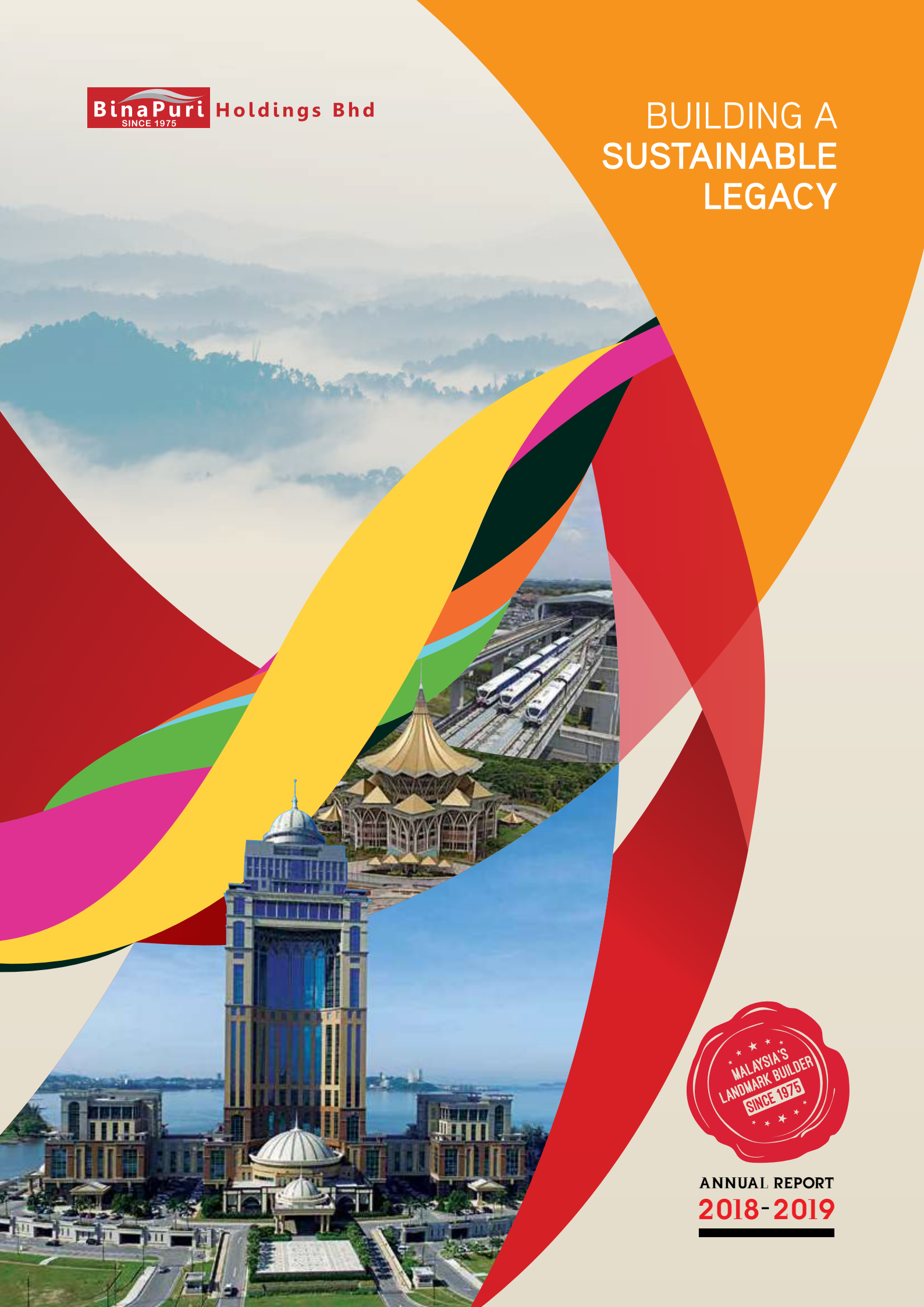
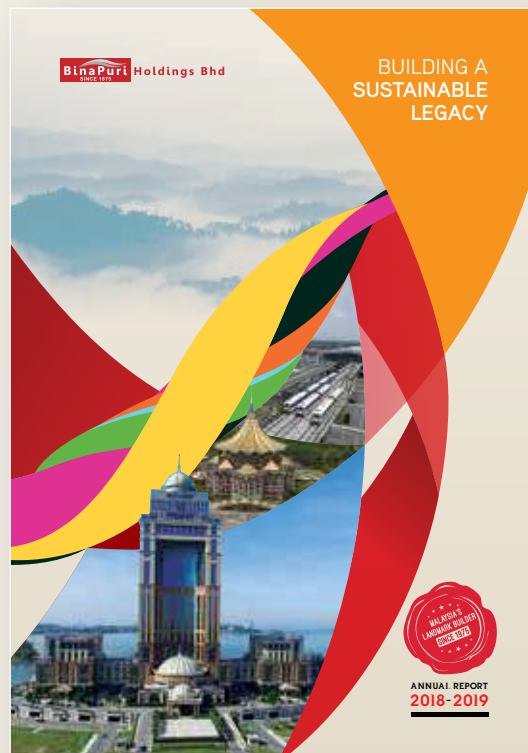


# BUILDING A SUSTAINABLE LEGACY



ANNUAL REPORT  
**2018 - 2019**



## C O V E R R A T I O N A L E

With decades of experience built across a broad spectrum of industries, Bina Puri now looks ahead to adding value to the future. Themed 'Building A Sustainable Legacy', the cover design features vibrant upward swirls that capture the company's dynamism and progressive outlook for a better tomorrow.



<b>DAY</b>	THURSDAY
<b>DATE</b>	5 <sup>TH</sup> DECEMBER 2019
<b>TIME</b>	11.00 A.M.
<b>VENUE</b>	GROUND FLOOR WISMA BINA PURI 88, JALAN BUKIT IDAMAN 8/1 BUKIT IDAMAN 68100 SELAYANG SELANGOR DARUL EHSAN

---

# CONTENTS

---

<b>03</b>	Notice of Annual General Meeting
<b>08</b>	Group Corporate Structure
<b>10</b>	Corporate Information
<b>11</b>	Board of Directors
<b>19</b>	Key Senior Management
<b>23</b>	Chairman's Statement
<b>29</b>	Group Managing Director's Message and Management Discussion and Analysis
<b>37</b>	Group Financial Highlights
<b>38</b>	Calendar of Events 2018-2019
<b>43</b>	Sustainability Statement
<b>47</b>	Audit Committee Report
<b>52</b>	Corporate Governance Overview Statement
<b>66</b>	Statement on Risk Management and Internal Control
<b>74</b>	Directors' Report
<b>80</b>	Consolidated Statements of Financial Position
<b>82</b>	Statements of Financial Position
<b>84</b>	Statements of Comprehensive Income
<b>85</b>	Statements of Changes in Equity
<b>88</b>	Statements of Cash Flows
<b>91</b>	Notes to the Financial Statements
<b>215</b>	Statement by Directors
<b>215</b>	Statutory Declaration
<b>216</b>	Independent Auditors' Report
<b>221</b>	Analysis of Shareholdings
<b>222</b>	Thirty Largest Shareholders
<b>223</b>	Recurrent Related Party Transactions
<b>224</b>	List of Properties
<b>226</b>	Group Corporate Directory

---

<b>Enclosed</b>	Proxy Form
-----------------	------------

---





# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE TWENTY-EIGHTH 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, 5<sup>TH</sup> DECEMBER, 2019 AT 11.00 A.M. TO TRANSACT THE FOLLOWING BUSINESS:-

## ORDINARY BUSINESS

1. To receive the Audited Accounts for the period from 1 January 2018 to 30 June 2019 (18 months) and the Reports of Directors and Auditors thereon. (Refer to Explanatory Notes i)
2. To re-elect the following Directors who retire pursuant to Article 80 of the Company's Articles of Association.

(a) Ir Ghazali Bin Bujang	Ordinary Resolution 1
(b) Mr Mohd Najib Bin Abdul Aziz	Ordinary Resolution 2
3. To re-elect the following Director who retire pursuant to Article 87 of the Company's Articles of Association:

(a) Dato' Leong Sir Ley	Ordinary Resolution 3
-------------------------	-----------------------
4. To approve the payment of Director's fees up to an amount of RM281,000 for the period from 1 January 2019 until 31 December 2019. Ordinary Resolution 4
5. To approve the payment of Director's fees up to an amount of RM276,000 for the period from 1 January 2020 until the next Annual General Meeting. Ordinary Resolution 5
6. To re-appoint Messrs. RSL PLT as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration. Ordinary Resolution 6

## SPECIAL BUSINESS

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

### 7. 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 31 October 2019 which are necessary for their day-to-day operations with:

- |  |                        |
|--|------------------------|
| (a) Sea Travel and Tours Sdn. Bhd.     | Ordinary Resolution 7  |
| (b) Kumpulan Melaka Bhd.               | Ordinary Resolution 8  |
| (c) Ideal Heights Properties Sdn. Bhd. | Ordinary Resolution 9  |
| (d) Dimara Holdings Sdn. Bhd.          | 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;

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

- (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 their respective relationships with the Company and that such approval shall, subject to annual renewal, continue to be in force until:
  - 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."

### 8. 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, the Directors be and are hereby authorised to issue and allot shares in the Company at any 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 ten per centum of the total number of issued share capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies being obtained for such allotment and issue."

Ordinary Resolution 11

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

"THAT subject to the Companies Act, 2016, the provisions of the Company's Memorandum and Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other prevailing laws, rules, regulations and orders issued and/or amended from time to time by the relevant authorities, the Company be and is hereby authorised to allocate an amount not exceeding the retained profits of the Company for the purpose of and to purchase such amount of ordinary shares ("Proposed Share Buy-back") in the Company as may be determined by the Directors of the Company from time to time on the market of the Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company AND THAT upon completion of the purchase by the Company of its own shares, the Directors are authorised to decide at their discretion to cancel all or part the shares so purchased and/or to retain all or part the shares so purchased as treasury shares of which may be distributed as dividends to shareholders and/or to resell on the market of Bursa Securities and/or to retain part thereof as treasury shares and cancel the remainder; AND THAT the Directors be and are hereby authorised and empowered to do all acts and things to give full effect to the Proposed Share Buy-back AND FURTHER THAT such authority shall commence immediately upon passing of this resolution until:

Ordinary Resolution 12



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

- i. the conclusion of the next Annual General Meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed either unconditionally or subject to conditions; or
- ii. the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
- iii. revoke or varied by ordinary resolution of the shareholders of the Company at a general meeting whichever is the earliest."

### 10. PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY ("PROPOSED ADOPTION")

"THAT the Company's existing Memorandum and Articles of Association be deleted in its entirety and in place thereof, the new Constitution of the Company as set out in Appendix 1 to this Notice be and is hereby adopted as the Constitution of the Company with immediate effect; AND THAT the Directors of the Company be and are hereby authorised to do all such acts, deeds and things that are necessary and/or expedient in order to give full effect to the Proposed Adoption with the full power to assent to any conditions, modification, and/or amendments as may be required by any relevant authorities to give effect to the Proposed Adoption."

Special Resolution 13

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

By Order of the Board

**TAN KOK AUN** (MACS 01564)

**NIP CHEE SIEN** (MAICSA 7066996)

Company Secretaries

Kuala Lumpur

31 October 2019

### 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 Share Registrar's office of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
9. Only members whose names appear in the Record of Depositors as at 26 November 2019 shall be eligible to attend the Twenty-Eighth Annual General Meeting or appointed proxy(ies) to attend and vote on his behalf.

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

### EXPLANATORY NOTES ON ORDINARY BUSINESS

- i. Agenda on Item 1 is meant for discussion only as the provision of Section 340 (1) (a) of the Companies Act, 2016 does not require a formal approval of shareholders, and hence the matter will not be put forward for voting.
- ii. **Ordinary Resolution 1 & 2 – Re-election of Directors**  
 Ir Ghazali Bin Bujang and Mr Mohd Najib Bin Abdul Aziz are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at this Annual General Meeting.
- iii. **Ordinary Resolution 3**  
 Dato' Leong Sir Ley (her alternate, Mr See Tai Soon) standing for re-election as Directors of the Company and being eligible, has offered herself for re-election at this Annual General Meeting.
- iv. **Ordinary Resolution 4 – Directors' fee for year 2019**  
 The payment of Directors' fees for the financial period ended 1 January 2018 to 31 December 2019.
- v. **Ordinary Resolution 5 – Directors' fee for year 2020**  
 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

- vi. **Ordinary Resolutions 7 to 10 – Proposed renewal of shareholders' mandate for recurrent related party transactions**  
 The ordinary resolutions 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 31 October 2019, which is despatched with the Annual Report 2018-2019.
- vii. **Ordinary Resolution 11 – Authority to Allot Shares Pursuant to Section 75 and Section 76 of the Companies Act 2016**  
 The proposed Resolution 11 in item 8 is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting. The authorisation will, unless revoked or varied by the Company at a general meeting, expire at the next annual general meeting. This is a renewal of a general mandate in order to avoid any delay and cost involved in convening a general meeting, it is thus appropriate to seek members' approval.  
  
 The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares funding current and/or future projects, working capital and/or acquisitions.



