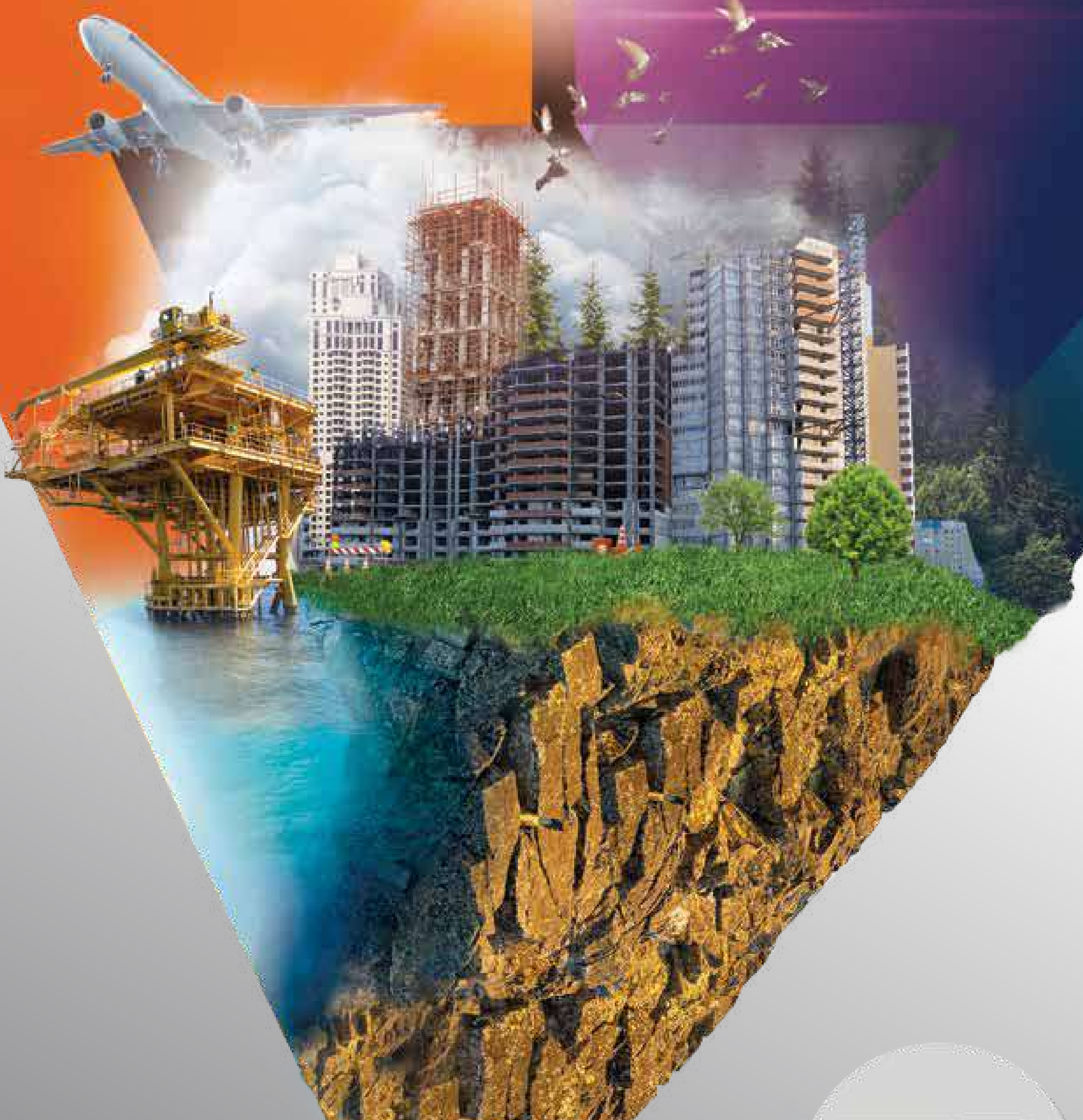
Making A Difference



ANNUAL REPORT 2018

CONTENTS

VISION

To be a trusted partner which make a difference on the global stage.

MISSION & PHILOSOPHY

To support the different industries we serve by becoming the preferred integrated service provider through continuous innovation, smart partnerships and value creation

CORPORATE INFORMATION

COMPANY SECRETARIES

Chua Siew Chuan ***(MAICSA 0777689)***
Tan Loo Ee ***(MAICSA 7063694)***

REGISTERED OFFICE

Level 7, Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur,
Wilayah Persekutuan, Malaysia
Tel: 03-2084 9000
Fax: 03-2094 9940

HEAD/ MANAGEMENT OFFICE

C16-01, Level 16, KL Trillion Corporate Tower,
338 Jalan Tun Razak,
50400 Kuala Lumpur,
Wilayah Persekutuan, Malaysia
Tel: 03-2785 7777
Fax: 03-2785 7778

AUDITORS / REPORTING ACCOUNTANTS

Grant Thornton Malaysia *(Audit Firm No.0737)*
Level 11, Sheraton Imperial Court,
Jalan Sultan Ismail, 50250 Kuala Lumpur,
Wilayah Persekutuan, Malaysia

Tel: 03-2692 4022
Fax: 03-2732 1010

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad
(Company No. 271809-K)
Level 7, Menara UOB, Jalan Raja Laut,
50350 Kuala Lumpur,
Wilayah Persekutuan, Malaysia

Malayan Banking Berhad
(Company No. 3813-K)
No. 2 Wisma Prima Peninsular
Jalan Setiawangsa II Taman Setiawangsa
54200 Kuala Lumpur,
Wilayah Persekutuan, Malaysia

AmInvestment Bank Berhad
(Company No. 23742-V)
Level 15, Bangunan AmBank Group,
55 Jalan Raja, Chulan,
50200 Kuala Lumpur,
Wilayah Persekutuan, Malaysia

REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
(Company No. 11324-H)
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur,
Wilayah Persekutuan Malaysia
Tel: 03-2783 9299
Fax: 03-2783 9222
Email: is.enquiry@my.tricorglobal.com
Website: www.tricorglobal.com

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

STOCK INFORMATION

Stock Name: T7GLOBAL
Stock Code: 7228
Bloomberg Code: T7G MK

GROUP CORPORATE STRUCTURE

- TANJUNG OFFSHORE SERVICES SDN BHD (100697-T) — 100%
  - T7 PETROCONSULT SDN BHD (227036-V) — 100%
  - T7 NEWENERGY SDN BHD (421945-H) — 100%
  - T7 SOLUTIONS SERVICES (S) PTE LTD (201012762N) — 100%
  - FIRCROFT TANJUNG SDN BHD (1103286-X) — 51%
- T7 GASTEC SDN BHD (309300-K) (Formerly known as GAS GENERATORS (MALAYSIA) SDN BHD) — 100%
  - T7 WENMAX SDN BHD (Formerly known as WENMAX SDN BHD) (497800-T) — 51%
  - UNIVERSAL GAS GENERATORS SDN BHD (411039-P) — 100%
  - GAS GENERATORS INTERNATIONAL LTD (LL10395) — 100%
- T7 PROPERTY SDN BHD (1198012-T) — 100%
- T7 AERO SDN BHD (1199413-D) — 100%
  - T7 KILGOUR SDN BHD (1230174-D) — 99.9%
- T7 KEMUNCAK SDN BHD (1202579-U) — 100%
  - T7 CHINA CONSTRUCTION THIRD ENGINEERING SDN BHD (1263840-D) — 51%
- T7 RESOURCES SDN BHD (1042155-V) — 100%
- T7 CSI INTEGRATED SDN BHD (752057-X) — 100%
- T7 SOLUTIONS SDN BHD (849109-H) — 100%
  - T7 GENERATIONS SDN BHD (1298444-A) — 72.5%
  - TCM INNOVATIONS SDN BHD (13306344-U) — 100%
- T7 MARINE SDN BHD (751831-T) — 100%
  - T7 D'MEGA SDN BHD (1231811-V) — 51%
  - T7 SUBSEA SDN BHD (1290404-K) — 55%
- T7 SERVICES AUSTRALIA PTY LTD (621 094 086) — 100%

T7 GLOBAL BERHAD

T7 Global Berhad was incorporated on 11th August 2004 with its shares are listed on the Main Market of Bursa Malaysia Securities Berhad. T7 Global Berhad is an investment holding company with its subsidiaries and associated companies diversified into 5 sectors as follows:

ENERGY

Oil & Gas
Engineering, Procurement and Construction
Maintenance, Construction and Modification
Drilling and Production
Wells and Decommissioning
Underwater and Subsea Services
Specialist Product Solutions

General Industry
Onsite Gas Generation and Utility Systems

Marine
Naral Technology
Marine Services

AEROSPACE

Metal Surface Treatment
Surface Treatment
Non-Destructive Testing (NDT)
Chemical Processing
Painting and Part Marking

Sub-Assembly Services

PROPERTY

Property Investment
Asset Management

CONSTRUCTION

Infrastructure Construction
Industrial Facility Construction
Specialised Facility Construction

CORPORATE VENTURES

HIGHLIGHT OF SUBSIDIARIES

TANJUNG OFFSHORE SERVICES SDN BHD (100697-T)

Tanjung Offshore Services Sdn Bhd ("TOS"), a wholly owned subsidiary of T7 Global Berhad ("T7 Global") commenced business in the mid-1990s as an oil and gas service provider. TOS offer EPC, operations and maintenance, underwater services, wells services, decommissioning and specialist product solutions across the upstream and downstream value chain. TOS has base operations in four locations i.e. Kemaman, Pengerang, Bintulu and Miri. With more than 25 years of experience, Tanjung Offshore has grown into a household name and become a reputable integrated service provider for the industry. With various in-house expertise, TOS is able to engage with end-users to introduce value-added ideas for exploration, production and abandonment stages of the oilfield. Notably, TOS introduced the first Mobile Offshore Production Unit ("MOPU") and Tarpon-guyed platform structures in Malaysian waters and executed the first Rig-to-Reef program in east coast of Peninsular Malaysia.

TOS collaborates with world-renowned engineering companies to deliver engineering, procurement, construction and commissioning projects. TOS is involved from the initial engineering design, project management, planning, and implementation to troubleshooting and maintenance. With the inclusion of T7 Gastec Sdn. Bhd. (formerly known as Gas Generators (Malaysia) Sdn. Bhd.) ("GASTEC") and T7 Wenmax Sdn. Bhd. ("WENMAX"), TOS is able to tap into GASTEC and WENMAX's Original Equipment Manufacturer ("OEM") relationship to offer a turnkey solution for specialised products and engineered equipment. TOS is registered with Petroliam Nasional Berhad ("Petronas") licence for a vast category of products and services.

T7 GASTEC SDN BHD (309300-K)

(Formerly known as Gas Generators (Malaysia) Sdn Bhd)

T7 Gastec Sdn Bhd, (formerly known as Gas Generators Malaysia Sdn Bhd) ("GASTEC"), is a wholly subsidiary of T7 Global and its principal activity is in the business of manufacturing and marketing of onsite gas generation systems in both the general industry and the oil and gas market.

One of the most common inert gas, nitrogen, is primarily used for purging of tanks and pipelines to enhance overall plant safety. The generator produces nitrogen from compressed air thereby eliminating the cost and hazard associated with transporting of nitrogen gas cylinders offshore.

GASTEC has also the capability to design and manufacture inert gas generators for onshore and offshore facilities on long term, for instances "Build, Operate and Transfer" and "Build, Operate and Own" Contracts to the related industries.

Located in Balakong, GASTEC has an established workshop and office. GASTEC has operations throughout the ASEAN region with active presence with in Malaysia, Australia, Thailand, Indonesia and Philippines.

T7 WENMAX SDN BHD (497800-T)

(Formerly known as Wenmax Sdn Bhd)

T7 Wenmax Sdn Bhd (formerly known as Wenmax Sdn. Bhd.) ("WENMAX") joined T7 Group in 2016 which triggered the integration of its products and services with GASTEC. GASTEC and WENMAX combine to form the engineering and product division for T7 Group. This enables T7 Group to expand its offerings across the general industries and oil and gas industry with wider range of product portfolio. GASTEC provides engineering support, while WENMAX reinforces the sales team and retains the Petronas license company status to pursue oil and gas projects.

WENMAX began its operation since 1999 and work exclusively with many OEMs to deliver reputable and high-valued solutions to the Malaysian marine, upstream and downstream sectors in the oil and gas industry. WENMAX offers a range of products and services comprising of valves, centrifugal pumps, gas compressors, pressure gauges, marine hoses, oil and gas processing systems, and sand management solutions.

WENMAX's personnel are trained to have a thorough understanding of OEM products and can provide joint professional consultation services to the end user. Dedicated project teams are responsible to provide after-sales services and routine maintenance to ensure all expectations are met.

T7 KILGOUR SDN BHD (1230174-D)

T7 Kilgour Sdn Bhd, a subsidiary of T7 Global Berhad has inked a strategic partnership with Kilgour (UK) Aerospace Group to form a strategic partnership in May 2017 to build, operate and set up a special process facility plant in Malaysia to serve the supply chain gap existing in regional aerospace industry.

T7 Kilgour offers a wide range of client-focused, aerospace standard special process including chemical and surface treatment, painting and part marking, and non-destructive testing.

T7 Kilgour aims to become the leading metal surface treatment provider in South East Asia region whose quality and service meets the international aerospace standards and customer expectations. T7 Kilgour's mission is to achieve sustainable growth and operational excellence in business through development of people and technology.

T7 KEMUNCAK SDN BHD (1202579-U)

T7 Kemuncak Sdn. Bhd. ("T7 Kemuncak") is a wholly-owned subsidiary of T7 Group to pursue infrastructure and construction works. This is in line with the Group's plan to venture into areas with growth potential and to diversify the Group's portfolio other than the core oil and gas business. Malaysia's economy is supported by Asia's infrastructure-

HIGHLIGHT OF SUBSIDIARIES (CONT'D)

backed growth, along with the benefits from being a part of the China's Belt and Road Initiative infrastructure investment drive.

In early 2018, T7 Kemuncak formed a partnership with China Construction Third Engineering (M) Sdn Bhd, which is a subsidiary of China State Construction Engineering Corp Ltd ("CSCEC"). CSCEC is a construction and real estate conglomerate in China with more than 50 years' experience and expertise in buildings, design and engineering, industrial facilities and infrastructure projects. The joint venture is a strategic alliance to take part in the infrastructure and construction projects locally and eventually at a global scale.

T7 PROPERTY SDN BHD (1198012-T)

T7 Global formed T7 Property Sdn. Bhd. ("T7 Property") as a subsidiary company which is responsible for in-house management of the Group's properties. The management team has the expertise in property investment and asset management, which involves the overall value chain of purchase, development, operation, maintenance, upgrading and disposal of assets.

FIRCROFT TANJUNG SDN BHD (1103286-X)

Fircroft Tanjung Sdn Bhd is a joint venture between Tanjung Offshore Services Sdn Bhd and Fircroft Group (UK) that provides a full suite of skilled manpower services to a variety of industries across all stages of projects, from construction and setup to operations and maintenance. T7 Global understands the importance of having the right team to make the project a success, and we are committed to providing the right people for the job. Our extensive experience in the field, combined with our extensive database of professionals and network enable us to deliver on this promise.

T7 MARINE SDN BHD (751831-T)

T7 Marine Sdn Bhd ("T7 Marine") charted its way as one of the key subsidiary to T7 Global Berhad, supporting the energy division while positioning itself to become a reputable marine service provider of the region.

T7 Marine has the capability to provide various naval & marine technology solution such as command monitoring and control system, navigation system, radar and optical tracker system for both commercial and military vessels. With our strategic partner Marine Crest Technology Sdn Bhd (MCT), T7 Marine has successfully developed Malaysia's first ever local as command monitoring and control system "Vibrant-01" for the Royal Malaysian Navy.

T7 Marine is also capable to offer other services such as vessel maintenance (refurbishment, hull, engine services), mechanical, electrical and electronic works.

T7 SUBSEA SDN BHD (1290404-K)

T7 Subsea Sdn Bhd, a T7 Global Berhad company, is established as a subsea solution services company through the partnership between T7 Marine Sdn Bhd (Malaysia), Cornerstone Offshore Pte Ltd (Singapore) and DIV Group (Hong Kong), with a combined 50 years of experience in underwater technologies and services.

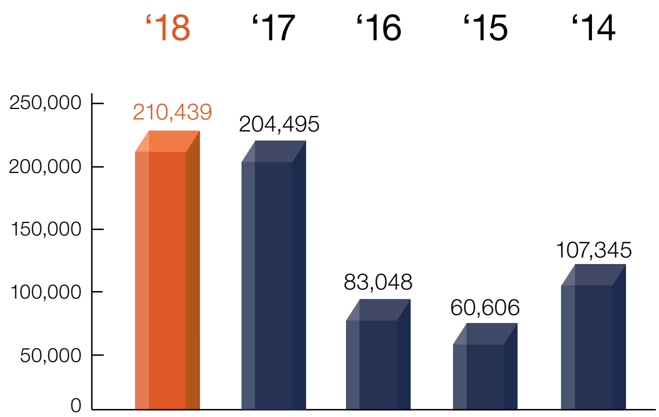
The company provides integrated offshore surface to sub-surface solutions that includes Marine, Diving and Remotely Operated Vehicles (ROVs) with the range of services covering Inspection, Maintenance & Repair, Installation and Construction Support, Transportation and Installation Support and Decommissioning Support.

FIVE YEARS FINANCIAL CALENDAR AND HIGHLIGHTS

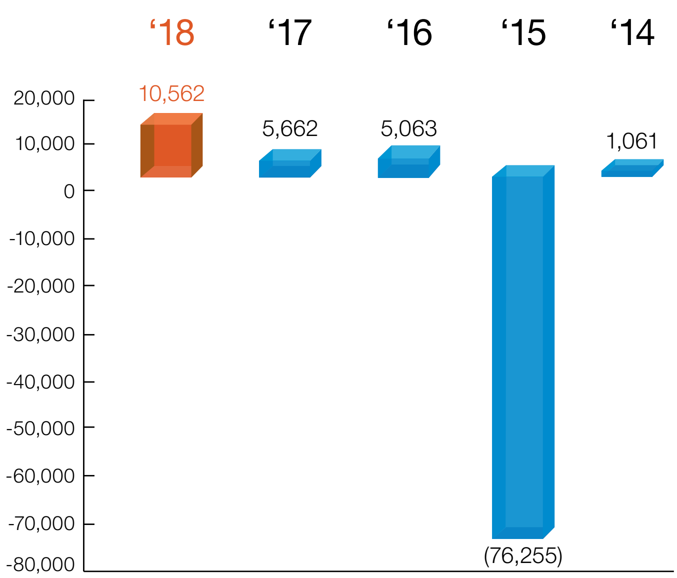
T7 Global Group	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000
Revenue	210,439	204,495	83,048	60,606*	107,345*
Net Profit/(Loss) before Tax	7,654	9,808	5,187	(73,804)*	205*
Net Profit/(Loss) after Tax	10,562	5,662	5,063	(76,255)	1,061*
Pre-tax Margin/(Loss) (%)	3.64	4.80	6.25	(121.78)	0.19
Net Margin/(Loss) (%)	5.02	2.77	6.10	(125.82)	0.99
Basic Earnings/(Loss) Per Share (Sen)	2.60	1.47	1.04	(20.18)	0.28

* Excludes Discontinued Operations.

REVENUE (RM'000)

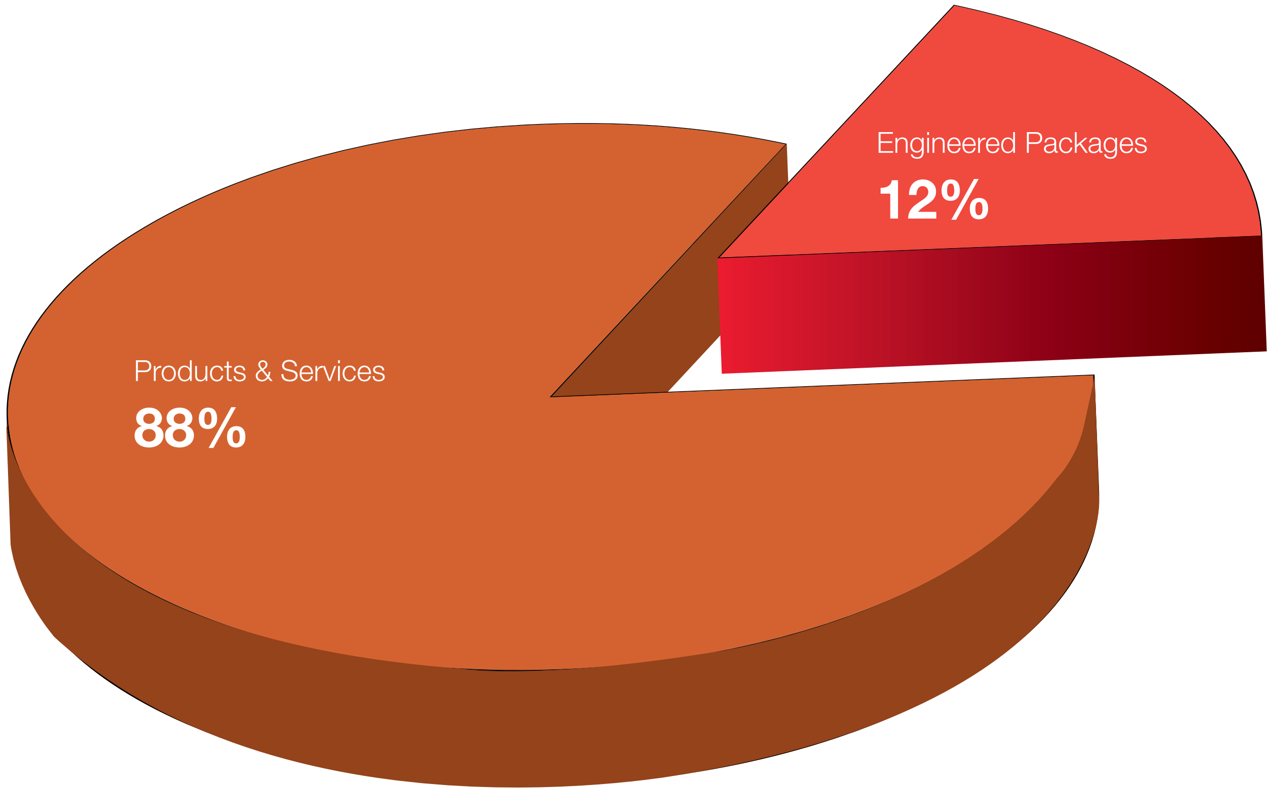


NET PROFIT / (LOSS) AFTER TAX (RM'000)

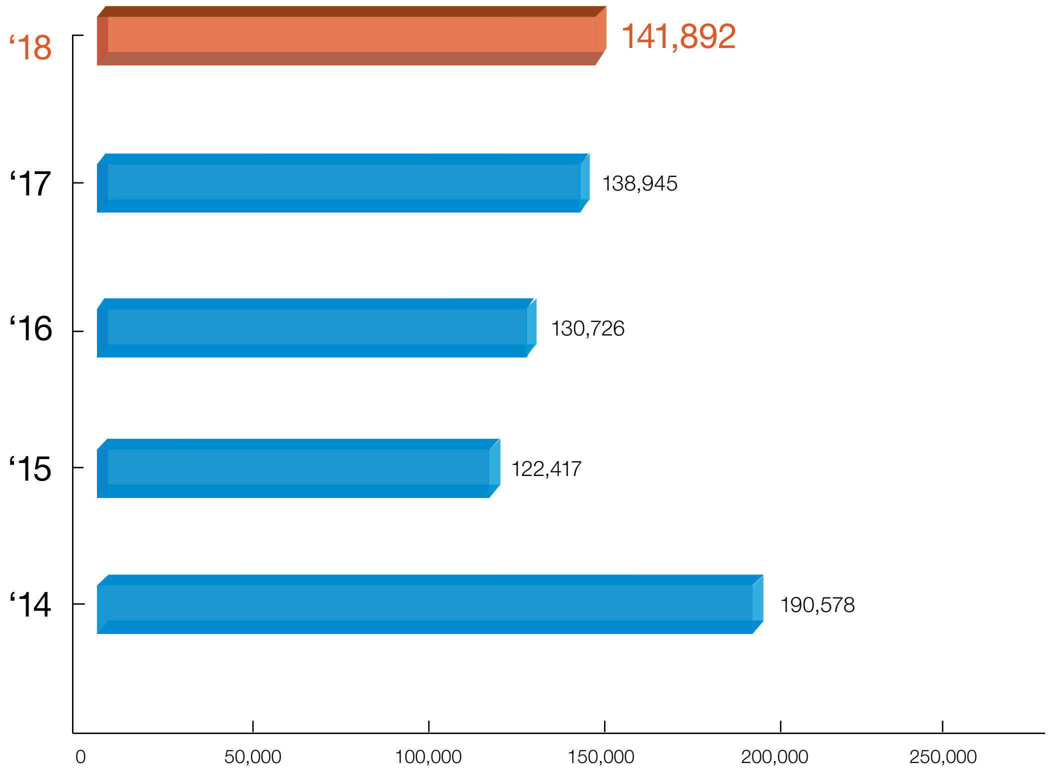


FIVE YEARS FINANCIAL CALENDAR AND HIGHLIGHTS (CONT'D)

REVENUE BREAKDOWN FOR THE YEAR ENDED 2018



FY2018 SHAREHOLDERS' FUNDS:
141,892,090



SHAREHOLDERS' FUNDS (RM'000)

BOARD OF DIRECTORS

Back: **Ir Abd Rashid Md. Sidek, Tan Sam Eng, Datuk Sheikh Fahmi bin Sheikh Jaafar, Tan Kay Vin**

Front: **Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani, Tan Sri Datuk Seri Tan Kean Soon**
Not in picture: **Admiral (R) Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Bin Hj Ahmad Badaruddin and Mohd Noor Bin Setapa**

Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani
Acting Chairman

Tan Sri Datuk Seri Tan Kean Soon
Executive Deputy Chairman

Tan Sam Eng
Independent Non-Executive Director

Datuk Sheikh Fahmi bin Sheikh Jaafar
Independent Non-Executive Director

Ir Abd Rashid Md. Sidek
Independent Non-Executive Director

Tan Kay Vin
Executive Director

CHAIRMAN'S STATEMENT

"2018 will be the year to reminisce for the unprecedented peaceful and democratic transition of a new Government for Malaysia. The outlook is positive with the stronger governance, sensible financial management and enhance public transportation delivery. This will improve the country's fiscal progress, backed by more accountability, integrity and openness."

