDERS

No dividend has been declared for the financial period under review.

### ACKNOWLEDGEMENT

Once again, on behalf of the Board of Directors, I would like express our deepest appreciation to our enthusiastic and reliable management team and employees, for their continuous dedication, commitment and support. I would also wish to record our sincere appreciation to our financiers, business partners and relevant approving authorities, for their continuous support and co-operation.

Finally, to all our valued shareholders, thank you once again for your continued support and confidence in us.

### TAN SRI DATO' IR WONG FOON MENG

Chairman, Bina Puri Holdings Bhd  
PSM, DPMT, JMN



# GROUP MANAGING DIRECTOR'S

## MANAGEMENT DISCUSSION AND ANALYSIS



LKIM Fishery Complex, Kuching, Sarawak

Looking through the lenses of one who has been actively involved in the business world in Malaysia for almost half a century, I can only continue to see loads of opportunities for growth and optimism for a better future for all who strive for achieving greater heights for themselves and their organisations.

The Malaysian economy remained solid in the fourth quarter of 2017 with Gross Domestic Product (GDP) expanding 5.9% in annual terms from a 6.2% increase in the previous quarter. The mild deceleration reflected slightly softer domestic demand growth, particularly in public capital outlays, which was partially offset by a larger contribution from the external sector.

On the international economy front, global growth for 2017 was estimated at 3.7%, 0.1 percentage point higher than projected earlier. There were upside growth surprises Europe and Asia but broad based, with outturns for both the advanced and the emerging market and developing economy groups exceeding the midyear forecasts by 0.1 percentage point. The stronger momentum experienced in 2017 is expected to carry into 2018 and even into 2019, with global growth revised up to 3.9 percent for both these years.

At Bina Puri, despite a tough background due to market forces and economical restrains in anticipation of the GE14, we managed to slightly increase our revenue to RM1.10 billion compare to RM1.05 billion in 2016. Bearing the provisions for impairment loss for trade receivables amounting to RM25 million, we still managed to record a pre-tax profit of RM19.7 million for the year ending 31 December 2017, a slight decrease of 26% from the RM26.8 million pre-tax profits reported last year. This will be the 18th consecutive years Bina Puri has been profitable, not an easy feat with the volatile industry that we operate in.

## MANAGEMENT AND DISCUSSION AND ANALYSIS (Cont'd)



**TAN SRI DATUK TEE HOCK SENG**  
**PSM, PGDK, ASDK, JP**  
*Group Managing Director*

## MANAGEMENT AND DISCUSSION AND ANALYSIS (Cont'd)



KWRC Kuantan



LATAR Highway- KSI -A



MEDINI, Johor

### CONSTRUCTION DIVISION

Still the main division of the Group, the construction sector continues to strive in Malaysia and contributes substantially to the economic growth of the country. While we are still under the 11th Malaysian Plan that covers 2016 to 2020, construction has a specific focus during this period and remains as one of the better performing sectors in this country. Construction's contribution to the GDP in Malaysia stood at 8.3% the highest in 2017, with services coming second at 6.3%. The growth in the construction sector was sustained by civil engineering activity for rail, highway, petrochemical and power plant projects.

For the financial year under review, the construction division recorded an increase in revenue of 7% to RM923.9 million as compared to the previous corresponding year of RM863.0 million. However due to provision for impairment losses amounting to RM25 million for trade receivables, the construction division registered a loss before tax of RM17.5 million as compared to profit before tax of RM6.4 million recorded for the year ending 2016. Whilst this is disappointing, we have strengthened the division with further and tighter monitoring of projects within the division through the formation of a 'Mothership Taskforce (MT).

The Honourable Prime Minister of Malaysia during his budget 2018 speech, announced that in order to ensure a more balanced economic spill over between urban and rural areas, the Government will improve logistics and transport infrastructure. This includes the East Coast Rail Link (ECRL) Project which connects Port Klang to Pengkalan Kubor, Kelantan and the MRT2 Line from Sungai Buloh – Serdang – Putrajaya Project plus the

MRT3 Circle Line. Building affordable houses was also brought up during the budget speech. With one of the lowest "hit" rate for new projects in 2017 in the last decade, we hope for a better 2018.

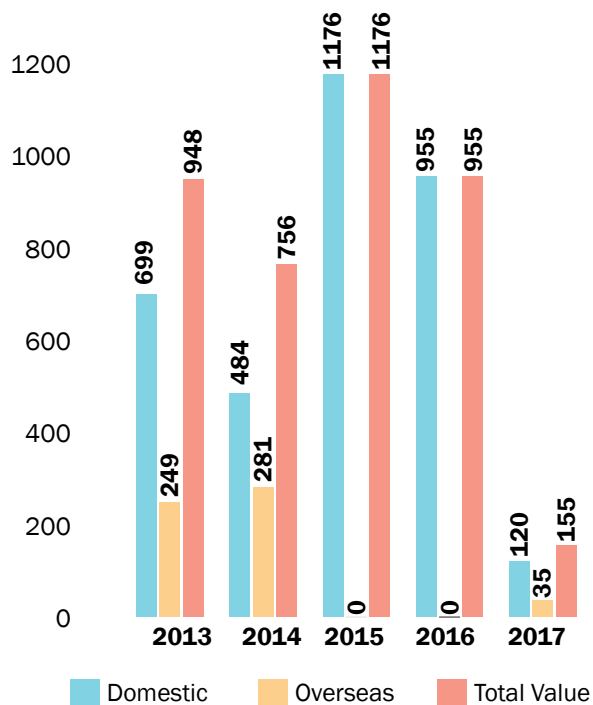
We have present on-going projects valued at RM2.3 billion that will sustain the division for the next 2 to 3 years. Among these projects are the Rapid Steam Cracker Complex and Main Control building and laboratory building and 2 Blocks of 23 storey office building in Johor, Trengganu State Hotel, in Pulau Poh, Tasik Kenyir in Terengganu, Bunus Regional Sewerage Treatment in Kuala Lumpur, Pan Borneo Highway in Sarawak and the Malaysian Embassy in Moscow, Russia. We have just begun clearing the site for the PR1MA Nusa Damai @ Masai, Johor project. We are confident of securing a good number of substantial projects in the near future.

### PROPERTY DIVISION

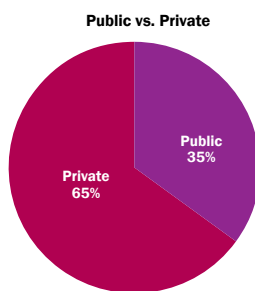
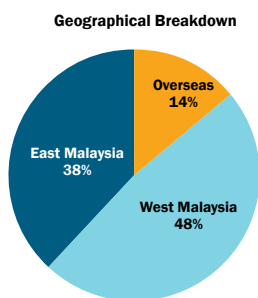
The property market in Malaysia still faces many challenges. One of the biggest being the number of overhang houses, i.e completed units but remain unsold by the developers. As at the end of the 1st half of 2017, overhang property hit a high of RM12.26 billion. Most of the unsold units comprise high-rise units in the RM500,001 to RM1 million category because so many were launched the last several years. Units RM1 million and above also suffer this same dilemma. What more

## MANAGEMENT AND DISCUSSION AND ANALYSIS (Cont'd)

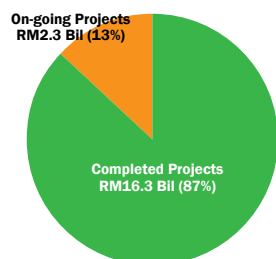
**Annual Projects Secured (2013-2017) (RM' Million)**



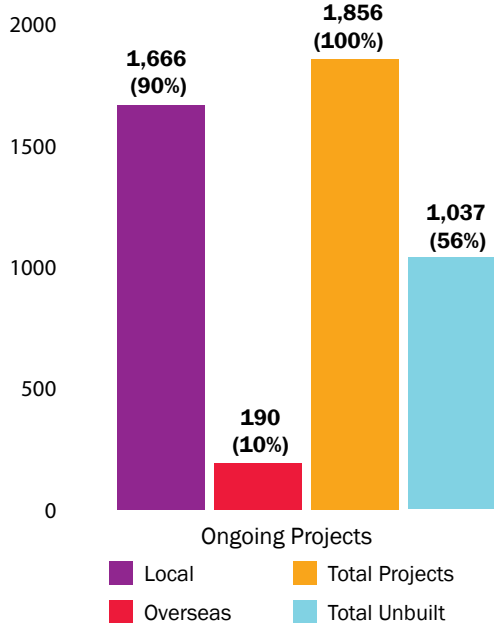
**Project Secured from 2013 - 2017**



**Bina Puri Projects Since 1975 - 2017**



**Current Ongoing Projects @ March 2018 (RM'Million)**



## MANAGEMENT AND DISCUSSION AND ANALYSIS (Cont'd)



with the ever rising cost of raw materials and man power, this adds onto the slowdown in the property sector nationwide. However, on the positive side is the degree of price increase is not as exorbitant prices are in their own way gradually moderating.

For our property division, it was a fairly good year as we improved on last year's performance. Total revenue increased by 70% for the year 2017, RM152.9 million as compared to the RM90.1 million reported last year, while profit before tax increased by 31% from RM24.1 million in 2016 to RM31.5 million for in 2017. This good showing in the property division can be attributed to the encouraging sales from our development properties, namely The Opus at in Kuala Lumpur, Jesselton View and One Jesselton in Kota Kinabalu, Sabah, The Valley located in Karak @

Bentong in Pahang plus the recurring retail rental income from the Main Place Mall in USJ 21.

We continue with other developments as well that are located in various parts of Malaysia. Presently, our focus areas are in Klang Valley, Johor Bahru, Pahang and East Malaysia.

We have in our books an estimated projected gross development value of RM3 billion for the various on-going projects under the property division.

Together with the on-going projects illustrated in the table below, we see great potential in this division and are confident that this indeed will be a great source of profit for the Group.

# MANAGEMENT AND DISCUSSION AND ANALYSIS (Cont'd)

Project	Expected GDV (RM Million)
<b>KLANG VALLEY</b>	
The Opus, Kuala Lumpur 2 blocks of 32-storey Service Apartment	400.5
Riveria Sentral@KL, Brickfield, Kuala Lumpur	1,288.6
398 units Condominium in Cheras Pertama	250.34
The Valley, Karak@ Bentong, Pahang	163.0
<b>SOUTHERN REGION</b>	
Petrie Villa @ Johor Bahru (23 units of 4-storey pool villas)	110.4
Phase 1A1 of Taman Nusa Damai (part of Lake Hill ResortCity Development), Masai, Johor Darul Takzim	204.0
<b>SABAH</b>	
Jesselton View @ Kota Kinabalu (80 units of 5 & 11 storey Apartment)	66.6
One Jesselton @ Kepyayan Condominium, Kota Kinabalu (125 units of 11-storey condominium)	110.6
8 Avenue, Kota Kinabalu, Sabah (28-storey Condominium & 2 Levels of Commercial Retails)	265.8
<b>THAILAND</b>	
Bangkok Marina Resort and Spa, Thailand	200.0
<b>Total Expected GDV</b>	<b>3.052 billion</b>

## QUARRY AND READY MIX CONCRETE DIVISION

The after effects of the Hulu Langat quarry land that ceased operations in 2016 due to the Selangor State Government's decision to not renew the lease have affected the overall performance of our Quarry and Ready Mix Concrete Division.