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

### viii. Ordinary Resolution 12 - Proposed Renewal of Share Buy Back Authority

The proposed Resolution 12 in item 9 is to empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the issued and paid-up share capital of the Company by utilising the funds allocated which shall not exceed the retained profits of the Company. Please refer to the Share Buy Back Statement dated 31 October 2019, which is dispatched together with the Company's Annual Report 2018-2019.

### ix. Special Resolution 13 - Proposed Adoption of New Constitution

The proposed Special Resolution in item 10, if passed, will align with the Company's Constitution with the Companies Act 2016 which came into force on 31 January 2017, the updated provision of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and prevailing statutory and regulatory requirements. The proposed Adoption is set out in Appendix 1 of the Circular to Shareholders dated 31 October 2019, which is dispatched together with the Company's Annual Report 2018-2019.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

1. Directors who retire by rotation and standing for re-election pursuant to Article 80 of the Articles of Association of the Company:

- (a) Ir Ghazali Bin Bujang
- (b) Mr Mohd Najib Bin Abdul Aziz

The profile of Ir Ghazali Bin Bujang and Mr Mohd Najib Bin Abdul Aziz, who are standing for re-election, is set out in the Profile of Directors appearing on page 15 and 16 of this Annual Report.

2. Directors who retire by rotation and standing for re-election pursuant to Article 87 of the Articles of Association of the Company:

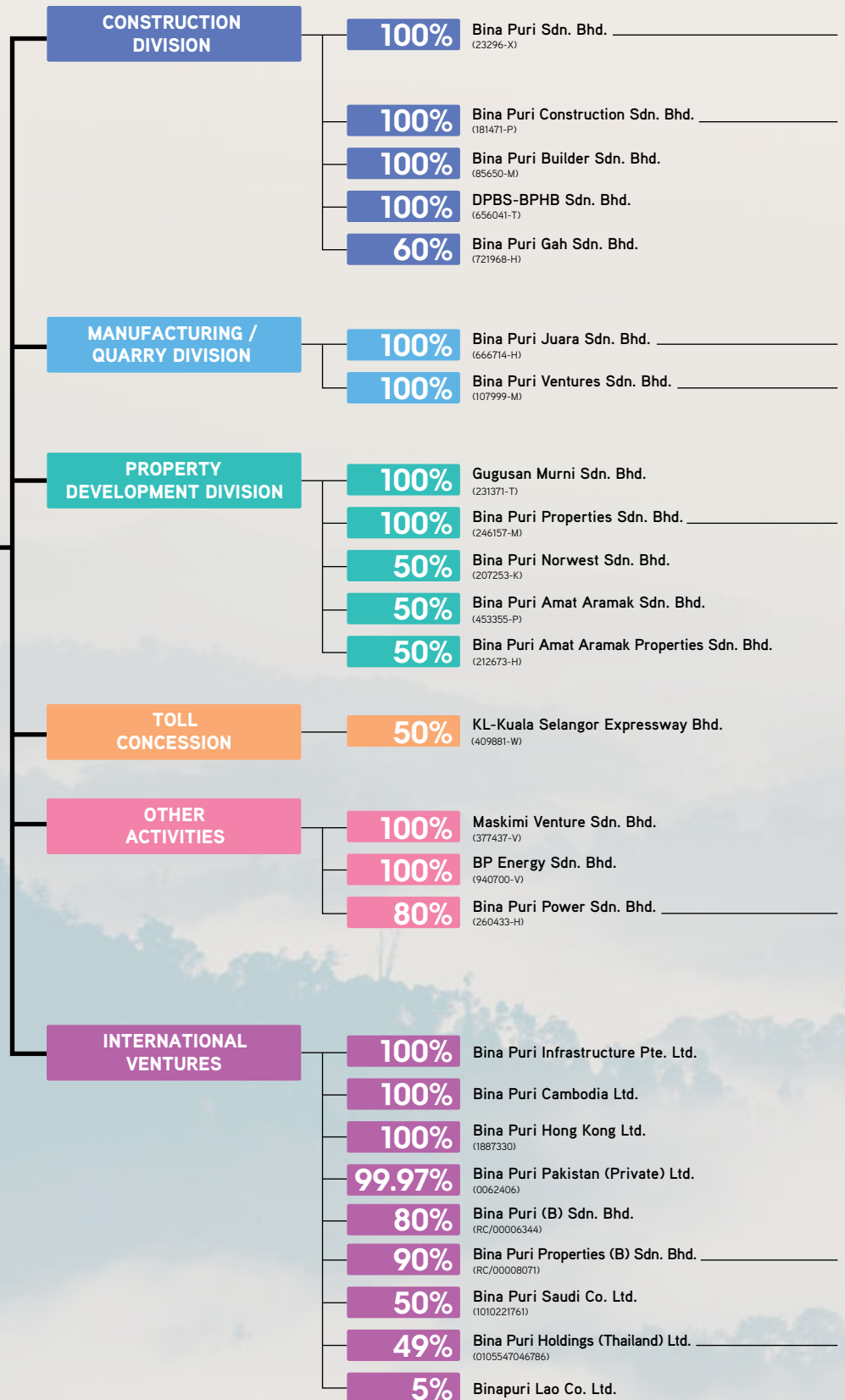
- (a) Dato' Leong Sir Ley

3. There were six (6) Board of Directors' Meeting held during the period from 1 January 2018 to 30 June 2019 (18 months). The details of the attendance of the Directors are shown in page 56 of the Annual Report.

4. General Mandate for issue of securities pursuant to Section 75 & 76 of the Companies Act 2016.

The Company has obtained the mandate for issue of shares from the shareholders at the last AGM held on 28 June 2018 ("The Previous Mandate").

# GROUP CORPORATE STRUCTURE



**70%** Konsortium Syarikat Bina Puri  
– TA 3 JV Sdn. Bhd. (426625-P)

**95%** Binapuri Lao Co. Ltd.

**60%** Latar Project Management Sdn. Bhd. (409396-U)

**100%** Easy Mix Sdn. Bhd.  
(242217-D)

**100%** Bina Puri Mining Sdn. Bhd.  
(250807-M)

**100%** BP Energy (Indonesia) Sdn. Bhd. (332315-X)  
(formerly known as Sungai Long Bricks Sdn. Bhd.)

**70%** KM Quarry Sdn. Bhd.  
(409397-V)

**51%** Sungai Long Industries Sdn. Bhd.  
(198655-D)

**50%** Bina Puri Sentosa Ventures Sdn. Bhd.  
(1004041-A)

**40%** Rock Processors (Melaka) Sdn. Bhd.  
(605068-M)

**30%** Dimara Building System Sdn. Bhd.  
(593653-T)

**100%** Maskimi Polyol Sdn. Bhd.  
(405559-D)

**100%** Ascotville Development Sdn. Bhd.  
(880077-D)

**60%** Aksi Bina Puri Sdn. Bhd.  
(426300-V)

**50%** BP XA Sdn. Bhd.  
(1290048-V)

**30%** Riveria City Sdn. Bhd. (645395-X)  
(formerly known as Bina Puri Development Sdn. Bhd.)

**12%** Ideal Heights Properties Sdn. Bhd.  
(127701-D)

**10%** Bina Puri Properties (B) Sdn. Bhd.  
(RC/00008071)

**56%** PT. Megapower Makmur Tbk.

**100%** Semarak Semerah Sdn. Bhd. (244980-X)

**70%** Karak Land Sdn. Bhd. (870030-X)

**60%** Sumbangan Lagenda Sdn. Bhd. (527920-U)

**95%** Star Effort Sdn. Bhd. (728706-A)

**50%** Karak Spring Sdn. Bhd. (245505-V)

**10%** Bina Puri (B) Sdn. Bhd.  
(RC/00006344)

**51%** Bina Puri (Thailand) Ltd.  
(0105547057486)

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**TAN SRI DATO' IR WONG FOON MENG**  
*Chairman/Independent  
Non-Executive Director*

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

**DR TONY TAN CHENG KIAT**  
*Founder Director*

**DATUK MATTHEW TEE KAI WOON**  
*Group Executive Director*

**IR GHAZALI BIN BUJANG**  
*Independent Non-Executive Director*

**MOHD NAJIB BIN ABDUL AZIZ**  
*Independent Non-Executive Director*

**DATO' LEONG SIR LEY**  
*Non-Independent Non-Executive Director*

**SEE TAI SOON**  
*Alternate Director to  
Dato' Leong Sir Ley*

## BOARD COMMITTEES

### Group Executive Committee

**TAN SRI DATUK TEE HOCK SENG, JP**  
*(Chairman)*

**DR. TONY TAN CHENG KIAT**  
*(Member)*

**DATUK MATTHEW TEE KAI WOON**  
*(Member)*

### Audit Committee

**IR GHAZALI BIN BUJANG**  
*(Chairman)*

**TAN SRI DATO' IR WONG FOON MENG**  
*(Member)*

**MOHD NAJIB BIN ABDUL AZIZ**  
*(Member)*

### Remuneration Committee

**TAN SRI DATO' IR WONG FOON MENG**  
*(Chairman)*

**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)*

**IR. GHAZALI BIN BUJANG**  
*(Member)*

**MOHD NAJIB BIN ABDUL AZIZ**  
*(Member)*

## GROUP COMPANY SECRETARIES

**TAN KOK AUN** (MACS 01564)  
**NIP CHEE SIEN** (MAICSA 7066996)

## 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

**EMAIL** : corpcomm@binapuri.com.my

**WEBSITE** : <http://www.binapuri.com.my>

## SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd.  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite, Avenue 3,  
Bangsar South, No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur.

**TEL** : 03 2783 9299

**FAX** : 03 2783 9222

## AUDITORS

MESSRS. RSL PLT  
Chartered Accountants  
151A Jalan Batu Tiga Lama  
Taman Rashna  
41300 Klang, Selangor

**TEL** : 03 3344 8668

**FAX** : 03 3341 8998

## PRINCIPLE BANKERS

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

## 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*

AGE: **65**

GENDER: **Male**

NATIONALITY: 

**TAN SRI DATO' IR WONG FOON MENG WAS APPOINTED AS CHAIRMAN/NON-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. He is also a member of Audit Committee.

**BOARD OF DIRECTORS** (Cont'd)

124

125


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

 AGE: **70**

 GENDER: **Male**

 NATIONALITY: 

**TAN SRI DATUK TEE HOCK SENG, JP 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, Honorary President of the Kuala Lumpur Eng Choon Hoey Kuan, Director of the Chinese Maternity Hospital (CMH) and Vice 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 30 September 2019, he held 18,739,778 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 223 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*

AGE: 71

GENDER: Male

NATIONALITY: 

DR TONY TAN CHENG KIAT 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 30 September 2019, 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 223 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*

 AGE: **44**

 GENDER: **Male**

 NATIONALITY: 

DATUK MATTHEW TEE KAI WOON 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.

He is the Past 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 223 of the Annual Report, there are no other business arrangements with the Company in which he has personal interests.

As at 30 September 2019, he held 4,598,925 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.



**BOARD OF DIRECTORS** (Cont'd)**IR GHAZALI  
BIN BUJANG***Independent Non-Executive Director*AGE: **68**GENDER: **Male**NATIONALITY: 

**IR GHAZALI BIN BUJANG** 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 the Chairman of the Audit Committee. He is also a member of the Remuneration Committee and Nomination Committee.

## BOARD OF DIRECTORS (Cont'd)


**MOHD NAJIB  
BIN ABDUL AZIZ**
*Independent Non-Executive Director*

 AGE: **46**

 GENDER: **Male**

 NATIONALITY: 

MOHD NAJIB BIN ABDUL AZIZ 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 is also a Non-Executive Director of GCM Resources PLC, a coal mining company listed on the AIM market under the London Stock Exchange appointed on 17th June 2019.

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' LEONG SIR LEY

*Non Independent Non-Executive Director*

AGE: 44

GENDER: Female

NATIONALITY: 

DATO' LEONG SIR LEY WAS APPOINTED TO THE BOARD ON 1ST SEPTEMBER 2018. DATO' LEONG WAS GRADUATED WITH LL.B (HONS) DEGREE FROM THAMES VALLEY UNIVERSITY IN 1998. SHE SAT AND PASSED HER CERTIFICATE OF LEGAL PRACTICE (CLP) IN 1999.

Dato' Leong chambered at Messrs. Maxwell Kenion Cowdy & Jones and later on was called to the Bar on 30<sup>th</sup> September 2000. She ventured into private practice of her own in 2001 with expansion into three branches in providing advisory service to many corporations. In 2016, she stepped down as the firm's partner. She has vast experience in attending international corporate agreements involving clients from China and Hong Kong with their investment in Malaysia or vice versa.

In light of greater opportunity in real estate sector, Dato' Leong set up Sheng Tai Group of Companies in 2012, as real estate consulting firm in Hong Kong and Malaysia to promote Malaysia properties.


In 2015, she was conferred the title "Dato'" by the Sultan of Pahang. In 2016, she won the Global Youth Excellence Award at the Outstanding Global Chinese Businessmen

Award ceremony in Hong Kong. On the same year, she was also awarded the President's Volunteer Service Award (PVSA) by the U.S. presidential office by President of the United States of America, Mr. Barack Obama.