CHAIRMAN'S STATEMENT (CONT'D)

Dear Shareholders,

On behalf of the Board of Directors, I present to you the Annual Report and Audited Financial Statements of T7 Global Berhad ("T7 Global" or "the Group") for the financial year ended 31 December 2018 ("FYE2018").

The Malaysian economy grew at a robust pace of 4.7% in 2018. The Malaysian economy advanced by 4.7%, year-on-year in the fourth quarter of 2018, following a 4.4% expansion in the third quarter, matching market expectations. It was the strongest growth rate since the first quarter of the year as net external demand contributed positively to the gross domestic product growth, while private consumption, government spending and investment were slow. According to the recent report released by the World Bank, economic activities in Malaysia are still expected to expand, albeit at a projected growth of 4.7% in 2019.

Brent crude oil came off a year high of US$86 per barrel in October last year. It is currently trading near the US$70 level, fuelled by oversupply in the market and the heightened prospect of a global economic slowdown. National energy firm Petroliam Nasional Berhad ("Petronas") announced that it will maintain a prudent approach to the market between now till 2021 but pointed out there will be potential activities in the brownfield segment, namely rigs and supporting services.

For financial year 2018, we are pleased to have delivered another set of commendable financial results, having made good progress on our oil and gas contracts and meeting targets for the engineering division. The Group posted a 2.9% increase in revenue to a record of RM210.4 million for FYE2018. Profit after tax improved to 87% i.e. RM 10.6 million year-on-year.

While oil and gas sector remains the group's core business, the Group is also diversifying into aerospace. infrastructure and construction businesses. To consolidate our entry into the high-value manufacturing sector, the aerospace factory in Serendah will be ready by first half of 2019. The plant will start contributing to the Group's revenue by the second half of the financial year ended 31 December 2019.

During the year, the Group has established a joint venture ("JV") with China Construction Third Engineering (M) Sdn Bhd to form a JV company known as T7 China Construction Third Engineering Sdn Bhd. The principal objective of the JV company is to take up infrastructure and construction projects in Malaysia. The JV is in line with T7 Global's plan to explore businesses in area with growth potential.

The Group has strong commitment to our businesses, improving our operating efficiencies across our portfolio, turning the company around and delivering steady growth. We took appropriate and deliberate actions to drive performance. With a fair balance of strength and resilience, prudence and sound enterprise risk management, we continue to navigate our way through challenges and intensify progression of the Group's various businesses. It is the staunch faith and commitment that keep T7 Global going and progressing to where it is today.

Corporate Social Responsibility

T7 Global Berhad recognises that contributions made through our corporate social responsibility initiatives have significant impacts on the society. The Group strives to sustain a balanced approach in fulfilling our key objectives and expectations. For the year 2018, the group committed noteworthy time and effort in corporate social responsibility programmes in order to offer meaningful contributions to the community around us.

As a responsible corporate citizens, we firmly believe in giving back to the society such as developing the local arts and culture scene, nurturing our next generation, and supporting local communities.

Appreciation

On behalf of the Board, I would like to extend my deepest appreciation to the Board of Directors, our management, staff, and business associates for their staunch faith and commitment that has kept T7 Global going and progressing to where it is today.

I would also like to express my appreciation to our valued shareholders for their unwavering support. Without a doubt, thank you to my Board members, for your constant support and utmost service to the Board throughout these challenging periods.

I would also like to welcome Tan Kay Vin, Mohd Noor Bin Setapa and Admiral (R) Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Bin Hj Ahmad Badaruddin to the Board and I look forward to working with him and the rest of the Board We will continue to explore new opportunities and enhance our existing businesses to deliver greater shareholders' value for all in the years ahead.

Yours sincerely,
Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani

MANAGEMENT REVIEW

Key Message:

"Although the challenging operating environment meant that we were kept on our toes throughout this momentous year, it also gave us reasons to pause and reflect on our journey thus far – on who we are, where we want to be and how we are to get there."

To our valued shareholders,

T7 is a Malaysia-based leading international offshore oilfield service provider in the oil and gas industry with strong and growing presence over Asia serving diverse range of customers that include multinational oil majors, national oil companies as well as multinational oil corporation throughout the world. Over the years, T7 has grown both organically and through strategic acquisitions, alliances with local and international renowned technology partners. More recently, T7 Global has diversified its business into the Aerospace and Infrastructure & Construction Industry.

Economic Review

As a corporation, we remain cautious of changes in the macro-environment which may threaten our long-term business continuity. Not a day goes by without the media commenting on the impact of US shale on oil price.

Malaysia's economy grew by 4.7% in 2018, lower than 2017's 5.9%. According to the World Bank, the country's economy remained resilient and outshone many in the region, backed by recovery of oil prices and stronger exports. Deloitte's 2018 oil, gas and chemicals industry executive survey released on 30 October during the company's oil and gas conference, reveals growing optimism in the return of more favourable business environment.

Financial Performance

The Group delivered another commendable performance for the financial year ended 31 December 2018 ("FYE2018"). T7 Global's revenue increased from RM204.5 million in FYE2017 to RM210.4 million in FYE2018, translating to a 2.9% growth. The Group's improved revenue is mainly due to contributions from Origins and construction work request ("CWR") contract secured from Petronas and also Wenmax's engineered products. The Group's gross profit grew by 24% from FYE2017's RM24.7 million to FYE2018's RM31.0 million. Meanwhile, T7 Global registered a profit after tax ('PAT') of RM10.6 million, surging by 87% year-on-year. The PAT growth was due to higher revenue and better profit margins.

The Group's favourable results were attributed to both the Product & Services division and Engineered Packages division. These two divisions reported steady revenue growth. The Products and Services division accounted for 88% of the top line, at RM186.1 million. The Engineered Packages division contributed the remaining 12% or RM24.3 million.

For the fiscal year under review, T7 Global reported a healthy balance sheet with total assets of RM255.6 million and shareholders' equity at RM141.9 million. The Group is also in a cash position of RM 36.3million with short term borrowings of RM24.7 million as at 31 December 2018. This will in turn be utilised for future valuable business opportunities in various targeted industries.

Business Milestones

Tanjung Offshore Services Sdn Bhd ("TOS"), a wholly owned subsidiary of T7 Global, TOS commenced business in the 1990 as an offshore Oil & Gas service provider, offering solutions for production facilities, offshore supply vessels and operation and maintenance services. With more than 25 years of experience, TOS has served a diverse range of customers, including National Oil Companies, Multinational Corporations and Engineering Procurement and Constructions firms.

During the first quarter of financial year 2018, TOS received a Letter of Award ("LOA") from Malaysia Marine and Heavy Engineering Sdn Bhd for subcontracting work for insulation for RAPID Package 14 Project. TOS received a LOA from Repsol Oil and Gas Malaysia Limited for the provision of blasting and painting services for a primary period of two years from November 2017 until October 2019 with an extension option of one year.

Moreover, TOS also received a LOA from Petronas Carigali Sdn Bhd for an umbrella contract for provision of Hydraulic Workover Unit (HWU). The duration of the contract is three years with one year extension option commencing on the 6 February 2018 to the expiry date of 5 February 2021.

Fircroft Tanjung Sdn Bhd ("Fircroft"), an associate company of TOS, provides full suite of skilled manpower services to a variety of industries across all stages of a project, from construction and setup, to operations and maintenance.

MANAGEMENT REVIEW (CONT'D)

T7 Gastec Sdn Bhd (formerly known as Gas Generators (M) Sdn. Bhd.) ("Gastec"), also a wholly owned subsidiary of T7 Global is the second biggest revenue generator of the Group. Gastec is principally involved in designing, manufacturing and marketing of industrial gas packages and plant for on-site production for various industries for nearly 20 years. Gastec has operations in the Asean region and offers long term "build, operate and transfer" and "build, operate and own" contracts for both industrial and oil and gas industries.

T7 Wenmax Sdn Bhd (formerly known as Wenmax Sdn Bhd) ("**Wenmax**") is a 51% subsidiary of T7 Global, principally engaged in the business of supplying industrial equipment, machineries, spare parts and lubricants oil. Wenmax Sdn Bhd was appointed as the Malaysian distributor by Honeywell International Sdn Bhd, to distribute Honeywell's subsidiary UOP Asia's (UOPA) products. The partnership agreement allows Wenmax to distribute UOPA's products such as Catalyst, Adsorbents & Specialties, Gas Processing & Hydrogen and Processes, Technology & Equipment to end users.

This enables T7 to leverage on UOP's cutting edge process technology and equipment which will boost the group's engineering capability.

Wenmax managed to secure several contracts during the financial year 2018 from Petronas Technical Services Sdn Bhd, Sabah Shell Petroleum Company Limited, Repsol Oil & Gas Malaysia Limited, Murphy Sarawak Oil Co Ltd and etc.

T7 Marine Sdn. Bhd. ("T7 Marine"), also a wholly owned subsidiary of T7 Global is primarily involved in supporting the business localisation and providing operational support. T7 Marine received a LOA from Marine Crest Technology Sdn Bhd for one-off upgrading works of command monitoring and control system for Royal Malaysian Navy's vessels which is expected to complete in second-half of 2019.

On 3 August, T7 Marine inked a shareholders agreement with Hong Kong based DIV Diving Engineering Company Ltd and Singapore's Cornerstone Offshore Pte Ltd to jointly form a Special Purpose Vehicle names T7 Subsea Sdn Bhd to carry out underwater subsea engineering services for the Oil and Gas industry in Malaysia. This new venture will provide an opportunity for T7 Global to expand its subsea and underwater activities in the O&G industry.

T7 Kilgour Sdn Bhd ("T7 Kilgour") is a subsidiary of T7 Global, a joint strategic partnership between T7 Global & Kilgour Aerospace Group (UK). Kilgour is a vertically integrated aerospace company with over 50 years of in-depth technical know-how from the global aerospace industry in manufacturing complex components and assemblies. The Group vision is to become a key player in the Aerospace industry, combining both innovative technology coupled with our extensive experience & knowledge in the Oil & Gas industry to continuously provide advanced, reliable, safe and efficient solutions to our clients.

T7 Kilgour provides a wide range of processes for both the export and domestic markets. T7 Kilgour will provide various metal treatment services to clients mainly for the aerospace industry. Nevertheless, the plant is also able to serve other industries such as oil and gas, automotive, biomedical and many more.

T7 Kemuncak Sdn Bhd ("T7 Kemuncak"), a subsidiary of T7 Global Berhad and China Construction Third Engineering (M) Sdn Bhd ("CCTE Malaysia"), a subsidiary of China Construction Third Engineering Bureau Co., Ltd ("CCTEB") established a JV Company known as T7 China Construction Third Engineering Sdn Bhd. The principal objective of the JV company is to take up infrastructure and construction projects in Malaysia. The company will work together to bid on ECRL, MRT, LRT projects and other construction works in Malaysia.

MANAGEMENT REVIEW (CONT'D)

Repositioning And Restructuring For Sustainable Growth

Over the last five years, the Board of Directors and management team have strategized the Group's business plans to align the corporate structure and enhance the operation's efficiency. We have taken initiatives to refine our internal operations to deliver long term and sustainable growth. In line with these initiatives we have our vision and business development to achieve our goals.

1. Cost Reduction Program

The Group has initiated a cost reduction exercise with the aim to transform the Group into a more lean organization; we have strictly reviewed our employee panel and their remuneration package. We have also reviewed all operating, administrative and management activities and their related cost across the Group. This is to ensure that we are able to trim our operating costs. By implementing these strategies, we should be more competitive and be able to pass these benefits to our customers and ultimately improve earnings for the Group.

2. Risk management Team

The Group has formed a risk management team comprising independent directors and top management personnel. Proactively addressing the challenges and opportunities of our business will ensure that every aspect of our business and/or investment opportunities brought up by any stakeholders of the Group will be carefully assessed and assuring proper due diligences are carried out professionally.

The Group's most immediate concern was the welfare of the employees affected by the restructuring exercise which we will handle with utmost good faith and professionally. Nevertheless, the objective of the restructuring exercise is to ensure that each division will be able to operate with better efficiency, effectiveness and be profitable.

Together with the ongoing initiatives and diversification of our business model, we are confident that this restructuring and cost reduction plan will elevate T7 Global to a more competitive position as well as creating a sustainable long-term growth and value to our shareholders.

Risk Management and Internal Control

The overall risk management objective of T7 Global is to ensure uncertainty does not deflect the endeavour from the business goals. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. Risk management is carried out through regular risk review analysis, internal control systems and adherence to Group's risk management policies. The Board of Directors of T7 Global regularly reviews these risks and approves the appropriate control environment frameworks.

Dependence on Skilled Professionals/Engineers is one of the key risk factor. As an oil and gas services group providing maintenance services to customers in O&G, we require certified, skilled, and experienced technical professionals to execute the projects and contracts awarded to our Group.

Due to supply and demand conditions and competition among other companies, the number of personnel with the relevant qualifications and experience in the industry may be limited. Our cost of operations may be higher if we are required to compete for such skilled and experience technical professionals. Nonetheless, in line with our continuous requirements for skilled-based human resources, we also provide technical training as part of our other products and services segment.

Legal risk is the risk of financial loss or damage to the Group's reputation arising from failure to comply with contractual terms or the Group's interest is not properly protected. The Group's Legal Department has assessed and identified the key terms and conditions of the existing major contracts for ongoing monitoring and management of the contracts by the respective business units.

The safety of people and assets is of utmost priority in the oil and gas industry and any adverse incident could result in significant financial loss and damage to the Group. T7 Global has established comprehensive safety policies and processes that clearly set out the safety measures which must be strictly adhered to by our employees and contractors. Periodic audits of our health and safety procedures and practices, drills, continuous health and safety meetings and reviews are conducted internally and externally.

We are mindful of risks that are inherent in the business environment. Hence, our focus is to mitigate these risk factors through best practices and good corporate governance.

MANAGEMENT REVIEW (CONT'D)

Business Outlook and Prospects

We were cautiously optimistic when FYE2018 kicked off in January 2018, with the global brent oil benchmark hovering around USD$60 per barrel which was significantly higher than the 2016 low of USD$27 per barrel before trending upwards to a more industry encouraging level.

While the outlook for the industry show signs of improvement, the Group is constantly mindful of micro and macro-economic factors which may impact us in any way and we will continue to strive to secure valuable opportunities on win-win terms for both the Group and our clients through entering into long term and strong charter contracts with reputable and financially sound clients.

For T7 Global, Oil and Gas division will remain as the Group's core business. The Group will continue to bid for new contracts and will be looking for industry opportunities where we and our strategic alliances possess the relevant expertise and experience to venture into.

Recently, the Group has ventured into the marine division under the Oil and Gas sector. The objective is to providing technology solution towards the support of obsolescence of Combat Suite and Integrated Platform Management System for Malaysian Armed Forces and Oil and Gas Industry.

In view of the current sustained oil price, oil producers such as Petronas and other Petroleum Arrangement Contractors, will be able to generate greater cash flows to operate their activities with better sustainability. This would benefit us, as it will encourage more greenfield and brownfield works. Hence, we will concentrate on our existing technical expertise and core businesses to secure on more maintenance and management contracts.

As at 31 December 2018, T7 Global's orderbook stands at approximately RM800 million, which provide a visibility of 4 years to the Group. T7 Global will continuously tender for more projects, both locally and overseas. We are optimistic that we will be able to replenish our order book and maintain the Group's growth momentum moving into 2019 and thereafter.

We expect to commence our niche aerospace business for the second half of FYE2019, providing surface metal treatment services to serve the local and regional markets. There's demand for aerospace business in the region as the order book for Airbus and Boeing is still growing. This metal treatment plant will aim to act as a key enablement to the Malaysian Aerospace ecosystem. We expect full operational to be commenced in second half of FY2019 and will be able to start contributing revenue to the Group's in second half of FY2019.

Whilst aware of both challenges and opportunities going forward, we welcome 2019 with a clear business strategy, staying committed towards achieving our business objectives and delivering greater value to our shareholders. We continue to align our business strategies with our sustainability plans to continue to grow the business for the long term.

APPRECIATION

As we conclude a remarkable year in the Group's corporate journey, I would like to convey my heartfelt appreciation to the management team and to my fellow board members for your great dedication to the Group through these difficult times. I sincerely express appreciation to all our employees for the dedication and commitment to the Group; all of you have played a pivotal role in the Group's continuous growth.

On behalf of the Board, I would also like to express our gratitude to our stakeholders, clients, partners and customers for your continuous support and loyalty to our group. To our shareholders who have supported us further motivates us to strive for another year of positive performance to create sustainable and growing value for all our stakeholders.

Yours sincerely,
Tan Sri Datuk Seri Tan Kean Soon

DIRECTORS' PROFILE

Datuk Seri Dr. Nik Norzrul Thani Bin Nik Hassan Thani

Malaysian, Age 58, Male
Acting Chairman
Member of Share Issuance Scheme Committee
Member of Risk Management Committee

Datuk Seri Dr. Nik Norzrul Thani Bin N. Hassan ("Datuk Seri Dr. Nik") Thani holds a Ph.D. in Law from the School of Oriental and African Studies, University of London and a Masters in Law degree from Queen Mary College, University of London. He read law at the University of Buckingham, United Kingdom.

Datuk Seri Dr. Nik also holds a Post-Graduate Diploma in Syariah Law and Practice (with Distinction) from the International Islamic University of Malaysia. He is a Barrister of Lincoln's Inn and an Advocate and Solicitor of the High Court of Malaya. He was called to the Bar of England and Wales in 1985 and to the Malaysian Bar in 1986

He was a Visiting Fulbright Scholar, Harvard Law School from 1996 to 1997, and was formerly the Acting Dean/Deputy Dean of the Faculty of Laws, International Islamic University Malaysia. He is also a Fellow of the Financial Services Institute of Australasia (FINSIA).

Datuk Seri Dr. Nik is the Chairman of Chin Hin Group Berhad, Chairman of Pengurusan Aset Air Berhad, Director of Cagamas Holdings Berhad, BNM Kijang Berhad and Amanah Saham Nasional Berhad. Currently, Datuk Seri Dr. Nik is also a practising lawyer with Zaid Ibrahim & Co. Prior to joining Zaid Ibrahim & Co., Datuk Seri Dr. Nik was with Baker & McKenzie (International Lawyers), Singapore.

Datuk Seri Dr. Nik was appointed to the Board of T7 Global Berhad on 23 March 2015.

DIRECTORS' PROFILE (CONT'D)

Tan Sri Datuk Seri Tan Kean Soon

Malaysian, Age 55, Male
Executive Deputy Chairman
Member of Share Issuance Scheme Committee

Tan Sri Datuk Seri Tan Kean Soon ("Tan Sri Tan") has more than 30 years of experience in leading various oil and gas upstream and downstream companies with a track record of outstanding performance in this highly competitive industry.

Tan Sri Tan is the Chairman and Chief Executive Officer of CP Energy & Services Sdn Bhd, a corporation founded by Tan Sri Tan in 1992. Under Tan Sri Tan's helm, the company grow steadily and has rapidly expanded its presence in the ASEAN region.

Tan Sri Tan also serves in the following prominent bodies/corporation:-

- Appointed member of Malaysia Singapore Business Council (MBSB) by Ministry of International Trade and Industry of Malaysia (MITI);
- Life Honorary Advisor of Federation of Chinese Associations Malaysia;
- Chairman of Malaysian Chinese Oil & Gas Alliance;
- Member of Malaysian Petroleum Club;
- Chairman of East West One Group Sdn Bhd.

Tan Sri Tan holds a Master of Business Administration (Honours) from Kuala Lumpur Infrastructure University College.

Tan Sri Tan was appointed to the Board of Directors of T7 Global Berhad on 23rd June 2014 and he is the father of Tan Kay Vin, an Executive Director of T7 Global Berhad.