For the year in review, the quarry and ready mix concrete division recorded revenue of RM50.1 million and loss before tax of RM4.6 million as compared to the previous corresponding period of RM88.2 million and RM4.3 million respectively. In an intensively competition environment, we hope the division will turnaround in 2018.

## POWER SUPPLY DIVISION

The Power Division within the Group went through a very exciting exercise. On 5th July 2017, PT Megapower Makmur Tbk was successfully listed on the Indonesian Stock Exchange (IDX) with an opening price of Rp340 (RM0.11) which was a 70% increase from the offering price of Rp200 per share. A total of 245 million shares were listed amounting to 30% of the company's shares. We are very proud with this achievement in that we believe we are the First Private Sector from Malaysia to have listed an entity in Indonesia.

In December 2017, Suruhanjaya Tenaga (ST) awarded Bina Puri's first power within Malaysia to Build, Own and Operate a 5.00 MW Large Scale Solar Photovoltaic (PV) Plant in Kunak, Sabah. Works for this project and construction works are expected to begin in 3rd quarter 2018 and the power plant is expected to be operational by 3rd quarter 2019.

For the current year under review, the power supply division managed to increase its revenue to RM20.7 million as compared to the RM18.5 million registered the previous year. The cost for public listing exercise and foreign currency fluctuation had lowered our profit before tax to RM3.1 million against the RM7.2 million reported last year. We believe with all these factor taken into consideration, 2018 will be a better year.

## HOSPITALITY DIVISION

The Hospitality division continues to manage the 72 units in the Puni Indah Residence at Jalan Ong Sum Ping, Bandar Seri Begawan, Brunei. This high end service apartment stands as one the landmarks in terms of luxury living in our neighbouring country. The lease for these units ranging from 3,000 to 3,100 sq feet will only expire in 2031. We continuously seek similar opportunities elsewhere to emulate the success of this prestigious Puni Indah Residence.

## RECURRING INCOME

The RM16 million invested by the Group in 2013 into a project to develop and construct for Chha Yong Association KL two blocks of shop offices in Jalan Pasar, Kuala Lumpur continues to prove to be one of prudent and good management decision. This investment will entitle the Group to a total of 14 years income running up to April 2027, which is still a good decade away from now.

## MANAGEMENT AND DISCUSSION AND ANALYSIS (Cont'd)

### RETAIL PROPERTY – Main Place Mall

Bina Puri continues to own and manage the 230,000 sq ft The Main Place Mall located in USJ 21. With a GDV of RM291 million, this neighbourhood Mall which was officially launched in March 2014 and continues to serve the community within that vicinity and still attracts customers for the various ranges of businesses that can be found in the Mall. Occupancy for the retail outlets are currently almost fully occupied by the retail tenants that in turn generate a strong recurring income to the Group. Income for year ending 2017 for this Mall stood at RM20 million.

### HIGHWAY CONCESSION – LATAR

Officially opened in June 2012, the KL-Kuala Selangor Expressway Bhd, the concessionaire for KL-Kuala Selangor Expressway (LATAR), was responsible for the construction of the 33 km toll expressway with dual carriageway with value in excess of RM958million (USD309mil), spanning from the north of Templer Park, Rawang, in the District of Gombak to Assam Jawa town in the District of Kuala Selangor.

In 2017 we increased the number of interchanges from the previous 5 to 6, namely at Ijok, Puncak Alam, Templer Park, Kuang, Kundang and Bandar Tasik Puteri (this being the newly opened interchange), as well as 4 toll plazas located at Assam Jawa, Kuang, Kundang and Taman Rimba Templer, traffic easily disperses in and out of the expressway. LATAR also provides links between major road networks within the Klang Valley by linking the East Coast Expressway (LPT1), the North South Expressway (PLUS) and the future West Coast Expressway (WCE).  
Future Prospects

Construction and Property Development will continue to be the main primary focus of the Group. This however doesn't make our other major business segments any less important, as they continue to show promising future and huge potential for the years to come. The Management team continuously seek for ways and means to improve productivity as well as financial results for all sectors within the Bina Puri Group. Results are slowly but surely showing in these sectors.

We have to date enough projects to sustain us for the next 2 to 3 years amounting to RM2.3 billion in the construction sector alone. The property division has also various on-going projects in the Klang Valley, Johor Bahru, Pahang and East Malaysia with a gross development value of RM3.0 billion.

As mentioned in the beginning of this statement, we need and must be able to see and identify opportunities for growth and optimism for a better future if we are to succeed. Bina Puri has the potential to grow even better if we all put our heart and soul into what we do and do whatever to the best of our ability. We will continue to face the many challenges but we can and must make that extra effort for a better workplace for ourselves and the extended family that we belong to and we work for, the Bina Puri family.

### Appreciation

I take this opportunity to thank the Management and staff for their continuous commitment, loyalty and diligent work. In trying times, we need more than ever the support from Board of Directors, shareholders, clients, financiers, suppliers, business partners and all the relevant authorities for your continuous patience, loyalty, steadfast and continue to belief in Bina Puri.

Bina Puri has come a long way from when its first started at a main contractor. Today, we are a mini-conglomerates that is not just dependent on one sector and one country. We should be proud of our accomplishments. The journey has not been easy but I believe we are on a much better footing than before and it is with this position and mindset, I believe the Group with bigger aspirations can thrill on.

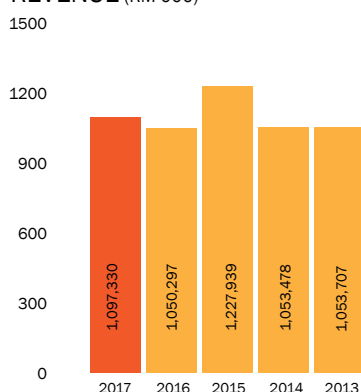
### TAN SRI DATUK TEE HOCK SENG

PSM, PGDK, ASDK, JP  
Group Managing Director

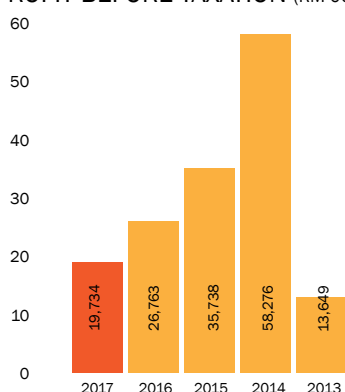
# GROUP FINANCIAL HIGHLIGHTS

	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
Revenue	1,097,330	1,050,297	1,227,939	1,053,478	1,053,707
Profit before taxation	19,734	26,763	35,738	58,276	13,649
Profit attributable to the shareholders of the Company	3,099	1,070	3,373	6,473	5,232
Dividend Paid ( Net )	–	–	4,346	2,669	1,997
Issued share capital	136,705	121,437	115,319	88,956	157,116
Shareholders' equity	239,809	222,992	216,479	193,751	170,533
Total assets employed	1,682,726	1,694,695	1,788,708	1,471,354	1,339,736
Net earnings per share ( sen )	1.19	0.45	1.60	3.75	3.85
Net assets per share ( RM )	0.90	0.92	0.94	1.09	1.09
Share price (RM)					
- High	0.485	0.50	0.65	0.782	0.875
- Low	0.33	0.36	0.33	0.50	0.57

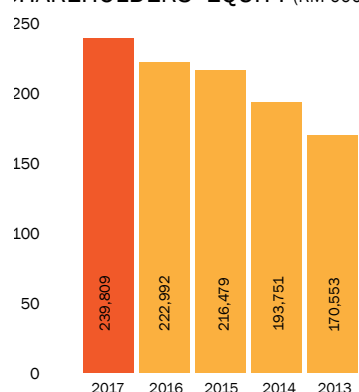
REVENUE (RM'000)



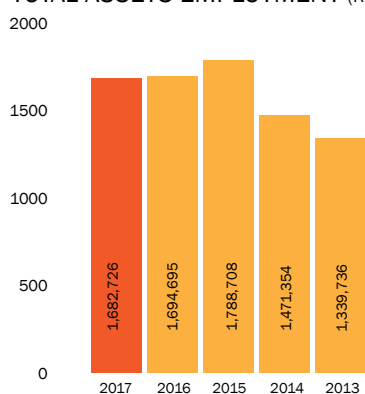
PROFIT BEFORE TAXATION (RM'000)



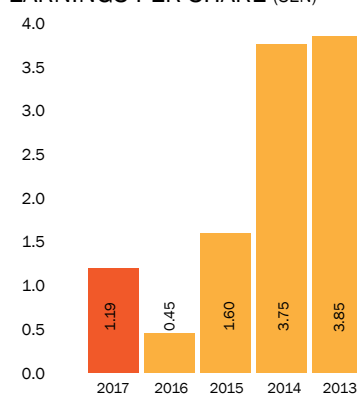
SHAREHOLDERS' EQUITY (RM'000)



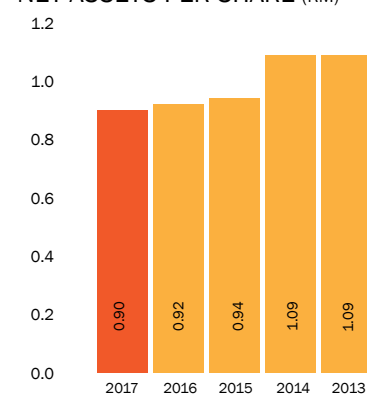
TOTAL ASSETS EMPLOYMENT (RM'000)



EARNINGS PER SHARE (SEN)



NET ASSETS PER SHARE (RM)



# CALENDAR OF EVENTS



## 9th January 2017 & 16th March 2017

Bina Puri Sdn Bhd on 9th January 2017 successfully completed the Sabah State Administrative Complex Project at Teluk Likas, Kota Kinabalu, Sabah involving a 30-storey office tower and 2 blocks of 9-storey buildings. Meanwhile on 16th March 2017 Bina Puri Sdn Bhd accomplished the Additional Buildings Works (Phase 1) for the Sabah State Administrative Complex under the "Facilitation Fund" from the Federal Government of Malaysia. The total contract value for both completed packages was RM453.73 million.