In 2017, she was appointed to be the Committee Member of Youth Division of Outstanding Chinese Culture Association in Hong Kong and thereafter in 2018, she was appointed to be the Vice President of Outstanding Chinese Culture Association in Hong Kong for a term of 5 years.

In 2017, Dato' Leong ventured into property development and hotel management businesses. She is also a director and shareholder of several private limited companies.

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

**BOARD OF DIRECTORS** (Cont'd)**SEE TAI SOON***Alternate Director to Dato' Leong Sir Ley*AGE: **46**GENDER: **Male**NATIONALITY: 

**SEE TAI SOON WAS APPOINTED AS AN ALTERNATE DIRECTOR TO DATO' LEONG SIR LEY ON 1 SEPTEMBER 2018.**

He graduated from University Putra Malaysia with Bachelor of Accountancy in 1998. He admitted as a member of Malaysian Institute of Accountants and The Association of Chartered Certified Accountants in 2001. He started his career with Shamsir Jasani Grant Thornton in 1998 and resigned in 2001. He stayed with a multinational company for three (3) years as Accountant from 2001 to 2004 before running his own business. He is also currently a director and shareholder of several other private limited companies.

He was previously an Independent Non-Executive Director of Digistar Corporation Berhad.

**1. Family relationship**

- Dr Tony Tan Cheng Kiat is the Uncle of Tan Sri Datuk Tee Hock Seng, JP.
- Datuk Mathew Tee Kai Woon is the son of Tan Sri Datuk Tee Hock Seng, JP and the grandnephew of Dr Tony Tan Cheng Kiat.

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 of 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




### WE HER CHING

*Group Chief Operating Officer,  
Contract and Administration*

AGE: 59

GENDER: Male

NATIONALITY: 

WE HER CHING IS THE GROUP CHIEF OPERATING OFFICER, CONTRACT AND ADMINISTRATION OF BINA PURI HOLDINGS BHD. SINCE 1 OCTOBER 2002.

He graduated with a Bachelor of Applied Science (Construction Management and Economics) and is a member of The Chartered Institute of Building (MCIOB).

He 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 30 September 2019, he held 104,900 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.

**KEY SENIOR MANAGEMENT** (Cont'd)**DAVID LEE TUCK WAI***Group Chief Financial Officer*AGE: **55**GENDER: **Male**NATIONALITY: 

DAVID LEE TUCK WAI 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 30 September 2019, 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.

## KEY SENIOR MANAGEMENT (Cont'd)




### LEE TONG LEONG

*Chief Operating Officer, Property Division*

AGE: **61**

GENDER: **Male**

NATIONALITY: 

LEE TONG LEONG WAS APPOINTED AS CHIEF OPERATING OFFICER, PROPERTY OF THE COMPANY ON 1 JULY 2012. HE JOINED IDEAL HEIGHTS PROPERTIES SDN BHD, AN ASSOCIATE COMPANY OF BINA PURI GROUP SINCE MAY 1991 PRIOR TO THIS APPOINTMENT.

He is a graduate of the Tunku Abdul Rahman College and ICOSA. He has had vast experience and exposure in property development and property management for more than 20 years, which include residential/condominium, commercial/retail and industrial developments.

He is responsible for planning, development, execution and completion of new projects i.e. from land acquisition, feasibility studies and liaison with authorities/consultants to successful execution and completion of the projects.

He is also responsible for the setting up of the property management team of the Group to ensure proper maintenance of the strata developments that have been completed before handing over to JMBs or Management Corporations.

He is also involved in execution of sales and marketing strategies for new projects. For the execution of successful sales and marketing activities, he places high level of importance for the team to keep abreast of latest development and market trend of the property market.

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.





## CHAIRMAN'S STATEMENT



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

“ To our dear shareholders, on behalf of the Board of Directors of Bina Puri Holdings Bhd, I present to you the Annual Report and Audited Financial Statements for the financial period ended 30 June 2019. ”



**CHAIRMAN'S STATEMENT** (Cont'd)

2018 MARKED A NEW CHAPTER IN MALAYSIA; IT WITNESSED A GOVERNMENT CHANGE AND A NEW POLITICAL LEADERSHIP TAKING OVER, PROMISING A NEW ERA OF HOPE. THE NEW GOVERNMENT HAS INTRODUCED MANY INITIATIVES TO BOOST THE ECONOMY, WHILST HAVING TO TACKLE HIGH NATIONAL DEBT AND CONTROL PUBLIC SPENDING.

The slowing domestic economy is not helped by external factors such as the US-China trade war and the weakening Ringgit against the US dollar that had adversely affected local corporations with businesses overseas.

The Malaysian economy charted 4.7% annual growth in 2018, a dip from 5.9% a year before. While the economic growth rate this year is projected to do a bit better (estimated 4.9%), many challenges remain which means the Group must continue to be alert and prudent.

Malaysia's construction industry has had a challenging year; growth dropped from 5.9% in 2017 to 4.6% in 2018. This year, it is expected to fall further to 3% as there are fewer projects available throughout.

In spite of the strong headwinds, the Group has managed a revenue of RM1.041 billion for the 18 months ended 30th June 2019.

Despite the fall in revenue, it is worth noting that the Group has recorded a higher quantum of profit before

tax of RM62.2 million for the 18 months ended 30th June 2019.

Our Group's respectable performance in the midst of the challenging backdrop highlighted Bina Puri Holdings Bhd as a resilient and well-managed Group of companies.

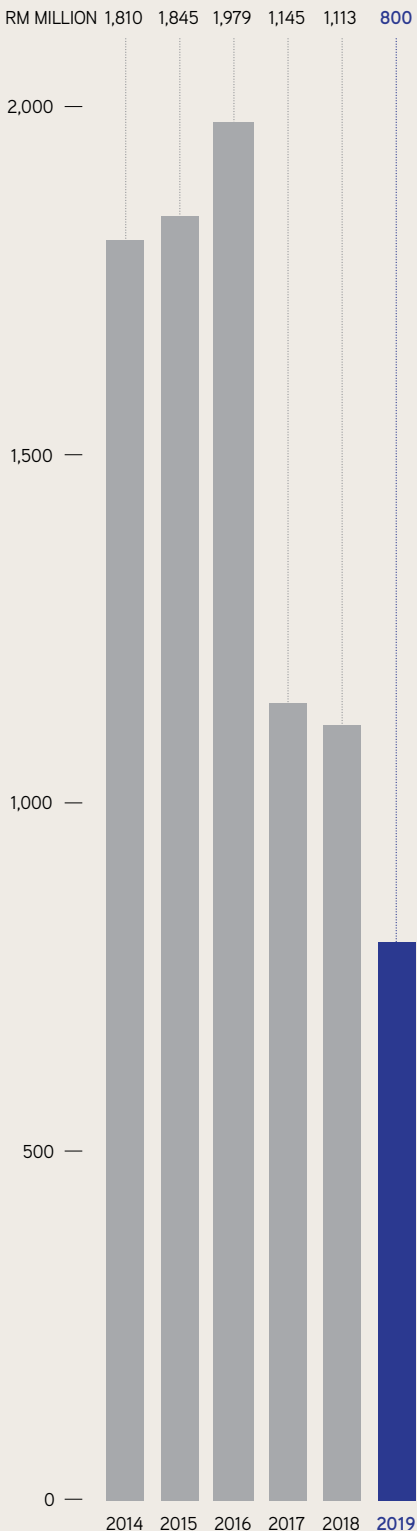
Underlining the Group's resilience, is its ability to re-invent itself by focussing on property development and businesses with recurring income. The contribution from these divisions to the Group revenue has increased, and expected to rise further in the coming years. This, coupled with continuous effort in the core Construction division (unbuilt book order worth RM800 million as at September 2019, will allow the Group to continue to succeed in a challenging environment.

In spite of the challenging backdrop, the Group has managed to bag five awards (two major outstanding industry awards and three individual accolades) in the period under review (see Achievement and Awards section below).



LKIM Fishery Complex, Kuching, Sarawak

## CHAIRMAN'S STATEMENT (Cont'd)

UNBUILT BOOK ORDER  
FROM 2014-2019 (SEPT)

## SEGMENTAL BUSINESS OVERVIEW

AT THE CORPORATE LEVEL, THE MANAGEMENT TEAM HAS BEEN PRUDENT AND HAS COMMENCED COST SAVING MEASURES TO MITIGATE POTENTIAL IMPACTS FROM THE SOFT MARKET SENTIMENTS. THIS TIMELY AUSTERITY DRIVE HAS SUCCEEDED IN REDUCING COSTS WITHOUT COMPROMISING ON QUALITY, NOR CAUSING ANY SLACK IN THE DRIVE TO UPHOLD SUSTAINABLE DEVELOPMENT.

The past few years have been tough for the industry as a whole. The national construction sector's growth rate has dropped for three consecutive years; from 6.7% in 2016, to 5.9% (2017) and 4.6% (2018), and is forecast to be even lower at 3% this year.

For the financial period ended 30 June 2019, the construction division recorded RM584.5 million revenue and RM47.7 million loss before tax.

By and large, the construction sector is still one of the important pillars of the economy. As construction is the mainstay of the Bina Puri Group of Companies, it remains our core activity. We will intensify our efforts to secure more projects.

Bina Puri Sdn Bhd also succeeded in securing a new international contract for the proposed Dual Lane Road from Al-Islah Junction to Al-Jabayish at Nasirya City, in the Province of Thi Qar, Southern Iraq, worth IQD87billion (approximately RM303 million).

With these latest contracts, its book order has increased to RM1.30 billion as at September 2019. These latest contracts are expected to contribute positively to the Group's earnings for the financial year ending June 2020.

The contribution of construction revenue to the group's total income has gradually dropped to 52% while the property division's share has increased to 44%. The shift in the focus on property division has been rewarded and proven the right strategic decision has been made.

The property division recorded RM365.8 million revenue and RM96.9 million profit before tax for the financial period ended 30th June 2019.

Revenues were derived from property development projects such as The Opus at Jalan Tallala in Kuala Lumpur, Jesselton View, One Jesselton Condominiums in Kota Kinabalu, Sabah, The Valley @ Bentong in Pahang and the Puri Residence in Masai, Johor.



One Jesselton, Kota Kinabalu

**CHAIRMAN'S STATEMENT** (Cont'd)

*Hydropower Plant at PLTM Bantaeng 1, Sulawesi Selatan, Pulau Sulawesi, Indonesia*



The quarry and ready-mix concrete division's revenue was dragged down by the lower volume of construction projects. It recorded revenue of RM64.1 million and profit before tax of RM8.2 million.

The power supply division, I am happy to share, has continued to perform well since its unit PT Megapower Makmur, an independent power producer, was successfully listed on the Indonesia Stock Exchange in June 2017. This new business has spawn Bina Puri's first-ever involvement in the local power supply sector when it was commissioned by Malaysia's Energy Commission to develop a 5MW solar photovoltaic plant in Kunak, Sabah.

The power supply division recorded revenue of RM25.5 million from the supply of electricity power to PT Perusahaan Listrik Negara (State Electricity Company owned by Indonesia Government) and PLTM Bantaeng and profit before tax of RM3.9 million. The performance for the 18 months ended 30th June 2019 was affected by unrealized foreign exchange loss of RM1.9 million.

The Group is also exploring business ventures in solar and gas power supply both locally and overseas, particularly in Indonesia

which offers many power supply opportunities. This division is poised to provide a steady stream of recurring revenue from renewable energy sources for the Group in the years to come.

The Group's Hospitality Division has continued to provide another stream of recurring revenue from rentals of the 72 high-end apartments at Rimbun Suites and Residences in Bandar Seri Begawan, Brunei Darussalam.

Three other business activities that generate a constant stream of recurring revenue are from the rental of two blocks shop offices that the Group built for Chha Yong Association at Jalan Pasar, Kuala Lumpur, as well as retail rentals of the Main Place Mall and the highway concessionaire of the 33-km KL-Kuala Selangor Expressway (LATAR) that started operating from June 2011.

LATAR provides links between major road networks within the Klang Valley by linking the East Coast Expressway (LPT1), the North-South Expressway (PLUS) and the partly-completed West Coast Expressway (WCE) from Changkat Jering to Banting.



*Bandar Tasik Puteri Interchange, LATAR Expressway*



## CHAIRMAN'S STATEMENT (Cont'd)



Malaysia Property Award™ 2017/ 2018 by FIABCI Malaysia.

### ACHIEVEMENTS AND AWARDS

IN THE PERIOD UNDER REVIEW, THE GROUP HAS A RECORD-BREAKING YEAR THAT FURTHER BOLSTERED THE GROUP'S REPUTATION AS MALAYSIA'S LANDMARK BUILDER. AS STATED EARLIER, THE GROUP BAGGED FIVE INDUSTRY AWARDS THAT UNEQUIVOCALLY SIGNALLLED ITS INTENTION TO ACHIEVE THE VISION OF BUILDING A SUSTAINABLE LEGACY.

Firstly, the Group has won the Malaysian Construction Industry Excellence Award (MCIEA) 2018 for the LKIM Fishery Complex project in Kuching, Sarawak. The project received the Special Mention Certificate for Best Project Award (Building) category and for the Major Project Category (project value of more than RM100 million).