DIRECTORS' PROFILE (CONT'D)

Tan Sam Eng

Malaysian, Age 67, Female

Independent Non-Executive Director
Chairperson of Audit Committee
Member of Nomination Committee
Member of Remuneration Committee

Tan Sam Eng is a Chartered Accountant and a Chartered Secretary. She is a member of the Malaysian Institute of Accountants (MIA), a Fellow Member of the Association of Chartered Certified Accountants (ACCA), and also a Member of the Chartered Tax Institute of Malaysia (CTIM).

She has more than 30 years of professional experience which involves in all aspects of financial practice such as auditing, taxation, corporate finance and advisory works. Her auditing experience covers practically the whole spectrum of Malaysian business environment including insurance, property development, engineering, communications, transportation, plantations, manufacturing and trading.

She was appointed to the Board of T7 Global Berhad on 23rd March 2015.

Datuk Sheikh Fahmi Bin Sheikh Jaafar

Malaysian, Age 57, Male

Independent Non-Executive Director
Chairman of Nomination Committee
Member of Audit Committee
Member of Remuneration Committee

Datuk Sheikh Fahmi Bin Sheikh Jaafar is an active entrepreneur with 35 years of extensive expertise in various industries.

He obtained his BA (Hon) Business Administration at University of Ottawa, Canada in 1984. He founded SFJ Resources Sdn Bhd in 2005 and serves as the President of Arab Malaysian Association since 2009.

He was appointed to the Board of T7 Global Berhad on 3rd April 2017.

DIRECTORS' PROFILE (CONT'D)

Ir Abd Rashid Bin Md Sidek

Malaysian, Age 58, Male
Independent Non-Executive Director
Chairman of Remuneration Committee
Chairman of Risk Management Committee
Member of Audit Committee
Member of Nomination Committee

Ir Rashid Bin Md Sidek is a fellow with the Institute of Engineers Malaysia (FIEM) and a Registered Professional Engineer (P.Eng) with the Board of Engineers Malaysia (BEM). He started his career in 1983 after graduate with a Mechanical Engineering Degree from the University of Salford, Manchester.

He has held responsible for various positions in engineering design, project management, procurement management, downstream EPCC projects, offshore platform operations and maintenance, among others, that led him to have in-depth, hands on knowledge in monitoring and managing engineering and construction activities specifically in the oil & gas, refining and petrochemicals industry.

He was the Executive Director of Toyo Engineering & Construction Sdn Bhd for 17 years.

He was elected as President of the Malaysian Oil & Gas Engineering Council (MOGEC) since 2013. In 2015, Malaysian Petroleum Resource Corporation (MPRC), a unit under PEMANDU in the Prime Minister's Department appointed him as one of their Independent Advisory Panel (IAP). He currently sits on the board of Technology Park Malaysia Corporation Sdn Bhd (a Malaysian Government Investment Company and an agency under MOSTI) as their Independent, Non-Executive Director.

He was appointed to the Board of T7 Global Berhad on 3rd April 2017.

Tan Kay Vin

Malaysian, Age 28, Male
Executive Director

Tan Kay Vin is currently heading the corporate affairs department of T7 Global Berhad Group. He joined T7 Global Berhad in 2015 as Manager of Group Corporate Finance and subsequently heading the Corporate Finance Department in 2017.

He holds a Bachelor of Commerce, majors in actuarial science and finance from University of New South Wales, Sydney.

Prior joining T7 Global Berhad, he has various working experiences with financial institutions and insurance companies including Maybank Investment Berhad and Malayan Banking Berhad, Mitsui Sumitomo Insurance Group and PricewaterhouseCoopers Malaysia.

He was appointed to the Board of Directors of T7 Global Berhad on 5th March 2018. He is the son of Tan Sri Datuk Seri Tan Kean Soon, the Executive Deputy Chairman and the major shareholder of T7 Global Berhad.

DIRECTORS' PROFILE (CONT'D)

Mohd Noor Bin Setapa

Malaysian, Age 54, Male
Independent Non-Executive Director

Mohd Noor Bin Setapa obtained his Master in Science Management from the Robert Gordon University, United Kingdom. He is also a Degree holder in quantity surveying, graduated from University of Caledonian Glasgow, United Kingdom.

He has over 30 years of experience in project management, procurement, construction and commissioning of major civil structures and gas facilities. He began his career in 1986 as a Quantity Surveyor with Coastal Resources Sdn. Bhd. He worked for various construction companies, initially as a project Quantity Surveyor and later as a Project Manager from 1988 to 1992. In 1992, he established a construction company, named as BD Sdn. Bhd., which is a bumiputra G7 Class registered company. The company, through a joint-venture with Abrar and PT Udinda undertook the KTM double tracking project from Tanjung Pagar to Kulai, Johor. He is the Chairman of Mitrans Transportation and Logistics Solution Sdn. Bhd. The company collaborates with Mitrans UiTM to involve in providing digital data on Malaysia Logistics Performance Index.

He is also the Chief Executive Officer of Metra LLC, Oman where he actively works with the Omanis and Saudis in setting up and running an asset integrity company in the oil and gas industries in the Middle East.

He was appointed to the Board of Directors of T7 Global Berhad on 3 April 2019.

DIRECTORS' PROFILE (CONT'D)

Admiral (R) Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Bin Hj Ahmad Badaruddin

Malaysian, Age 60, Male
Independent Non-Executive Director

Admiral (R) Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Bin Hj Ahmad Badaruddin obtained his Master in Business Administration in Strategic Management from the University of Strathclyde Business School, Scotland and Master of Arts in Defense Studies and International Relations from the National University of Malaysia. He completed the Executive Program in Business Management at the Kenan-Flagler Business School of the University of North Carolina, United States of America. He is also a Distinguished Graduate in Political Warfare of the Fu Hshing Kang College, Republic of China as well as the US Naval War College, Newport, Rhode Island, United States of America.

He has served the King and Country for 42 years and has held numerous positions in the navy and joint services including that of the Chief of Staff of the Malaysian Armed Forces Headquarters and the Joint Force Commander of the Malaysian Armed Forces. He has achieved a peak in his career when he assumed command of the 16th Royal Malaysian Navy as Chief on 18 November 2015.

He is also a Director of OCR Group Berhad.

He was appointed to the Board of Directors of T7 Global Berhad on 15 April 2019.

Attendance record of Board of Directors' ("Board") Meeting
The attendance records of the Board at theBoard of Directors' Meeting can be found in the Corporate Governance Overview Statement in this Annual Report.

Family relationship with any Director and/or major shareholder

Save and except for the following, none of the other Directors has any family relationship with any Director and/or major shareholder of the Company:-

- Tan Kay Vin is the son of Tan Sri Datuk Seri Tan Kean Soon, the Executive Deputy Chairman and the major shareholder of T7 Global Berhad.

Conflict of interest
None of the Directors has any conflict of interest with the Group.

Conviction of Offence
None of the Directors has any conviction for offences within the past five (5) years other than traffic offences, if any, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT PROFILE

Please refer to the profile of Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani (Chairman), Tan Sri Datuk Seri Tan Kean Soon (Executive Deputy Chairman), and Tan Kay Vin (Executive Director) for their profile on page 17, 18 and 20, respectively.

Tan Kay Zhuin

Group Chief Operating Officer, T7 Global Berhad
Malaysian, Age 29, Male

Tan Kay Zhuin has been the Group Chief Operating Officer of T7 Global Berhad since 2018. He overlooks the group operations and primarily involve in the energy business. He first joined T7 Global's Berhad subsidiary, Tanjung Offshore Services Sdn Bhd in 2016, heading the offshore construction and maintenance division.

Prior to his stint with T7 Global Berhad, he started his career as a production engineer with KrisEnergy Limited in Singapore in 2014. He later joined Toyo Engineering Corporation in Japan as a petroleum engineer.

He holds a Bachelor's degree in Petroleum Engineering (Hons) from University of New South Wales, Sydney.

He is the son of Tan Sri Datuk Sri Tan Kean Soon the Executive Deputy Chairman and major shareholder of the company and brother of Tan Kay Vin, the Executive Director of the company. He has not committed any offences within the past five (5) years.

Ong Fee Peng

Group Chief Financial Officer, T7 Global Berhad
Malaysian, Age 53, Male

Ong Fee Peng, an accountant by profession, was appointed as Group Chief Financial Officer of T7 Global Berhad in 2015. He is primarily responsible for the Group's overall financial and accounting functions.

He is a registered Chartered Accountant with the Malaysian Institute of Accountant and has more than 25 years of working experiences across the full spectrum of the areas of Investment bank, accounting, audit, manufacturing, construction, stock broking, building management system and corporate finance.

Muhamad Azarudin Bin Abdullah

Executive Director, Tanjung Offshore Services Sdn Bhd
Malaysian, Age 38, Male

Muhamad Azarudin Bin Abdullah is the executive director of Tanjung Offshore Services Sdn Bhd and currently heading the Group's oil and gas operations and maintenance division. He was appointed as the Director of Tanjung Offshore Services Sdn Bhd on 25 April 2018.

He joined T7 Global Berhad group in 2001 and has held several management roles in T7 Global Berhad group across his 18 years with T7 Global Berhad group.

He has more than 18 years of experience in the field of project co-ordination and management of projects relating to oil and gas industry. His experience includes inter-alia in operations & maintenance, gas compression package, power utilities, offshore supply vessel, field development, upstream drilling and process equipment facilities.

He holds a Diploma in Electrical Engineering from Universiti Teknologi Malayisa.

KEY SENIOR MANAGEMENT PROFILE (CONT'D)

Tan Kean Seng

Vice President, Products and Engineering, T7 Global Berhad
Malaysian, Age 47, Male

Tan Kean Seng is currently the Vice President, products and engineering of T7 Global Berhad. He joined T7 Global Berhad group in 2015, heading the products and engineering division of the energy business.

He has more than 20 years of experience in operations, products and business development in the oil and gas industry. He holds a Bachelor of Science in Business Administration from Central Missouri State University, United States of America.

He is the brother of Tan Sri Datuk Seri Tan Kean Soon the Executive Deputy Chairman and major shareholder of the company. He has not committed any offences within the past five (5) years.

Michael Aziz Eu Peng Weng

Managing Director, T7 Wenmax Sdn Bhd (Formerly known as Wenmax Sdn. Bhd.) ("T7 Wenmax")
Malaysian, Age 45, Male

Michael Aziz Eu Peng Weng is currently the Managing Director of T7 Wenmax. He was appointed as the director of T7 Wenmax Sdn Bhd in 2004.

He has more than 20 years of experience in project management, business development and products solutions in oil and gas industry. He holds a Cambridge GCE Advanced Level (A-Level) from Sunway College, Malaysia.

Syed Mohammad Mazhar Bin Syed Mohd Bakar

General Manager, T7 Subsea Sdn Bhd ("T7 Subsea")
Malaysian, Age 45, Male

Syed Mohammad Mazhar Bin Syed Mohd Bakar is currently the General Manager of T7 Subsea since he joined in January 2019. He oversees the operations of T7 Subsea.

Prior joining T7 Subsea, he has more than 20 years of experience project management and business development in oil and gas and telecommunication industry within the South East Asian region. He has held several management roles in Malsat Sdn Bhd, TL Geohydrographics Sdn Bhd, Orogenic Geoexpro Sdn Bhd, O&G Geo Services Sdn Bhd and Geoterra Sdn Bhd.

He holds a Diploma in Geomatics/Land Surveying and Certificate in Geomatics/Land Surveying from Polytechnic Ungku Omar.

KEY SENIOR MANAGEMENT PROFILE (CONT'D)

Noor Haniza Binti Zainuddin

Head, Quality, Health, Safety and Environment ("QHSE") and Licensing
Tanjung Offshore Services Sdn Bhd
Malaysian, Age 38, Female

Noor Haniza Binti Zainuddin is currently the Head of QHSE and Licensing for Tanjung Offshore Services Sdn Bhd. She joined Tanjung Offshore Services Sdn Bhd in 2007 as a Manager of QHSE and Licensing.

She has more than 15 years of experience in health, safety and environment and licensing. She is a registered member of Certified Environmental Professional in Scheduled Waste Management (CEPSWAM), QMS Lead Auditor and Safety & Health Officer. She is also a member of Board of Engineers Malaysia.

Trevor Alan Peacock

General Manager, T7 Kilgour Sdn Bhd
British, Age 55, Male

Trevor Alan Peacock has been the General Manager of T7 Kilgour Sdn Bhd since he joined in January 2019. He oversees the overall operations of T7 Kilgour Sdn Bhd.

He has more than 30 years of experience in project management, design, engineering, production and supply-chain in the aerospace industry. He started his career with British Aerospace Military Aircraft Division (BAM) in 1980 to 2009 which he has held several management roles during his working tenure with BAM. Subsequently he joined BAE Systems Aero Structures Group, GKN Aerospace Group and Strata Manufacturing PJSC in Abu Dhabi and UMW Aerospace, Malaysia prior to T7 Kilgour Sdn Bhd.

He holds a Post Graduate Diploma in Management from University of Central Lancashire and Bachelor of Arts in Production Engineering from Open University Milton Keynes.

NOTES:
Save as disclosed above, none of the members of the senior management team has:
1. any directorship in public companies and listed issuers;
2. any family relationship with any directors and/or major shareholders of the Company;
3. any conflict of interest with the Company;
4. any conviction for offences (other than traffic offences) within the past five (5) years; and
5. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

SUSTAINABILITY STATEMENT

T7 Global Berhad's ("T7 Global") vision is to be a trusted partner which make a difference on the global stage. The Group recognises its corporate social responsibility to the society and the importance of sustainable growth. We are mindful of the need to develop our business in a sustainable and responsible manner which allowed us to reach new levels of recognition.

This sustainability statement ("the Statement") aims to provide our stakeholders a clear picture of major material sustainability matters and our management approaches. The Statement is made in accordance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements and Sustainability Reporting Guide and covers the financial year from 1 January 2018 to 31 December 2018 ("FY2018").

SUSTAINABILITY GOVERNANCE

For best practices to sustainability governance, the Board of Directors ("the Board") is accountable for sustainability strategy and has empowered senior management for sustainability performance management.

SUSTAINABILITY DEVELOPMENT PILLAR	
ECONOMY	Terms and Reference of the Board: - Board Charter; - Board Audit Committee's Terms of Reference; - Board Nomination Committee's Terms of Reference; - Board Remuneration Committee's Terms of Reference; - T7 Global Limits of Authority; - Code of Ethics; and - Procurement Policy and Procedures.
ENVIRONMENT	Quality Health Safety and Environmental Policies and Procedures;
COMMUNITY	- Code of Ethics; - Industrial Related Policies and Procedures; and - Quality Health Safety and Environmental Policies and Procedures.
WORKPLACE	- Human Resource Policies and Procedures; - Quality Health Safety and Environmental ("QHSE") Policies and Procedures; - Employee Handbook; - Code of Ethics; and - Whistleblowing Policy and Procedures.

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDERS ENGAGEMENT

T7 Global has placed great importance to carry out activities with high ethical standards to promote responsible practices among its stakeholders i.e. employees, shareholders/investors, business partners, customers and suppliers in order to achieve a sustainable development in market place

Suppliers

- Reliable Assessment
- Supplier Audit
- Site Visits and Meeting Engagement
- Evaluation of Products and Services
- Mutual Trust Establishment

Customers

- Customer Assessment
- Site Visits and Meeting Engagement
- Provision of High-Quality Products and Services
- Quality Control of Products and Services
- Long-Term Relationship Building
- Networking Activities

Business Partners

- Due Diligence Practice
- Meeting Engagement
- Site Visits
- Social Activities

Employees

- Multi-Channel Communication
- Staff Activities
- Networking Activities
- Appropriate Reward System
- Staff Training and Career Development

Shareholders/Investors

- Trust and Confidence Building
- Corporate Value Increase
- Transparency of Material Information
- Various Communication Channels

Government and Regulators

- Audit and Inspections
- Performance Reports
- Meetings and Assessment
- on Government Initiatives

Structured process in Bursa Malaysia Securities Berhad's Sustainability Reporting Guide is applied to identify, prioritise and review material sustainability matters.

Step 1: Identification

Sustainable matters are identified by Risk Management Committee ("RMC") and reported to senior management.

Step 2: Prioritisation

Sustainable matters are prioritised through senior management meeting and put into Executive Committee meeting agenda.

Step 3: Review

Sustainable matters are reviewed by the top management and approved by the Board of Directors.

SUSTAINABILITY STATEMENT (CONT'D)

Economy

Community

Environment

People

ECONOMY

With recovering of oil price and sound business strategies, T7 Global has grown steadily since financial year ("FY") 2015.

The Group's revenue has increased from RM83 million in FY2016 to RM 210.4 million in FY2018. Profit after tax grew from RM5.6 million in FY2017 to RM 10.6 million in FY2018. Detailed information is disclosed in our Annual Report.

We believe that the strong economic performance is the foundation to business goal achievement and sustainability development. It also emphasize on T7 Global's commitment in contributing back to community. Our local supply chain and employment enable T7 Global to have a considerable impact to our stakeholders.

ENVIRONMENT

Oil and gas industry has a considerate impact on our environment. T7 Global supports the efforts of environment protection. Energy usage, water consumption and treatment, greenhouse gas emissions have been placed importance in making business decision and compiling the risk assessment. Opportunities and risks are assessed by the RMC at the beginning of the projects. The RMC scrutinise any possible risk which may be encountered by the Group, followed by risk control and mitigation strategies. T7 Global has established a series of QHSE policies and procedures including scheduled waste management. Policies and procedures are well compliant with regulatory and client requirement. T7 Wenmax Sdn Bhd (formerly known as Wenmax Sdn Bhd) has successfully accredited with ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 certification.

	ISO 9001:2015
✓	T7 Global Berhad
✓	Tanjung Offshore Services Sdn Bhd
✓	T7 Gastec Sdn Bhd *(formerly known as Gas Generators (Malaysia) Sdn Bhd)*
✓	T7 Wenmax Sdn Bhd *(formerly known as Wenmax Sdn Bhd)*

	ISO 14001:2015
✓	T7 Global Berhad
✓	Tanjung Offshore Services Sdn Bhd
✓	T7 Gastec Sdn Bhd *(formerly known as Gas Generators (Malaysia) Sdn Bhd)*
✓	T7 Wenmax Sdn Bhd *(formerly known as Wenmax Sdn Bhd)*

	OHSAS 18001:2007
✓	T7 Global Berhad
✓	Tanjung Offshore Services Sdn Bhd
✓	T7 Gastec Sdn Bhd *(formerly known as Gas Generators (Malaysia) Sdn Bhd)*
✓	T7 Wenmax Sdn Bhd *(formerly known as Wenmax Sdn Bhd)*

SUSTAINABILITY STATEMENT (CONT'D)

T7 Global Berhad and Group of Companies had on 23 April 2018, launch the Bring Your Own Bag Campaign **("BYOB Campaign")**. This BYOB Campaign encourages us to bring their own reusable and/or refuse single-use disposables. The objective is to reduce plastic bag consumption and build awareness to save the environment.

Every Malaysian on average throws away 300 plastic bags a year, some of which end up in our oceans choking sea life. There are already an estimated 9 billion plastic bags in the world's oceans and several of the world's worst plastic polluters are in Asia. That's why initiatives like this to change consumer habits are key to reducing the massive amounts of plastic waste produced daily in countries like Malaysia.

"Green initiatives are supported by our management and employees with daily routine. Office's room temperature is controlled within 23-25 degrees for energy saving purpose. Our employees continue to minimise paper waste with double side printing as well as recycled paper."

SUSTAINABILITY STATEMENT (CONT'D)

COMMUNITY

T7 Global has participates in community activities and social contributions to support society and respond to societal needs and expectations.

Contribution to SK Orang Asli Sungai Berua

On 2 April 2018, Ministry of Education officiated the opening ceremony of new school building contributed by T7 Global Berhad to Sekolah Kebangsaan Sungai Berua located at Hulu Terengganu, Terengganu. T7 Global has also under this initiative to adopt Sekolah Kebangsaan Sungai Berua with a programme to contribute to help the rural school children.

T7 Global has dedicated time and effort in giving back to the society. Corporate social responsibility has always been an integral part of T7 Global. The group is committed and will continue effort to enhance its corporate social responsibility in order to provide a meaningful contribution to the community. T7 Global contributed RM200,000 to SK Orang Asli Sungai Berua in Hulu Terengganu to build four extra classrooms which will ensure the Orang Asli pupils to study in a comfortable environment.

SUSTAINABILITY STATEMENT (CONT'D)

T7 Global has dedicated time and effort in giving back to the society. Corporate social responsibility has always been an integral part of T7 Global. The group is committed and will continue effort to enhance its corporate social responsibility in order to provide a meaningful contribution to the community. T7 Global contributed RM200,000 to SK Orang Asli Sungai Berua in Hulu Terengganu to build four extra classrooms which will ensure the Orang Asli pupils to study in a comfortable environment.

Graduate Intake Program to promote Malaysia's aerospace industry

T7 Kilgour Sdn Bhd signed head of agreement with MARA to initiate Graduate Intake Program ("GIP"), which foresee an employment of more than 100 employees for the metal surface treatment plant operation and management. This project will meet the localisation needs of Malaysia's aerospace industry, as well as contribute to local distribution network.

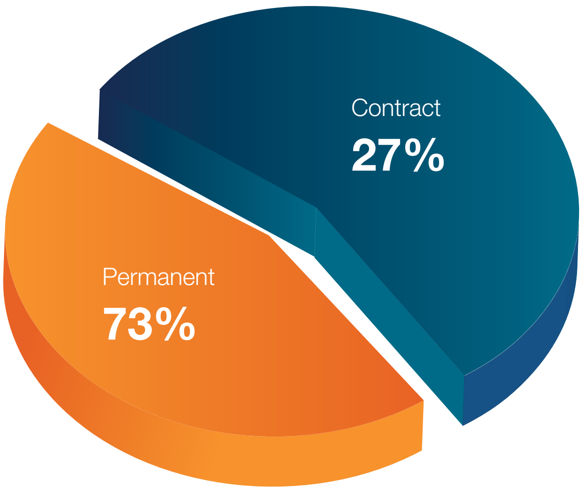
The GIP programme has officially started on 26 July 2018 with 15 students.

WORKPLACE

1.1 OUR PEOPLE

Human capital is the biggest assets for T7 Global. The Group devotes itself to provide a safe and healthy workplace, as well as ethic company culture to all employees. It is believed that an efficient teamwork building and a great platform provided for employees' career development can ensure the Group's sustainable and effective talent pool. All T7 Global's employees are encouraged for career training and personal development. T7 Global supports the development of local workforce, with 94.29% of our people are local hired. Our employees consist of 73% permanent staff and 27% contract staff. Contract staff is recruited on project basis and as when it is required.