## 30th May 2017

YBhg. Datuk Matthew Tee Kai Woon, Group Executive Director, sworn in as the 44th president of the International Federation of Asian and Western Pacific Contractors' Associations (IFAWPCA). At age 42, he is the youngest ever to helm the organisation.



## 21st June 2017

The Bandar Tasik Puteri interchange at LATAR Expressway was officially opened to the public, launched by the Chief Secretary of the Ministry of Works Malaysia, YBhg Dato' Sri Zohari Bin Haji Akob.

## 21st June 2017

A total of 300 shareholders of Bina Puri Holdings Bhd attended the 26th Annual General Meeting of the company, held at Wisma Bina Puri at Selayang. The Chairman of Bina Puri Holdings Bhd, YBhg Tan Sri Dato' Ir Wong Foon Meng, chaired the meeting. For the first time, the shareholders voted for resolutions via e-polling system.



## CALENDAR OF EVENTS (Cont'd)



### 4th July 2017

YB Dato' Sri Anifah Hj. Aman, Minister of Foreign Affairs Malaysia, YB Datuk Haji Fadillah Yusuf, Minister of Works Malaysia and delegation visited Bina Puri's project, the Malaysian Embassy in Moscow, Russia

### 5th July 2017

PT Megapower Makmur Tbk debuted on the Indonesia Stock Exchange (IDX), making it as the First Non-Government Link Company (Malaysia, GLC) and also the second independent electricity power producer listed on Bursa Efek Indonesia.



### 15th August 2017

Bina Puri Holdings Bhd through its unit, Bina Puri Holdings (Thailand) Co Ltd clinched a THB250,597,369 (equivalent to RM35.03 million) contract to construct the "I'm Fine Condominium", a unique development concept at Bangna-Trad Road, Bangkok, Thailand.

### 15th August 2017

Bina Puri Sdn Bhd was honoured receiving the KPI-YBM Excellence Achievement Award from the Ministry of Energy, Green Technology and Water Malaysia. The award was presented by YB Datuk Seri Panglima Dr Maximus Johnity Ongkili, Minister of Energy, Green Technology and Water Malaysia.



## CALENDAR OF EVENTS (Cont'd)



### 3rd September 2017

Karak Land Sdn Bhd, the developer of The Valley @ Bentong, co-organised Karak 4th Rain Forest Fun Run. More than 600 runners participated in the race.

### 22nd September 2017

Group Managing Director, YBhg Tan Sri Datuk Tee Hock Seng, JP who is also a Malaysian Hokkien, was awarded the Malaysian Fujian Outstanding Entrepreneur Award together with other recipients. The Prime Minister of Malaysia, YAB Dato' Sri Mohd Najib Bin Tun Haji Abdul Razak presented the award at the Federation of Hokkien Associations Malaysia's (FHAM) 60th-anniversary celebration.



### 15th October 2017

The first-ever in Malaysia, Candy Walkathon was successfully held at Main Place Mall, USJ 21. It received an overwhelming 2,500 participations.

### 24th – 27th October 2017

KL-Kuala Selangor Expressway Berhad (LATAR), through its creative & innovative team, Technovators, won the Gold Award at the 2017 International Convention On Quality Control Circles (ICQCC) held at Okada, Manila, Philippines. The ICQCC is an annual Asian conference founded for developing and sharing of methods & skills on quality circles and hosted by different countries.



## CALENDAR OF EVENTS (Cont'd)



### **15th November 2017**

Bina Puri Holdings Bhd organised a corporate briefing attended by 50 members of media, investment analysts and fund managers, held at Bankers Club Kuala Lumpur. The function is an annual exercise aimed at delivering direct and accurate information about the Group and bringing confidence to investors to invest in Bina Puri.

### **4th December 2017**

Bina Puri Holdings Bhd, through its local wholly-owned power subsidiary, BP Energy Sdn Bhd secured the project to undertake a development of 5.00 MW a.c. Large Scale Solar Photovoltaic (PV) Plant in Kunak, Sabah from Suruhanjaya Tenaga (ST). The project is on Build-Own-Operate (BOO) basis, located at Kampung Dasar, in Kunak.

# SUSTAINABILITY STATEMENT

Whilst taking into consideration the concerns of our key stakeholders, Bina Puri Holdings Bhd has always been mindful of a sustainable growth strategy. To ensure we maintain a credible integrity, we always impress on good and ethical work practices encompassing Economical, Environmental and Social aspects.

Bina Puri's principal activities throughout the year 2017 remained unchanged, investment holdings, civil and building engineering management, property development, highway concession, quarry operations, utilities and hospitality management.

## **Bina Puri's approach to Sustainability**

We remain fully committed towards sustainable growth. This is evident throughout all levels of our organisation. The importance of pursuing an agenda that upholds good Economical, Environmental and Social practices is acknowledged at all levels within the organisation. We would promote the sustainable growth of the Group and would continue to review and improve our existing policies to meet the challenges ahead.

The Board of Directors and Senior Management have been given the task to oversee the sustainability matters within the Group and its subsidiaries. The strong and continuous support of our customers, bankers, business partners, investors, suppliers, and contractors would bring success to any organisation. In addition, we engage with government and regulatory bodies and policy makers in meetings, site visits and participating in trade exhibitions.



Attending meeting with MBAM



Site visit by Minister to Moscow project

## **Market Information**

In 2017, we have been announcing prompt quarterly results and held meetings with equity analysts and fund managers. Our Directors have been engaging with media regularly through press releases, media briefings in highlighting the Group's activities. We also engaged with our shareholders through our annual general meeting.

## **Renewable Energy and Environment Protection**

Our Group has always been looking for opportunities to invest in this sector strongly as our government has been promoting this sector. Renewable energy is derived from natural processes that are replenished constantly which include sunlight, hydropower and biomass. This would reduce environment pollution such as air pollution caused by burning of fuels of which the resources are depleting yearly.

We have invested in the solar energy system for some of our development projects besides operating a hydropower plant in Indonesia. We are looking for more opportunities to venture in this sector.



Laman Vila

## **Workplace**

Bina Puri always strives for good and conducive workplace, practising a system that does not discriminate against ethnicity, gender, age, disability, or status. We make sure all staff of all categories are employed, appointed, promoted, developed and rewarded based on principles of fairness, necessity, efficiency and meritocracy.

Promotion and hiring are strictly based on our company's defined criteria. Thus far it has been a very workable and fair system which in return creates a harmonious, well balanced and healthy working environment within the Group.



Staff engagement

### Employee Engagement Activities, Practises and Benefits

Our priority has and always will be our most valuable asset, our employees. We make sure there is constant communication and interaction between employer-employee to instil a harmonious working relationship and to have a committed and productive working environment always.

We have always benefited from the dedication and efforts of our employees. In return, we have also ensured their needs are well taken care off. We continue to help our employees develop their diverse talents to drive the Group's success. To this end, we continue to implement several initiatives to ensure our people achieve their full potential which includes competitive remuneration package, good fringe benefits, Long Service Awards, Best Employee Awards, Education Incentives, Undergraduate Scholarship Award to children of our staff. Kelab Sukan & Social Sports activities and Outings to both local and overseas destinations.

### Occupational Health and Safety

Not one to compromise on the safety at all worksites, Bina Puri has always emphasized on very stringent measures when it involves the safety aspects at all our work sites, including our various administrative offices. We continue to uphold the high standards set and regulated by

Department of Safety and Health (DOSH) Malaysia.

Each project, we have qualified safety personals and a group of safety and health team. We have meetings and site inspections done regularly to ensure construction activities are safe. Beside regular meetings and site inspections, our safety personals are sent to various regulatory bodies like CIDB and DOSH for training and to equip themselves with knowledge and latest policies.

### Corporate Social Responsibilities

Being a responsible organisation, Bina Puri has been contributing towards various deserving parties especially for industry development, education, health, sports and community development.

Site visit by Group Managing Director



Staff & Management assembly



Outing & overseas trip



First Aid training session

## SUSTAINABILITY STATEMENT (Cont'd)

Bina Puri Holdings Bhd, being a very strong and loyal supporter of Master Builders Association Malaysia (MBAM) and other industries related Associations such as Road Engineering Association of Malaysia (REAM), The Malaysian Institute of Architects (PAM) and The Royal Institution of Surveyors Malaysia. We have participated in various activities organised by these Association.

We also contributed towards promoting education, health and sport development through our contributions, St John Ambulance Malaysia (SJAM), Malaysian Chinese Medical Association. SJK (C) Chin Woo and Sekolah Menengah Ideal Heights, Selayang and KL Women Basketball Team.

While, on the community development, beneficiaries includes, Persatuan Tarian Desa Selangor Dan Wilayah Persekutuan, Masjid Al Istiqamah, Selangor Youth Community (SAY), Malaysian Associations Youth Club, Terengganu Kwang Tung Association and the Lions Club.

Bina Puri has also always ensure we remain close to the local communities. We make it a point to provide social assistance in whichever way we can. Among other activities used to enhance our relationship with the local communities are engagement during the various festive occasions, visits and “kenduri” activities.

### Human Capital Development

Bina Puri's business initiatives and Human Resource policies include recruitment, retention, training of human capital development. Among the regular and on-going



Blood donation



Appreciation to teachers



Education activities



platforms and tools utilised to achieve these healthy relationships are; regular communications via email blasts and half yearly publications, conducting gathering, meetings and dialogue sessions, town hall sessions, training and development initiatives and activities organised by Kelab Sukan dan Social Bina Puri and others.



Training activities



Town hall session

# AUDIT COMMITTEE REPORT

## A. COMPOSITION, COMPLIANCE AND ATTENDANCE

Members of the Committee	Designation in the Company	No. of meetings attended
Dato' Yeow Wah Chin, Chairman	Independent Non-Executive Director	5/5
Ir. Ghazali Bin Bujang	Independent Non-Executive Director	5/5
Mohd Najib Bin Abdul Aziz	Independent Non-Executive Director	5/5

- (a) The Audit Committee shall be appointed by the Directors from amongst their numbers via a Directors' resolution and shall consist of not less than three (3) members. All the Audit Committee members must be non-executive directors with a majority of them being Independent Directors. The composition of the Audit Committee shall meet the independence requirements of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and other rules and regulations of the Securities Commission.
- (b) At least one member of the Audit Committee:
- is a member of the Malaysian Institute of Accountants (MIA); or
  - if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and
    - must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
    - must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
  - fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.
- (c) In the event of any vacancy in the Audit Committee, the Directors shall within three (3) months of that event, appoint such new members to make up the minimum number of three (3) members.
- (d) An Alternate Director shall not be appointed as a member of the Audit Committee.
- (e) The member of the Audit Committee that meets the requirement for having the necessary accounting qualification is En. Mohd Najib Bin Abdul Aziz.