The second; the Green Mark Gold Rating which was conferred to the 1,000 Houses Project at Kg Lugu National Housing Scheme Phase 1A, Brunei Darussalam by the Singapore-based Building & Construction Authority (BCA) Awards 2018.

The third; our Group Executive Director, Datuk Matthew Tee was conferred as Property CEO for the Malaysia Property Award™ 2017/ 2018 by FIABCI Malaysia.

The fourth; the ATSUMI Award by the International Federation of Asian & Western Pacific Contractors' Associations (IFAWPCA) that was conferred to the Group Managing Director Tan Sri Datuk Tee Hock Seng, JP in November, 2018. He was the second person to receive the award after our Prime Minister Tun Dr Mahathir Mohamad.

And finally, the construction industry's apex award - the MBAM Honourary Builders Award by Master Builders Association Malaysia to our Group Managing Director this year.

These awards – all won within a financial year which is unprecedented in the Group's history – have helped to strengthen the reputation of Bina Puri Group of Companies.

These accolades would not have been possible without the strong support of the management and our dedicated staff who have demonstrated continuous commitment, loyalty and diligence.

### OUR BUSINESS OUTLOOK AND PROSPECTS

WITH THE CONSTRUCTION INDUSTRY GROWTH RATE PROJECTED TO FALL FURTHER TO 3% IN YEAR 2019 AND THE US-CHINA TRADE WAR HANGING OVER OUR HEADS, THE ECONOMIC ENVIRONMENT IN THE COMING YEAR IS EXPECTED TO BE MORE CHALLENGING AND TOUGHER.

The Group is not expected to be spared the economic challenges. At Bina Puri, we are always watchful of potential headwinds. Our Board and management regularly monitor our financial health, including the debt level, in the interest of investors and shareholders. Bina Puri has gone through the ups and downs in the last 44 years and we have shown our capability and resolve to overcome all challenges.

Our dedicated management team and the staff have again shown their resolve and willingness to work harder within tight constraints to turn a profit. I am indebted to them for pulling the Group through and confident the Group will thrive with the management and staff's strong commitment.

As stated above, the Group will also intensify its focus on property development business opportunities and strengthen its activities on generating further recurring income.

### DIVIDENDS PAYABLE TO OUR VALUED SHAREHOLDERS

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

### ACKNOWLEDGMENT

Once again, on behalf of the Board of Directors, I would like to 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. 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



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

### OVERVIEW

The Group recorded revenue of RM1.041 billion for the 18 months ended 30 June 2019 and a profit before tax of RM62.2 million.

**GROUP MANAGING DIRECTOR'S****Management Discussion And Analysis (Cont'd)**

With the wind of change came new hope and also an equal measure of anxiety; as the new government embarked on the difficult task of tackling the country's national debts whilst having to manage its financial constraints to invigorate the slowing economy.

The change that came along with tough fiscal challenges has temporarily affected all sectors of the economy including the construction sector which fared poorly in 2018; many infrastructure projects had been shelved or re-negotiated and fewer government projects dished out. The construction sector's growth rate in 2018 dropped to 5.1% from 7.2% in 2017.

The Group recorded revenue of RM1.041 billion for the 18 months ended 30 June 2019 and a profit before tax of RM62.2 million.

The profits were mainly contributed from the sales of development properties for The Opus at Jalan Tallala in Kuala Lumpur, Jesselton View and One Jesselton Condominiums in Kota Kinabalu and The Valley, Bentong in Pahang.

**CONSTRUCTION DIVISION**

THIS YEAR 2019, THE CONSTRUCTION SECTOR IS EXPECTED TO DROP EVEN FURTHER TO 3%, WHICH IS LOWER THAN THE EXPECTED 4.9% GROWTH FOR THE WHOLE COUNTRY. A RECENT REPORT FROM STANDARD CHARTERED GLOBAL RESEARCH HAS FORECAST A MUCH LOWER 4.6% AND SAID THE COUNTRY'S ECONOMY SHOULD REMAIN HEALTHY BOOSTED BY THE RESILIENT PRIVATE CONSUMPTION. EXTERNAL UNCERTAINTY AND CHALLENGES SUCH AS THE US-CHINA TRADE WAR ARE KEEPING GROWTH SENTIMENT CAUTIOUS.

For the financial period ended 30th June 2019, the construction division recorded revenue of RM584.5 million and loss before tax of RM47.7 million. The revenue in the current period was lower due to the reduced volume of construction works in the domestic market.

Another good news from abroad is that Bina Puri Sdn Bhd has successfully secured a new international contract for the Proposed Dual Lane Road from Al-Islah Junction to Al-Jabayish at Nasirya City, in the Province of Thi Qar, Southern Iraq, worth IQD87 billion (approximately RM303 million).

The roadwork project, awarded by the Thi Qar Governorate, Republic of Iraq, includes the construction of 74.5km dual lane road with seven bridges ranging from 14m to 87m length, complete with all road accessories such as guardrails and street lighting, with the work duration of 36 months.

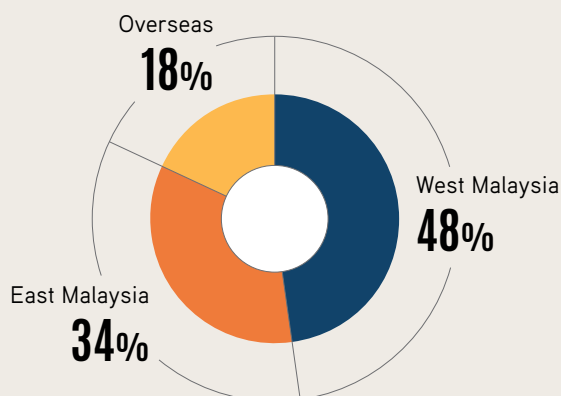
With the latest contract, our project book order will increase to RM1.30 billion. This contract is expected to contribute positively to the group's earnings for the financial ending June 2020.

**ANNUAL PROJECTS SECURED  
FROM 2014-2019 (SEPT)**

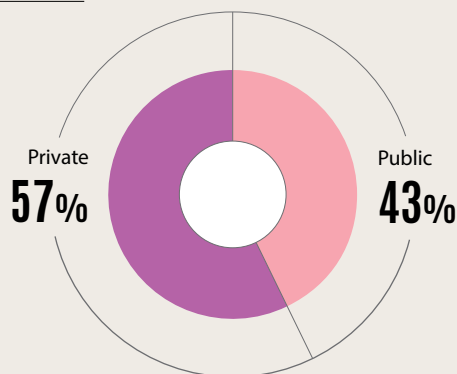
## GROUP MANAGING DIRECTOR'S Management Discussion And Analysis (Cont'd)

### PROJECTS SECURED FROM 2014 TO 2019 (SEPT) TOTAL VALUE: RM 3.6 BILLION

#### Geographical Breakdown



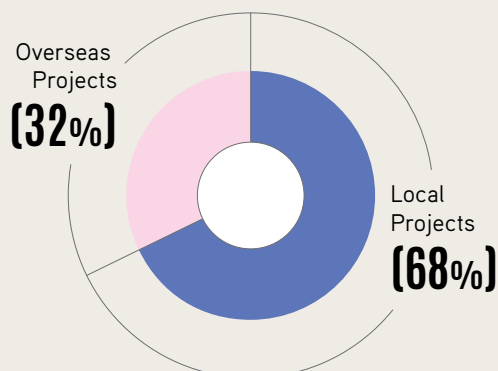
#### Public vs. Private



### THE GROUP'S CURRENT ON GOING PROJECTS (AS AT SEPT 2019)

TOTAL VALUE: RM 1.30 BILLION

BALANCE OF WORKS: RM 0.80 BILLION (62%)



### PROPERTY DIVISION

DESPITE THE SLOWDOWN IN THE PROPERTY DEVELOPMENT SECTOR, THE GROUP'S PROPERTY DIVISION HAS BUCKED THE TREND AND FARED REMARKABLY WELL; DEVELOPING PROPERTY PRODUCTS THAT APPEAL TO HOUSE BUYERS' INTEREST FOR QUALITY HI-END PROPERTY PRODUCTS, STRATEGICALLY LOCATED FROM AN ESTABLISHED BRAND.

The property division recorded revenue of RM365.8 million and profit before tax of RM96.9 million for the financial period ended 30th June 2019.

Sales were brisk from development properties for The Opus at Jalan Tallala in Kuala Lumpur, Jesselton View and One Jesselton Condominiums in Kota Kinabalu, The Valley @ Bentong in Pahang.

The number of units sold in Opus thus far stood at 92% of the total units available. Due to buyers' awareness of the strategic location of PNB 118 that is being built and will become the tallest building when completed in Kuala Lumpur in 2021. The gross development value of the Opus has increased from its initial RM300 million to RM430 million since its commencement in June 2015.

### QUARRY AND READY MIX CONCRETE DIVISION

THE UNCERTAINTY IN THE CONSTRUCTION INDUSTRY HAS A DIRECT IMPACT THAT CAUSED THIS DIVISION TO RECORD A MUCH LOWER REVENUE THIS YEAR. THE QUARRY AND READY MIX CONCRETE DIVISION RECORDED REVENUE OF RM64.1 MILLION AND PROFIT BEFORE TAX OF RM8.3 MILLION.

Administrative and operational cost cutting measures will be streamlined further to reduce the division's losses as it continues to support the group's construction division.

Due to the competitive nature of this division, Management have decided to streamline and reduce our exposure by narrowing our focus to grow our quarry in Melaka, which is a joint venture with the Melaka State Government.

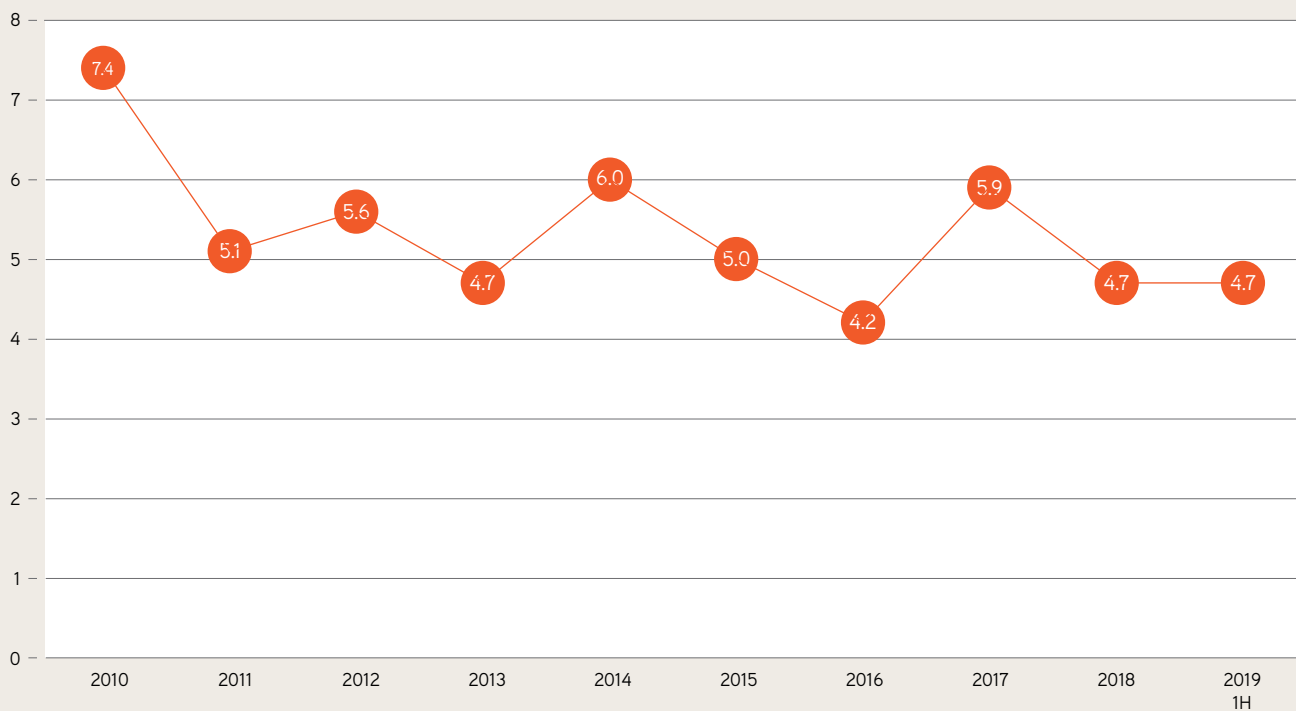
**GROUP MANAGING DIRECTOR'S**

Management Discussion And Analysis (Cont'd)

**MALAYSIA GROWTH DOMESTIC PRODUCT (GDP) BY SECTOR (2010-2019 1H)**

YEAR	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 1H
Real GDP	7.4	5.1	5.6	4.7	6	5	4.2	5.9	4.7	4.7
Manufacturing	11.9	4.7	4.8	3.5	6.2	4.9	4.4	6	5	4.3
Services	7.4	7	6.4	5.9	6.5	5.1	5.6	6.2	6.8	6.3
Agriculture	2.4	5.8	1	2.1	2.1	1.2	-5.1	7.2	-0.4	4.9
Mining	-0.3	-5.5	1.4	0.7	3.3	4.7	2.2	1	-1.6	0.4
<b>Construction</b>	<b>11.4</b>	<b>4.7</b>	<b>18.1</b>	<b>10.9</b>	<b>11.8</b>	<b>8.2</b>	<b>7.4</b>	<b>6.7</b>	<b>4.2</b>	<b>0.4</b>