Employee by category (%)



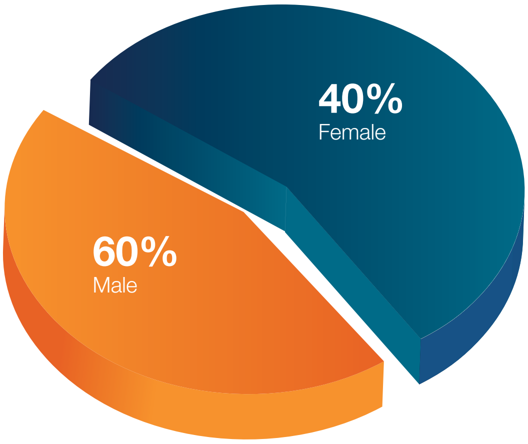
ISO 14001:2015	
SOFT SKILL TRAINING	1519 HOURS
TECHNICAL TRAINING	3034 HOURS

SUSTAINABILITY STATEMENT (CONT'D)

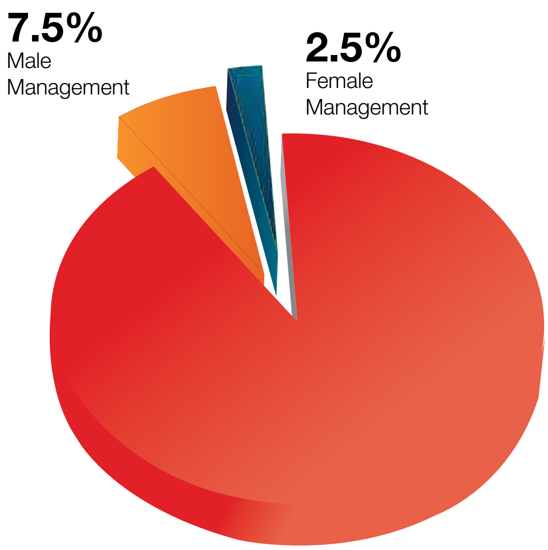
1.2 EMPLOYEE DIVERSITY

T7 Global is aware of the contribution of women towards considerate economic value for the company. We are committed to make gender balance a reality. Both men and women have equal access to T7's recruitment, promotion and staff training. One out of five directors is female within T7's Board. We also promote more talented women to management and leadership positions in our operations. 10% of total employees are in management level, 2.5% out) of 10% are female.

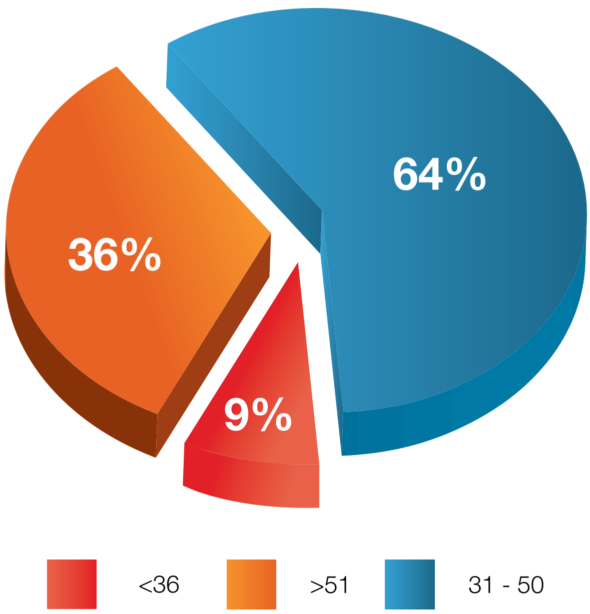
Employee by gender (%)



Management by gender (%)



Management by age (%)



SUSTAINABILITY STATEMENT (CONT'D)

1.3 EMPLOYEE WELFARE

T7 Global is a big family and we care of all our 'family' members. We have comprehensive employee benefits as detailed in the Employee Handbook. Our employee benefits including:

- Comprehensive insurance policy
- Comprehensive medical coverage and benefits
- Employee welfares for birth of employee's children, funeral and others

1.4 EMPLOYEE EVENTS

Varies of employee engagement events have been organised during the year 2018.

Staff Engagement and Team Building Events
Chinese New Year Celebration (February 2018)






SUSTAINABILITY STATEMENT (CONT'D)

Buka Puasa Open House (May 2018)

T7 Global Group Getaway Team Training/Building at AVANI Sepang Goldcoast Resort (August 2018)

Bursa Bull Run (September 2018)

SUSTAINABILITY STATEMENT (CONT'D)

MAKNA Cancer Awareness (October 2018)

Annual Dinner 2018 (December 2018)

QHSE Policies and Procedures

QHSE Department has established extensive QHSE policies and procedures to ensure a healthy and safe environment for our stakeholders. QHSE policies and procedures have outlined the roles and responsibilities of the relevant departments and integrated QHSE concepts into our business strategies.

QHSE department oversees every project and every departmental activities to be in compliance with QHSE policies and procedures. All business unit of T7 Global are required to ensure safety to people, none damage to asset and compliance. T7 Global's senior management has delegated each of the Head of Departments to monitor implementation of QHSE policies and procedures. Reports will be submitted regularly followed by the reporting procedures that have been set up in QHSE Manual.

100% of project based employees are required to attend the respective safety and health training annually based on the contract requirements. T7 Global ensures outfield employees to attend relevant competency courses such as H2S, PTW, Confined Space and Bosiet etc. Medical insurance is renewed for all project based employees with a range of 6 months to 2 years.

AUDIT COMMITTEE REPORT

THE PRIMARY OBJECTIVIES OF THE AUDIT COMMITTEE ("AC") ARE AS FOLLOWS:

- Assist the Board in executing its statutory duties and fiduciary responsibilities relating to accounting and management controls, financial reporting and business ethics policies.
- Monitor compliance within the Group policies to ensure the objectivity and effectiveness of the Group's internal control measures.
- Serve as the focal point for communication between External Auditors, Internal Auditors and management to make certain the integrity of the management and adequacy of disclosure to shareholders.
- Serve as an independent party when reviewing financial information presented by the management before distribution to shareholders and general public.

COMPOSITION OF THE AC

The members of the AC consist of all Independent Non-Executive Directors ("INEDs") and their respective meeting attendance records during the financial year ended 31st December 2018 are as follows:-

Name	Independent	Designation	Meetings Attended
Tan Sam Eng	Yes	Chairperson INED	5/5
Datuk Sheikh Fahmi bin Sheikh Jaafar	Yes	Member INED	5/5
Ir Abd Rashid Bin Md Sidek	Yes	Member INED	4/5

The Chairperson of the AC, Ms. Tan Sam Eng is an INED. In this respect, the Company complies with Paragraph 15.10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"). Furthermore, in compliance with Practice 8.1 of the Malaysian Code on Corporate Governance, the Chairperson of the AC is not the Chairman of the Board.

In addition, Ms. Tan Sam Eng is a member of the Malaysian Institute of Accountants (MIA), a Fellow Member of the Association of Chartered Certified Accountants (ACCA), and also a Member of the Chartered Tax Institute of Malaysia (CTIM). In this respect, the Company complies with Paragraph 15.09(1)(c) of the MMLR.

The AC's Terms of Reference can be found at the Group's website at www.t7global.com.my.

SUMMARY OF WORKS DURING THE FINANCIAL YEAR

During the financial year ended 31 December 2018, the summary of works undertaken by the AC was as follows:-

- Reviewed the Group's compliance with the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the applicable approved accounting standards issued by Malaysian Accounting Standards Board ("MASB").
- Reviewed the quarterly unaudited financial statements and its explanatory notes thereon and thereafter the same recommended to the Board of Director's Approval.
- Reviewed the risk management policy and framework for adoption by the Group, prior to submission to the Board for consideration and approval.
- Reviewed the AC Report and Statement on Risk Management and Internal Control prior to their inclusion in the Group's Annual Report.
- Reviewed list of related party transactions that may arise within the Group including any transaction, procedure or course of conduct that raises the questions of Management's integrity.
- Reviewed and approved the annual audit plan on the internal audit, including the scope of work for the financial year.
- Reviewed the annual report and the audited financial statements of the Group prior to submission to the Board of Directors for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the Companies Act 2016 and the applicable approved accounting standards issued by the MASB.
- Reviewed the external auditor's scope of work and their audit plan.
- Reviewed with the external auditors the results of their audit, the audit report and internal control and recommendations in respect of improvements in internal control procedures noted in the course of their audit.
- Met with the External Auditors without the presence of the Management and Executive Directors.

AUDIT COMMITTEE REPORT (CONT'D)

INTERNAL AUDIT FUNCTION

The Group has engaged an internal audit professional firm i.e OAC consulting Sdn. Bhd. during the year to perform the internal audit function of the Group. The internal audit firm reports directly to the AC and administratively to the Chief Financial Officer. The works of the internal audit firm are guided by the Code of Conduct that provides its independence in evaluating and reporting on adequacy, integrity and effectiveness of the overall internal control system, risk management and corporate governance in the Group using a systematic and disciplined approach. The summary of works of internal audit includes the following:

- Review the existence of processes to monitor the effectiveness and efficiency of operations and the achievement of the objectives of T7 Global;
- Review the efficiency and effectiveness of the internal control system for safeguarding of assets and providing consistent and accurate financial and operational data;
- Promote risk awareness and the value and nature of an effective internal control system;
- Review compliance with T7 Global's policies, procedures, and regulations; and if such policies, procedures and regulations are inadequate, the outsourced internal auditors will make the necessary recommendations to ensure proper policies are in place;
- Assist Management in accomplishing its objectives by adopting a systematic and disciplined audit approach to evaluating and improving the governance process within T7 Global's operations;
- Challenge and provide alternatives to accepted practices, and
- Add value and improve operational activities.

Other initiatives undertaken by the internal audit professional firm in the financial year ended 31 December 2018 include the review of risk management policies in key subsidiaries and operational review of project management within the Group. The corresponding reports of the audit reviews performed were presented to the AC and forwarded to the Management for attention and corrective actions. The Management is responsible for ensuring that the recommended corrective actions are taken within the required timeframe. The cost incurred in relation to the internal audit function during the year was RM 25,000.

During the year, various Management and reporting meetings were held to ensure that the internal audit policies are implemented and communicated effectively throughout all divisions within the Group.

The AC Report is made in accordance with resolution passed by the Directors at the Board of Directors' Meeting held on 21 March 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2018 ("Statement"). This Statement is prepared pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad ("Bursa Securities")'s Main Market Listing Requirements ("MMLR").

The Board is also guided by the latest "Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers" issued by the Task Force on Internal Control with the support and endorsement of the Bursa Securities and Principle B of the Malaysian Code on Corporate Governance ("the Code") - Risk Management and Internal Control Framework.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system from time to time in response to the changes to the business environment or regulatory guidelines.

The Board ensures that the system manages the Group's key areas of risk within an acceptable risk profile to increase the likelihood that the Group's policies and business objectives will be achieved. The Board continually reviews the system to ensure that the risk management and internal control system provides a reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

BOARD RESPONSIBILITIES

The Board is responsible for the Group's internal control and risk management system to safeguard shareholders' investment and the Group's assets as well as reviewing the adequacy and effectiveness of the said system.

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the interests of shareholders, customers, employees and the Group's assets.

In view of the limitations inherent in any system of risk management and internal control, these systems are designed to manage, rather than eliminate, the risk of failure to achieve the Group's business and corporate objectives. These systems can therefore only provide reasonable, but not absolute assurance, against material misstatement or loss.

RISK MANAGEMENT GOVERNANCE

Risk Management is regarded by the Board to be an integral part of the business operations. The Board maintains an on-going commitment to enhance the Group's control environment and processes. The key risks relating to the Group's operations and strategic and business plans are addressed at Management's meetings. Significant risks identified by the Management are to be brought to the attention of the Board at their scheduled meetings.

The abovementioned practices/initiatives put in place by the Board serve as the on-going practice used to identify, evaluate and manage significant risks during the financial year under review. In view of the recent weaknesses on the Group's corporate governance and internal control systems that have come to the Board's attention, the Board is in the process of addressing these weaknesses noted so as to improve the effectiveness and efficiency of the risk management function and the internal control systems of the Group.

The Group Risk Management Framework which sets out the fundamental principles on risk governance is to drive the development of risk management practices and tools which enable the identification, measurement and continuous monitoring of all applicable risks of the Group including the identification of emerging risks.

The Board established a governance structure that is designed to govern the Group's business activities to be: consistent with the Group's overall business objectives and risk appetite conducted within clearly defined lines of responsibility, authority limits, and accountability aligned to risk management and control responsibilities subjected to adequate risk management and internal controls.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

SYSTEM OF INTERNAL CONTROL AND COMPLIANCE PROCESS

The Group maintains a system of internal control that serves to safeguard its assets; identify and manage risk; ensure compliance with statutory and regulatory requirements; and to ensure operational results are closely monitored and substantial variances are promptly explained.

Whilst the Board maintains control and direction over appropriate strategic, financial, organizational and compliance issues, it has delegated the implementation of the system of internal controls to the executive management, led by the Executive Directors ("EDS"). The EDS, who are empowered to manage the business of the Group, has primary operational responsibility for the system of internal controls.

The Management of the Group identifies key compliance risk areas as guided by the Group Compliance Framework and conducts ongoing compliance checks. Reports on the compliance status of the entities are submitted to the Group's Audit Committee for review. The Group Compliance Framework is established to outline the governance structure on compliance risk management functions and control responsibilities.

The Audit Committees of the Group reviews internal control issues identified by the respective internal auditors, the external auditors and management, and evaluate the adequacy and effectiveness of their risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope and frequency of audits and the adequacy of resources.

The Group's risk appetite sets out the level of risk tolerance and limits to govern, manage and control the Group's risk-taking activities. The strategic objectives, business plans, desired risk profile and capital plans are required to be aligned with the risk appetite.

The Board convenes meetings on quarterly basis in order to maintain full and effective supervision. The Executive Director, being the principal channel of communication between the Board and the Management, will lead the presentation of Board papers and provide comprehensive explanation on key issues. In arriving at any decisions based on recommendations by Management and the Audit Committee, a thorough deliberation and discussion by the Board is a prerequisite.

The Board recognised all risks can be controlled or eliminated by an effective system on internal control. Key features of the Group's internal controls include:-

- An organisational structure with clearly defined lines of responsibility and relevant authority has been set up for the Group.
- The Group's Management with the assistance of a centralised human resource function sets the policies for recruitment, training and appraisal of the employees within the Group.
- Policies and procedures which sets out the compliance standards for daily operations for the respective business units of the Group.
- The Group's Management meets monthly to review the operational and financial performance of the businesses in the Group and its subsidiaries, and to discuss key business, operational and management issues.
- The Board of Directors receives and reviews quarterly performance reports on the Group and its subsidiaries from the Management, and discuss on significant business and risk issues.

CODE OF ETHICS AND CONDUCT

Code of Ethics and Conduct is represented to the Board, the Management team and all employees as a reference of conduct. The policy of T7 Global Berhad complies with all governmental laws, rules, and regulations applicable to its businesses. Code of Ethics is applied when it is stricter than the local law and regulations. Code of conducts includes the following four main sections:

- **Conflicts of Interest Policy**
  It is T7 Global Berhad's policy that all Directors, Management and employees are expected to avoid conflict between personal interests and the interests of the Group. If conflict exists, interests of the Group are priority to personal interests.

- **Asset Policy**
  All Directors, Management and employees are expected to protect the assets of the Group, and use all assets efficiently to advance the interests of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

CODE OF CONDUCT AND ETHICS (cont'd)

- **Directorships Policy**

  The Group restricts the holding by officers and employees of directorships in non-affiliated, for-profit organisations and to prohibit the acceptance by any officer or employee of such directorships that would involve a conflict of interest with, or interfere with, the discharge of the officer's or employee's duties to the Corporation.

- **Whistle-Blowing Policiy and Procedures and Open-Door Communication**

  The Group has a whistle-blowing policy and procedure to provide opportunity for all stakeholders including employees, shareholders and others to raise their concerns of any malpractice within the Group. The objective of the policy and procedure is to provide and facilitate a mechanism for whistle-blower to report concern about any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or any abuse of power.

  This will enable each case/issue can be investigated and for appropriate action to be taken to ensure that the matter is resolved effectively and within the Group wherever possible.

  If an employee found any misconduct, wrongdoings, corruption, fraud, waste and/or any abuse of power, he or she should report to immediate supervisor. Each supervisor is expected to be made available for its subordinates for this purpose and any relevant investigation should be conducted by the supervisor. If the employee is dissatisfied with the review or investigation from the supervisor, further review by the Executive Deputy Chairman and the Acting Chairman are encouraged. Investigation team will be set up to investigate the issue and take actions. Reviews should contribute to the level of management appropriate to resolve the issue. If the issue cannot be resolved, the whistle-blowers can escalate the report to the Audit Committee Chairperson. The Audit Committee will deliberate the matter reported and decide on the appropriate action.

  The Code of Ethics and Conduct and Whistle-Blowing Policy and Procedures of the Company are available for reference on the Group's website at www.t7global.com.my.

  Review of Statement by the External Auditors

  Pursuant to Paragraph 15.23 of the Bursa Securities's MMLR, the External Auditors have conducted a limited assurance engagement on this Statement for inclusion in the Annual Report. Their assurance engagement was performed pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management in accordance with ISAE 3000 (Revised 2015) and Internal Control issued by Malaysian Institute of Accountants.

  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 respect, in accordance with disclosure required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers as set out, nor it 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 and control system.

Conclusion

The EDs and Chief Financial Officer ("CFO") are fully aware of the issues highlighted to the Board arising from the weaknesses in the corporate governance and internal control systems of the Group. The ED and CFO had given their assurance that the Group's risk management and internal control system are operating adequately and effectively in all material aspects. Together with the Board, the Executive Deputy Chairman and the CFO are in the process of improving the adequacy, effectiveness and efficiency of the corporate governance practices and the systems of internal control in the Group to continue to safeguard the interest of the shareholders' investment and the Group's assets.

There are guidelines within the Group for hiring and termination of staff, formal training programmes for staff and annual performance appraisals to enhance the level of staff competency in carrying out their duties and responsibilities. There are policy guidelines and authority limits imposed on EDs and Management within the Group in respect of the day-to-day operations.

Policies and procedures to ensure compliance with internal controls and the relevant laws and regulations are set out in operations manuals, guidelines and directives issued by the Group which are updated from time to time.

Procedural guidelines are established to set out a systematic process and procedure in the review of the adequacy and effectiveness of the risk management and internal control system.

The Board is of the view that the risk management and internal control systems of the Group require continuous pertinent efforts from the Board to improve its adequacy, effectiveness and efficiency in meeting the Group's strategic objectives.

The Board received assurance from Acting Chairman, Executive Deputy Chairman and the Chief Financial Officer maintain that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management framework adopted by the Group. Internal auditors review risk management and internal control annually and when review is requested. Review results will be reported to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of T7 Global Berhad recognises and is committed in upholding a high benchmark of corporate governance and ensuring controls, systems and processes are well sustained for the Group. The Board will continuously evaluate the status of the Group’s corporate governance practices and procedures with a view to adopt and implement the practices of the Malaysian Code on Corporate Governance ("MCCG") wherever applicable in the best interests of the stakeholders of the Group.

With the publication of MCCG in April 2017, the Board is pleased to present the following Corporate Governance Overview Statement (“CG Statement”) that describe the extent of how the Group has applied and complied the three (3) principles which are set out in the MCCG throughout the financial year under review:-

(a) Principle A: Board leadership and effectiveness;
(b) Principle B: Effective audit and risk management; and
(c) Principle C: Integrity in corporate reporting and meaningful relationship with stakeholders.

This CG Statement should also be read together with the Corporate Governance Report of the Company which is available on the Company’s corporate website at www.t7global.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Composition

As at the date of notice of Fifteenth Annual General Meeting ("AGM”), T7 Global Berhad has eight (8) Directors – the Acting Chairman, the Executive Deputy Chairman, the Executive Director and five (5) Independent Non-Executive Directors. The Board composition complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”) that requires a minimum of two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be Independent Directors and the recommendation of MCCG to have at least half of the Board comprises Independent Directors.

Together the Directors act in the best interest of the Group and believe that the current Board composition fairly reflects the interests of its shareholders to provide effective leadership, strategic direction and necessary governance to the Group. These Directors collectively have skills and experiences from different field of business, in terms of commercial, financial, technical, corporate and legal for the effective management of the Group’s businesses. The Directors' profiles are presented in the Directors Profile section of this Annual Report.

The Group has also formalised a set of ethical standards through a code of conduct, which is subject to periodical review, to ensure Directors practice ethical, business-like and lawful conduct, including proper use of authority and appropriate decorum when acting as the Board.

The Board conducted assessments on the independence of the Independent Directors and is satisfied that the Independent Directors have met the independence criteria stated in the MMLR. There are five out of eight Board members are Independent Directors.

All Board members fulfil the requirements to serve as directors in no more than five public of listed companies to ensure sufficient time has been devoted to carry out their responsibilities.

None of the Independent Directors have served the Group exceeding a cumulative term of nine (9) years. At present, the Group does not have a formal policy to limit the tenure of independent director to nine (9) years. However, the Board is mindful of the recommendation in the MCCG to ensure effectiveness of Independent Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Board Composition (cont'd)

The Board comprises Board members with different gender, background, skill sets and experiences in various industries, which enable T7 Global Berhad to make a difference. A brief summary of the key skills and experience held by each Director is as follows

Name	Title	Key Skills and Experience
Datuk Seri Dr. Nik Norzul Thani bin N. Hassan Thani	Acting Executive Chairman	Legal, strategy, advisory and consulting, international affairs, safety and risk management
Tan Sri Datuk Seri Tan Kean Soon	Executive Deputy Chairman	More than 30 years of oil and gas industry experience, leading various projects within upstream and downstream sector
Tan Sam Eng	Independent Non-Executive Director	More than 30 Years of auditing, taxation, corporate finance and advisory experiences
Datuk Sheikh Fahmi bin Sheikh Jaafar	Independent Non-Executive Director	35 years of extensive expertise in various industries
Ir. Abd Rashid Md. Sidek	Independent Non-Executive Director	Engineering and construction project management
Tan Kay Vin	Executive Director	Banking industry, corporate finance, aerospace metal surface treatment
Mohd Noor Bin Setapa	Independent Non-Executive Director	30 years of experience in oil and gas, and construction industry.
Admiral (R) Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Bin Hj Ahmad Badaruddin	Independent Non-Executive Director	42 years of experience in the navy and joint services including that of the Chief of Staff of the Malaysian Armed Forces Headquarters and the Joint Force Commander of the Malaysian Armed Forces. 16th Chief Navy of Royal Malaysian Navy.

Roles and Responsibilities of the Board

The Board of T7 Global Berhad meets at least four times a year. Circular resolutions will be passed for resolving additional matters.

The Chairman ensures smooth and effective functioning within the Board.

The Executive Directors are responsible for overseeing the day-to-day operations and affairs of the Group. The Non-Executive Directors, both independent and non-independent, are responsible in providing insights, unbiased and independent views, advice and judgement towards the Board and bring impartiality to Board deliberations and decision making. The Non-Executive Directors play as a vital check and balance role by challenging and scrutinising the Management's proposals and recommendations in an objective manner to the decision-making process at the Board level.

The Board is fully aware of its responsibilities and has adopted key roles in strategizing the direction of the Group and has assumed the following duties in demonstrating the following fiduciary and leadership roles:-

- Overseeing and monitoring the conduct of business, financial performance and any major capital-intensive investments of the Group;
- Reviewing and implementing appropriate budgets and strategic business plans of the Group, monitoring compliance with applicable financial reporting standards and integrity and adequacy of all financial information disclosure;
- Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures to effectively monitor and manage risks;
- Reviewing the adequacy and integrity of the internal control and management information systems of the Group;
- Developing a corporate code of conduct within the Group to address any conflicts of interest relating to the stakeholders of the Group, and establishing and overseeing the development and implementation of the corporate communication policies with shareholders, stakeholders and the public.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Functions of the Board and Delegation to Management

During 2018, there are three (3) Independent Directors to provide valuable opinion on T7 Global Berhad's issues including strategy, performance and key performance indicators standards of management team, resource management, risk management and code of conducts etc. Day-to-day operation and management are delegated by Acting Executive Chairman and Executive Deputy Chairman.