## B. TERMS OF REFERENCE

The Terms of Reference of the Audit Committee are consistent with the MMLR of Bursa Securities and the MCCG 2017 and all the requirements under the Terms of Reference are fully complied with.

The Terms of Reference of the Audit Committee are accessible to the public for reference on Bina Puri corporate website.

## C. MEETINGS

The Committee will meet at least five (5) times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties. The external auditors may request a meeting if they consider that one is necessary.

The quorum for each meeting shall be two (2) members and the majority of members present must be Independent Non-Executive Directors.

The authorised officers and a representative of the external auditors may attend meetings at the invitation of the Committee. Other Board members shall also have the right of attendance upon the invitation of the Committee. If necessary, the Committee shall meet with the external auditors without executive Board members present.

# AUDIT COMMITTEE REPORT (Cont'd)

## C. MEETINGS (CONT'D)

The Secretary to the Committee shall be the Company Secretary or any other person appointed by the Committee.

The Secretary shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it to the Committee members prior to each meeting. The Secretary will also be responsible for keeping the minutes of the meeting of the Committee and circulating to the Committee members and to other members of the Board.

A resolution in writing signed or approved by letter by all the members of the Audit Committee who are sufficient to form a quorum shall be valid and effectual as if it had been passed at a meeting of the Audit Committee duly called and constituted. All such resolution shall be described as "Audit Committee Circular Resolution" and shall be forwarded or otherwise delivered to the Secretary without delay and shall be recorded by the Secretary in the Company's minutes book. Any such resolution may consist of several documents in like form, each signed by one (1) or more members.

## D. SUMMARY OF ACTIVITIES

The following activities were carried out by the Audit Committee during the year review:

### 1. Financial Reporting

- Reviewed the quarterly financial results, announcement, annual report and audited financial statements of the Company and the Group for financial year ended 2017 prior to recommending to the Board for consideration and approval;
- The review also involved discussion with Management and the external auditors to ensure they were drawn up in accordance with the applicable accounting standards approved by Malaysian Accounting Standards Board ("MASB") and other legal requirements; and
- The quarterly financial statements for the first, second, third and fourth quarters of 2017, which were prepared in compliance with the Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting, International Accounting Standards 34 Interim Financial Reporting and paragraph 9.22, including Part A, Appendix 9B of the MMLR, were reviewed at the AC meetings on 23 May 2017, 22 August 2017, 22 November 2017 and 26 February 2018 respectively.

On 26 February 2018, the AC reviewed the quarterly financial statements for the fourth quarter of 2017 and the annual unaudited financial statements for 2017.

### 2. Internal Audit

- Reviewed and approved the annual audit plan proposed by the internal auditors to ensure the adequacy of the scope and coverage of work;
- Reviewed the internal audit reports presented by the internal auditors on their findings and recommendations including Management's response;
- Considered internal auditors' recommendations and the Management's response with respect to system and control weaknesses, before proposing those system and control weaknesses be rectified and recommendations to be implemented; and
- Considered and recommended to the Board for approval of the audit fees payable.

### 3. External Audit

- Reviewed the external auditors' report on the final audit report for the financial year ended 31 December 2017 and Statement of Risk Management and Internal Control ("SORMIC") in February 2018 before recommending to the Board for approval;
- Reviewed the Internal Control Memorandum, together with Management's response to the findings of the external auditor;
- Reviewed the 2017 external auditors' audit plan for Bina Puri Group, encompassing the nature and scope for the year's audit and engagement strategy in August 2017 prior to its implementation;
- Reviewed the terms of engagement of the external auditors for the 2017 statutory audit and SORMIC, upon confirmation of its independence and objectivity prior to tabling for the Board's approval. The engagement of the external auditors for the Group was supervised and processed under the Group's umbrella to streamline their terms of engagement;

# AUDIT COMMITTEE REPORT (Cont'd)

## D. SUMMARY OF ACTIVITIES (CONT'D)

The following activities were carried out by the Audit Committee during the year review: (Cont'd)

### 3. External Audit (Cont'd)

- Reviewed and approved the non-audit services provided by the external auditors while ensuring there was no impairment of independence or objectivity. This includes monitoring the fee of the total non-audit work carried out by the external auditors so as not to jeopardise the external auditors' independent status. In the financial year 2017, the Company did not engage the external auditors for any non-audit projects. Audit Committee also diligently exercised its right to hold annual meetings with the external auditors without the Management's presence on one separate occasion on 23 February 2017. These sessions were held to enable an open discussion with the Audit Committee and ensure the external auditors were not restricted in their scope of audit;
- Reviewed, assessed and monitored the performance, suitability and independence of the external auditors. The Audit Committee undertook an annual assessment to assess the performance, suitability and independence of the external auditors based on, amongst others, the quality of service, sufficiency of resources, communication and interaction, as well as independence, objectivity and professional scepticism.

The external auditors also provide an annual confirmation of their independence in accordance with the terms of all professional and regulatory requirements, including the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants. The engagement and concurring partners responsible for the Group audit are rotated at least every five (5) financial years.

Following the review of the external auditors' effectiveness and independence, the Audit Committee is satisfied with the performance and the audit independence of the external auditors. Accordingly, it was recommended to the Board to re-appoint Baker Tilly Monteiro Heng as auditors of the Company as well as the proposed audit fee for approval. A resolution for their re-appointment will be tabled for approval at the forthcoming Annual General Meeting.

The Board has in place, a formalised External Auditor Assessment Policy to enhance the External Auditors assessment processes and procedures. This Policy provides a structured, formalised/documented assessment, review and supervision of the performance, suitability, objectivity and independence of External Auditors, to facilitate accountability and transparency of the Group's dealing with its External Auditors; and

- Considered and recommended to the Board for approval of the audit fees payable.

### 4. Others

- Reviewed the Audit Committee Report and its recommendation to the Board for inclusion in the Annual Report;
- Reviewed the SORMIC and its recommendation to the Board for inclusion in the Annual Report; and
- Reviewed related party transactions that may arise within the Company or the Group.

The Committee discharged its duties and responsibilities in accordance with its Terms of Reference.

## E. INTERNAL AUDIT FUNCTION

The Company has outsourced the internal audit function to BDO Governance Advisory Sdn. Bhd. ("BDOGA"). The cost incurred for the internal audit function in respect of the financial year ended 31 December 2017 was RM78, 010 (2016: RM68,742).

The internal audit function is headed by Mr. Ang Ah Leck, Executive Director of BDOGA. Mr. Ang Ah Leck is a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and Chartered Tax Institute Malaysia.

The role of the internal audit function is to assist the Audit Committee and the Board of Directors in monitoring and managing risks and internal controls of the Group. A systematic and disciplined approach is used to evaluate and improve the effectiveness of risk management, operational and internal controls and compliance with laws and regulations.

# AUDIT COMMITTEE REPORT (Cont'd)

## E. INTERNAL AUDIT FUNCTION (CONT'D)

The internal audit was carried out in accordance with the Institute of Internal Auditors' guidance on risk based internal auditing. The internal audit approaches are as follows:-

- Meeting with key staff to gain an understanding of the risks along with the processes reviewed, and the controls put in place;
- Reviewing key documents that support the processes and controls in place;
- Performing walkthrough test and test of control, and in particular management oversight controls, in order to provide assurance as to the design and operational effectiveness of the internal control; and
- Comparing existing processes with established best practices.

The internal audit activities are carried out based on a risk-based audit plan, which include both assurance and consulting activities approved by the Audit Committee, in order to achieve the following objectives:

- Compliance with legislation, regulations, policies and procedures;
- Economy and efficiency of operations;
- Safeguarding of assets;
- Reliability and integrity of financial and operational information; and
- Achievement of operational objectives.

BDOGA has direct access to the Audit Committee and the Group Managing Director. In order for the function to carry out its responsibilities, it shall have full access to all records, properties and personnel of the Group.

During the financial year ended 31 December 2017, BDOGA carried out the following activities:

- a) Prepared the annual audit plan for the approval of the Audit Committee.
- b) Issued audit reports to the Committee and management identifying control weaknesses and issues as well as highlighting recommendations for improvements.
- c) Acted on suggestions made by Committee and/or senior management on concerns over operations or controls and significant issues pertinent to the Company or the Group.
- d) The internal audit review undertaken by BDOGA for the financial year 2017 included the following:
  - i. High Level Corporate Governance Review at holding level;
  - ii. Internal Control Review ("ICR") on Operational Review for PT Megapower Makmur Tbk.; and
  - iii. ICR on Project Management for Pengerang Integrated Petroleum Complex in Johor.

All findings and recommendations arising from the ICRs for financial year 2017 were tabled to the Audit Committee and the reviews were conducted based on an internal audit plan approved by the Audit Committee.

## F. REVIEW OF THE AUDIT COMMITTEE

The nominating committee, as required of a listed issuer, reviews the term of office and performance of an Audit Committee and each of its members annually to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## INTRODUCTION

The Board is committed to uphold and implement high standard of corporate governance as well as robust risk management and internal control framework for the Group. The Board is responsible for ensuring that appropriate corporate governance structures are in place to facilitate effective leadership, oversight, control, development and the long-term success of the Group through the application of the MCCG 2017 principles.

This report demonstrates the steps taken by the Board to apply three (3) key principles highlighted in the CG code in respect of Board Leadership and Effectiveness, Effective Audit and Risk Management and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

## GOVERNANCE FRAMEWORK

Corporate Governance framework is in place to oversight of operations, corporate governance, compliance, internal control and risk management of the Group. During the year it was further strengthen in line with MCCG 2017. The key elements of the framework are as follows:

- Board Charter;
- Terms of Reference for Board Committees;
- Code of Conduct and Ethics;
- Whistleblowing Framework; and
- Risk Management and Internal Control Framework.

Good governance depends on capable and effective leadership, professional behaviour and ethical corporate culture. Therefore the Board acknowledges that it is their responsibilities to inculcate the appropriate culture, values which reinforce ethical, prudent and professional behaviour throughout the organisation to create a healthy and dynamic corporate culture within the Group.

## BOARD LEADERSHIP AND EFFECTIVENESS

### OVERVIEW

#### The Board

The Board as a whole continues to take ownership of effective leadership and the long-term success of the Group. The diversified skills and leadership experience offered by the Non-Executive Directors enables them to scrutinise performance, assess the Group's risk management and control processes and to support the Executive Directors.