*Industry Performance*  
Source: Bank Negara Malaysia

**GROWTH DOMESTIC PRODUCT (%) CONSTRUCTION SECTOR (2010-2019 1H)**

**GROUP MANAGING DIRECTOR'S**

## Management Discussion And Analysis (Cont'd)

NO	PROJECT	GDV (RM Mil)
1.	<b>PETRIE VILLA, JOHOR BAHRU, JOHOR</b> Development of 23 units of 4-storey pool villas and 1 unit of clubhouse on Lot 6463, Jalan Tengku Petrie, Johor Bahru	81.30
2.	<b>ONE JESSELTON CONDOMINIUM, KOTA KINABALU</b> Development of 125 units of 11-Storey Condominium in Kepayan, Kota Kinabalu, Sabah	118.40
3.	<b>8 AVENUE, KOTA KINABALU, SABAH</b> Development of 306 units of 30-Storey Condominium with 2-Storey Commercial Retails and 6-Storey Carparks	271.73
4.	<b>1PURI COMMERCIAL CENTRE</b> Development of 28 units of 4 & 5 Storey Shoplots	28.69
5.	<b>THE VALLEY @ BENTONG</b> Development of Homestead Land and Durian Plantation	383.70
6.	<b>PURI RESIDENCES</b> Development of 384 units of 20'x 60' Double Storey Link House at Lakehill Resort City, Pasir Gudang, Johor Darul Takzim	229.50
7.	<b>CHERAS PERTAMA</b> Proposed 398 units Condominium	387.31
	<b>TOTAL</b>	<b>1,500.63</b>

**POWER SUPPLY DIVISION**

BINA PURI UNIT PT MEGAPOWER MAKMUR (MPOW), WAS LISTED ON THE IDX IN 2017. MPOW NOW OPERATES SIX DIESEL POWER PLANTS WITH A CAPACITY OF 25 MW IN SIX LOCATIONS THROUGHOUT INDONESIA, AS WELL AS A 4.2 MW MINI HYDRO PLANT IN SULAWESI SELATAN, INDONESIA.

The power supply division recorded revenue of RM25.5 million from the supply of electricity power to PT Perusahaan Listrik Negara (State Electricity Company owned by Indonesia Government) and PLTM Bantaeng and profit before tax of RM3.9 million. The performance for the 18 months ended 30 June 2019 was affected by unrealized foreign exchange loss of RM1.9 million.

The group's first power plant in Malaysia was awarded by the Energy Commission in 2018 as part of the Large Scale Solar Tender 2 (LSS2).

However, due to the uncertainty by Sabah Electricity over the subsidized rate with the Federal Government, the PPA cannot be signed up till now. We are still waiting for the clarity from the Energy Commission in moving forward.

The division is poised to provide a steady stream of recurring revenue from renewable energy sources for the group in the years to come.



**GROUP MANAGING DIRECTOR'S****Management Discussion And Analysis (Cont'd)***Rimbun Suites and Residences, Brunei***HOSPITALITY DIVISION**

THE HOSPITALITY DIVISION IS MANAGING THE 72 UNITS IN THE RIMBUN SUITES AND RESIDENCES AT JALAN ONG SUM PING, BANDAR SERI BEGAWAN, BRUNEI. THIS HIGH-END SERVICE APARTMENT IS ONE OF THE LANDMARK IN TERMS OF LUXURY LIVING IN OUR NEIGHBOURING COUNTRY. THE LEASE FOR THESE UNITS WITH FLOOR SPACES RANGING FROM 3,000 SQ FT TO 3,100 SQ FT WILL EXPIRE IN 2031.

The Group will seek similar opportunities elsewhere to emulate the success of this prestigious Rimbun Suites and Residences.

It is awaiting the completion of a hotel tower project in the Kuantan Waterfront Resort City to deepen its involvement in the hospitality industry that proves to be a source of recurring revenue for the group.

**RECURRING INCOME**

THE GROUP INVESTED RM16 MILLION IN 2013 TO DEVELOP AND CONSTRUCT TWO BLOCKS OF SHOP OFFICES IN JALAN PASAR, KUALA LUMPUR, FOR CHHA YONG ASSOCIATION KL.

This venture has proven to be one of the prudent and good management decisions made. In return, the group is entitled to reap rental income from renting out the shop offices for a period of 14 years until April 2027.

**RETAIL PROPERTY – MAIN PLACE MALL**

BINA PURI CONTINUES TO OWN AND MANAGE THE 230,000 SQ FT OF LETTABLE SPACE IN THE MAIN PLACE MALL LOCATED IN USJ 21. THE MALL AND THE HIGH-RISE RESIDENCES HAS A GROSS DEVELOPMENT VALUE OF RM291 MILLION.

The mall was officially launched in March 2014 and it serves the shopping needs of the community within its vicinity. As a neighbourhood mall, it offers restaurants, a grocery store & retail shops for clothing & home appliances.

The occupancy of the retail outlets currently stands at 93%. The retail rentals generate a strong recurring income to the Group. Revenue for the year ended 30<sup>th</sup> June 2019 from this mall stood at RM30 million.

**HIGHWAY CONCESSION – LATAR**

KL-KUALA SELANGOR EXPRESSWAY BHD IS THE CONCESSIONAIRE FOR THE 33-KM KL-KUALA SELANGOR EXPRESSWAY (LATAR) THAT STARTED OPERATING FROM JUNE 2011.

The construction of the toll expressway with dual carriageway costing over RM958 million. LATAR spans from Templer Park, Rawang, in the District of Gombak to Assam Jawa town in the District of Kuala Selangor.

There are a total of six interchanges along the route; namely at Ijok, Puncak Alam, Kuang, Templer Park, Kundang and Bandar Tasik Puteri.

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 partly-completed West Coast Expressway (WCE) from Changkat Jering to Banting.

**FUTURE PROSPECTS**

THE GROUP WILL CONTINUE TO FOCUS ON AND DEVELOP ITS MAJOR BUSINESS SEGMENTS, WHICH ARE IN CONSTRUCTION AND PROPERTY DEVELOPMENT. THE CURRENT VALUE OF CONTRACT WORKS IN PROGRESS IS APPROXIMATELY RM1.3 BILLION, WHICH IS EXPECTED TO PROVIDE A STEADY STREAM OF REVENUE FOR THE GROUP OVER THE NEXT TWO TO THREE YEARS.

These works are the construction of several projects which include civil work for Rapid Steam Cracker Complex and Main Control building and Laboratory building, a package of the Pan Borneo Highway in Sarawak, and the Malaysian Embassy in Moscow, Russia.

## GROUP MANAGING DIRECTOR'S

### Management Discussion And Analysis (Cont'd)

With the recent announcement on the continuation of East Coast Rail Line, the Group will follow up closely to get a share of the big cake. With this positive scenario, we look forward to more new project announcements by the government to shake off the dreads of year 2018 that was both a historic yet difficult year.

Construction has been the main bread and butter of the Group. However, the latest financial result shows that the percentage of its contribution in the company's overall income has dropped to 52% while property division has risen to about 44%. With this scenario, we are now looking into the possibility of shifting the core business from construction to property related activities to maximize profit from this new prospect.

In property, the sales launch of the Puri Residences, a double-storey housing development in Masai, Johor was held in the second quarter of 2018. Based on the current sales achieved to date for the property development division, the unbilled sales would amount to about RM67.2 million.

The Group would continue with other property developments projects in the Klang Valley, Johor Bahru, Pahang and East Malaysia with an estimated projected gross development value of RM1.5 billion. The Group is at the same time looking into participating in a resort integrated development project in Pahang through a corporate proposal.

The property division is a promising outlook for the Group. If the year 2018 was very challenging, the year 2019 could be more difficult as both the construction and property sectors are both experiencing downturn at the same time.

Our power division is doubling their efforts in bidding and negotiating potential power supply projects both locally and overseas, particularly in Indonesia. In addition to the above, the Group is currently exploring other business opportunities that would contribute more recurring income to the Group in the future.



Construction of the Pan Borneo Highway, Sarawak



Puri Residences, Masai, Johor



Rapid Steam Cracker Complex at Pengerang, Johor

## GROUP MANAGING DIRECTOR'S

### Management Discussion And Analysis (Cont'd)

#### APPRECIATION

THE GROUP HAS WITHSTOOD HEADWINDS BEFORE AND WITHOUT FAIL AFTER EVERY SINGLE DOWNTURN, IT HAS RISEN UP AND RE-ENERGISED TO GROW STRONGER THAN BEFORE. THE GROUP HAS ACHIEVED A RECORD OF SORTS FOR REMAINING PROFITABLE IN THE 44 YEARS OF BUSINESS OPERATIONS.

The Group owed its momentous success to the unfailing devotion, commitment and loyalty of all its staff and the management who have been with the Group through thick and thin.

While tackling the rough ride effected by the economic slowdown, the staff has adhered to the good work ethics that helps to uphold the Group's integrity and reputation. Bina Puri has lived up to its mission as a landmark builder by delivering outstanding projects that won industry's accolade both locally and internationally.

Despite the challenges in the period under review, the Group has a record-breaking year; garnering five industry awards that unreservedly point to the success of attaining its vision of building a sustainable legacy.

The awards are the Malaysian Construction Industry Excellence Award (MCIEA) 2018 for the LKIM Fishery Complex project in Kuching, Sarawak. The project received the Special Mention Certificate for the Category of the Best Project Award (Building) Category and for the Major Project category (project value more than RM100 million).

A Green Mark Gold Rating was conferred to the 1,000 Houses Project at Kg Lugu National Housing Scheme Phase 1A, Brunei Darussalam by the Singapore-based Building & Construction Authority (BCA) Awards 2018.

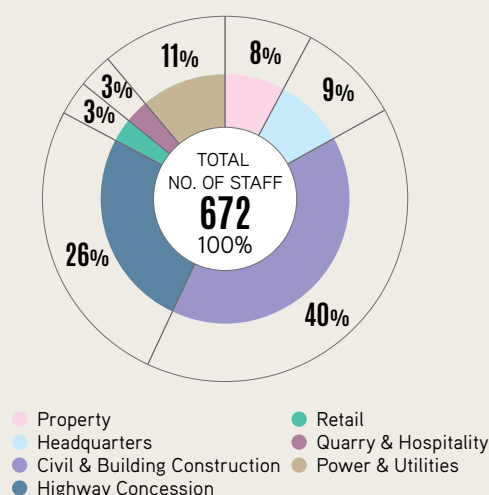
Datuk Matthew Tee was awarded the Malaysia Property Award ~ Property CEO Award 2018 by the International Real Estate Federation (FIABCI) in 2018.

The ATSUMI Award from International Federation of Asian & Western Pacific Contractors' Associations (IFAWPCA) accorded to myself in November, 2018. The first recipient from Malaysia was Prime Minister Tun Dr. Mahathir Mohamad back in 1998.

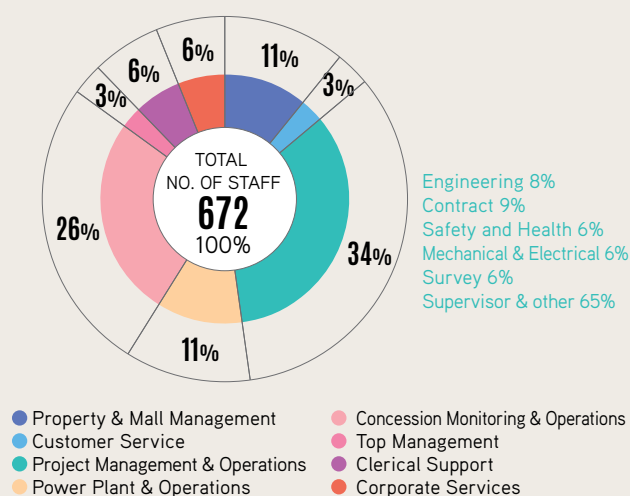
More recently, the MBAM had also awarded their Honorary Builders Award to myself this year. I take note that these individual award are also Bina Puri's Award as I believe the achievement are interrelated.

These awards have helped to project the good names of Bina Puri Group of Companies and these accolades would not have happened without the strong support of the management and our dedicated staff. We like to acknowledge their continuous commitment, loyalty and diligent work.

#### STAFF BY DIVISION



#### STAFF BY JOB TYPES



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, steadfastness and belief in Bina Puri.

From being a main contractor, Bina Puri has come a long way to build the group into a mini-conglomerate in a journey that spanned 44 years to date. The Group is on a much better footing than before and together we shall come back stronger.