The Board regularly controls and reviews its delegation and authority level to Acting Chairman and Executive Deputy Chairman. In order to prevent any abuse of authority, strict procedure of authority and different levels of independence review are followed. Procedures of authority are clearly set up and all operation decisions are made after review.

Board Leadership and Responsibility in Discharging Fiduciary and Leadership Functions

The Board is the ultimate authority of T7 Global Berhad, which is responsible for authorizing and reviewing all long-term and short-term business and strategic plans unless the matters require shareholders' approval. Specific goals set up with key performance indicators for management to implement those plans. Along with Independent Director's extensive experiences and expertise in various fields of business and industries, T7 Global Berhad management strives to achieve goals so as to protect minority shareholder's rights. Management reviews all matters reserved to the committees comprised solely of Independent Directors, and the Board.

Qualified and Competent Company Secretary

The Board is supported by experienced and competent Company Secretaries in discharging its duties and responsibilities. The Board receives regular advices, updates and notifications from the Company Secretaries to ensure compliance with applicable laws, regulations and corporate governance matters. The Company Secretaries attend and ensure that all Board and Board Committee meetings are properly convened and all deliberations and decisions are properly minuted and kept. They are also responsible in ensuring that Board's policies and procedures are followed, and the applicable statutory and regulatory requirements are observed.

The Board Charter of the Company is available for reference on the Company's website at www.t7global.com.my.

Review of Board Charter

Review of Board Charter is conducted as per request in order to ensure the Board remains consistent with the Board's objectives and responsibilities and any new regulations that may have an impact on the discharge of the Board's responsibilities, more important, aligning with T7 Global Berhad's business strategy.

Code of Ethics and Conduct

The Company established appropriate standards of business conduct and ethical behaviour to govern the exercise of the duties and responsibilities as Directors of the Company in order to uphold good corporate integrity.

The Code of Ethics and Conduct sets out the general principles and standards of business conduct and ethical behaviour for the Directors and employees of the Group in the performance and exercise of their responsibilities or when representing the Group and includes the expectation of professionalism and trustworthiness from the Directors and employees of the Group.

CORPORATE DISCLOSURE POLICY

The Board has, based on the recommendation of the MCCG, adopted a Corporate Disclosure Policy to ensure accurate, clear, timely and complete disclosure of material information necessary for informed investing and take reasonable steps to ensure that all who invest in the Group's securities enjoy equal access to such information to avoid an individual or selective disclosure. The said policy will be reviewed and improved from time to time.

The said policy applies to all Directors, Management, officers and employees of the Group. The policy shall be assessed, reviewed and updated annually by the corporate finance department, in accordance with the needs of T7 Global Berhad and as and when there are regulation changes that may have an impact on the Board in discharging their responsibilities. Any change and/or updates to the policy shall be recommended to the Board for approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

SUPPLY OF INFORMATION

The Board recognises that the decision-making process is highly dependent on the quality of information furnished. As such, the Board members have full and unrestricted access to all information concerning the Group's affairs. Prior to the Board meetings, all the Board members are provided with the agenda and Board papers containing information relevant to the business of the meeting to enable them to obtain further explanations, where necessary, in order to be properly briefed before the meeting. The Board papers including information on major financial, operational and corporate matters of the Group. The Board members also have access to the advice and services of the Company Secretary, senior management and independent professional advisers including the external auditors.

Along with good governance practices and in order to enhance transparency and accountability, the Board has established and put in place the following policies and procedures which are made available at the website of the Group. These include the following:-

- Code of Ethics and Conduct
- Shareholder's Right Relating to General Meeting
- Whistleblowing Policy

Board Diversity

The Board recognises that Board diversity is an essential element contributing to the sustainable development of the Group and it does not discriminate on the basis of ethnicity, age, gender, nationality, political affiliation, religious affiliation, marital status, education background or physical ability. There is no specific target in the composition in terms of gender, age or ethnic of its Board members or members of Senior Management.

The Group values woman's contribution to the economy and promoted talented women to Management and leadership positions in operations. To date, there is a woman within the Board. Ms. Tan Sam Eng was appointed to the Board since 23 March 2015.

The Nomination Committee shall oversee the procedures in addition to the Board recruitment, Board performance evaluation and succession planning processes. We shall always aim to provide a suitable working environment that is free from harassment and discrimination in order to attract and retain women participation in the Board, and also to have diversity in ethnicity and age on board as well as workforce.

As at the date of this Annual Report, the diversity in the race/ethnicity of the existing Directors is as follows:-

	Race/Ethnicity				Gender		
	Malay	Chinese	Indian	Total	Male	Female	Total
Number of Directors	5	3	0	8	7	1	8

The existing Directors' age distribution falling within the respective age group is as follows:

Age Group (Years)	<51	51 - 60	61 - 70	Total
Number of Directors	1	6	1	8

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Board Meetings

The attendance record of individual Directors at the Board meetings for the financial year ended 31 December 2018 is detailed below:-

Name	Attendance
Datuk Seri Dr. Nik Norzul Thani bin N. Hassan Thani	10/10
Tan Sri Datuk Seri Tan Kean Soon	10/10
Tan Sam Eng	10/10
Datuk Sheikh Fahmi bin Sheikh Jaafar	10/10
IR Abd Rashid bin Md. Sidek	9/10
Tan Kay Vin	*6/6
Mohd Noor Bin Setapa	**0/0
Admiral (R) Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Bin Hj Ahmad Badaruddin	***0/0

* Mr. Tan Kay Vin was appointed as a Director on 5 March 2018.
** were appointed as Directors on 3 April 2019
*** were appointed as Directors on 15 April 2019

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors. This, amongst others, is evidenced by the attendance record of the Directors at Board meetings.

The minimum 50% attendance requirement at the Board meetings as stipulated in the MMLR has been complied with.

DIRECTOR'S TRAINING

All Directors of the Group except Mohd Noor Bin Setapa and Admiral (R) Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Bin Hj Ahmad Badaruddin which was appointed on 3 April 2019 and 15 April 2019, respectively, have completed the Mandatory Accreditation Programme ("MAP") by Bursa Securities. The Group does not have a formal training program for new Director but they receive briefings and updates on the Group's businesses, operations, risk management, internal control, finance and relevant legislation, rules and regulations. The briefings and updates aim at communication to the newly appointed Directors, the Group's vision and mission, its philosophy and nature of the business, current issues within the Group, the corporate strategy and the expectation of the Group concerning input of the Director.

The Directors are encouraged to attend various external and internal professional courses, briefings, and seminars relevant to the Group to keep themselves abreast with latest development in the industry, regulatory updates or changes and to enhance their skills and knowledge.

The Board acknowledged that the Directors through varied experiences and qualifications provided the desired contribution and support to the functions of the Board. Directors' training is an on-going process as Directors recognse the need to continually develop and refresh their knowledge and skills, and to update themselves on market development.

All the Directors are encouraged to attend continuous education programmes and seminars to keep abreast of relevant changes in laws and regulations and the development in the industry.

Additionally, the Directors are also updated on a continuing basis on new and/ or revised requirements to the MMLR as and when the same were advised by the Bursa Securities. The Directors will continue to undergo other relevant training programmes, conferences and seminars that may further enhance their skills and knowledge.The individual directors are to evaluate and determine relevant programmes, seminars, briefings or dialogues available that would best enable them to enhance their knowledge and contributions towards the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

DIRECTOR'S TRAINING (cont'd)

The training record of the individual Directors in year 2018 is detailed as follows:-The training record of the individual Directors in year 2018 is detailed as follows:-

No.	Name	Title	Courses
1	Datuk Seri Dr. Nik Norzul Thani bin N. Hassan Thani	Acting Executive Chairman	Common pitfalls in transaction and related party transaction, rules and dealings in listed securities, closed period and insider trading.
2	Tan Sri Datuk Seri Tan Kean Soon	Executive Deputy Chairman	Common pitfalls in transaction and related party transaction, rules and dealings in listed securities, closed period and insider trading.
3	Tan Sam Eng	Independent Non-Executive Director	Common pitfalls in transaction and related party transaction, rules and dealings in listed securities, closed period and insider trading.
4	Datuk Sheikh Fahmi bin Sheikh Jaafar	Independent Non-Executive Director	Common pitfalls in transaction and related party transaction, rules and dealings in listed securities, closed period and insider trading.
5	Ir Abd Rashid Md. Sidek	Independent Non-Executive Director	Common pitfalls in transaction and related party transaction, rules and dealings in listed securities, closed period and insider trading.
6	Tan Kay Vin	Executive Director	Common pitfalls in transaction and related party transaction, rules and dealings in listed securities, closed period and insider trading.

BOARD COMMITTEE

The Board has established different Board committees to assist the Board in discharging its duties. These committees are as follows:-

Audit Committee

The composition of the Audit Committee its function and a summary of its activities are set out in the Audit Committee Report.

Nomination Committee ("NC")

The Board recognises the importance in having a Board with appropriate mix of skills, competencies and expertise, as well as the fundamental to how policies and strategies are shaped and contribute to the quality of decision making.

Therefore, the formal procedure for term of reference was set up by NC as follows:-

- Nomination, selection, election and succession policies;
- Nomination, selection, election and succession policies for members of the Board and Board Committees have been set up aligning with T7 Global Berhad's overall corporate strategy.
- Director appointment criteria evaluation;
- Extensive assessment is conducted for new Director candidates, which including reference check, skills set and interviews.
- Review annually the overall composition of the Board in terms of size and skills, balance between Executive Directors and Non-Executive Director, independence and mix of other core competencies required for the Group;
- Assess annually the effectiveness of the Board and several key personnel in the Management as a whole;
- Overseeing Board induction and training programmes.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

BOARD COMMITTEE (cont'd)

The NC meets at least once in each financial year and additional meetings may be arranged at any time when necessary.

The NC held meetings for the review of new nominee(s) proposed to be appointed to the Board, as Executive Director(s) and as Independent Director(s) of the Group during the financial year then ended and also reviewed the existing Directors retiring by rotation pursuant to Article 103 of the Company's Articles of Association and those who are eligible for re-election at the forthcoming AGM.

The composition of the Board has been reviewed by the NC and the NC is of the view that the current Board composition is appropriate and effective, taking into account the nature and scope of the Group's operations. The Board is satisfied that the current Board

composition fairly reflects the interests of the minority shareholders in the Group and provides the appropriate balance and size to govern the Group effectively. The Board comprises persons who as a group provide the relevant core competencies and mix of skills in the areas of oil and gas, financial, legal and business to meet the Group's requirements. The Directors' objective judgement on corporate affairs and collective experience and knowledge are invaluable to the Group.

The NC members are as follows:-

Name	Designation/Directorate	Attendance
Datuk Sheikh Fahmi bin Sheikh Jaafar	Chairman Independent Non- Executive Director	3/3
Tan Sam Eng	Member Independent Non- Executive Director	3/3
Ir Abd Rashid Md Sidek	Member Independent Non-Executive Director	3/3

The summary of activities carried out by the NC during the financial year and up to the date of this Annual Report are as follows:

- Reviewed and assessed the suitability of candidate for appointment as Director;
- Reviewed the mix of skill and experience and other qualities of the Board;
- Reviewed the assessment of the effectiveness of the Board as a whole, the Board Committees and the Directors;
- Reviewed and recommended to the Board on the re-election of Directors retiring at the AGM; and
- Reviewed the term of office of the Audit Committee and members of Audit Committee.

Nomination Committee ("NC") (cont'd)

1. **Independence and Interest Evaluation**

   T7 Global Berhad undertakes a review of the Board, its committees and individual Directors. Chairman's performance is evaluated by the Board members. Interviews with each Director, members of the management team and those who attend or support the Board are conducted annually. The interviews are focused on evaluating the effectiveness and performance of the Board.

2. **Appointment and Re-election**

   In accordance with Article 103 of the Company's Articles of Association, at least one-third of the Directors for the time being shall retire from office and be subject to retirement by rotation at each AGM. Directors who are appointed before the next AGM will retire and be subject to re-election by shareholders at the next AGM. The NC consists of entirely Independent Non-Executive Directors. The NC identifies and recommends to the Board suitable candidates with assessment of their background, experience, competencies, existing commitments and ability to contribute, as well as diversity to the Board.

Remuneration Committee ("RC")

The Board has established a remuneration policy and procedure to facilitate the RC to review, consider and recommend to the Board the levels and elements of remuneration of Directors with executive functions and the senior management. The Board as a whole recommends to shareholders the allowances of the Non-Executive Directors and the Executive Chairman after considering the recommendation of the RC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

BOARD COMMITTEE (cont'd)

The terms of reference of the NC is available for reference on the Company's website at www.t7global.com.my.

The RC meets at least once a year in each financial year and additional meetings may be called any time when necessary. The RC members are as follows:-

Name	Designation/Directorate	Attendance
Ir Abd Rashid bin Md Sidek	Chairman Independent Non-Executive Director	2/2
Tan Sam Eng	Member Independent Non-Executive Director	2/2
Datuk Sheikh Fahmi bin Sheikh Jaafar	Member Independent Non-Executive Director	2/2

The remuneration packages of the Executive Directors are approved by the Board. The Directors' remuneration scheme is structured to attract, retain and motivate them in order to achieve sustainable growth and business success.

The Board reviews the remuneration of the Executive Directors annually subject to their respective service contracts whereby the respective EDs are not allowed to involve in the discussion or contribute to any decision making on their own remuneration package.

The aggregate remuneration of the Directors for the financial year ended 31 December 2018 is as follows:-

Executive Directors	Total Remuneration (RM)
Datuk Nik Norzrul Thani bin Nik Hassan Thani	300,000
Tan Sri Datuk Seri Tan Kean Soon	1,189,442
Tan Kay Vin *	672,740
Total	2,162,182
Non-Executive Directors	**Total Remuneration (RM)**
Tan Sam Eng	76,500
Datuk Sheikh Fahmi Bin Sheikh Jaafar	75,750
Ir. Abd Rashid Bin Md Sidek	78,750
Ahmad Syafiq Hazieq Bin Ahmad Zahid **	51,629
Total	282,629
Executive & Non-Executive Directors' FY 2018 Remuneration Total	2,444,811

* Appointed on 5 March 2018.
** Resigned on 1 June 2018.

Share Issuance Scheme Committee ("SISC")

The SISC shall be vested with such powers and duties as are conferred upon it by the Board including the following powers:-

- To administer the Share Issuance Scheme ("SIS") and to grant share options in accordance to the By-Laws;
- To recommend to the Board to establish, amend, and revoke Bye-Laws, rules and regulations to facilitate the implementation of the SIS;
- To construct and interpret the provisions hereof in the best interest of the Group; and
- Generally, to exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interest of the Group.

The SISC members are as follows:-

Name	Designation
Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani	Member Acting Executive Chairman
Tan Sri Datuk Seri Tan Kean Soon	Member Executive Deputy Chairman

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

BOARD COMMITTEE (cont'd)

Risk Management Committee ("RMC")

Risk Management Committee ("RMC") is established on 2nd March 2018 and the members of the Risk Management Committee were appointed by the Board. The RMC is to ensure efficiency and effectiveness of the Group's risk management. RMC may from time to time invite members from T7 Global Berhad's Risk Assessment Committee to attend the meetings.

The RMC members are as follows:-

Name	Designation/Directorate
Ir Abd Rashid bin Md Sidek	Chairman Independent Non-Executive Director
Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani	Member ActingExecutive Chairman
Ahmad Syafiq Hazieq Bin Ahmad Zahid (Resigned on 1 June 2018)	Member Independent Non-Executive Director

The duties of the RMC are as follows:-

- To oversee risk management framework to identify and manage the risks confronted by the Group, make necessary amendment to the risk management framework from time to time;
- To review risk management framework and assess the effectiveness of the Group's risk management and internal control system;
- To ensure risk contract or strategic risk management are effectively implemented;
- To set up the material internal control aspects of significant risks and disclose;
- To foresee the significant risks which have material impacts on the Group's operation and financial performance and monitor the risks as well as internal control system;
- To review the Group's procedures and ensure compliance of all statutory regulations and laws; and
- Other matters authorised by the Board.

Remuneration

The Board believes that appropriate and competitive remuneration is important to attract, retain and motivate Directors of the necessary calibre, expertise and experience to lead the Group. In line with this philosophy, remuneration for the Executive Directors is aligned to individual and corporate performance. For Non-Executive Directors, the fees are set based on the responsibilities shouldered by the respective Directors. Individual Directors do not participate in determining their own remuneration package.

The RC recommends policy for assessing compensation package for Executive Directors. It also reviews and recommends to the Board for approvals, the remuneration packages and other employment conditions for the Executive Directors.

The remuneration of Executive Directors is made up of basic salaries, monetary incentives and fringe benefits; and is linked to the achievement of corporate performance targets. Salaries for Executive Directors consist of both fixed (i.e. base salary) and variable (performance-based incentive) remuneration components. The remuneration levels of Executive Directors are structured to enable the Company to attract and retain the most qualified Executive Directors. The Company may provide competitive benefits to Executive Directors, such as a fully expensed car or cash alternative in lieu of car, company driver, fuel expenses, private medical insurance and life insurance. Allowances relating to business expenses (i.e. entertainment and travel) incurred are reimbursed such that no additional compensation is given to the Executive Directors.

The remuneration of Non-Executive Directors is made up of Directors' fees, meeting allowances and other benefits. The level of remuneration for Non-Executive Directors shall reflect the experience and level of responsibilities undertaken by the Non-Executive Director concerned. The remuneration of a Non-Executive Director shall and is not based on commission, percentage of profits, or turnover. Non-Executive Directors are not entitled to receive performance-based bonuses nor participate in short-term and/or long-term incentive plans. The remuneration of Non-Executive Directors is reviewed by the RC and the Board annually.

The Directors' remuneration for the financial year ended 31 December 2018 are disclosed page 44 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The Audit Committee assists the Board in reviewing and scrutinising the information in terms of the appropriateness, accuracy and completeness of disclosure and in ensuring that the Group's financial statements comply with applicable financial reporting standards. The Audit Committee reviews and monitors the accuracy and integrity of the Group's quarterly and annual financial statements and submits these statements to the Board for approval and release within the stipulated time frame.

Assessment of External Auditors

In line with Practice 8.3 of the MCCG, the Audit Committee has assessed the suitability, objectivity and independence of the External Auditors. The assessment is conducted on yearly basis by the Audit Committee, using the prescribed External Auditors Evaluation Form, with emphasis of evaluation based on the competence, adequacy of experience and resources, quality of the audit performances, independence and objectivity of the External Auditors, reasonableness of audit fees and comparison of audit and non-audit fees.

The Company's External Auditors are invited to attend the Audit Committee meetings when deemed necessary. The External Auditors are to meet with the AC without the presence of the Management at least twice during the financial year.

The Audit Committee, as part of its review, has obtained assurance from the External Auditors confirming that they have in place policies on rotation (every 5 years) for partners of an audit engagement to ensure objectivity, independence and integrity of the audit and declared their independence throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Annually, the Audit Committee also reviews the appointment, performance and remuneration of the External Auditors including audit and non-audit services, to ensure that the independence and objectivity of the External Auditors are not compromised, before recommending them to the shareholders for re-appointment in the AGM.

The Audit Committee was satisfied with the performance, suitability and independence of the External Auditors of the Company based on the quality of services and sufficiency of resources they provided to the Group, in terms of the firm and the professional employees assigned to the audit.

Risk Management and Internal Control Framework

The Board acknowledges that risk management is an integral part of good management practices. Risk is inherent in all business activities. It is not the Group's objective to eliminate risk totally, but to review, prioritise and manage risks involved in all the Group's activities and to balance between the cost of managing and treating risks, and the anticipated benefits that will be derived.

The risk management and internal control functions were assumed and overseen by the Audit Committee of the Company. The Management is responsible for implementing Board approved policies and procedures on risk management by identifying and evaluating risks, and monitoring the risks vis-a-vis achievement of business objectives within the risk appetite parameters.

The Board has established an internal audit function which is currently outsourced to a professional firm. Functionally, the Internal Auditors report to the Audit Committee directly and they are responsible for conducting reviews and appraisals of the effectiveness of the governance, internal controls and processes within the Group.

Further details of the Group's state of risk management and internal control systems are reported in the Statement on Risk Management and Internal Control set out in this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

RELATIONSHIP WITH SHAREHOLDERS

T7 Global Berhad values every shareholder. The Board acknowledges it is a need to establish high quality, ongoing dialogue and communication with shareholders and maintain trust. Therefore, the shareholder communication policy was created to serve as a guide and management of shareholder's requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

RELATIONSHIP WITH SHAREHOLDERS (cont'd)

Information is disseminated through the following channels:-

- Annual Report;
- Circulars to shareholders;
- Various disclosures and announcement to Bursa Securities Malaysia Berhad; and
- Company's website at www.t7global.com.my

Access to Information

In addition, shareholders and investors can have a channel of communication with the Group Corporate Finance to direct any queries and provide feedback to the Group.
Email: t7@t7global.com.my

The stakeholders may obtain up-to-date information about T7 Global Berhad by assessing the website, http://www.t7global.com.my or by accessing Bursa Malaysia's website http://www.bursamalaysia.com. Information required by the shareholders such as financial results, board charter, code of conduct and so on. can be found from T7 Global Berhad's website. The shareholders are informed of their rights to demand for poll prior to the commencement of each general meeting.

Conduct of General Meetings

The main forum of dialogue with shareholders of the Company is the Company's AGM. The AGM represents the primary platform for direct two-way interactions between shareholders, Directors and Senior Management of the Company. The Company provides information in the Notice of AGM, which are sent to shareholders at least 28 days prior to the AGM, on the details of general meeting, resolutions to be tabled for approval and shareholders' entitlement to attend general meeting, and their right to appoint proxy(ies) to encourage shareholders' participation at general meeting.

All Directors, Senior Management and the External Auditors will attend the general meetings. During the general meetings, shareholders who attend the general meetings are encouraged and given sufficient opportunity as well as time by the Board to raise questions pertaining to the Annual Report, resolutions being proposed and the business of the Company or the Group in general prior to seeking approval from members and proxies on the resolutions. All Directors and the Chair of every Board Committees, as well as Senior Management, where appropriate, will provide feedbacks, answers and clarifications to the questions raised from the shareholders during the general meetings.

In line with Paragraph 8.29A of the MMLR of Bursa Securities on the requirement for poll voting for any resolution set out in the notice of general meetings, at the Fourteenth AGM held last year, poll voting was used to facilitate the voting process for resolutions tabled. An independent scrutineer was also appointed to scrutinise the polling process.

STATEMENT ON DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

In accordance with the Companies Act 2016 and the applicable approved accounting standards, the Directors are required to prepare annual financial statements which give a true and fair view of the financial position and the results and cash flows of the Group and of the Company for the financial year then ended.

The Directors have reviewed the accounting policies to ensure that they are consistently applied throughout the financial year and are of the view that relevant approved accounting standards have been followed in the preparation of these financial statements. In cases where judgements and estimations were made, they were based on reasonableness and prudence.