#### **Practice 1.1 – Roles and Responsibilities of the Board**

In discharging its functions and responsibilities, the Board is guided by the Board Charter, Authority Limits, Matters Reserved for the Board. The Board delegates certain roles and responsibilities to the Board Committees noted below whilst, amongst others, assuming the roles and responsibilities as stated below:

- Formulating and reviewing strategic plan for the Group quarterly;

The Board reviews and approves the annual corporate plan for the Group which includes overall corporate strategy, operational plan and the budget. These plans include consideration on the environmental condition, changes to rules and regulations, and incorporate environmental and social responsibility strategies which underpin the sustainability of the business.

The Board also intends to take steps to formalise a Sustainability Policy which sets out the business strategy that drives long-term corporate growth and profitability, by including environmental and social considerations in the business model. The Board will take steps to make available the policy on Group's corporate website.

- Overseeing the conduct of the businesses and financial performance of the Group;

Guidance is provided to management through frequent meetings and reporting whilst line managers are given sufficient level of autonomy to make decisions. The skillset and experience of the Directors enable in-depth discussion and examination of issues on performance, strategy, compliance and resources are discussed and examined in depth in order to take into consideration the long-term interest of the Group's stakeholders.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## Practice 1.1 – Roles and Responsibilities of the Board (Cont'd)

- Identifying and managing the principal risks of all aspects of the Group's operations and affairs;

The Board with the assistance from management, regularly review, identify, evaluate, monitor and manage the principal risks faced by the Group.

Details of the Risk Management are further discussed in the Statement on Risk Management and Internal Control.

- Ensuring all senior management positions are held by candidates of sufficient experience;  
The Board has established a formal organisation structure for the Group with delineated lines of authority, responsibility and accountability. The organisation structure is formed by focusing on performance delivery. It fosters and promotes the continual development of Executive Directors and key employees, thus enabling the Group to achieve its business objectives.

Moving forward, the Board intends to focus on business continuity through establishing a formal succession planning, to ensure that key positions maintain some measure of continuity.

- Ensuring that effective communication with its shareholders and stakeholders is in place; and

The Board strives to ensure that all shareholders have ready and timely access to all publicly available information of the Group and promote effective communication with shareholders so as to enable them to engage actively with the Group and exercise their rights as shareholders in an informed manner.

The Board also strives to ensure that the Group's disclosed information is compliant to legal, listing authority and stock exchange requirements, especially price-sensitive information.

- Ensuring that a sound framework of reporting on management information and internal controls is in place.

The Board's function in fulfilling the above responsibility is supported and reinforced through the various Committees established at both the Board and the management's level. Aided by independent outsourced Internal Audit and External Audit functions, the active functioning of these Committees through periodical meetings and discussions would provide a check and balance and reasonable assurance on the adequacy of the Group's internal controls.

Details on the Internal Audit and External Audit functions are further discussed in the Statement on Risk Management and Internal Control and Audit Committee Report.

## Practice 1.2 - Role of Chairman

The Chairman leads and ensures the effectiveness of the board by among others, encouraging healthy debates by all directors, allowing sufficient time for discussion of issues and ensuring that the board's decisions fairly reflect board consensus.

YBhg. Tan Sri Dato' Ir Wong Foon Meng takes on the role of Independent Non-Executive Chairman of the Group. Over the years, he has accumulated vast experience in public sector and legislative experience at state and federal level, as well as corporate experience. The Board is confident; he will be able to show leadership, entrepreneurship skills, business insight as well as instilling sound corporate governance practices in the best interests of the Group. He also communicates regularly with management and other Board Committee members.

## Practice 1.3 - Separation of role of Chairman and Group Managing Director (GMD)

The role of the Independent Non-Executive Chairman and the Group Managing Director ("GMD") are distinct and separate to ensure that there is a balance of power and authority.

The GMD has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions. The GMD is responsible to ensure due execution of strategic goals, effective operations within the Group, and to explain, clarify and inform the Board on key matters pertaining to the Group.

The GMD, YBhg. Tan Sri Datuk Tee Hock Seng, JP was assisted by a team of senior management in managing the day to day operations of the Group for the financial year under review.

The Group continues to comply with the MCG 2017 in respect of separation of role between Chairman and GMD.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## **Practice 1.4 - Company Secretary**

The Board has direct access to the advice and services of the Company Secretary who is experienced, competent and knowledgeable on the laws and regulations, as well as directives issued by the regulatory authorities. The Company Secretary plays significant role in supporting the Board for ensuring that all governance matters and Board procedures are followed and that applicable laws and regulations are complied with.

The Company Secretary also highlighted all compliance and governance issues which they feel ought to be brought to the Board's attention.

The Company Secretary, who is MAICSA qualified, had and will constantly keep herself abreast, through continuous training on the regulatory changes and development in corporate governance.

## **Practice 1.5 - Information and Support for Directors**

All Directors are provided with the meeting materials on a timely basis prior to the scheduled Board meetings. The Company had moved towards electronic Board and Board Committee papers since 2011. All Board papers, including those on complicated issues or specific matters and minutes of all Board Committee meetings, are distributed on a timely basis to ensure Directors are well informed and have the opportunity to seek additional information, and are able to obtain further clarification from the Company Secretary, should such a need arise.

The Company Secretary always ensures proper minutes of all deliberations and decisions of the Board and Board Committees are recorded. Where necessary, the services of other senior management or external consultants will be arranged to brief and help the Directors clear any doubts or concerns.

All Directors have access to the advice and services of an experienced and competent Company Secretary especially relating to procedural and regulatory requirements.

The Company Secretary always supports the Board in ensuring adherence to Board policies and procedures. The Directors may seek independent advice, where necessary, at the expense of the Company, so as to ensure that they are able to make independent and informed decisions.

## **DIRECTORS' TRAINING PROGRAMME**

The Board of Directors continues to evaluate and determine the training needs of its Directors to ensure continuing education to assist them in the discharge of their duties as Directors.

In addition to the mandatory Accreditation Programmes required by the Bursa Securities, the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes to keep them abreast with the current development of industry as well as any new statutory and regulatory requirements. This also will enable Directors to effectively discharge duties and sustain active participation in the Board deliberations.

The Directors had participated in various training programmes, seminars and briefings in relation to governance, industry, finance and regulatory developments. During the financial year under review the Board members attended the following training programmes, seminars and briefings.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

Director	Topic	Date
Tan Sri Dato' Ir Wong Foon Meng		
Tan Sri Datuk Tee Hock Seng, JP		
Dr Tony Tan Cheng Kiat		
Datuk Henry Tee Hock Hin		
Tay Hock Lee	Proposed Key Amendments to the Listing Requirements Arising From the Companies Act 2016	23 November 2017
Ir Ghazali Bin Bujang		
Dato' Tan Seng Hu (Alternate Director to Dr Tony Tan)		
We Her Ching (Alternate Director to Datuk Henry Tee)		
Datuk Matthew Tee Kai Woon		
	1. 15th Road Engineering Association of Asia and Australasia (REAAA) Conference 2017	20 – 24 March 2017
	2. Belgian Road Congress 2017	4 – 6 October 2017
	3. CIDB, CIOB Novus Youth Arena Malaysia 2017 (Driving Construction Excellence Together via Transformation)	28 October 2017
	4. MBAM Building and Construction Conference 2017	2 November 2017
	5. YYC National Budget Talk & Investment Outlook	11 November 2017
Dato' Yeow Wah Chin	1. Case Study Workshop for Independent Directors	9 November 2017
	2. Proposed Key Amendments to the Listing Requirements Arising From the Companies Act 2016	23 November 2017
Mohd Najib Bin Abdul Aziz	1. Audit Committee Conference 2017	5 April 2017
	2. Proposed Key Amendments to the Listing Requirements Arising From the Companies Act 2016	23 November 2017

## BOARD MEETINGS

The Board meeting calendar scheduling the meeting dates of the Board for each financial year were fixed in advance for the whole year to ensure that all Board meeting dates are booked and also to enable the Management's planning for the whole financial year.

The Board meets at least four (4) times a year with additional meetings being convened where necessary. The Board obtains the commitment from Directors to devote sufficient time and efforts to carry out their responsibilities at the time of their appointment. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees. None of the Directors of Group serve in more than five (5) listed companies. The present directorships in external organisations held by the Group's Directors do not give rise to any conflict of interests nor impair their ability to discharge their responsibilities to the Group. Board meetings for the ensuing financial year are scheduled in advance before the end of the current financial year so that the Directors are able to plan and schedule ahead for their attendance to the Board meetings in the coming year.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## BOARD MEETINGS (CONT'D)

For the financial year 2017, the Board met four (4) times. The Board is satisfied with the level of time commitment given by Directors towards fulfilling their roles and responsibilities as Directors which is evidenced by their attendance at the Board meetings and AGM as follows:

Name of Director	Board Meetings	AGM
Tan Sri Dato' Ir Wong Foon Meng	4/4	1/1
Tan Sri Datuk Tee Hock Seng, JP	4/4	1/1
Dr Tony Tan Cheng Kiat	4/4	1/1
Datuk Matthew Tee Kai Woon	3/4	1/1
Datuk Henry Tee Hock Hin	4/4	1/1
Tay Hock Lee	3/4	1/1
Dato' Yeow Wah Chin	4/4	1/1
Ir Ghazali Bin Bujang	4/4	1/1
Mohd Najib Bin Abdul Aziz	4/4	1/1

All Directors have complied with the minimum requirements on attendance at Board meetings as stipulated in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") (minimum 50% attendance).

## Practice 2.1 - Board Charter

The Board has in place a Board Charter which is accessible on the Group website. The Board Charter demarcates the responsibilities between Board, Board Committee, Chairman, Group Managing Director, Individual Director and Company Secretary.

The Board shall review the said Charter periodically and any amendments/improvements shall be made thereto as and when the Board deems appropriate and necessary. Any subsequent amendments shall be approved by the Board.

## Practice 3.1 - Code of Conduct and Ethics

Code of Conduct and Ethics defines the standards of conduct that are expected of Directors and employees to help them make the right decision in the course of performing their jobs to the highest standards of ethics, integrity and governance.

Details of the Code of Conduct and Ethics which includes policies and procedures for managing conflicts of interest as well as preventing abuse of power, corruption, insider trading and money laundering is accessible from the Group's corporate website.

## Practice 3.2 - Establishing and Implementation of Whistleblowing Policies and Procedures

The Board encourages employees and associates to report suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Group. The Whistleblowing Policy established by the Group provides and facilitates a mechanism for any employee and associate to report concerns about any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse.

The Whistle-Blowing Policy is available on the Group's corporate website for ease of access for reporting by employees and associates of the Group.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## BOARD MEETINGS (CONT'D)

### Practice 4.1 - Presence of Independent Directors on the Board

The Board's composition represents a mix of knowledge, skills and expertise vital to the successful direction of the Group.