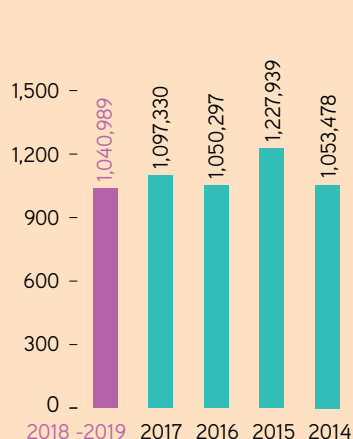
#### TAN SRI DATUK TEE HOCK SENG

PSM, PGDK, ASDK, JP  
Group Managing Director

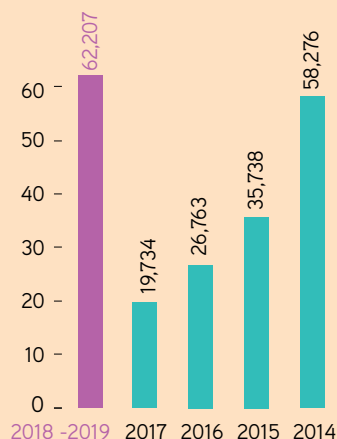
## GROUP FINANCIAL HIGHLIGHTS

	2018 - 2019 RM'000	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000
Revenue	1,040,989	1,097,330	1,050,297	1,227,939	1,053,478
Profit before taxation	62,201	19,734	26,763	35,738	58,276
Profit attributable to the shareholders of the Company	462	3,099	1,070	3,373	6,473
Dividend Paid (Net)	-	-	-	4,346	2,669
Issued share capital	157,821	136,705	121,437	115,315	88,956
Shareholders' equity	253,540	239,809	222,992	216,479	193,751
Total assets employed	1,497,193	1,682,726	1,694,695	1,788,708	1,471,354
Net earnings per share (sen)	0.14	1.19	0.45	1.60	3.75
Net assets per share (RM)	0.66	0.09	0.92	0.94	1.09
Share price (RM)					
- High	0.37	0.485	0.50	0.65	0.782
- Low	0.17	0.33	0.36	0.33	0.50

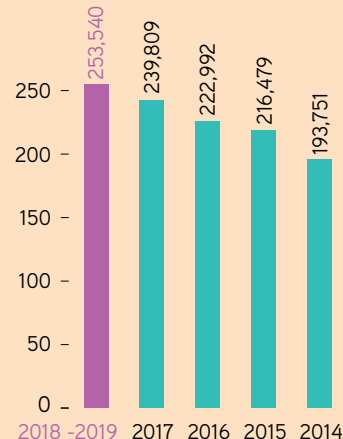
REVENUE (RM'000)



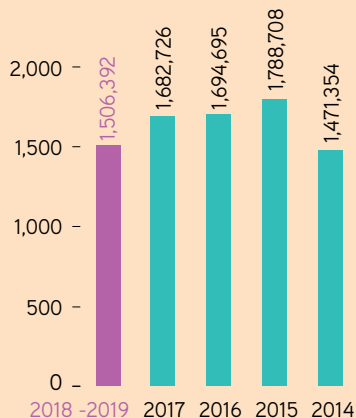
PROFIT BEFORE TAXATION (RM'000)



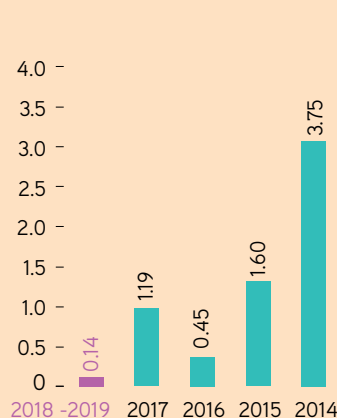
SHAREHOLDERS' EQUITY (RM'000)



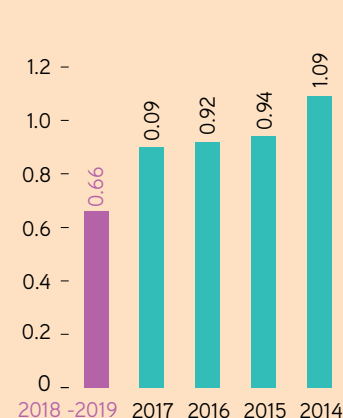
TOTAL ASSETS EMPLOYMENT (RM'000)



EARNING PER SHARE (SEN)



NET ASSETS PER SHARE (RM)



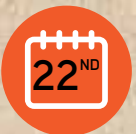


# CALENDAR OF EVENTS



## JANUARY 2018

Bina Puri Sdn Bhd successfully completed the Medini Development's Twin Tower Project in Johor Bahru, Johor. The project with the contract value of RM195 million comprised of 2 blocks of 23-storey office tower. Each block comprises of 15-storey office tower, an 8-storey podium consisting of a 7-storey car parks and one floor lobby area with facilities, and also a 3-storey basement car parks.



## MAY 2018

The 1,000 Houses Project at Kg Lugu National Housing Scheme Phase 1A, Brunei Darussalam won the Green Mark Gold Rating at the Building & Construction Authority (BCA) Awards 2018, held at Resorts World at Sentosa, Singapore.



## JUNE 2018

Bina Puri celebrated the Opus Kuala Lumpur Topping-Up Ceremony. Opus Kuala Lumpur is a luxury condominium developed by Star Effort Sdn Bhd, a subsidiary of Bina Puri Holdings Bhd.



## CALENDAR OF EVENTS (Cont'd)



JUNE 2018

Bina Puri Holdings Bhd held its 27 Annual General Meeting (AGM) at its Selayang Headquarters. A total of 317 shareholders attended the meeting.

YBhg Tan Sri Dato' Ir Wong Foon Meng chaired the meeting in which several proposals were discussed including ordinary business transactions, and special business transactions. For special business transactions, a few proposals were discussed including the proposed renewal of shareholders'

mandate for recurrent related party transactions, authority to allot shares pursuant to Section 75 and Section 76 of the Companies Act 2016, and the proposed renewal of authority for the company to purchase its own shares.

Other Board of Directors attended the meeting were YBhg Tan Sri Datuk Tee Hock Seng JP, Dr Tony Tan Cheng Kiat, YBhg Datuk Matthew Tee, Mr Tay Hock Lee, Ir Ghazali Bujang, YBhg Dato' Yeow Wah Chin and Mr Mohd Najib Bin Abd Aziz.



JUNE 2018

Jesselton View project received its Certificate of Practical Completion (CPC). Jesselton View is a property development by Bina Puri Properties Sdn Bhd that comprises of 80 units of 5-storey and 11-storey apartment in Kota Kinabalu, Sabah.



## CALENDAR OF EVENTS (Cont'd)

24<sup>TH</sup>

## SEPTEMBER 2018

Bina Puri Holdings Bhd held its Extraordinary Annual General Meeting (EGM) on 24 September 2018 at its Selayang Headquarters.

YBhg Tan Sri Dato' Ir Wong Foon Meng chaired the meeting in which the EGM saw the shareholders approve of its proposed private placement of up to 92.12 million shares, or 30% of its enlarged issued shares, to raise some RM21.88 million.

Other Board of Directors attended the meeting were YBhg Tan Sri Datuk Tee Hock Seng JP, Dr Tony Tan Ceng Kiat, YBhg Datuk Matthew Tee, YBhg Dato' Leong Sir Ley, Ir Ghazali Bujang, YBhg Dato' Yeow Wah Chin and Mr Mohd Najib Bin Abd Aziz.

28<sup>TH</sup>

## SEPTEMBER 2018

The LKIM Fishery Complex project at Kuching, Sarawak won the Special Mention certificate in the Malaysian Construction Industry Excellence Award (MCIEA) 2018~The Best Project Award (Building) for the Major Project category (More than RM100 million). The certificate award was received in a ceremony held on 28th September 2018 at Grand Hyatt Hotel, Kuala Lumpur.

Bina Puri was represented by Mr We Her Ching, Executive Director of Bina Puri Sdn Bhd, who received the certificate award presented by YB Tuan Haji Mohd Anuar Bin Mohd Tahir, Deputy Minister of Works Malaysia.



## CALENDAR OF EVENTS (Cont'd)



### NOVEMBER 2018

YBhg Tan Sri Datuk Tee Hock Seng, JP, Group Managing Director of Bina Puri Holdings Bhd was conferred the prestigious IFAWPCA Atsumi Award at the 44th International Federation of Asian and Western Pacific Contractors' Associations (IFAWPCA) Convention held at Kuala Lumpur Convention Centre. The Award was presented by Mr. Yoshihiro Yamaguchi, from the Overseas Construction Association of Japan (OCAJI) representing the late Takeo Atsumi, Past President of IFAWPCA, 1973-1974.



### NOVEMBER 2018

YBhg Datuk Matthew Tee, Group Executive Director of Bina Puri Holdings Bhd was conferred the FIABCI Malaysia Property Award 2018 under the Property CEO category held at One World Hotel, PJ. The award was presented by Yang Amat Mulia Tunku Besar Seri Menanti, Tunku Ali Redhaudin ibni Tuanku Muhriz.



### DECEMBER 2018

Bina Puri Holdings Bhd held its Extraordinary Annual General Meeting (EGM) on 24 December 2018 at Wisma Bina Puri, Selayang. A total of 217 shareholders attended the meeting. Mr. Mohd Najib Bin Abdul Aziz chaired the meeting. Other directors at the EGM were YBhg. Tan Sri Datuk Tee Hock Seng JP, YBhg Datuk Matthew Tee, Dr Tony Tan Cheng Kiat and Ir. Ghazali Bujang.



## CALENDAR OF EVENTS (Cont'd)



2<sup>ND</sup>

MARCH 2019

Karak Land Sdn Bhd, a subsidiary of Bina Puri Holdings Bhd, successfully launched its 1,600 acres development at Karak, Pahang named "The Valley @ Bentong".

The Valley aims to create a farming community by offering agriculture based concept of farming and homesteads.

The event was graced by the Minister of Primary Industries, Yang Berhormat Puan Teresa Kok and was also attended by

the Bentong Member of Parliament, YB Tuan Wong Tack, Bina Puri Chairman, Tan Sri Dato' Wong Foon Meng and Bina Puri Group Managing Director, Tan Sri Datuk Tee Hock Seng. Others whom attended includes YB Puan Kamache a/p Doray Rajoo, ADUN Sabai, YB En Lee Chin Chen, ADUN Bilut and YB Puan Young Syefura Othman, ADUN Ketari Pahang.



11<sup>TH</sup>

JUNE 2019

Bina Puri Sdn Bhd successfully secured a new international contract for the Proposed Dual Lane Road from Al-Islah Junction to Al-Jabayish at Nasirya City, in the Province of Thi Qar, Southern Iraq, worth IQD87billion (approximately RM303 million).

The roadwork project, awarded by the Thi Qar Governate, Republic of Iraq includes the construction of 74.5km dual lane road with 7 bridges ranging from 14m-87m length, complete with all road accessories such as guardrails and street lighting, with work duration of 36 months.



# SUSTAINABILITY STATEMENT

AS A PUBLIC-LISTED COMPANY, BINA PURI HOLDINGS BHD IS ALWAYS COMMITTED TOWARDS STRIVING FOR EXCELLENCE IN SUSTAINABILITY WHILST CONTINUING TO IMPLEMENT OUR POLICY TO BE A GOOD CORPORATE CITIZEN.

In all we do, it is easy to discern the footprints of the environment, economic and social approaches (EES) we utilise to champion sustainability that forms an integral part of our corporate DNA.

Our undertakings are veered towards achieving the aspirations of EES which is enshrined in the United Nations Sustainable Development Goals that aim to create a peaceful and prosperous world by year 2030. The call to action has succeeded to yield several achievements in the delivery of outstanding projects we have delivered to date.

We won international recognition for going green; obtaining the Green Mark Gold Rating for the 1,000 Houses Project at Kg Lugu National Housing Scheme Phase 1A, Brunei Darussalam at the Building & Construction Authority (BCA) Awards 2018, held at Resorts World Sentosa, Singapore on 22nd May 2018.

The Singapore-based award recognises developers with strong commitment towards corporate social responsibility and outstanding achievements in environmental sustainability. It is given to developers who achieve a substantial rating of Green Mark buildings at Gold level and higher.

## BINA PURI'S APPROACH TO SUSTAINABILITY

We are unabashed with our declaration of the mission on building a sustainable legacy. Our new business is in the supply of renewable energy; hydro-electric power generation in Indonesia.

The other principal activities throughout the period under review ended 30 June 2019 remained unchanged which are investment holdings, civil and building engineering management, property development, highway concession, quarry operations, utilities and hospitality management.

In the bid to promote the sustainable growth of the Group, we would continue to review and improve on our existing policies to meet the challenges ahead.

The Board of Directors and Senior Management have been tasked to oversee sustainability matters within the Group and its subsidiaries.

We need strong and continuous support of our customers, bankers, business partners, investors, suppliers, and contractors to ensure the success of our green endeavours. We make it a point to engage with government and regulatory bodies and policymakers in meetings, site visits and participating in trade exhibitions.

## MARKET INFORMATION

In the period under review, we have always been prompt in announcing our quarterly results and held regular meetings with equity analysts and fund managers. Our Directors have engaged with media through the issuance of press releases, media briefings in highlighting the Group's activities. We also engaged with our shareholders through our Annual General Meeting and Extra Ordinary General Meeting.