The Directors have relied on the system of internal controls to ensure that the information generated for the preparation of the financial statements from the underlying accounting records are accurate and reliable.

The Directors are responsible for ensuring that the Company maintains accounting records which disclose with reasonable accuracy of the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016.
The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company, and to prevent and detect frauds and other irregularities.

This statement on Directors' responsibility for preparing the financial statements is made in accordance with a resolution passed by the Directors at the Board of Directors' Meeting held on 21 March 2019.

ADDITIONAL COMPLIANCE INFORMATION

a) Audit and Non-Audit Services

For the financial year ended 31 December 2018, Messrs. SJ Grant Thornton, the external auditors has rendered certain audit and non-audit services to the Company and the Group, a breakdown of which is listed as below for information:-

Audit services rendered	Company (RM)	Group (RM)
Statutory audit in respect of the financial year ended 31 December 2018	38,000	164,400
Non-audit services rendered		
Review of the Statement on Risk Management and Internal Control for Annual Report 2018	10,000	22,000
Total	48,000	186,400

b) Material Contracts Involving the Interests of the Directors, Chief Executive who is not a Director or Major Shareholders

There was no material contract entered into by the Group involving the interests of the Directors, Chief Executive who is not a Director or Major Shareholder, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

c) Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

The information on RRPT for the financial year under review are as follows:-

Transacting Company within T7 Group	Transacting Party	Nature of Transaction	Interested Related Parties (Note)	Aggregate Value of the Transactions conducted pursuant to the shareholder mandate during the FY2018 (RM)
Tanjung Offshore Services Sdn Bhd ("TOS")	Crystal ZVS Sdn Bhd	Renting of office space of 5,274 square feet at Lot C-L 16-01, 02, 03 and 3A, KL TRILLION. No: 338 Jalan Tun Razak 50400 Kuala Lumpur from Crystal ZVSw for a period of 3 years with rental payable on a monthly basis	(a) (b) (e)	481,239.94
TOS	Blue Ocean Sdn Bhd	Renting of office space of 2,304 square feet at Lot C-L 16-05, 06, KL TRILLION. No: 338 Jalan Tun Razak 50400 Kuala Lumpur from Crystal ZVS for a period of 3 years with rental payable on a monthly basis	(a) (d) (c) (f)	364,191.51
TOS	CP Energy Sdn Bhd	Selling to and purchasing from CP Energy of industrial equipment, machineries, spare parts and lubricants oil	(a) (b) (d) (g)	6,996,887.23
T7 Gastec Sdn Bhd	Bijak Aktif Sdn Bhd	Selling to and purchasing from Bijak Aktif of industrial equipment, machineries, spare parts and lubricants oil	(h) (i)	169,907.92
T7 Wenmax Sdn Bhd	CP Energy Sdn Bhd	Selling to and purchasing from CP Energy of industrial equipment, machineries, spare parts and lubricants oil	(a) (b) (d) (g)	1,830,441.00

Nature of relationship

(a) Tan Sri Datuk Seri Tan Kean Soon ("Tan Sri Tan"), a director and major shareholder of T7 Global.
(b) Tan Kay Vin, a executive director of T7 Global and a son of Tan Sri Tan.
(c) Tan Kay Zhuin, a son of Tan Sri Tan.
(d) Puan Sri Shirley Law Siong Hiong, the spouse of Tan Sri Tan.
(e) Crystal ZVS Sdn Bhd, a person connected to Tan Sri Tan by virtue of his and Tan Kay Vin's interest in Crystal ZVS pursuant to Section 8 of the Act.
(f) Blue Ocean Sdn Bhd, a person connected to Tan Sri Tan by virtue of his spouse and Tan Kay Zhuin's interest in Blue Ocean pursuant to Section 8 of the Act.
(g) CP Energy Sdn Bhd, a person connected to Tan Sri Tan by virtue of his and Tan Kay Vin's interest in CP Energy pursuant to Section 8 of the Act.
(h) Muhammad Sabri Bin Abd Ghani, a director of T7 Global's wholly owned subsidiary T7 Gastec Sdn Bhd.
(i) Bijak Aktif Sdn Bhd, a person connected to Muhammad Sabri Bin Abd Ghani by virtue of his interest in Bijak Aktif pursuant to Section 8 of the Act.

Financial Contents

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are described in Note 7 to the financial statements. There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

FINANCIAL RESULTS

	GROUP RM	COMPANY RM
Profit for the financial year	10,562,070	17,061,473
Attributable to:-		
Owners of the Company	7,015,575	17,061,473
Non-controlling interests	3,546,495	–
	10,562,070	17,061,473

RESERVES AND PROVISIONS

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

DIVIDENDS

There were no dividends proposed, paid or declared by the Company since the end of the previous financial year.

DIRECTORS

The name of Directors of the Company in office during the financial year and during the period commencing from the end of the financial year to the date of the report date are:-

Datuk Seri Dr. Nik Norzrul Thani Bin Nik Hassan Thani*
Tan Sri Datuk Seri Tan Kean Soon*
Tan Sam Eng
Ir. Abd Rashid Md Sidek
Datuk Sheikh Fahmi Bin Sheikh Jaafar
Tan Kay Vin*
Ahmad Syafiq Hazieq Bin Ahmad Zahid (Appointed on 5 March 2018 and resigned on 1 June 2018)

* Directors of the Company and certain of its subsidiaries.

In accordance with Article 103 of the Company's Articles of Association, Tan Sam Eng will retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offer herself for re-election.

Ir. Abd Rashid Md Sidek who is retiring in accordance with Article 103 of the Company's Article of Association, has indicated his intention of not seeking for re-election. Hence, he will retain office until the close of the Fifteenth Annual General Meeting.

DIRECTORS' REPORT (CONT'D)

DIRECTORS (cont'd)

The Directors of the subsidiaries since the beginning of the financial year to the date of this report, not including those Directors listed above are:-

Tan Sri Norazman Bin Hamidun
Noorma Binti Deris
Tan Kean Seng
Michael Aziz Eu Peng Weng
Noor Haniza Binti Zainuddin
Sukri Bin Mohamed
Tan Kay Zhuin
Sajali Bin Tajudin
Raymond Kilgour
Paula Jose Kilgour
Andrew James Dewell (Alternative to Raymond Kilgour)
Muhamad Azarudin Bin Abdullah (Appointed on 14 May 2018)
Tan Guo Fu (Appointed on 9 July 2018)
Zhang Zhong Qing (Appointed on 9 July 2018)
Muhammad Sabri Bin Ab Ghani (Resigned on 14 May 2018)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, the interests and deemed interests in the ordinary shares of the Company and its related corporations of those who were Directors as at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) are as follows:-

	Number of ordinary shares			
	At 1.1.2018	Bought	Sold	At 31.12.2018
Direct Interests:				
Datuk Seri Dr. Nik Norzrul Thani Bin Nik Hassan Thani	1,000,000	–	–	1,000,000
Tan Sri Datuk Seri Tan Kean Soon	47,297,250	–	–	47,297,250
Tan Kay Vin	1,204,500	8,657,000	–	9,861,500
Deemed Interests:				
Datuk Seri Dr. Nik Norzrul Thani Bin Nik Hassan Thani*	19,594,800	1,403,000	–	20,997,800
Tan Sri Datuk Seri Tan Kean Soon#	10,818,200	3,041,600	–	13,859,800

* Deemed interest by virtue of his shareholdings in Abyssina Resources (M) Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

\# Deemed interest by virtue of shares held by his spouse and children pursuant to Section 59(11)(c) of the Companies Act 2016.

By virtue of the direct and indirect interest of Datuk Seri Dr. Nik Norzrul Thani Bin Nik Hassan Thani and Tan Sri Datuk Seri Tan Kean Soon in the Company, they are also deemed to have interest in shares of all the subsidiaries to the extent that the Company has an interest under Section 8 of the Companies Act, 2016.

Except as disclosed, none of the other Directors in office at the end of the financial year held any direct interest in shares in the Company or its any related corporations during the financial year.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' REMUNERATION AND BENEFITS

During the financial year, the fees and other benefits received and receivables by the Directors of the Company are as follows:-

	Incurred by the Company RM	Incurred by the Subsidiaries RM	Group RM
Salaries and other emoluments	1,535,460	1,291,920	2,827,380
Defined contribution plans	201,093	109,696	310,789
Other benefits	125,629	10,200	135,829
Directors' fees	582,629	–	582,629
	2,444,811	1,411,816	3,856,627

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

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid up capital of the Company and there was no issuance of debentures during the financial year.

TREASURY SHARES

During the financial year ended 31 December 2018, the Company repurchased 4,978,000 of its issued share from the open market for total consideration of RM1,929,524. The average price paid for the shares repurchased was approximately RM0.39 per share and was financed by internally generated funds. The shares repurchased are being held as treasury shares and treated in accordance with the requirements of Section 127(6) of the Companies Act, 2016.

As at 31 December 2018, the Company held 7,455,500 treasury shares out of the total 419,452,117 issued ordinary shares. Further relevant details are disclosed in Note 19 to the financial statements.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

At an Extraordinary General Meeting held on 22 December 2016, the Company's shareholders approved the establishment of ESOS for the eligible Directors and employees of the Group. The ESOS shall be in force for a period of ten (10) years commencing from 28 March 2018 and will expire on 27 March 2027.

The salient features of the ESOS are disclosed in Note 30 to the financial statements.

However, the ESOS has not been granted as at 31 December 2018.

OTHER STATUTORY INFORMATION

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

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

DIRECTORS’ REPORT (CONT’D)

OTHER STATUTORY INFORMATION (cont'd)

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

(a) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

(a) any charge on assets of the Group or of the Company which has arisen since the end of the financial year which secure the liability of any other person; or

(b) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:-

(a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains Directors’ and Officers’ liabilities insurance for the purpose of Section 289 of the Companies Act, 2016, throughout the financial year which provides appropriate insurance coverage for the Directors and Officers of the Company and its subsidiaries. The amount of insurance premium paid during the financial year amounted to RM37,000.

EVENT AFTER THE REPORTING PERIOD

The event after the reporting period is disclosed in Note 38 to the financial statements.

DIRECTORS' REPORT (CONT'D)

AUDITORS

The total amount of fee paid to or receivables by the Auditors, Messrs Grant Thornton Malaysia, as remuneration for their services as Auditors of the Company and its subsidiaries for the financial year ended 31 December 2018 are amounted to RM38,000 and RM126,400 respectively.

There was no indemnity given to or insurance effected for the Auditors of the Company.

The Auditors, Messrs Grant Thornton Malaysia, have expressed their willingness to continue in office.

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

.... **TAN SRI DATUK SERI TAN KEAN SOON**	)	
	)	**DIRECTORS**
.... **DATUK SERI DR. NIK NORZRUL THANI BIN NIK HASSAN THANI**	)	

Kuala Lumpur
21 March 2019

STATEMENT BY THE DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 66 to 160 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

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

....

TAN SRI DATUK SERI TAN KEAN SOON

....

DATUK SERI DR. NIK NORZRUL THANI BIN NIK HASSAN THANI

Kuala Lumpur
21 March 2019

STATUTORY DECLARATION

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

I, Ong Fee Peng, being the Officer primarily responsible for the financial management of T7 Global Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 66 to 160 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
The abovenamed at Kuala Lumpur in)
The Federal Territory this day of)
21 March 2019)

....

ONG FEE PENG
(MIA NO: 25668)

Before me:

....
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
to the Members of T7 GLOBAL BERHAD
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of T7 Global Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 66 to 160.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, Inwternational Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

We have determined that there is no key audit matters to communicate in our report in relation to our audit of the financial statements of the Company.

Provision of expected credit losses

The risk

Refer to Note 14 to the financial statements. We focused on this area because the Group has material amount of trade receivables that are past due but not impaired amounted to RM44,775,734. The key associate risk was the recoverability of billed trade receivables as management judgement is required in determining the completeness of the trade receivables provision and in assessing its adequacy through considering the expected recoverability of the year-end trade receivables.

Our response

We have challenged management's assumptions in calculating the impairment on expected credit lossed. This includes reviewing the ageing of receivables in comparison to previous years, testing the integrity of ageing by calculating the due date for a sample of invoices and reviewing the level of bad debts written off in the current year against the prior year. We also checked the recoverability of outstanding receivables through examination of subsequent year cash receipts and tested the operating effectiveness of the relevant control procedures that management has in place.

INDEPENDENT AUDITORS' REPORT (CONT'D)
to the Members of T7 GLOBAL BERHAD
(Incorporated in Malaysia)

Revenue recognition

The risk

There are significant accounting judgements including determining the stage of completion, the timing of revenue recognition and the calculation under the percentage of completion method made by the management in applying the Group's revenue recognition policies to long term contract entered into by the Group. The nature of these judgement result in them being susceptible to management override.

Contract revenue include the amount agreed in the initial contract, plus revenue from alternations in the original contract work, plus claims and incentive payments that are expected to be collected and that can be measured reliably.

Our response

We performed a range of audit procedures which include obtaining a sample of contracts, reviewing for change orders, retrospectively reviewing estimated profit and costs to complete and enquiring of key personnel regarding adjustments for job costing and potential contract losses. We also performed testing procedures over routine sales transactions.

Recognition of deferred tax assets

The risk

The Group has recognised deferred tax assets for unutilised capital allowances.

Recognition of deferred tax assets requires significant management judgement as to the ability of the Group to generate sufficient future taxable profits to utilise the unutilised capital allowances. We have identified recognition of deferred tax assets as a significant risk requiring special audit consideration due to the inherent uncertainty in projecting the amount and timing of future taxable profits.

Our response

We assessed the accuracy of projected future taxable profits by evaluating historical projection accuracy and comparing the assumptions, such as projected growth rates as well as operating margin, with our own expectations of those assumptions derived from our knowledge of the Group and our understanding obtained during our audit.

Whilst recognising that estimating projection is inherently judgemental, we concluded that the assumptions and methodologies used by the management were within an acceptable range of reasonable estimates. The Group's disclosures regarding deferred tax assets are included in Notes 2.6.2.1, 3.22.2 and 12 to the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

INDEPENDENT AUDITORS' REPORT (CONT'D)
to the Members of T7 GLOBAL BERHAD
(Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements (cont'd)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group in order to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D)
to the Members of T7 GLOBAL BERHAD
(Incorporated in Malaysia)

Report on other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

Other Matter

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

....
GRANT THORNTON MALAYSIA
(NO.AF: 0737)
CHARTERED ACCOUNTANTS

....
FOO LEE MENG
(No. 03069/07/2019 (J))
CHARTERED ACCOUNTANT

Kuala Lumpur
21 March 2019

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	53,070,967	29,479,216	–	–
Investment properties	5	1,250,000	–	–	–
Intangible assets	6	2,136,809	2,410,205	–	–
Investment in subsidiaries	7		–	136,558,527	127,058,531
Investment in associate	8	–	35,000	–	–
Investment in joint ventures	9	1,238,976	1,168,445	–	–
Other investments	10	7,306,203	6,768,427	812,804	1,960,987
Other receivables	11	–	2,695,670	–	2,695,670
Deferred tax assets	12	7,056,143	–	–	–
Total non-current assets		72,059,098	42,556,963	137,371,331	131,715,188
Current assets					
Inventories	13	28,130,495	9,694,724	–	–
Trade receivables	14	51,477,959	80,311,321	–	–
Other receivables	11	10,839,511	8,039,667	701,589	2,070,273
Contract assets	15	41,502,057	31,853,755	–	–
Amount due from subsidiaries	7	–	–	53,178,650	28,964,677
Amount due from a joint venture	9	13,180,198	3,503,820	20,000	20,000
Other investments	10	–	3,488,538	–	–
Tax recoverable		662,960	1,518,762	183,085	156,923
Cash and cash equivalents	16	36,349,123	84,061,574	2,284,809	44,919,365
Total current assets		182,142,303	222,472,161	56,368,133	76,131,238
Assets classified as held for sale	17	1,284,667	21,593,070	–	–
TOTAL ASSETS		255,486,068	286,622,194	193,739,464	207,846,426
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	18	120,504,502	120,504,502	120,504,502	120,504,502
Treasury shares	19	(6,326,044)	(4,396,520)	(6,326,044)	(4,396,520)
Reserves	20	38,809,217	38,182,771	59,062,416	59,062,416
Accumulated profit/losses		(11,095,585)	(15,345,457)	15,422,682	(1,638,791)
		141,892,090	138,945,296	188,663,556	173,531,607
Non-controlling interests		16,716,830	12,896,281	–	–
Total equity		158,608,920	151,841,577	188,663,556	173,531,607

STATEMENTS OF FINANCIAL POSITION (CONT'D)
AS AT 31 DECEMBER 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	12	860,438	405,422	–	–
Finance lease liabilities	21	1,225,760	1,461,399	–	–
Borrowings	22	14,521,147	7,187,027	–	–
Total non-current liabilities		16,607,345	9,053,848	–	–
Current liabilities					
Trade payables	23	41,908,214	54,559,164	–	–
Other payables	24	6,026,815	36,068,659	734,614	32,534,077
Contract liabilities	15	4,843,490	25,874,038	–	–
Amount due to subsidiaries	7	–	–	4,341,294	1,780,742
Finance lease liabilities	21	1,168,410	897,479	–	–
Tax payable		1,643,757	1,566,328	–	–
Borrowings	22	24,679,117	6,761,101	–	–
Total current liabilities		80,269,803	125,726,769	5,075,908	34,314,819
TOTAL LIABILITIES		96,877,148	134,780,617	5,075,908	34,314,819
TOTAL EQUITY AND LIABILITIES		255,486,068	286,622,194	193,739,464	207,846,426

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Revenue	25	210,439,492	204,495,321	677,051	184,140
Cost of sales		(179,427,189)	(179,743,752)	–	–
Gross profit		31,012,303	24,751,569	677,051	184,140
Other income		10,746,253	13,100,639	31,555,598	5,507,362
Operating expenses		(32,053,714)	(28,272,201)	(12,589,718)	(7,511,071)
Net (loss)/gain on impairment of financial assets		(2,360,858)	(740,458)	(3,232,359)	86,893
Profit/(Loss) from operations		7,343,984	8,839,549	16,410,572	(1,732,676)
Finance income		1,274,473	1,014,814	650,901	148,437
Finance costs		(1,034,785)	(472,850)	–	–
Share of result of joint venture		70,531	426,933	–	–
Profit/(Loss) before tax	26	7,654,203	9,808,446	17,061,473	(1,584,239)
Tax income/(expenses)	27	2,907,867	(4,146,290)	–	(54,552)
Profit/(Loss) for the financial year		10,562,070	5,662,156	17,061,473	(1,638,791)
Other comprehensive, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Net changes in fair value of equity investments designated at fair value through other comprehensive income		(2,927,779)	–	–	–
Tax effect on items that will not be reclassified to profit or loss		(410,256)	–	–	–
Items that are or may be reclassified subsequently to profit or loss					
Exchange differences on translating of foreign operations		91	(455,679)	–	–
Fair value of available-for-sales financial assets		–	2,252,124	–	515
Other comprehensive (loss)/income for the financial year, net of tax		(3,337,944)	1,796,445	–	515
Total comprehensive income/(loss) for the financial year		7,224,126	7,458,601	17,061,473	(1,638,276)

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Profit/(Loss) for the financial year attributable to:					
Owner of the Company		7,015,575	1,883,352	17,061,473	(1,638,791)
Non-controlling interests		3,546,495	3,778,804	–	–
		10,562,070	5,662,156	17,061,473	(1,638,791)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		3,677,631	3,679,797	17,061,473	(1,638,276)
Non-controlling interests		3,546,495	3,778,804	–	–
		7,224,126	7,458,601	17,061,473	(1,638,276)
Earnings per share attributable to owners of the Company:-					
Earnings per share					
- Basic (sen)	28	1.69	0.49		

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

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

Group	Note	Share Capital RM	Treasury Shares RM	Share Premium RM	Capital Reserve RM	Available-for-sale Investments Fair Value Reserve RM	Fair Value Reserve RM	Foreign Currency Translation Reserve RM	Reserve Classified as Held For Sale RM	Accumulated Losses RM	Total RM	Non-controlling Interest RM	Total Equity RM
		Attributable to Equity Holders of the Company											
		Non-Distributable								Distributable			
Balance as at 1 January 2017		190,772,645	(4,396,520)	68,738,801	(19,579,028)	–	20,424	(1,123,142)	–	(112,780,961)	121,652,219	9,073,706	130,725,925
Transition to no-par regime		68,736,693	–	(68,738,801)	2,057	–	51	–	–	–	–	–	–
Transactions with owners:-													
Issuance of shares pursuant to private placement		13,613,280	–	–	–	–	–	–	–	–	13,613,280	–	13,613,280
Capital reduction		(152,618,116)	–	–	57,065,964	–	–	–	–	95,552,152	–	–	–
Total transactions with owners		(139,004,836)	–	–	57,065,964	–	–	–	–	95,552,152	13,613,280	–	13,613,280
Transfer to reserve classified as held for sale		–	–	–	–	–	–	1,142,366	(1,142,366)	–	–	–	–
Acquisition of subsidiaries		–	–	–	–	–	–	–	–	–	–	53	53
Disposal of a subsidiary		–	–	–	–	–	–	–	–	–	–	43,718	43,718
Profit for the financial year		–	–	–	–	–	–	–	–	1,883,352	1,883,352	3,778,804	5,662,156
Other comprehensive income for the financial year		–	–	–	–	2,251,609	515	(455,679)	–	–	1,796,445	–	1,796,445
Total comprehensive income for the financial year		–	–	–	–	2,251,609	515	(455,679)	–	1,883,352	3,679,797	3,778,804	7,458,601
Balance as at 31 December 2017		120,504,502	(4,396,520)	–	37,488,993	2,251,609	20,990	(436,455)	(1,142,366)	(15,345,457)	138,945,296	12,896,281	151,841,577
Effect of MFRS 9 adoption, net of tax		–	–	–	–	(2,251,609)	4,637,178	–	–	(2,765,703)	(380,134)	–	(380,134)
Balance as at 1 January 2018		120,504,502	(4,396,520)	–	37,488,993	–	4,658,168	(436,455)	(1,142,366)	(18,111,160)	138,565,162	12,896,281	151,461,443
Transaction with owners:-													
Own shares acquired		–	(1,929,524)	–	–	–	–	–	–	–	(1,929,524)	–	(1,929,524)
Foreign currency translation reserve realised on disposal of foreign subsidiaries		–	–	–	–	–	–	436,455	1,142,366	–	1,578,821	–	1,578,821
Acquisition of subsidiaries		–	–	–	–	–	–	–	–	–	–	274,054	274,054
Profit for the financial year		–	–	–	–	–	–	–	–	7,015,575	7,015,575	3,546,495	10,562,070
Other comprehensive loss for the financial year		–	–	–	–	–	(3,338,035)	91	–	–	(3,337,944)	–	(3,337,944)
Total comprehensive income for the financial year		–	–	–	–	–	(3,338,035)	91	–	7,015,575	3,677,631	3,546,495	7,224,126
Balance as at 31 December 2018		120,504,502	(6,326,044)	–	37,488,993	–	1,320,133	91	–	(11,095,585)	141,892,090	16,716,830	158,608,920