The Board currently has nine (9) members comprising five (5) Non-Executive Directors and four (4) Executive Directors. The Board is made up of an Independent Non-Executive Chairman, a Group Managing Director, a Founder Director/Executive Director, two (2) Executive Directors, one (1) Non-Independent Non-Executive director and three (3) Independent Non-Executive Directors. The Board has at least one third (1/3) of Independent Non-Executive Directors as required by the MMLR of Bursa Securities.

### Practice 4.2 & 4.3 - Tenure of Independent Directors

The Board has considered the independence of each Independent Non-Executive Director in office as at the date of Annual Report and has concluded that the independence criteria as set out by Main LR have been met satisfactorily. The Board is generally satisfied that each Independent Non-Executive Director remains independent in character and judgement and is free from relationships or circumstances which are likely to affect or could appear to affect the Director's judgement.

To enhance the current process, Independent Non-Executive Directors will be required to declare formally on an annual basis his/her independence commencing from financial year 2017. During the financial year, none of the independent non-executive directors serve more than nine (9) years. Retention of independent directors after serving a cumulative term of nine (9) years are subject to shareholders' approval in line with the recommendation of the Code.

1/3 of Directors are subject to retirement by rotation yearly or at the interval of every 3 years. Information on Directors who are retiring and who are willing to serve if so re-elected is disclosed in the notice of meeting.

### Practice 4.4 & 4.5 - Diversity on Board and in Senior Management

The Board acknowledges importance of fostering diversity to enhance the effectiveness of the Board and senior management.

The Board comprises members who have vast experience in the engineering, construction as well as professionals in the finance, legal, and public sectors. The Board brings in a wide spectrum of diverse skills and expertise to the Group which allows it to meet its objectives in the competitive business environment.

The Board composition in terms of gender, age, ethnicity and independence during the period under review is illustrated below:

	Diversity	Composition Percentage
Type of directorship	Independent	44.44%
	Executive	44.44%
	Non-Executive Non-Independent	11.12%
Gender	Male	100.00%
	Female	0.00%
Age	40 – 49	22.22%
	50 – 59	11.11%
	60 – 69	55.56%
	70 - 79	11.11%
Ethnicity	Bumi	22.22%
	Chinese	77.78%

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## BOARD MEETINGS (CONT'D)

The Board takes note of the Code with regard to Board gender diversity. The Group currently has no female Director on the Board.

The Nominating Committee is instrumental in assessing and evaluating the board composition based on merit. The Nominating Committee does not actively seek out gender diversity in the Board, however, for future vacancy, suitable female director who can bring value, skills and expertise to the Board shall be given equal and serious consideration.

## Practice 4.6 - Appointment of Directors

The Board is responsible for the appointment of Directors. It has formulated the terms of reference of the Nomination Committee ("NC") and has identified the composition of the Committee members. It is the Board's policy for Directors to notify the Chairman before accepting any new directorships notwithstanding that the MMLR of Bursa Securities allow a Director to sit on the board of 5 listed issuers.

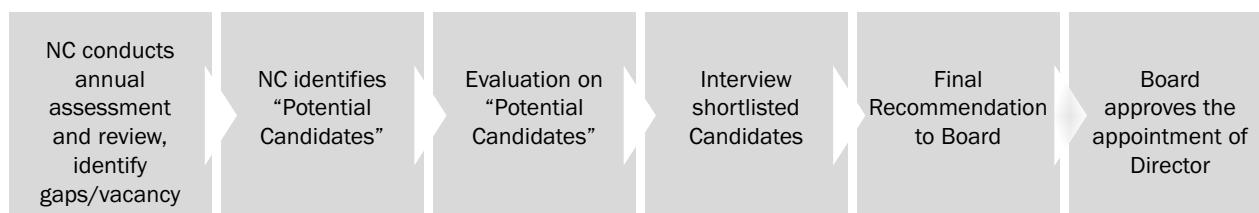
The Board had formalised the Boardroom Appointment and Performance Evaluation processes. The processes will be as follow:

### Boardroom Appointments

The selection, nomination and appointment of suitable candidates to the Board follow a transparent process.

Review of candidates for Board appointment has been delegated to the NC. NC is also responsible to review the existing composition of the Board, identifying the gaps and subsequently review and recommend to the Board a suitable candidate with the relevant skillsets, expertise and experience.

The Group's Boardroom appointment process is as follows:



### Boardroom Membership Criteria

In reviewing and recommending to the Board any new Director appointments, the NC considers:

- Age, skills, knowledge, expertise, experience, professionalism, integrity, capabilities and such other factors which would contribute to the Board's collective skills;
- Competing time commitments if the candidate has multiple board representations;
- Composition requirements for the Board and Committees; and
- Independence, for the appointment of an Independent Non-Executive Director.

In identifying candidates for appointment of Directors, the Board does not solely rely on recommendations from existing board members, management or major shareholders. During the financial year under review, the board did not utilise any independent sources to identify suitably qualified candidates as there is no new appointment of Director.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## THE BOARD COMMITTEE

### Practice 4.7 - Nomination Committee

The Nomination Committee ("NC") which comprises four (4) Directors, are exclusively made up of Independent Non-Executive Directors and is chaired by YBhg. Tan Sri Dato' Ir. Wong Foon Meng. The NC is responsible for nominating to the Board individuals as Directors and for assessing the Directors on an ongoing basis.

The Nomination Committee's Terms of Reference ("TOR") is available on Group's corporate website. The Terms of Reference discloses the following in compliance with the MMLR of Bursa Securities:

- i) Board composition;
- ii) Objectives of the committee;
- iii) Meetings and access to information;
- iv) Authorities; and
- v) Duties and Responsibilities.

In the process of selecting and evaluating candidates, the NC takes into consideration suitability for the role, Board balance and composition, mix of skills, experience, knowledge and other qualities as well as diversity in terms of gender, age and ethnicity background.

An assessment mechanism is in place to assess on an annual basis, the effectiveness of the Board as a whole and the Board Committees and the contribution of each individual Director. The annual assessment enables the Board to ensure that each of the Board members including the Group Managing Director and chief financial officer has the character, experience, integrity, competence and time to effectively discharge their respective roles.

The key activities undertaken by the NC during the year are as follows:

- a) Recommending and reviewing the Policy on Board Composition;
- b) Reviewing the TORs of the Board Committees;
- c) Reviewing compliance of Board Committees with their respective TOR; and
- d) Reviewing the Term of Office and performance of the Audit Committee.

### Practice 5.1 - Evaluation for Board, Board Committees and Individual Directors

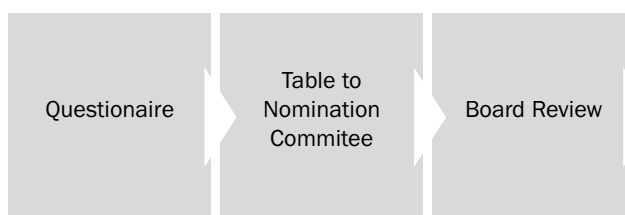
The purpose of the Board Evaluation is to assess the processes by which the Board fulfils its responsibilities, including those provided by the MCCG 2017 and outlined by the Board Charter.

The Board, through its Nomination Committee, undertakes an evaluation each year in order to assess how well the Board, its committees, the Directors and the Chairman are performing including assessing the independence of Independent Directors after taking into account the individual Director's capability to exercise independent judgement at all times.

The evaluation covers the Director's composition, combination of skills, experience, communication, roles and responsibilities, effectiveness as well as conduct. All Directors complete questionnaires regarding the Board and Committees' on the processes, their effectiveness and where improvements may be considered.

The outcome of the evaluation exercise is reported to the Nomination Committee and then to the Board for review.

The Director Performance Evaluation Process is as follow:



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## THE BOARD COMMITTEE (CONT'D)

### Practice 5.1 - Evaluation for Board, Board Committees and Individual Directors (Cont'd)

The criteria used in the Director Assessment process:

- Integrity, Commitment and Ethics
- Governance
- Strategic Perspective
- Adding Value
- Judgement and Decision Making
- Teamwork
- Communication
- Commitment

Individual board members' performances are tied to a full board assessment process. Board members rate their own performance at the same time that they rate board performance.

The main elements used in the Board and Committee assessment process:

#### 1. Board Mix and Composition

Composition, constitution and diversity and that of its Committees, competencies of the members, review of Board and Committee charters and frequency of meetings.

#### 2. Skills and Expertise

Determination of the skill, knowledge and expertise a board should ideally hold, those it holds currently and the identified gaps.

#### 3. Dynamics and Functioning of the Board

Availability of timely and accurate information, interaction and communication with senior management, setting of Board agenda, cohesiveness and the quality of participation of members in meetings.

### Practice 6.1 - Remuneration Policy and Procedures for Directors and Senior Management

The Group has adopted the Remuneration Policy that link the level of remuneration to the experience and level of responsibilities undertaken by a Non-Executive Director and to structure the component parts of remuneration so as to link rewards to corporate and individual performance of Executive Directors and ensure it was aligned with the business strategy and long-term objectives of the Group.

The performance of the Executive Director is measured based on the achievements of his annual performance as well as the performance of the Group. The Group rewards its employees and the Executive Directors with options under the Employees' Share Option Scheme ("ESOS").

The details of the vesting of options under the ESOS are set out on page 80 under the Directors' Report of the Audited Financial Statements for the FY2017.

### Practice 6.2 - Remuneration Committee

The Remuneration Committee ("RC") is chaired by YBhg. Tan Sri Dato' Ir. Wong Foon Meng, comprises of five (5) Directors, of which four (4) are Independent Non-Executive Directors. However, one (1) Director is the Executive Director.

The Remuneration Committee's Terms of Reference ("TOR") is available on Group's corporate website. The terms of reference are as follows:

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## Practice 6.2 - Remuneration Committee (Cont'd)

- (a) Review and recommend the entire individual remuneration packages for each of the Directors and key management of the Group;
- (b) Ensure that a strong link is maintained between the level of remuneration and individual performance against agreed targets, the performance-related elements of remuneration forming a significant proportion of the total remuneration package of the Directors and key management of the Group; and
- (c) Review and recommend to the Board of Directors of the Group the remuneration structure and policy and the terms of employment or contract of employment/service, any benefit, pension or incentive scheme entitlement; other bonuses, fees and expenses; any compensation payable on the termination of the service contract for the Directors and key management.