## RENEWABLE ENERGY AND ENVIRONMENT PROTECTION

Our Group has always been looking for opportunities to invest in the supply of renewable energy which the government is promoting in its bid to combat climate change.

Renewable energy is derived from sunlight, hydropower, wind, waves, and biomass that are available in abundance. The group is already operating mini hydro-electric power plants in Indonesia. We are looking for more opportunities to venture in this sector by participating in tenders such as the Large Scale Solar (LSS3) under the Energy Commission.



Special Mention Certificate for LKIM Fishery Complex in MCIEA 2018

## SUSTAINABILITY STATEMENT (Cont'd)

Green technology has also been incorporated into the design of the architecture of the Group's property development projects. The completed Laman Vila @ Mont Kiara North is now equipped with solar energy system for all its units.

A clue to how sustainability is integrated into the corporate DNA of the Group is the action taken to gradually change all lighting along the Kuala Lumpur-Kuala Selangor Expressway (LATAR) with energy-saving LED devices to save on usage of energy. A total number of 202 LED Street Lights and another 535 non-LED SON street lights have been installed along the expressway.

LATAR also uses 30 solar-powered emergency telephones that it installed along the whole stretch of the highway.

At its latest project site at The Valley @ Bentong homestead project in Karak, the Group is promoting a healthy lifestyle and going green with the cultivation of fruit trees such as the popular 'Musang King' durian trees within the enclave and has held classes for its buyers on how to plant cash crops within their compounds.

The Valley is promoting homestead lifestyle where the owners could choose to live away from the city centre to enjoy the trappings of an ecosystem of a farm. The environment protection theme is resonant with the activities it organised to connect with the community.



*Planting of Durian Trees*



*Homestead in the Valley @ Bentong*

A walkathon, "Walk for The Ocean", organised by the Main Place Mall and held on 28 October 2018 at Main Place Mall was another healthy sports activity with the intention to educate participants with the awareness of the need to protect our ocean.



*Walk for the Ocean*

## WORKPLACE

Bina Puri places the utmost importance in providing a good and conducive workplace to bring out the best in its employees; practising a system that does not discriminate against ethnicity, gender, age, disability or status.

We are proud to say Bina Puri has in place a very workable and fair system which in return has helped to create a harmonious, well balanced and healthy working environment within the Group.

Cultural festivals were celebrated to foster goodwill and racial harmony among the staff from different races and professing different religions in the office.

## EMPLOYEE ENGAGEMENT ACTIVITIES, PRACTICES AND BENEFITS

The Group has implemented initiatives to ensure our staff would continue to aspire to achieve their full potentials which include adopting good fringe benefits, Long Service Awards, Best Employee Awards, Education Incentives and Undergraduate Scholarship Award to children of our staff.

The Bina Puri Sports & Social Club (KSSBP) is active in organising various sports activities, outings and study tours to both local and overseas destinations.

In 2018, KSSBP has organised four overseas vacation trips which were part-sponsored by the Group. About 250



## SUSTAINABILITY STATEMENT (Cont'd)



*School Activities in Conjunction with Merdeka Day*

employees took part in the trip to Hokkaido in Japan, Jeju Island-Seoul-Nami Island & Busan in South Korea, Hanoi-Sapa-Halong Bay, Vietnam, Koh Lipe Island, Thailand and Brunei Darussalam.

Bina Puri Treasure Hunt from Selayang to Melaka involving 120 KSSBP members was held in January 2018.

KSSBP also organised sports like badminton, ping-pong, futsal, yoga and qigong. A bowling tournament was held at Sunway Pyramid for Main Place staff to foster better interaction among the members.

During the period under review, 28 Undergraduate scholarship worth RM250,000 were awarded to the staff's children who pursue their college and university education.

In addition, KSSBP Education Incentive 2018 was awarded to 24 recipients for student who excelled in their UPSR, PT3, SPM, STPM, Degree and Master study.



*Education Incentives Recipients*

### OCCUPATIONAL SAFETY AND HEALTH

Bina Puri has always stressed on educating workers on safety measures.

We continue to uphold the high standards set and regulated by the Department of Occupational Safety and Health (DOSH) Malaysia. An in-house safety and health team comprising qualified safety personnel is tasked to ensure compliance at each worksite to prevent accident from happening.

We convene meetings and carry out site inspections regularly to ensure construction activities are safely carried out. Our safety personnel are sent to attend training organised by various regulatory bodies such as CIDB and DOSH to equip themselves with knowledge and latest policies.



*Treasure Hunt*

## SUSTAINABILITY STATEMENT (Cont'd)

### CORPORATE SOCIAL RESPONSIBILITIES (CSR)

Being a responsible corporation, Bina Puri Holdings Bhd is ever ready to extend a helping hand and contribute towards various deserving organisations especially on matters relating to industry development, education, health, sports and community development.

The Group is a very strong and loyal supporter of Master Builders Association Malaysia (MBAM) and other industry-related associations such as Road Engineering Association of Malaysia (REAM), The Malaysian Institute of Architects (PAM) and The Royal Institution of Surveyors Malaysia.

We took part in the activities organised by these associations and can be counted on to contribute towards promoting education, health and sports development. On community development, we contribute to St John's Ambulance Malaysia (SJAM), Malaysian Chinese Medical Association, SJK (C) Chin Woo and Sekolah Menengah Ideal Heights in Selayang, and KL Women Basketball Team.

Other beneficiaries include Persatuan Tarian Desa Selangor dan Wilayah Persekutuan, Masjid Al Istiqamah, Selangor Youth Community (SAY), Malaysian Association of Youth Clubs, Terengganu Kwang Tung Association, the Lions Club and Persatuan Pandu Puteri Malaysia Cawangan Perlis.

Among the activities we organised to enhance our relationship with the local communities are our engagements with them during the various festive occasions, visits and "kenduri" activities.

Bina Puri joined MBAM to construct houses for two Orang Asli families at Kampung Sungai Lalang, Semenyih, Selangor in September last year.

In conjunction with 2019 Police Day celebration, LATAR Expressway recently handed over two Proton Preve 1.6 Premium cars to the Royal Malaysian Police to be used by the Expressway Mobile Patrol Vehicle (EMPV) team which also known as Police Highway Eagle of LATAR Expressway to ensure road safety.



Patrolling Car to Police

LATAR is actively interacting with road users through activities like distributing the Malaysian flags to celebrate Merdeka, handing over 7,000 boxes of dates to them during Ramadan, passing out goodie bags during Chinese New Year, flowers during Mother's Day, all happening at the highway's toll plazas.

Bina Puri's Sports and Social Club has collaborated with the National Blood Bank to increase the national blood supply during festive seasons.

To cap its CSR efforts, Bina Puri was among the sponsors of the 44<sup>th</sup> IFAWPCA International Convention held in Kuala Lumpur in 2018; an event that not only gathered delegates of foreign contractors' associations in the region but also helped to promote tourism in the country.



Blood Donation

### HUMAN CAPITAL DEVELOPMENT

Bina Puri emphasize on human capital development in the areas of recruitment, training and communication. The channels open for staff to interact with the management team are regular communications via email blasts, gatherings, meetings and dialogue sessions, newsletters and the staff assembly.

Hotel housekeeping skills development training was held for Brunei staff in December 2018 to enhance their skill in management of the Rimbun Suites and Residences.

Bina Puri also organised "Improvement Teams Training Workshop" involving 34 participants including directors and staff of the Group in Port Dickson Resort, Negeri Sembilan.



# 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 (Resigned: 1 May 2019)	Independent Non-Executive Director	6/6
Ir. Ghazali Bin Bujang	Independent Non-Executive Director	8/8
Mohd Najib Bin Abdul Aziz	Independent Non-Executive Director	8/8
Tan Sri Dato' Ir Wong Foon Meng (Appointed 2 May 2019)	Chairman/Independent Non-Executive Director	2/2

\* The Company changed its financial year to 30<sup>th</sup> June 2019.

- (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:
  - i. is a member of the Malaysian Institute of Accountants (MIA); or
  - ii. 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
  - iii. 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's 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.

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

## AUDIT COMMITTEE REPORT (Cont'd)

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 period ended 1 January 2018 to 30 June 2019 (18 months) 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 period from 1 January 2018 to 31 December 2018 (four quarters), 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 26 February 2018, 21 May 2018, 21 August 2018, 23 November 2018 and 14 February 2019 respectively.

On 10 April 2019, the Company has changed its financial year end from 31 December 2018 to 30 June 2019, the AC also reviewed the quarterly financial statements for fifth and sixth quarter 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 2019, 29 May 2019 (Adjourned AC Meeting) and 23 August 2019.

#### 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 period from 1 January 2018 to 30 June 2019 (18 months) and Statement of Risk Management and Internal Control ("SORMIC") in 16 October 2019 before recommending to the Board for approval;

**AUDIT COMMITTEE REPORT** (Cont'd)

- Reviewed the Internal Control Memorandum, together with Management's response to the findings of the external auditor;
- Reviewed the 2018-2019 external auditors' audit plan for Bina Puri Group, encompassing the nature and scope for the year's audit and engagement strategy on 23 August 2019 prior to its implementation;
- Reviewed the terms of engagement of the external auditors for the 2018-2019 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;
- 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 period from 1 January 2018 to 30 June 2019 (18 months), 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 August 2019. 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 appoint Messrs. RSL PLT as auditor of the Company as well as the proposed audit fee for approval. A resolution for their 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/documentated 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. ("BDO GA"). The cost incurred for the internal audit function in respect of the period from 1 January 2018 to 31 December 2018 was RM71,389.93 (2017: RM78,010.10).

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

## AUDIT COMMITTEE REPORT (Cont'd)

On 6 March 2019, the Company has outsourced the internal audit function to NGL Tricor Governance Sdn Bhd ("NGL Tricor"). The cost incurred for the internal audit function in respect of the financial period 1 January 2019 up to 30 June 2019 was RM17,490.00.

The internal audit function is headed by Mr. Chang Ming Chew, Managing Director of NGL Tricor. Mr. Chang Ming Chew 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.

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.

For the financial period under review, both BDO GA and NGL Tricor 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 period from 1 January 2018 to 31 December 2018, BDO GA 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 BDO GA for the financial period up to 31 December 2018 included the following:
  - i. Internal Control Review ("ICR") Report on Project Management for Pusat Pentadbiran Negeri Sabah ("PPNS");
  - ii. ICR Report on Project Management for Opus @ KL; and
  - iii. ICR Report on Project Management for Pan Borneo Highway, Sarawak.

During the financial period from 1 January 2019 to 30 June 2019, NGL Tricor carried out the following activities:

- a) Prepared the annual internal 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.



## AUDIT COMMITTEE REPORT (Cont'd)

- 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 NGL Tricor for the financial period from 1 January 2019 to 30 June 2019 included the following:
  - i. Internal Control Review (“ICR”) Report on Sales Administrative Functions of Bina Puri Properties Sdn Bhd.

All findings and recommendations arising from the ICRs for financial period from 1 January 2018 to 30 June 2019 (18 months) 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 A CORPORATE CULTURE WHICH IS BASED ON THE PRINCIPLES AND BEST PRACTICES OF CORPORATE GOVERNANCE AND IS PRACTICED BY THE COMPANY AND ITS SUBSIDIARIES ("THE GROUP").

The Group CG framework is premised upon the following statutory provision, best practices, rules and guidelines:

- Companies Act 2016 ("the Act").
- Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad; and
- Malaysian Code on Corporate Governance ("the Code").

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.

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 and 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.

## CORPORATE GOVERNANCE

### OVERVIEW STATEMENT (Cont'd)

- 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.

- 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

### 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 MCCG 2017 in respect of separation of role between Chairman and GMD.

### Practice 1.4 - Company Secretary

Mr. Tan Kok Aun (MACS 01564) is a member of The Malaysian Association of Company Secretaries and Mr. Nip Chee Sien (MAICSA 7066996) is a member of The Malaysian Institute of Chartered Secretary and Administrator. They are the Joint Company Secretaries of the Group.

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

### 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. 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 Board members are supplied with information and reports on financial, operational, corporate, regulatory, business development and audit matters by way of board reports or upon specific request to enable them to discharge their duties and responsibilities. All Directors are notified of the announcements release to BMSB. In addition, all Directors have access to management and auditors for independent view and advice.

In furtherance of their duties, 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.