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Company	Note	Attributable to Equity Holders of the Company						
		Non-Distributable					Distributable	
		Share capital RM	Treasury Shares RM	Share Premium RM	Capital Reserve RM	Fair Value Reserve RM	Accumulated Losses RM	Total Equity RM
Balance as at 1 January 2017		190,772,645	(4,396,520)	68,736,693	1,975,462	20,475	(95,552,152)	161,556,603
Transition to no-par value regime	17	68,736,693	–	(68,736,693)	–	–	–	–
Transactions with owners:-								
Issuance of ordinary shares pursuant to private placement		13,613,280	–	–	–	–	–	13,613,280
Capital reduction		(152,618,116)	–	–	57,065,964	–	95,552,152	–
Total transactions with owners		(139,004,836)	–	–	57,065,964	–	95,552,152	13,613,280
Loss for the financial year		–	–	–	–	–	(1,638,791)	(1,638,791)
Other comprehensive income for the financial year		–	–	–	–	515	–	515
Total comprehensive loss for the financial year		–	–	–	–	515	(1,638,791)	(1,638,276)
Balance as at 31 December 2017		120,504,502	(4,396,520)	–	59,041,426	20,990	(1,638,791)	173,531,607
Transaction with owners:-								
Own shares acquired		–	(1,929,524)	–	–	–	–	(1,929,524)
Total comprehensive profit for the financial year		–	–	–	–	–	17,061,473	17,061,473
Balance as at 31 December 2018		120,504,502	(6,326,044)	–	59,041,426	20,990	15,422,682	188,663,556

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
OPERATING ACTIVITIES				
Profit/(Loss) before tax	7,654,203	9,808,446	17,061,473	(1,584,239)
Adjustment for:				
Amortisation of intangible assets	273,396	282,531	–	–
Bad debts written off	–	121,121	850,437	3,586
Investment in subsidiaries written off	–	–	2	800,000
Inventories written off	257,332	–	–	–
Depreciation of property, plant and equipment	2,624,878	2,774,628	–	–
Interest expense	1,034,785	472,850	–	–
Impairment loss on				
- Investment in associate	35,000	–	–	–
- Investment in subsidiaries	–	–	–	1,202,282
Impairment loss no longer required on				
- Investment in subsidiaries	–	–	–	(147,500)
Unrealised loss/(gain) on foreign exchange	986,162	310,852	(9,749)	714,414
(Gain)/Loss on disposal of property, plant and equipment	(143)	21,345	–	–
Impairment loss on ECL				
- Trade receivables	991,807	804,444	–	–
- Other receivables	3,291,198	119,079	3,227,000	–
- Amount due from subsidiaries	–	–	5,359	169,036
Reversal of ECL				
- Trade receivables	(1,732,787)	(183,065)	–	–
- Other receivables	(189,360)	–	–	–
- Amount due from subsidiaries	–	–	–	(255,929)
Loss/(Gain) on fair value of other investment	268,183	(2,584,136)	148,183	(91,535)
(Gain)/Loss on disposal of a subsidiary	(9,028,109)	882,774	(32,199,998)	83,750
Share of result of joint venture	(70,531)	(426,933)	–	–
Interest income	(1,274,473)	(1,014,814)	(650,901)	(148,437)
Dividend income	(58,389)	(86,803)	(24,709)	(35,703)
Waiver of debts	(51)	(836,653)	–	(5,368,764)
Fair value gain on investment properties	(150,731)	–	–	–
Loss on disposal of other investment	197,936	–	183,931	–
Operating profit/(loss) before changes in working capital	5,110,306	10,465,666	(11,408,972)	(4,659,039)
Inventories	(18,693,103)	(6,625,817)	–	–
Receivables	25,148,513	(48,359,699)	11,799	526,556
Joint venture	4,639,188	3,041,475	–	–
Contract assets	(9,648,302)	9,004,817	–	–
Contract liabilities	(21,030,548)	–	–	–
Payables	(47,527,152)	54,541,416	(31,799,463)	32,073,540
Bill payable	6,311,631	6,424,537	–	–
Cash (used in)/generated from operations	(55,689,467)	28,492,395	(43,196,636)	27,941,057
Tax refunded	656,587	387,328	–	287,584
Tax paid	(4,046,321)	(1,547,124)	(26,162)	(136,429)
Net cash (used in)/from operating activities	(59,079,201)	27,332,599	(43,222,798)	28,092,212

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
INVESTING ACTIVITIES				
Addition of property, plant and equipment	(26,392,319)	(15,787,663)	–	–
Proceed from disposal of other investment	2,316,864	–	816,069	–
Proceeds from disposal of property, plant and equipment	166	176,321	–	–
Proceed inflow from disposal of a subsidiary	32,200,000	83,715	32,200,000	83,750
Acquisition of subsidiaries	274,054	(3)	–	(337)
Acquisition of other investment	(2,760,000)	(2,144,000)	–	–
Additional of investment in subsidiaries	–	–	(9,500,000)	–
Addition of intangible assets	–	(1,245)	-	–
Interest received	1,274,473	1,014,814	650,901	148,437
Dividend received	58,389	86,803	24,709	35,703
Addition of investment properties	(1,099,269)	–	–	–
Net cash from/(used in) investing activities	5,872,358	(16,571,258)	24,191,679	267,553
FINANCING ACTIVITIES				
Issuance of shares pursuant to private placement	–	13,613,280	–	13,613,280
Repurchase of treasury share	(1,929,524)	–	(1,929,524)	–
Repayment to subsidiaries	–	–	(21,673,913)	(20,543,583)
Repayment to joint venture	(9,408,187)	(568,632)	–	(20,000)
Repayment of finance lease	(1,073,708)	(927,907)	–	–
Interest paid	(1,034,785)	(472,850)	–	–
Drawdown of term loan	10,384,736	7,840,000	–	–
Drawdown of onshore foreign currency loan	3,544,759	–	–	–
Drawdown of invoice financing	5,391,242	–	–	–
Repayment of term loan	(380,232)	(272,741)	–	–
Net cash from/(used in) financing activities	5,494,301	19,211,150	(23,603,437)	(6,950,303)
Net (decrease)/increase	(47,712,542)	29,972,491	(42,634,556)	21,409,462
Brought forward	84,061,574	54,362,082	44,919,365	23,509,903
Effects on exchange rate changes on cash and cash equivalents	91	(272,999)	–	–
Carried forward	36,349,123	84,061,574	2,284,809	44,919,365

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

NOTES TO THE STATEMENTS OF CASH FLOWS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT				
Total purchase of property, plant and equipment	27,501,319	16,077,838	–	–
Less : Acquisition by means of finance lease liabilities	(1,109,000)	(290,175)	–	–
	26,392,319	15,787,663	–	–

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise of the following amounts:-

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Cash and bank balances	31,797,613	26,403,897	2,241,968	5,717,648
Deposits with licensed banks	4,551,510	57,657,677	42,841	39,201,717
	36,349,123	84,061,574	2,284,809	44,919,365

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1 GENERAL INFORMATION

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

The registered office is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

The principal place of business is located at C-16-01, Level 16, KL Trillion Corporate Tower, Block C, 338 Jalan Tun Razak, 50400 Kuala Lumpur.

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are described in Note 7 to the financial statements. There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 21 March 2019.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of Compliance

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

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under historical cost convention, except for equity financial assets that have been measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and its measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group and to the Company.

The fair value of an asset or a liability is measured on the assumptions that market participants would act in their economic best interest when pricing the asset or liability. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2- Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
Level 3- Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.2 Basis of Measurement (cont'd)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

The Group and the Company have established control framework in respect of measurement of fair values of financial instruments. The Board of Directors has overall responsibility for overseeing all significant fair value measurements. The Board of Directors regularly reviews significant unobservable inputs and valuation adjustments.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2.4. MFRSs

2.4.1 Adoption of New Standards/Amendments/Improvements to MFRSs

The Group and the Company have consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2018.

Initial application of the new standards/amendments/improvements to MFRSs did not have material impact on the financial statements of the Group and of the Company, except for:-

2.4.1.1 MFRS 9 Financial Instruments

MFRS 9 replaces MFRS 139 and introduces new requirements for classification and measurement of financial assets and financial liabilities, impairment and hedge accounting. MFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

Retrospective application is required but restatement of comparative information is not compulsory. The Group and the Company have applied this standard for financial year beginning on 1 January 2018 where no restatement of comparatives was made.

Classification and Measurement of Financial Instruments

<u>Financial Assets</u>

Under MFRS 9, at initial recognition, financial assets are classified and measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

MFRS 9 requires for a financial asset to be measured at amortised cost if the financial assets is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.4. MFRSs (cont'd)

2.4.1 Adoption of New Standards/Amendments/Improvements to MFRSs (cont'd)

2.4.1.1 MFRS 9 Financial Instruments (cont'd)

Classification and Measurement of Financial Instruments (cont'd)

<u>Financial Assets (cont'd)</u>

A financial asset shall be measured at FVOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets will be measured at FVTPL if the assets that are held for trading or such financial assets are not qualify for neither held at amortised costs nor at FVOCI. Equity instruments that were not elected for FVOCI will be measured at FVTPL.

Based on the assessment, the financial assets held by the Group and the Company as at 1 January 2018 are reclassified to the following categories:-

		Measurement category		Carrying amount as at 1 January 2018	
	Note	Original MFRS 139	New MFRS 9	Original MFRS 139 RM	New MFRS 9 RM
Financial assets:- Group					
Other investments	1	AFS*	FVOCI	3,292,640	3,292,640
Other investments	1	FVTPL	FVOCI	3,488,538	3,488,538
Trade receivables**	2	LAR*	AC*	80,311,321	79,882,451
Other receivables	2	LAR*	AC*	7,532,498	7,532,498
Amount due from a joint venture	2	LAR*	AC*	3,503,820	3,503,820
Cash and cash equivalents	2	LAR*	AC*	84,061,574	84,061,574
Financial assets:- Company					
Other receivables	2	LAR*	AC*	4,720,013	4,720,013
Amount due from subsidiaries	2	LAR*	AC*	28,964,677	28,964,677
Amount due from joint venture	2	LAR*	AC*	20,000	20,000
Cash and cash equivalents	2	LAR*	AC*	44,919,365	44,919,365

* LAR - Loans and Receivables
* AC - Amortised Cost
* AFS - Available-for-sale
** The change in carrying amount is a result of additional impairment allowance. See the discussion on impairment below.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.4. MFRSs (cont'd)

2.4.1 Adoption of New Standards/Amendments/Improvements to MFRSs (cont'd)

2.4.1.1 MFRS 9 Financial Instruments (cont'd)

Classification and Measurement of Financial Instrument (cont'd)

Financial Assets (cont'd)-

Note:-

1. Other investments previously classified as FVTPL and AFS are now reclassified to FVOCI. The Group and the Company manage the financial assets with the objective of by collecting contractual cash flows and selling financial assets and the contractual terms of the financial assets give rise on cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. Trade receivables, most of other receivables, amount due from subsidiaries, amount due from a joint venture and cash and cash equivalents that were previously classified as loans and receivables are now reclassified to amortised cost. The Group and the Company intend to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal outstanding.

Financial Liabilities

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

However, under MFRS 139, all fair value changes of liabilities designated as FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:-

- the amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in other comprehensive income; and
- the remaining amount of change in the fair value is presented in profit or loss.

The Group's and the Company's assessment did not identify any requirements to reclassify financial liabilities as at 1 January 2018 and it has not designated any financial liabilities at FVTPL and it had no intention to do so.

Impairment

MFRS 9 impairment requirements are based on an Expected Credit Loss ("ECL") model that replaces the Incurred Loss model under MFRS 139. The ECL model applies to financial assets that are measured at amortised cost or at FVOCI and issued financial guarantee contracts, which will include trade receivables and contract assets.

The Group and the Company applied the Simplified Approach and calculate the expected credit losses based on lifetime expected credit losses on all trade receivables and contract assets. The Group and the Company established a provision matrix that is based on its historical credit loss experience with the trade receivables of similar credit risk characteristics, adjusted for forward-looking factors specific to the category of debtors and the economic environment. For financial assets other than trade receivables, the Group and the Company apply the Three-stage General Approach, ECL model, which takes into effect the 12-Month ECL for assets that are within Stage 1, and lifetime ECL for all financial instruments for which there have been significant increases in credit risk.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.4. MFRSs (cont'd)

2.4.1 Adoption of New Standards/Amendments/Improvements to MFRSs (cont'd)

2.4.1.1 MFRS 9 Financial Instruments (cont'd)

Group	RM
Trade receivables	
Loss allowances at 31 December 2017 under MFRS 139	10,115,510
Additional impairment recognised at 1 January 2018	428,870
Loss allowances at 1 January 2018 under MFRS 9	10,544,380

Effect on initial impact

The following table is a reconciliation of the carrying amounts on the impact of adopting MFRS 9 as at 1 January 2018:-

	Original (MFRS 139) Carrying amount as at 31 December 2017 RM	Reclassification and Remeasurement RM	Impairment RM	New (MFRS 9) Carrying amount as at 1 January 2018 RM
Group				
Other investments				
Non-current assets				
Quoted investments				
- AFS	3,292,640	(3,292,640)	–	–
Non-current assets				
Quoted investments				
- FVOCI	–	3,292,640	–	3,292,640
Current assets				
Quoted investments				
- FVTPL	3,488,538	(3,488,538)	–	–
Non-current assets				
Quoted investments				
- FVOCI	–	3,488,538	–	3,488,538
Trade receivables				
Opening balance	80,311,321	–	–	80,311,321
Increase in allowance for impairment	–	–	(428,870)	(428,870)
Total trade receivables	**80,311,321**	–	**(428,870)**	**79,882,451**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.4. MFRSs (cont'd)

2.4.1 Adoption of New Standards/Amendments/Improvements to MFRSs (cont'd)

2.4.1.1 MFRS 9 Financial Instruments (cont'd)

Effect on initial impact (cont'd)

	Original (MFRS 139) Carrying amount as at 31 December 2017 RM	Reclassification and Remeasurement RM	Impairment RM	New (MFRS 9) Carrying amount as at 1 January 2018 RM
Group (cont'd)				
Deferred tax liabilities				
Opening balance	405,422	–	–	405,422
Deferred tax related to allowance for ECL	–	(48,736)	–	(48,736)
Total deferred tax liabilities	**405,422**	**(48,736)**	**–**	**356,686**
Fair value reserve				
Opening balance	2,251,609	–	–	2,251,609
Increase in reclassification of quoted investment	–	2,385,569	–	2,385,569
Total fair value reserve	**2,251,609**	**2,385,569**	**–**	**4,637,178**
Accumulated losses				
Opening balance	(15,345,457)	–	–	(15,345,457)
Increase in allowance for impairment on trade receivables, net of tax	–	–	(380,134)	(380,134)
Increase in reclassification of quoted investment	–	(2,385,569)	–	(2,385,569)
Total accumulated losses	**(15,345,457)**	**(2,385,569)**	**(380,134)**	**18,111,160**

Hedge Accounting

The requirement for general hedge accounting in MFRS 9 has been simplified and may result in more designation of hedge items for accounting purpose.

The Group and the Company do not use hedge accounting and there is no impact on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.4. MFRSs (cont'd)

2.4.1 Adoption of New Standards/Amendments/Improvements to MFRSs (cont'd)

2.4.1.2 MFRS 15 Revenue from Contracts with Customers

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

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

The Group and the Company adopted MFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group and the Company elected to apply the standard to all contracts as at 1 January 2018.

The adoption of this Standard results in changes in accounting policies for revenue recognition, and has no material financial impact on the substance of the principals applied by the Group and the Company to the amount and timing of revenue recognition. The revenue recognition principals and delivery terms applied by the Group and the Company remains generally unaltered. No adjustment to the opening balance of accumulated losses had been made as there are no changes in timing of the revenue recognition.

2.5 Standards Issued But Not Yet Effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the Malaysian Accounting Standards Board ("MASB") but are not yet effective, and has not been early adopted by the Group and the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's and the Company's accounting policies for the first period beginning after the effective date of the pronouncement. The initial application of the new standards, amendments and interpretations are not expected to have any material impact to the Group's and the Company's financial statements, except for:-

MFRSs and Amendments to MFRSs effective 1 January 2019:

MFRS 116 *Leases*
Amendments to MFRS 128 *Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures*
IC Interpretation 23 *Uncertainty over Income Tax Treatments*
Annual Improvements to MFRS Standards 2015-2017 Cycle
Amendments to MFRS 119 *Employee Benefits: Plan Amendment, Curtailment or Settlement*

MFRSs and Amendments to MFRSs effective 1 January 2020:

Amendments to MFRS *3 Business Combinations*
Amendments to MFRS *101 Presentation of Financial Statements*
Amendments to MFRS *108 Accounting Policies, Changes in Accounting Estimates and Errors*
Amendments to Reference to the Conceptual Framework on MFRS Standards (MFRS 2, 3, 6*, 14*, 101, 108, 134, 137, 138 and IC Interpretation 12*, 19, 20*, 22* and 132)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Standards Issued But Not Yet Effective (cont'd)

MFRSs effective 1 January 2021:-

MFRS 17 *Insurance Contracts**

Amendments to MFRSs - effective date deferred indefinitely

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

* Not applicable to the Group's and the Company's operation.

2.5.1 MFRS 16 Leases

MFRS 16 was issued in January 2016 and it replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events. The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from today's accounting under MRFS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under MFRS 117.

<u>Transition to MFRS 16</u>

The Group and the Company will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms end within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Company has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value. Overall, the Group and the Company expect no significant impact on their statements of financial position.

2.6 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management and will seldom equal the estimated results.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.1 Estimation Uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

2.6.1.1 Useful Lives of Property, Plant and Equipment

Management estimates the useful lives of the property, plant and equipment to be within 3 to 50 years and reviews the useful lives of the depreciable assets at the end of each reporting year. As at 31 December 2018, management assess that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and technological developments which resulting the adjustment to the Group's assets.

The carrying amount of the Group's property, plant and equipment is disclosed in Note 4 to the financial statements.

2.6.1.2 Impairment of Property, Plant and Equipment and Investment Properties

The Group carried out impairment tests where there are indications of impairment based on a variety of estimation including value-in-use of cash-generating unit to which the property, plant and equipment is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from cash-generating unit and also to choose a suitable discount rate in order to calculate present value of those cash flows.

2.6.1.3 Impairment of Non-financial Assets

An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management make assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's and the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Further details of the carrying values, key assumptions applied in the impairment assessment of goodwill are disclosed in Note 6 to financial statements.

2.6.1.4 Provision for Expected Credit Losses ("ECLs") of Trade Receivables and Contract Assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns such as customer type and rating, and other forms of credit insurance.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the energy sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.1 Estimation Uncertainty (cont'd)

2.6.1.5 Amortisation of Intangible Assets

The development costs of gas generators are amortised on a straight line basis over their useful lives of 15 years. The Group assesses annually the useful lives of the intangible assets and if the expectation differs from the original estimate, such difference will impact the amortisation expenses in the period in which such estimate had been charged.

2.6.1.6 Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The realisation of these inventories may be affected by market-driven changes that may occur in the future.

2.6.1.7 Income Taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters result is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2.6.1.8 Deferred Tax Assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget or forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Estimation uncertainty applied until 31 December 2017

2.6.1.9 Impairment of Loans and Receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. Factors such as probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments are considered in determining whether there is objective evidence of impairment.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

2.6.2 Significant Management Judgements

The following are significant management judgements made in applying the accounting policies of the Group that have the most significant effect on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.2 Significant Management Judgements (cont'd)

2.6.2.1 Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses, unutilised capital allowances and unutilised tax credits to the extent that it is probable that taxable profit will be available against which all deductible temporary differences, unutilised tax losses and unutilised capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with future tax planning strategies.

2.6.2.2 Leases

In applying the classification of leases in MFRS 117, management considers some of its leases of leasehold land as finance lease arrangements. The lease transaction is not always conclusive, and management uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership, whether the lease term is for the major part of the economic life of the asset even if title is not transferred and others in accordance with MFRS 117 Leases.

2.6.2.3 Classification Between Investment Properties and Owner-Occupied Properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. The Group accounts for the portions separately if the portions could be sold separately (or leased out separately under a finance lease). If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

2.6.2.4 Revenue Recognition

The Group is a party to the contractual agreements, which can involve upfront and milestone payments that may occur over several years. These agreements may also involve certain future obligations. Revenue is only recognised when, in management's judgement, the significant risks and rewards of ownership have been transferred or when the obligation has been fulfilled.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Consolidation

3.1.1 Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group or the Company. Control exists when the Group or the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group or the Company considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiaries is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution. The cost of investments includes transaction costs. Where an indication of impairment exist, the carrying amount of the subsidiaries is assessed and written down immediately to their recoverable amount.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

3.1.2 Basis of Consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiary companies have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting period.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transactions will be treated in accordance to Note 3.22 of the financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

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

3.1.3 Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Consolidation (cont'd)

3.1.3 Business Combinations (cont'd)

If business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRSs.

Goodwill in initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3.1.4 Loss of Control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of the equity related to the subsidiary company. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3.1.5 Non-controlling Interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the financial year between non-controlling interests and the owners of the Company.

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

3.1.6 Eliminations on Consolidation

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Consolidation (cont'd)

3.1.7 Associates

Associates are entities in which the Group has significant influence, but no control, over their financial and operating policies.

The Group's investments in associates are accounted for using the equity method. Under the equity method, investment in an associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The share of the result of an associate is reflected in profit or loss. This is the profit attributable to equity holders of the associate and therefore is the profit after tax and non-controlling interests in the subsidiaries of the associate. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Where there has been a change recognised directly in the equity of an associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

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

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associates. The Group determines at each end of the reporting period whether there is any objective evidence that the investments in the associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and their carrying value, then recognises the amount in the "share of profit of investments accounted for using the equity method" in profit or loss.

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

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

3.2 Foreign Currency Translation

The Group's consolidated financial statements are presented in RM, which is also the parent company's functional currency.

3.2.1 Foreign Currency Transactions and Balances

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Foreign Currency Translation (cont'd)

3.2.1 Foreign Currency Transactions and Balances (cont'd)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

3.2.2 Foreign Operations

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combination before 1 February 2011 (the date when the Group and the Company first adopted MFRSs) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the date of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that include a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in foreign currency translation reserve in equity.

3.3 Property, Plant and Equipment

Property, plant and equipment are initially stated at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Property, Plant and Equipment. (cont'd)

Depreciation is recognised on the straight line method in order to write off the cost of each asset over its estimated useful life. All property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

	Percentage (%)
Freehold land and building	2
Leasehold land and building	Over 80 months – 50 years
Furniture and fittings	10
Renovation	10
Workshop tools	20
Office equipment	10 – 33 1/3
Motor vehicles	20 – 25
Equipment	10 – 20
Plant and machinery	10 – 33 1/3

Depreciation of assets under construction begins when it is ready for its intended use. The residual values, useful life and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and expected pattern of consumption of future economic benefits embodied in the items of property, plant and equipment.