## Practice 7.1 & 7.2 - Disclosure of Remuneration

The remuneration of those who were Directors for the financial year ended 31 December 2017 is as follows:

Name	Salaries RM	Fees RM	Benefit -in-kind RM	Other emoluments RM	Total RM
<b>Executive Directors</b>					
Tan Sri Datuk Tee Hock Seng, JP	1,080,000	12,000	—	130,193	1,222,193
Dr Tony Tan Cheng Kiat	960,000	12,000	37,808	58,193	1,068,001
Datuk Matthew Tee Kai Woon	594,000	12,000	—	65,628	671,628
Datuk Henry Tee Hock Hin	540,000	12,000	10,725	65,628	628,353
<b>Non-Executive Directors</b>					
Tay Hock Lee	192,000	12,000	—	24,226	228,226
Tan Sri Dato' Ir Wong Foon Meng	—	240,000	—	—	240,000
Dato' Yeow Wah Chin	—	60,000	—	—	60,000
Ir Ghazali Bin Bujang	—	60,000	—	—	60,000
Mohd Najib Bin Abdul Aziz	—	42,000	—	—	42,000

\* subsidiary

The number of Senior Management for the financial year ended 31 December 2017 whose remuneration falls within the respective bands is as follows:

### RM 250,000 – RM 300,000

Senior Management	5
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The Group does not comply with the recommendation to disclose on named basis the top five senior management's remuneration in the bands of RM50,000 in order to preserve confidentiality.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## EFFECTIVE AUDIT AND RISK MANAGEMENT

### Practice 8.1 - Chairman of Audit Committee

YBhg. Dato' Yeow Wah Chin chaired the Committee and is not the Chairman of the Board. This is in compliance with the Step up recommendation of MCCG 2017 and MMLR of Bursa Securities.

### Practice 8.2 & 8.3 - Cooling off period for Key Audit Partner and Assessment of External Auditor

The Audit Committee will undertake an annual assessment on the performance of internal and external auditors, including the suitability and independence of the auditors, in accordance with the Group's policy. Both the internal and external auditors are independent.

The Group has in place a policy that requires a former key audit partner of existing external auditor to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

The Board has in place a formalised External Auditors Assessment Policy to enhance the External Auditors assessment processes and procedures. The policy shall assess the performance, suitability, objectivity and independence of the external auditor.

The functions of the Audit Committee in relation to the external and internal auditors are disclosed in pages 53 to 56 of the Annual Report.

### Practice 8.4 - Independence of Audit Committee

The Committee consists of three (3) members of which all are independent non-executive directors. None of them are alternate Directors.

### Practice 8.5 - Financial Literacy of Audit Committee Member

The Audit Committee possess the right mix of skills to discharge its duties effectively.

The Committee is chaired by YBhg. Dato' Yeow Wah Chin who specialises in banking and commercial law. He possesses sufficient financial knowledge to provide satisfactory input on financial matters. En. Mohd Najib bin Abdul Aziz is a member of the Audit Committee and is a member of the Malaysian Institute of Accountants (MIA). The Committee also comprises members with engineering, legal, corporate and finance backgrounds which are financially literate and provide diverse perspectives that strengthen the quality of deliberations.

### Practice 9.1 & 9.2 - Risk Management and Internal Controls

The Board remains committed to ensuring that its communications with shareholders continue to present a fair, balanced and understandable assessment of the Group and its prospects. The Board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives.

The Board is in the midst of formalising the Risk Management Framework to enhance the Risk Management processes and procedures. Despite the absence of formalised Risk Management Framework, through quarterly Board meeting discussion and operational meeting among project team, the Group had identified major risk areas of concern and mitigating actions were undertaken within appropriate timeframes.

The Group has an ongoing process for identifying, evaluating and managing key risks in the context of its business objectives. These processes are embedded within the Group's overall business operations and guided by operational manuals and policies and procedures.

The Board assisted by management regularly review, identify, evaluate, monitor and manage the principal risks faced by the Group. In addition, the internal auditors, using a risk-based approach, annually review the operational procedures and processes to ensure the integrity of the system of internal control.

Oversight of risk has been delegated to the Audit Committee ("AC"). The AC has responsibility for regularly reviewing the risk management assessment to ensure it remains sound. The AC is assisted by Board Executive Committee which are responsible for driving and supporting risk management across the Group.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

### Practice 9.1 & 9.2 - Risk Management and Internal Controls (Cont'd)

The Statement of Risk Management and Internal Control is set out in page 71 of the Annual Report outlines the principal risks and uncertainties associated with the Group's business. The Audit Committee monitors and reports on the Group's risk management systems, corporate reporting and internal control principles. The committee is also responsible for maintaining an appropriate relationship with its internal and external auditors which is set out on pages 53 to 56 of the Audit Committee Report.

### Practice 10.1 & 10.2 - Effectiveness of Internal Audit Function

The Group outsourced its internal audit function to an independent internal audit service provider, namely BDO Governance Advisory Sdn. Bhd. The primary function of internal audit is to undertake systematic reviews of the governance, risk and internal control systems within the Group in accordance with an internal audit plan, so as to provide assurance that such systems are adequate and functioning as proposed.

The internal audit function's responsibilities are to provide independent and objective reports on the state of internal controls of the various operating units within the Group to the Audit Committee and provide recommendations for the improvement of the control procedures, so that corrective actions are taken to mitigate weaknesses noted in the system and controls of the respective operating units.

Details of the internal audit activities and scope of coverage of the outsourced internal audit function including the cost incurred are set out in the Statement on Risk Management and Internal Control included in this Annual Report.

## INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### Practice 11.1 - Communication with Stakeholders

The Board is committed to ensure that Group continues to engage effectively with the shareholders to facilitate a mutual understanding of objectives. The Group has a number of formal channels in place to effectively communicate this information to all the shareholders and stakeholders. The Board primarily achieve this through the following activities; the annual report, announcements to Bursa Securities, quarterly reports, Group's website and investor relations.

The Group also maintains a website which shareholders and other stakeholders can gain access to information about the Group, activities and/or any announcements made by the Group. This can all be located at [www.binapuri.com.my](http://www.binapuri.com.my).

### Practice 12.1 - Notice of General Meeting

The notice of Annual General Meeting ("AGM") is sent out to the shareholders at least 28 days before the date of the meeting so that shareholders have adequate time to consider the resolutions that will be discussed at the AGM.

The AGM serves as a principal forum for dialogue with shareholders. Extraordinary General Meetings are held as and when required.

### Practice 12.2 - Attendance of Directors at General Meeting

During the AGM, the Board presents the financial performance of the Group as contained in the Annual Report. Shareholders are encouraged to participate and are given every opportunity to raise questions and seek clarification during the session. All the Board members are available to respond to shareholders' queries.

### Practice 12.3 - Use of Technology for Shareholders' Voting

The Group does not have a large number of shareholders and AGM is held at the corporate office in Selayang, Selangor. Hence, the use of technology is not necessary at the current environment.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## Compliance with the CG Code

The Board considers that the Group has complied with the best practice and applied the main principles of MCGG 2017 with the exception of the following:

	Explanation
Practice 4.1	<p>The Board currently has nine (9) members comprising five (5) Non-Executive Directors and four (4) Executive Directors. The Board is made up of an Independent Non-Executive Chairman, a Group Managing Director, a Founder Director/Executive Director, two (2) Executive Directors, one (1) Non-Independent Non-Executive director and three (3) Independent Non-Executive Directors.</p> <p>The Board does not fulfil the requirement of MCGG 2017 to have at least half of the board comprising of independent directors. The Board will endeavour to comply with the MCGG 2017 requirements soonest possible. Currently, Board is in compliance with the requirements by the MMLR of Bursa Securities of having at least one third (1/3) of Independent Non-Executive Directors.</p>
Practice 4.5	<p>The Nomination Committee as part of its process in identifying and recommending candidates for Directorship to the Board considers skills, experience, age, ethnicity and gender as part of its assessment in ensuring diversity in its members. Although there is no documented diversity policy in place, the Board is committed in ensuring diversity is considered at the Board level and also senior management of BPHB Group.</p>
Practice 6.2	<p>The Remuneration Committee should only consist of non-executive directors and a majority of them must be Independent Directors, drawing advice from experts, if necessary.</p>
Practice 7.2	<p>The Remuneration committee currently consist of 1 executive director which is the Group Managing Director who is able to give insight on the Group's performance in relation to the industry. To preserve confidentiality, the Group does not comply with recommendation to disclose on named basis the top five senior management's remuneration in the bands of RM 50,000.</p> <p>Although there is no Risk Management Framework in place, the Board has a risk management assessment in practice for identifying, evaluating and managing key risks in the context of its business objectives. These processes are embedded within the Group's overall business operations and guided by operational manuals and policies and procedures.</p>
Practice 9.1	<p>The Board assisted by management regularly review, identify, evaluate, monitor and manage the principal risks faced by the Group. In addition, the internal auditors, using a risk-based approach, annually review the operational procedures and processes to ensure the integrity of the system of internal control.</p>
Practice 12.3	<p>The use of technology is not necessary as the Group does not have a large number of shareholders and AGM is held at corporate office in Selayang, Selangor.</p>

## CG Report

As required under paragraph 15.25 (2) of MMLR of Bursa Securities, the Group's application of each Practice of the CG Code during the financial year and explanation for departure and setting out timeline for compliance or alternative practice is set out in the Group CG Report and can be downloaded at [www.binapuri.com.my](http://www.binapuri.com.my).

## ADDITIONAL DISCLOSURE

- (a) Share Buy-Back  
There was no Share Buy-Back during the financial year ended 31 December 2017.
- (b) Options, Warrants or Convertible Securities Exercised  
There were no options granted and exercised to the eligible employees and Directors of the Group during the financial year ended 31 December 2017.
- (c) American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR")  
There was no ADR or GDR Programme sponsored by the Company.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## ADDITIONAL DISCLOSURE (CONT'D)

- (d) Sanctions and/or Penalties Imposed  
There were no sanctions and/or penalties imposed on the Company or its subsidiaries, directors or management by the relevant regulatory bodies.
- (e) Non-Audit Fees  
The amount of non-audit fees paid to a company affiliated to the auditors' firm by the Company and its subsidiaries for the financial year ended 31 December 2017 was RM60,000.
- (f) Variation of Results  
The results for the financial year ended 31 December 2017 do not differ by 10% or more from the unaudited results previously released. The Company has not released or announced any estimated profit, financial forecast or projection during the said financial year.
- (g) Profit Guarantee  
The Company has not issued any profit guarantee in the financial year ended 31 December 2017.
- (h) Material Contracts  
None of the directors and major shareholders has any material contract with the Company and/or its subsidiaries during the financial year under review.
- (i) Revaluation Policy on Landed Properties  
The Group did not adopt a policy on regular revaluation of its landed properties.
- (j) Private Placement

### (a) Private placement 2016

The Company had successfully placed out 24,287,000 new Bina Puri Shares pursuant to the Private Placement, which raised cumulative gross proceeds of approximately RM10.39 million as detailed in the table below. The Company has utilised the proceeds in the following manner:

	Amount raised from the Private Placement (RM'000)	Amount utilised RM'000)	Amount unutilised RM'000)
Working capital requirements	8,374	8,374	—
Repayment of bank borrowings	1,940	1,940	—
Expenses in relation to the Private Placement	76	76	—
Total	10,390	10,390	—

### (b) Private placement 2017

The private placement of up to 28,292,400 new ordinary shares, representing not more than ten percent (10%) of the enlarged number of share of the Company had been approved by Bursa Malaysia Securities Berhad and shareholders of the Company on 23 November 2017 and 21 June 2017 respectively.