## CORPORATE GOVERNANCE

### OVERVIEW STATEMENT (Cont'd)

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:

DIRECTOR	TOPIC	DATE
Tan Sri Dato' Ir Wong Foon Meng	1. Common Pitfalls in Transaction and RPT Rules 2. Key Amendments to Listing Requirements 2019 – Corporate Disclosure	28 August 2018 27 August 2019
Tan Sri Datuk Tee Hock Seng, JP	1. Common Pitfalls in Transaction and RPT Rules 2. Key Amendments to Listing Requirements 2019 – Corporate Disclosure	28 August 2018 27 August 2019
Dr Tony Tan Cheng Kiat	1. Common Pitfalls in Transaction and RPT Rules 2. Key Amendments to Listing Requirements 2019 – Corporate Disclosure	28 August 2018 27 August 2019
Datuk Matthew Tee Kai Woon	1. Common Pitfalls in Transaction and RPT Rules 2. Key Amendments to Listing Requirements 2019 – Corporate Disclosure	28 August 2018 27 August 2019
Dato' Yeow Wah Chin *resigned on 1 May 2019	Provision of Financial Assistance & RPT	11 October 2018
Ir Ghazali Bin Bujang	1. Common Pitfalls in Transaction and RPT Rules 2. Key Amendments to Listing Requirements 2019 – Corporate Disclosure	28 August 2018 27 August 2019
Mohd Najib Bin Abdul Aziz	1. Audit Committee Conference 2018 2. Governance Symposium 2019	27 March 2018 7 March 2019
Dato' Tan Seng Hu (Alternate Director to Dr Tony Tan) *resigned on 31 March 2019	Common Pitfalls in Transaction and RPT Rules	28 August 2018
Dato' Leong Sir Ley *appointed on 1 September 2018	1. Mandatory Accreditation Programme (MAP) 2. Key Amendments to Listing Requirements 2019 – Corporate Disclosure	29-30 November 2018 27 August 2019
See Tai Soon (Alternate Director to Dato' Leong Sir Ley) *appointed on 1 September 2018	1. Mandatory Accreditation Programme (MAP) 2. Key Amendments to Listing Requirements 2019 – Corporate Disclosure	12-13 November 2018 27 August 2019

## 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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.

For the financial period from 1 January 2018 to 30 June 2019 (18 months), the Board met six (6) 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	6/6	1/1
Tan Sri Datuk Tee Hock Seng, JP	6/6	1/1
Dr Tony Tan Cheng Kiat	5/6	1/1
Datuk Matthew Tee Kai Woon	6/6	1/1
Dato' Yeow Wah Chin (resigned on 1 May 2019)	4/5	1/1
Ir Ghazali Bin Bujang	6/6	1/1
Mohd Najib Bin Abdul Aziz	4/6	1/1
Dato' Leong Sir Ley (or her Alternate, Mr. See Tai Soon) (Appointed on 8 September 2018)	2/3	-

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 Secretaries.

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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

### 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.

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

The Board believes that the current composition is appropriate given the collective skills and experience of the Directors. The Board is of the view that with the current Board size, there is no disproportionate of power and authority on the Board between the Non-Independent and Independent Directors. The Board will continue to monitor and review the Board size and composition as may be needed.

The Board currently has seven (7) members comprising four (4) Non-Executive Directors and three (3) Executive Directors. The Board is made up of an Independent Non-Executive Chairman, a Group Managing Director, a Founder Director/Executive Director, a Group Executive Director, one (1) Non-Independent Non-Executive director and two (2) Independent Non-Executive Directors. The Board has complied with Paragraph 15.02 of the Listing Requirements which requires at least two (2) Directors or one third (1/3) of the Board (whichever is higher) to be Independent Directors.

### 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 MNL R 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. 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

The Board takes appropriate measures to ensure that boardroom diversity is considered as part of its selection and recruitment exercise. However, the merits of the individual and knowledge and expertise relevant to the Company will be the main criteria when considering the selection of new candidates to the Board and/or senior management team.

Although currently, the Company do not have a written policy on diversity pertaining to the selection of its Board members and senior management team, the Board always taken into account diversity as one of the selection criteria.

The Board takes note of the Code with regard to Board gender diversity. The Group currently has one (1) female Director on the Board.

### Practice 4.6 - Appointment of Directors

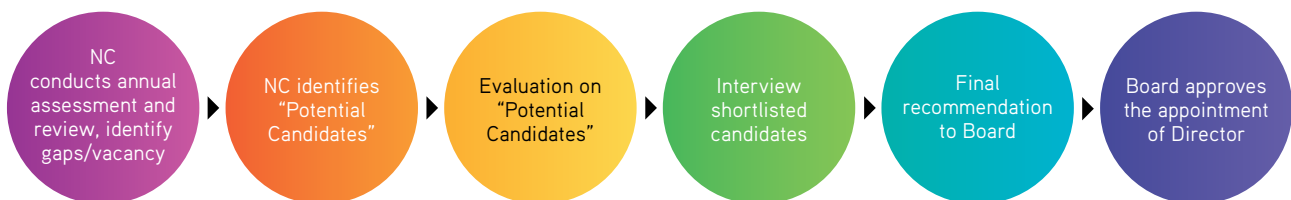
The Board is responsible for the appointment of Directors. It has formulated the terms of reference of the Nomination Committee ("NC") and has identified the composition of the Committee members. It is the Board's policy for Directors to notify the Chairman before accepting any new directorships notwithstanding 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 following Directors was appointed to the Board:

- Dato' Leong Sir Ley [Appointed on 1 September 2018]
- See Tai Soon (Alternate Director to Dato' Leong Sir Ley) [Appointed on 1 September 2018]



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

### THE BOARD COMMITTEE

#### Practice 4.7 - Nomination Committee

The Nomination Committee (“NC”) which comprises three (3) 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 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 76 under the Directors' Report of the Audited Financial Statements for the FY2019.

#### **Practice 6.2 - Remuneration Committee**

The Remuneration Committee ("RC") is chaired by YBhg. Tan Sri Dato' Ir. Wong Foon Meng, comprises of four (4) Directors, of which three (3) are Independent Non-Executive Directors and 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:

- (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

## CORPORATE GOVERNANCE

### OVERVIEW STATEMENT (Cont'd)

- (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 details of the remuneration of the Directors of the Company and the Group for the financial period from 1 January 2018 to 30 June 2019:

	COMPANY		GROUP	
	EXECUTIVE DIRECTORS	NON EXECUTIVE DIRECTORS	EXECUTIVE DIRECTORS	NON EXECUTIVE DIRECTORS
Salary, Bonus & Socso (RM)	2,268	-	2,974	136
Fee (RM)	46	485	46	485
Defined Contribution Plan (RM)	274	-	325	-
Benefit-In-Kind (RM)	-	-	-	-

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

	SALARIES, BONUSES AND OTHER EMOLUMENTS		FEE	
	EXECUTIVE DIRECTORS	NON EXECUTIVE DIRECTORS	EXECUTIVE DIRECTORS	NON EXECUTIVE DIRECTORS
<b>Company</b>				
Below RM50,000			4	4
RM50,001 – RM100,000				
RM800,001 – RM850,000			1	
RM1,650,001 – RM1.7M			1	
RM200,001 – RM250,000				1
<b>Group</b>				
Below RM50,000			4	4
RM50,001 – RM100,000				
RM100,001 – RM150,000				
RM150,001 – RM200,000				
RM200,001 – RM250,000				
RM250,001 – RM300,000	1			1
RM400,001 – RM450,000	1			
RM900,001 – RM950,000	1			
RM1,650,001 – RM1.7M	1			

The details of the remuneration of each Director in name basis is not to disclosed due to confidentiality and security reasons and such disclosure may be prejudicial to the Company's business interest.

Although the disclosure is not on named basis, the details above nonetheless still provide breakdown and different bands.

The number of Senior Management for the financial year under review, whose remuneration falls within the respective bands is as follows:

	RM 250,000 – RM 300,000
Senior Management	5

## CORPORATE GOVERNANCE

### OVERVIEW STATEMENT (Cont'd)

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 and would be detrimental to the Group as this will facilitate opportunity for competitors to pinch the Group's top senior management.

#### EFFECTIVE AUDIT AND RISK MANAGEMENT

##### Practice 8.1 - Chairman of Audit Committee

Ir. Ghazali Bin Bujang chaired the Committee and is not the Chairman of the Board. This is in compliance with the Step up recommendation of MCG 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 47 to 51 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 Ir. Ghazali Bin Bujang who specialized 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. 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, corporate and finance backgrounds which are financially literate and provide diverse perspectives that strengthen the quality of deliberations.

Tan Sri Dato' Ir Wong Foon Meng was appointed as member of the Audit Committee on 2nd May 2019. He is also the Chairman of the Board. Dato' Yeow Wah Chin resigned as member of the Board and Audit Committee on 1 May 2019.

##### 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 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.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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.

The Statement of Risk Management and Internal Control is set out in page 66 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 47 to 51 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 and NGL Tricor Governance 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 held its AGM at the corporate office in Selayang, Selangor. Since 2018, the general meeting have adopted the voting exercise via electronic polling for convenience of the shareholders.

## 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 MCCG 2017 with the exception of the following:

	EXPLANATION
<b>Practice 4.1</b>	<p>The Board currently has six (6) members comprising four (4) Non-Executive Directors and three (3) Executive Directors. The Board is made up of an Independent Non-Executive Chairman, a Group Managing Director, a Founder Director/Executive Director, an Executive Directors, a Non-Independent Non-Executive director and two (2) Independent Non-Executive Directors.</p> <p>The Board do not fulfil the requirement of MCCG 2017 to have majority of the board comprising of independent directors. 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>
<b>Practice 6.2</b>	<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> <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.</p>
<b>Practice 7.2</b>	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.
<b>Practice 9.1</b>	<p>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> <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>
<b>Practice 12.3</b>	Since 2018, the general meeting have adopted the voting exercise via electronic polling for convenience of the shareholders.

### 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

- Share Buy-Back**  
There was no Share Buy-Back during the financial period from 1 January 2018 to 30 June 2019 (18 months).
- 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 period from 1 January 2018 to 30 June 2019.
- American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR")**  
There was no ADR or GDR Programme sponsored by the Company.
- 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

(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 period ended 30 June 2019 was RM30,000.

(f) Variation of Results

The results for the financial year ended period ended 1 January 2018 to 30 June 2019 (18 months) 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 period ended 1 January 2018 to 30 June 2019 (18 months).

(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 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 private placement deemed completed on 3 August 2018.

The Company had successfully placed out 267,169,000 new Bina Puri Shares pursuant to the Private Placement, which raised cumulative gross proceeds of approximately RM6.744 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	4,658	4,658	-
Repayment of bank borrowings	2,005	2,005	-
Expenses in relation to the Private Placement	81	81	-
Total	6,744	6,744	-

**(b) Private placement 2018**

The private placement of up to 92,117,100 new ordinary shares, representing not more than thirty percent (30%) of the enlarged number of share of the Company had been approved by Bursa Malaysia Securities Berhad and shareholders of the Company on 27 June 2018 and 24 September 2018 respectively. The private placement deemed completed on 17 December 2018.

The Company had successfully placed out 88,162,900 new Bina Puri Shares pursuant to the Private Placement, which raised cumulative gross proceeds of approximately RM14,372,000 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	11,212	11,212	-
Repayment of bank borrowings	3,000	3,000	-
Expenses in relation to the Private Placement	160	160	-
Total	14,372	14,372	-

# 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 PERIOD ENDED 31 JANUARY 2018 TO 30 JUNE 2019 (18 MONTHS).

## 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 and risk Management is designed to manage rather than to eliminate the risk of failure to achieve the Group's strategic business and operational objectives within the risk appetite established by the Board and management. Accordingly, they can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

## 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 Group 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 AC also seeks the observations of the independent external and internal auditors of the Group. Further details are set out in the Audit Committee Report.
- Senior Management and Head of Department is responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed, to support the Group's risk management philosophy, promote compliance and manage risks.



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

### 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 Group adopted the followings steps for its risk management:

#### PART 1: Establish the Context:

- Description of Issues
- Identify Interested Party



#### PART 2: Identifying the risks and opportunities to achieving strategic and operational objectives

- Identification of risk / opportunities
- Description of risk / opportunities



#### PART 3: Risk Analysis and Evaluation

- Determining and identifying existing controls in place
- Assessing the likelihood and severity of the risk to derive the risk rating



#### PART 4: Risk Treatment

- Description of Issues
- Identify Interested Part

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

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 period ended 30 June 2019 are outlined below:

PRINCIPAL RISKS	DESCRIPTION	RISK MITIGATION STRATEGIES
<b>Economic risk</b>	<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 yearly income recurring 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>• Securing long term yearly income recurring 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>
<b>Project Risk</b>	<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>

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

<b>Financial Risk</b>	<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>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• The Group's fund raising exercises include Private Placement to investors and Rights Issue to all shareholders of Bina Puri Holdings Bhd.</li> </ul>
-----------------------	---	--

### 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.

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

### 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.

### iii. Code of Conduct and Ethics, and Whistle-blowing Policy

The Board has formalised a Code of Conduct and Ethics and a Whistle-blowing Policy to ensure the Board, senior management and employees' business decisions follow the Group commitment to the highest ethical standards and law, and to provide a channel for employees and stakeholders to provide information on frauds, wrongdoings and non-compliance with regulations and procedures by a vendor, customer or employee of the Group.

### 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 Securities. 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.

#### 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. In discharging its duties, the internal audit function of the Group is outsourced to BDO Governance Advisory Sdn. Bhd. ("BDOGA") and NGL Tricor Governance Sdn. Bhd. ("NGLTGSB").

Both the Internal Auditors 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. The Internal Auditors review the Group's internal control system based on a risk-based approach and guided by accepted internal auditing practices

For the period until 30<sup>th</sup> June 2019, BDOGA has completed three (3) internal control reviews and NGLTGSB has completed one (1) internal control review 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 the Internal Auditors. The Board will discuss with the Audit Committee and management on matters relating to internal controls and deliberates on their recommendations for implementation.



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

### 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 the Internal Auditors. 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.

### 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.