The Company had successfully placed out 3,000,000 new Bina Puri Shares pursuant to the Private Placement, which raised cumulative gross proceeds of approximately RM870,000 as detailed in the table below. The Company has utilised the proceeds in the following manner:

	Amount raised from the Private Placement (RM'000)	Amount utilised RM'000)	Amount unutilised RM'000)
Working capital requirements	828	828	—
Repayment of bank borrowings	—	—	—
Expenses in relation to the Private Placement	42	42	—
Total	870	870	—

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Malaysian Code of Corporate Governance 2017 (“the Code”) stipulates that the Board of Directors (“the Board”) of listed companies should maintain a sound risk management framework and internal control system to safeguard shareholders’ investments and the Group’s assets. Pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“Guidelines”), the Board is pleased to provide the following statement, which outlines the main features and adequacy of the Group’s risk management and internal control for the year ended 31 December 2017.

## BOARD’S RESPONSIBILITY

The Board recognises the importance of maintaining an effective risk management practice and a sound system of internal control of the Group as a whole. The Board also affirms its responsibility of reviewing the adequacy and integrity of these systems, so as to safeguard shareholders’ investments and the Group’s assets.

However, it should be noted that any system of internal control is designed to manage rather than to eliminate the risk of failure to achieve the Group’s strategic business and operational objectives. Accordingly, they can only provide reasonable and not absolute assurance against material misstatement or loss.

## KEY RISK MANAGEMENT AND INTERNAL CONTROL FEATURES

The Group has a well-defined organisational structure with clearly defined lines of accountability, authority and responsibility to the Board, its committees and functional units. Key processes have been established in reviewing the adequacy and effectiveness of the risk management and internal control system including the following:

- The Board Executive Committee was established to manage the Group’s operating divisions in accordance with corporate objectives, strategies, policies and annual budgets as approved by the Board.
- The Audit Committee (“AC”) of the Group performs regular risk management assessments and through the Internal Audit function, reviews the internal control processes, and evaluates the adequacy and effectiveness of the risk management and internal control system. The committee also seeks the observations of the independent external and internal auditors of the Group. Further details are set out in the Audit Committee Report.

## Risk Management

The Group has an ongoing process for identifying, evaluating and managing key risks in the context of its business objectives. These processes are embedded within the Group’s overall business operations and guided by operational manuals and policies and procedures.

The Board assisted by management regularly review, identify, evaluate, monitor and manage the principal risks faced by the Group. In addition, the internal auditors, using a risk-based approach, annually review the operational procedures and processes to ensure the integrity of the system of internal control.

The Board is in the midst of formalising Risk Management Framework to enhance the Risk Management processes and procedures.

Despite the absence of formalised Risk Management Framework, through quarterly Board meeting discussion and operational meeting among project team, the Group had identified major risk areas of concern and mitigating actions were undertaken within appropriate timeframes. The Group’s significant risks identified for the financial year 2017 are outlined below:

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

Principal Risks	Description	Risk Mitigation Strategies
Economic risks	<p>Slowdown in the local and global economy may affect the Property and Construction Division's order book replenishment and result in overcapacity situations in its capital resources.</p> <p>The Property Division's property sales slowed down due to the subdued market sentiments, saturated market and stiff competition.</p> <p>All of these factors affect the Group's profitability.</p>	<ul style="list-style-type: none"> <li>• Securing long term BOT projects;</li> <li>• Exploring various business and geographical diversifications;</li> <li>• Regularly reviewing the business plans against performances to address any gaps or shortfalls;</li> <li>• Maintaining good relationships with contractors and suppliers in order to negotiate for more favourable terms;</li> <li>• Enhancing customer retention and also obtaining awards of projects from new customers;</li> <li>• Enhancing efficiency and productivity in its operations, particularly in project management;</li> <li>• Adopting innovative marketing strategies with appropriate product differentiation and flexibility in product offerings to suit the market demand for its properties.</li> </ul>
Project Risk	<p>These are risks associated with projects that are of specific nature, in particular, project management and construction risks in relation to both Construction and Property divisions, in both short and long term, potentially arising from delay in project completion, escalating construction costs, shortages of construction materials, supply chain efficiency and shortage of workers and experienced project managers.</p>	<ul style="list-style-type: none"> <li>• Develop an effective strategy for managing project risks</li> <li>• Develop a set of key criteria to manage the significant risks that are common within most projects.</li> <li>• Setting a project governance structure consisting of clear project definition and planning process</li> <li>• An effective talent management program.</li> <li>• Specific risks associated with project management are normally delegated to project managers for attention and action.</li> <li>• Frequent site visits by contract officers and project management team.</li> </ul>
Financial Risk	<p>This is related to the risk that the Group may have inadequate cash flow to meet its financial obligations. The financial risks are in relation to interest rates, foreign currency, liquidity and credit.</p>	<p>The Group constantly seeks to ensure that there is a reduction in cash outflow and increased cash inflow for the development of the Group's businesses, at the same time taking into consideration the impact of currency fluctuation, interest rates, credit risks and other risks related to the external market.</p>

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

## Key Elements of the Group's Internal Control System

### Authority and Responsibility

#### i. Organisation Structure

The Group has a comprehensive organisational structure which organises business operations. Clear lines of reporting, authority and segregation of duties are well documented in the organisation chart. The structure promotes ownership and accountability and delegated authority for planning, executing, controlling and monitoring of business operations. This structure is subject to periodic review to incorporate any emerging business needs.

#### ii. Clear Description of Roles and Responsibilities

Each role in the organisation structure is supported by clear job description established, which are linked to the vision, mission and business strategies of the Group.

#### iii. Delegation Authority Limit ("DAL")

The Group DAL is subject to regular review and update to promote organisational efficiency and ensure it is aligned with the Board's risk appetite.

### Policies and Procedures

Policies and Procedures are established to ensure consistency in complying with related Group's operations requirement. New and revised policies are formulated to cater business needs or risks arise and to support implementation of proper governance of the Group.

Policies and Procedures are subject to periodic review to ensure it remains effective and relevant to the business growth and transformation. The Group's Policies and Procedures are categorised as follows:

#### i. Board Policies

Board level policies comprise Board Charters, Terms of References of Board Committees to ensure proper working of the Board in the handling of risk and control matters of the Group.

These are further explained in detail in the Corporate Governance Overview Statement.

#### ii. Operational Policies and Procedures

Systematic documented standard operating policies and procedures that cover various operational areas which are subject to regular review and improvement. Other Policies and Procedures required by ISO 9001:2015 Quality Management System, are subject to regular review and improvement, to continually manage and controls the quality requirement of the Group's products and services.

### Human Resource Management and Development

A standardised performance management system is developed to continually appraise and reward the employees of the Group in accordance with their performance. Emphasis is also placed on enhancing the quality and capability of human assets through training and development programs, which enhances their ability to meet their performance and job expectations.

### Monitoring

#### i. Financial and Operational Review

The Group presents its financial results to the Audit Committee for review in each quarter before financial statement is tabled to the Board for approval and subsequent announcement to Bursa Malaysia. The quarterly review enables the AC to assess and deliberate the Group's financial results, operational performance and variances against budget to enable them to monitor and contribute towards improving the performance of the Group.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

## Key Elements of the Group's Internal Control System (Cont'd)

### Human Resource Management and Development (Cont'd) Monitoring (Cont'd)

#### ii. Budgetary Review

The Group performs an annual budgeting and forecasting exercise, including the development of business plan and performance targets for the Group. A comprehensive operating and capital expenditure requirement is tabled to the Board for approval prior to the commencement of a new financial year.

#### iii. Internal Audit Function

The Group had established an Audit Committee with the primary objective of assisting the Board to review the adequacy and integrity of the Group's internal control and management information systems. In discharging its duties, the internal audit function of the Group is outsourced to BDO Governance Advisory Sdn. Bhd. ("BDOGA").

BDOGA independently reviews the adequacy and integrity of the system of internal control and reports to the Audit Committee on a regular basis. The annual audit plan covering the key activities of the Group is tabled to the Audit Committee for discussion and approval.

For the year 2017, BDOGA has completed three (3) internal control reviews according to the approved annual audit plan. The findings arising from the internal control reviews together with recommendations, management responses and proposed action plans were promptly reported to the Audit Committee. The audit plan is further explained in detail in the Audit Committee Report.

The Audit Committee, on behalf of the Board, reviews the measures undertaken on internal control issues identified by BDOGA. The Board will discuss with the Audit Committee and management on matters relating to internal controls and deliberates on their recommendations for implementation.

#### iv. Other Reviews

Frequent site visits by contract officers and project management team are established in monitoring the progress of projects undertaken by the Group. The ongoing performance of each business operating unit is reviewed on a monthly basis and these performance reviews are escalated to the Board on a quarterly basis.

## THE BOARD'S STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board believes that the risk management and system of internal control are in place for the year under review and up to the date of issuance of financial statements, are effective and adequate to safeguard shareholders' investment, the interest of regulators and employees and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The Board has received assurance from the Group Managing Director and Group Chief Financial Officer that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects throughout the year under review.

The Board is committed to continually strengthen the transparency and efficiency of the Group's operations and control environment. This will be supported by an assessment independent of operations on the adequacy and integrity of the controls by BDOGA. Other initiatives deemed necessary will be considered from time to time in order to ensure that the control environment remains reasonably secure.

The Statement on Risk Management and Internal Control does not deal with the associated companies and joint ventures as the Group does not have management control over their operations.

The internal control system is reviewed on an ongoing basis by the Board, Audit Committee and Management for the monitoring of compliance with policies and procedures. The Heads of Department as well as the respective Project Managers are involved in continually improving the control processes within their respective departments and projects.

## **STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)**

### **REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS**

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the external auditors have conducted a limited assurance engagement on this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Information and Audit and Assurance Practice Guide 3 (previously RPG 5 (Revised 2015) ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control.

Based on their procedures performed, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement is not prepared, in all material aspects, in accordance with disclosure required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls: Guidance for Directors of Listed Issuers to be set out, nor is factually inaccurate. AAPG 3 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The External Auditors also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

### **CONCLUSION**

The Board recognises the ever changing dynamic business environment and will endeavour to continue improving and enhancing the existing system of risk management and internal controls to ensure their continued relevance.



LKIM, Sarawak