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

3.4 Goodwill

Goodwill arising on the acquisition of a subsidiary or a proportionately consolidated jointly-controlled entity, being the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated at the acquisition date to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. An impairment loss is recognised for a cash-generating unit when the recoverable amount of the unit is less than the carrying amount of the unit. Any impairment loss recognised is first allocated to reduce the carrying amount of any goodwill allocated to the unit and then, to the other assets of the unit within the scope of MFRS 136 Impairment of Assets pro rata on the basis of the carrying amount of each applicable asset in the unit. Any impairment loss recognised for goodwill is not reversed.

Goodwill arising on the acquisition of investments in associates is included within the carrying amount of the investments and is assessed for impairment as part of the investment.

If, after reassessment, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

On disposal of a subsidiary or a proportionately consolidated jointly-controlled entity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Intangible Assets

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably.

Internally Generated Intangible Assets

Costs associated with internally generated intangible assets arising from research activities are recognised in profit or loss in the period in which the expenditure is incurred.

An internally generated intangible asset arising from development activities is recognised only when all of the following conditions are demonstrated:-

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- the intention to complete the intangible asset and thereafter use it or sell it.
- the ability to either use or sell the intangible asset.
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and thereafter to use or sell the intangible asset.
- the ability to measure reliably the expenditure attributable to the intangible asset during its development phrase.

Other development expenditure is recognised in profit or loss as and when it is incurred.

After initial recognition, internally generated intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated gas generator development costs are amortised on a straight-line basis over their estimated useful lives of 15 years. The amortisation period and method are reviewed at least at the end of each reporting period.

The carrying amounts of intangible assets are derecognised on disposal or when no future economic benefits are expected from their use. Any gain or loss arising from the derecognition of an intangible asset, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the asset, is recognised in profit or loss. Neither the sale proceeds nor any gain on derecognition is classified as revenue.

Research costs are expensed as incurred. Deferred development costs arising from development expenditure on an individual project are recognised when the Group can demonstrate the technical feasibility of completing the intangible assets so that it will be available for use for sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably to expenditures during the development. Deferred development costs have a finite useful life and are amortised over the period of expected sales from the related project on a straight line basis.

Patents were acquired in business combinations and amortised on a straight line basis over the useful lives of 10 years.

3.6 Investment Property

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

After initial recognition as investment property, investment property is carried at cost value less accumulated amortisation and any accumulated impairment losses.

Depreciation of an investment property begins when it is ready for its intended use.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Joint Arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. Joint arrangements are classified as either joint operation or joint venture. A joint arrangement is classified as a joint operation when the Group has rights to the assets and obligations for the liabilities relating to an arrangement. Whilst, a joint arrangement are classified as a joint venture when the Group has rights only to the net assets of the arrangements.

3.7.1 Joint Ventures

Investment in joint ventures is accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in joint ventures is carried in the statements of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the joint ventures. The Group's share of profit or loss of joint ventures is recognised in the statements of profit or loss. Where there has been a change recognised directly in the equity of the joint ventures, the Group recognises its share of such changes.

In applying the equity method, unrealised gains or losses on transactions between the Group and the joint ventures are eliminated to the extent of the Group's interest in the joint ventures. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the joint ventures. The Group determines at each reporting date whether there is any objective evidence that the investment in the joint ventures is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in statements of profit or loss. The joint ventures are equity accounted for from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint ventures.

Goodwill relating to a joint venture is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the joint ventures' identifiable assets, liabilities and contingent liabilities over the cost of the investments is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the joint ventures' profit or loss in the year in which the investments are acquired.

When the Group's share of losses in joint ventures equals or exceeds its interest in the joint ventures, including any long-term interests that, in substance, form part of the Group's net investment in the joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

The most recent available audited financial statements of the joint ventures are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting year. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in the statement of profit or loss.

3.7.2 Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group as a joint operator recognises in relation to its interest in a joint operation:-

(a) its assets, including its share of any assets held jointly;
(b) its liabilities, including its share of any liabilities incurred jointly;
(c) its revenue from the sale of its share of the output arising from the joint operation;
(d) its share of the revenue from the sale of the output by the joint operation;
(e) its expenses, including its share of any expenses incurred jointly.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Joint Arrangements (cont'd)

3.7.2 Joint Operations (cont'd)

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the MFRSs applicable to the particular assets, liabilities, revenues and expenses.

Profits or losses resulting from transactions between the Group and its joint operation are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the joint operation.

3.8 Impairment of Non-Financial Assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of three years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the third year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at the end of each reporting period, and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at the end of each reporting period, either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Financial Instruments

3.9.1 Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Group or the Company becomes a party to the contractual provisions of the financial instrument.

3.9.2 Financial Assets

3.9.2.1 Categorisation and Subsequent Measurement

Accounting Policies applied from 1 January 2018:-

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with MFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:-

(i) amortised cost;
(ii) fair value through profit or loss ("FVTPL"); and
(iii) fair value through other comprehensive income ("FVOCI").

The classification is determined by both:-

(i) the entity's business model for managing the financial asset; and
(ii) the contractual cash flow characteristics of the financial asset.

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

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

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

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

<u>Financial Assets at Amortised Cost</u>

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):-

(i) they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
(ii) the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Financial Instruments (cont'd)

3.9.2 Financial Assets (cont'd)

3.9.2.1 Categorisation and Subsequent Measurement (cont'd)

Accounting Policies applied from 1 January 2018:- **(cont'd)**

Financial Assets at Amortised Cost (cont'd)

After initial recognition, these are measured at amortised cost using the effective interest method and are subject to impairment. Gain or loss are recognised in profit or loss when the asset is derecognised, modified or impaired. Discounting is omitted where the effect of discounting is immaterial. The Group's and the Company's trade and most of other receivables, amount due from subsidiaries, amount due from a joint venture and cash and cash equivalents are fall into this category of financial instruments.

Financial Assets at FVTPL

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial Assets at FVOCI

The Group and the Company account for financial assets at FVOCI if the assets meet the following conditions:-

(i) they are held under a business model where objective it is "hold to collect" the associated cash flows and sell; and
(ii) the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income ("OCI") will be recycled upon derecognition of the asset.

Accounting policies applied until 31 December 2017:-

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

(a) financial assets at fair value through profit or loss;
(b) held-to-maturity investments;
(c) loans and receivables; and
(d) available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each end of the reporting period. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Financial Instruments (cont'd)

3.9.2 Financial Assets (cont'd)

3.9.2.1 Categorisation and Subsequent Measurement (cont'd)

Accounting policies applied until 31 December 2017:- **(cont'd)**

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group's and the Company's trade and most of other receivables, amount due from subsidiaries, amount due from a joint venture and cash and cash equivalents fall into this category of financial instruments.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

Financial Assets at FVTPL

Financial assets at FVTPL comprise of financial assets which are held for trading or those designated at fair value through profit or loss upon initial recognition. All derivative financial instruments (including separated embedded derivatives) which are acquired principally for the purpose of selling in the near term and contingent consideration in a business combination fall into this category, except for those that are financial guarantee contracts or those designated and effective as hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other income or other expenses.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets which are held primarily for trading purposes are presented as current whereas financial assets which are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

Available-For-Sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not quality for inclusion in any of the other categories of financial assets.

Available-for-sale financial assets are measured at fair value subsequent to the initial recognition. Gain or losses are recognised in other comprehensive income and reported within the fair value adjustments reserve within equity. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassified adjustment within other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Financial Instruments (cont'd)

3.9.2 Financial Assets (cont'd)

3.9.2.1 Categorisation and Subsequent Measurement (cont'd)

Accounting policies applied until 31 December 2017:- **(cont'd)**

Available-For-Sale Financial Assets (cont'd)

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the end of the reporting period.

3.9.2.2 Impairment

Accounting Policies applied from 1 January 2018:-

MFRS 9's impairment requirements use more forward-looking information to recognise ECL – the 'ECL model'. This replaces MFRS 139's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under MFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group and the Company first identifying a credit loss event. Instead the Group and the Company consider a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:-

(i) financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1"); and
(ii) financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Group makes use of a simplified approach in accounting for trade receivables and contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group and the Company use its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

For all other financial instruments, the Group and the Company recognise a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Financial Instruments (cont'd)

3.9.2 Financial Assets (cont'd)

3.9.2.2 Impairment (cont'd)

Accounting Policies applied from 1 January 2018:- (cont'd)

ECLs are re-measured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECLs amount is recognised as an impairment gain or loss in profit or loss. The Group and Company recognised an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVTOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determines that the debtor does not have any assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off.

Accounting Policies applied until 31 December 2017:-

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable date indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, the Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group and the Company determine that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continue to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Financial Instruments (cont'd)

3.9.2 Financial Assets (cont'd)

3.9.2.2 Impairment (cont'd)

Accounting Policies applied until 31 December 2017 (cont'd):-

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the profit or loss.

3.9.3 Financial Liabilities

3.9.3.1 Categorisation and Subsequent Measurement

As the accounting for financial liabilities remains largely the same under MFRS 9 compared to MFRS 139, the Group's and the Company's financial liabilities were not impacted by the adoption of MFRS 9. However, for completeness, the accounting policy is disclosed below.

The Group's and the Company's financial liabilities include trade and most of other payables, amount due to subsidiaries, finance lease liabilities and borrowings.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group and the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

3.9.3.2 Financial Guarantee Contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specific debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

3.9.4 Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset has expired or control of the asset is not retained or substantially all of the risk and rewards of ownership of the financial asset are transferred to another party. If the Group and the Company neither transfer nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognise its retained interest in the asset and associated liability for amounts it may have to pay.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Financial Instruments (cont'd)

3.9.4 Derecognition (cont'd)

If the Group or the Company retains substantially all the risks and rewards of ownership of a transferred asset, the Group or the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

The Group and the Company derecognise a financial liability when its contractual obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.9.5 Offsetting of Financial Instruments

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

3.10 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is assigned by using the First-in First-out method.

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

Write-down to net realisable value and inventory losses are recognised as expense when it occurred and any reversal is recognised in the profit or loss in the period in which it occurs.

3.11 Share-Based Payments

The Group operates an equity-settled share-based payments scheme to allow the employees of the Group to acquire ordinary shares of the Company. The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution in the subsidiaries' financial statements. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity-settled employee benefits reserve in the Company's financial statements.

The fair value determined at the grant date is recognised as expense in profit or loss in accordance with MFRS 2 Share-based Payment over the periods during which the employees become unconditionally entitled to the options, based on the Group's estimate of the ordinary shares that will eventually vest, and adjusted for the effect of non-market-based vesting conditions. At the end of each reporting period, the Group revises the estimates of the number of options that are expected to become exercisable, and recognises the impact of the revision of the original estimates.

3.12 Leases

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Leases (cont'd)

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased assets is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

3.12.1 Finance Leases

Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group obtains ownership of the asset at the end of the lease term.

For lease of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact the land normally has an indefinite economic life.

3.12.2 Operating Leases

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance are expensed as incurred.

3.13 Equity, Reserves and Distributions to Owners

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

Accumulated losses include all current and prior periods' accumulated losses.

Foreign currency translation differences arising on the translation of the Group's foreign entities are included in the exchange translation reserve. Gains and losses on certain financial instruments are included in reserves for FVOCI (2017: available-for-sale) financial assets.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grants the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Final dividends proposed by the Directors are not accounted for in shareholders' equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.13 Equity, Reserves and Distributions to Owners (cont'd)

The distribution of non-cash assets to owners is recognised as dividend payable when the dividend was approved by shareholders. The dividend payable is measured at the fair value of the shares to be distributed. At the end of the financial year and on the settlement date, the Group reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable recognised in equity. When the Group settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

All transactions with owners of the Company are recorded separately within equity.

3.14 Treasury Shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

3.15 Cash and Cash Equivalents

Cash and cash equivalents in statements of cash flows comprise cash in hand, bank balances, deposits with licensed banks and highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of pledged deposits.

3.16 Non-Current Asset Held for Sale

Non-current assets, or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Classification of the asset (or disposal group) as held for sale occurs only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary and the sale must be highly probable. Management must be committed to a plan to sell the assets which are expected to qualify for recognition as a completed sale within one year from the date of classification. Action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.

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

Liabilities are classified as held for sale and presented as such in the statement of financial position if they are directly associated with a disposal group.

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

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.17 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of the assets when the Group incurs the expenditure for the assets, incur borrowing costs and undertake activities that are necessary to prepare the assets for the intended use or sale.

Capitalisation of borrowing costs is suspended during extended periods in which active development is suspended and ceased when substantially all the activities necessary to prepare the qualifying assets for the intended use or sale are complete.

Other borrowing costs are recognised as expense in profit or loss when they are incurred.

3.18 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group and the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

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

3.19 Revenue From Contract with Customers

3.19.1 Revenue

Revenue recognition under MFRS 118 Revenue (Applied until 31 December 2017):-

Revenue is measured at the fair value of the consideration received or receivables, net of discount and indirect taxes application to the revenue.

Revenue is recognised in the profit or loss based on the following:-

Rendering of Services

Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period when the outcome of the transaction can be estimated reliably. Upfront payments for which there are subsequent deliverables are initially reported as deferred revenue and are recognised as revenue only when the deliverables are completed and accepted by the customers. Cost incurred for work performed for which performance milestones have yet to be achieved is initially recorded as deferred cost and recognised as cost of sales only when the deliverables are completed and accepted by customers.

Sales of Goods

Revenue from sales of goods is recognised when the following conditions are satisfied:-

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred and to the incurred in respect of the transaction can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.19 Revenue From Contract with Customers (cont'd)

3.19.1 Revenue (cont'd)

Revenue Recognition under MFRS 15 Revenue (Applied from 1 January 2018):-

The Group and the Company apply five-step model revenue recognition under MFRS 15 Revenue from Contracts with Customers effective 1 January 2018. The adoption of this standard results in changes in the accounting policy for revenue recognition, and has no material financial impact from the MFRS 118 Revenue applied previously. The Group and the Company recognise revenue from contracts with customers for goods or services based on the five-step model as set out in this Standard:-

(i) Identify contracts with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer either a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

(iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

(iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group and the Company allocate transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.

(v) Recognise revenue when (or as) the Group and the Company satisfy a performance obligation. An asset is transferred when (or as) the customer obtains control of the asset.

The Group and the Company satisfy a performance obligation and recognises revenue over time if the Group's and the Company's performance:-

(i) Does not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance completed to-date; or
(ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or
(iii) Provide benefits that the customer simultaneously receives and consumes as the Group and the Company perform.

For performance obligations where any one of the above conditions not met, revenue is recognised at a point in time at which the performance obligation is satisfied.

When the Group and the Company satisfy a performance obligation by delivering the promised goods or service, it creates a contract based on asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.19 Revenue From Contract with Customers (cont'd)

3.19.1 Revenue (cont'd)

Revenue Recognition under MFRS 15 Revenue (Applied from 1 January 2018) (cont'd):-

Revenue is measured at fair value of consideration received or receivable. The following describes the performance obligation in contracts with customers:-

3.19.2 Contract Revenue

Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of the performance obligation is measured on the basis of direct measurements of the values to the customer of the goods or services transferred to date relative to the remaining goods of services promised under the contract.

The Group's right to consideration for work completed/services rendered but not billed at the reporting date are recognised as contract assets. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issue invoices or progress billings to customers. If the Group issue invoices or progress billings that exceed the work completed/services rendered, contract liabilities are recognised.

The contract revenue recognised by the Group is based on output methods (e.g. certified acceptance percentage of completion) that faithfully depict the Group's performance towards complete satisfaction of its performance obligations.

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

3.19.3 Revenue From Other Sources

Interest Revenue

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset.

Dividend Revenue

Dividend revenue is recognised when the shareholder's rights to receive payment is established.

Rental Income

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

Commissions

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.20 Contract Balances

3.20.1 Contract Assets

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

3.20.2 Trade Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

3.20.3 Contract Liabilities

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

3.21 Employee Benefits

3.21.1 Short-Term Employment Benefits

Short-term employment benefits, such as wages, salaries, bonuses, allowances and social security contributions, are recognised as expense when the employees have rendered services to the Group.

The expected cost of bonus payments is recognised when the Group and the Company have a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Group and the Company have no realistic alternative but to make the payments.

3.21.2 Defined Contribution Plans

Defined contribution plans are post-employment benefit plan under which the Group and the Company pay fixed contributions into separate entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as expenses in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to the respective country's statutory pension schemes.

3.22 Tax Expenses

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

3.22.1 Current Tax

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

Current tax is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.22 Tax Expenses (cont'd)

3.22.2 Deferred Tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

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

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

3.23 Goods and Services Tax ("GST")

GST is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input GST that the Group paid on purchases of business inputs can be deducted from output GST.

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

- Where the GST incurred in a purchase of assets or services is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of GST included.

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

During the financial year, GST was reset at standard rate of 0% with effective on 1 June 2018 and sales and services tax ("SST") was enacted with effective on 1 September 2018 to replace GST.

3.24 Sales and Services Tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

- When receivables and payables are stated with the amount of sales tax included

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.25 Contingencies

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

3.26 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the board of directors that makes strategic decisions.

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, results, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, results, assets and liabilities are determined after elimination of intragroup balances and intragroup transactions as part of the consolidation process.

3.27 Earnings per Ordinary Share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group based on the weighted average number of ordinary shares in issue during the period.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group based on the weighted average number of shares in issue, for the effects of all dilutive potential ordinary shares during the period.

3.28 Related Parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and the Company and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group if that person:-

(i) Has control or joint control over the Group;
(ii) Has significant influence over the Group; or
(iii) Is a member of the key management personnel of the ultimate holding Company, or the Group, and

(b) An entity is related to the Group if any of the following conditions applies:-

(i) The entity and the Group are members of the same group;
(ii) The entity is an associate or joint venture of the other entity;
(iii) Both entities are joint ventures of the same third party;
(iv) The entity is a joint venture of a third entity and the other entity is an associate of the same third entity;
(v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group;
(vi) The entity is controlled or jointly-controlled by a person identified in (a) above;
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the ultimate holding company or the entity; and
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and building RM	Leasehold land and building RM	Furniture and fittings RM	Renovation RM	Workshop tools RM	Office equipment RM	Motor vehicles RM	Equipment RM	Plant and machinery RM	Assets under construction RM	Total RM
Cost											
At 1.1.2017	4,058,845	3,797,539	1,584,917	1,543,072	1,554,581	8,826,065	2,933,302	37,351,672	14,064,087	–	75,714,080
Additions	10,113,000	–	186,804	1,107,925	–	134,325	–	–	384,080	4,151,704	16,077,838
Disposal	–	–	–	–	–	–	(495,675)	–	(1,943,765)	–	(2,439,440)
At 31.12.2017/1.1.2018	14,171,845	3,797,539	1,771,721	2,650,997	1,554,581	8,960,390	2,437,627	37,351,672	12,504,402	4,151,704	89,352,478
Additions	–	2,549,214	29,334	135,542	2,300	390,961	1,397,881	77,188	1,074,827	21,844,072	27,501,319
Transferred to asset held-for-sale	–	(1,750,000)	–	–	–	–	–	–	–	–	(1,750,000)
Disposals	–	–	–	–	–	(51,605)	–	–	–	–	(51,605)
At 31.12.2018	14,171,845	4,596,753	1,801,055	2,786,539	1,556,881	9,299,746	3,835,508	37,428,860	13,579,229	25,995,776	115,052,192
Accumulated depreciation											
At 1.1.2017	1,109,767	423,166	584,292	8,378	773,022	7,239,864	2,626,220	37,351,672	9,224,027	–	59,340,408
Charge for the financial year	145,316	56,321	261,746	484,210	–	580,731	66,745	–	1,179,559	–	2,774,628
Disposals	–	–	–	–	–	–	(382,084)	–	(1,859,690)	–	(2,241,774)
At 31.12.2017/1.1.2018	1,255,083	479,487	846,038	492,588	773,022	7,820,595	2,310,881	37,351,672	8,543,896	–	59,873,262
Charge for the financial year	80,827	120,810	154,540	502,953	–	282,836	149,056	–	1,333,856	–	2,624,878
Transferred to asset held-for-sale	–	(465,333)	–	–	–	–	–	–	–	–	(465,333)
Disposals	–	–	–	–	–	(51,582)	–	–	–	–	(51,582)
At 31.12.2018	1,335,910	134,964	1,000,578	995,541	773,022	8,051,849	2,459,937	37,351,672	9,877,752	–	61,981,225
Net carrying amount											
At 31.12.2018	12,835,935	4,461,789	800,477	1,790,998	783,859	1,247,897	1,375,571	77,188	3,701,477	25,995,776	53,070,967
At 31.12.2017	12,916,762	3,318,052	925,683	2,158,409	781,559	1,139,795	126,746	–	3,960,506	4,151,704	29,479,216

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) Included in the property, plant and equipment of the Group are motor vehicles and plant and machinery which are acquired by means of finance lease arrangements with a net carrying amount of RM1,209,135 and RM2,397,344 (2017: RM1 and RM2,663,432) respectively.

(b) The cost and carrying amounts of the freehold land and leasehold land are not segregated from the building as required details are not available and unreasonable expenses would be incurred.

(c) The net carrying amount of property, plant and equipment of the Group that have been charged to secure banking facilities granted to a subsidiary as follow:-

	Group	
	2018 RM	**2017 RM**
Freehold land and building	9,984,022	10,048,511
Leasehold land	2,549,214	–
Assets under construction	12,217,944	–
	24,751,180	10,048,511

(d) Included in the above freehold land and building with net carrying amount of RM528,000 (2017: RM544,000), the transfer of register name of title deed is still in progress.

5. INVESTMENT PROPERTIES

Group	Assets under construction RM
Cost	
At 1.1.2017	36,931,070
Translation differences	(179,725)
Transfer to asset held for sale	(36,751,345)
At 31.12.2017/1.1.2018/31.12.2018	–
Accumulated depreciation	
At 1.1.2017	15,158,275
Transfer to asset held for sale	(15,158,275)
At 31.12.2017/1.1.2018/31.12.2018	–
Net carrying amount	
At 31.12.2018/31.12.2017	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. INVESTMENT PROPERTIES (cont'd)

Group	Leasehold building RM
Valuation	
Addition	1,099,269
Fair value adjustment	150,731
At 31.12.2018	1,250,000

The fair value of investment properties were provided by Ng Shin Lin, a registered valuer of Solid Real Estate Consultants Sdn. Bhd. The Directors are of the opinion that the prevailing market condition at the reporting date did not significantly change from the date on which the independent valuation was carried out.

Level 2 Fair Value

Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

At the reporting date, had the revalued buildings of the Group carried under the cost model, the carrying amount would have been RM1,099,269 (2017: Nil).

6. INTANGIBLE ASSETS

Group	Development costs RM	Patent and trademark RM	Goodwill on consolidation RM	Total RM
Cost				
At 1.1.2017	4,099,075	13,810	435,953	4,548,838
Addition	–	1,245	–	1,245
Disposal of a subsidiary	–	–	(96,700)	(96,700)
At 31.12.2017/1.1.2018/31.12.2018	4,099,075	15,055	339,253	4,453,383
Accumulated amortisation				
At 1.1.2017	1,756,044	4,603	–	1,760,647
Charge for the financial year	273,272	9,259	–	282,531
At 31.12.2017/1.1.2018	2,029,316	13,862	–	2,043,178
Charge for the financial year	273,272	124	–	273,396
At 31.12.2018	2,302,588	13,986	–	2,316,574
Net carrying amount				
At 31.12.2018	1,796,487	1,069	339,253	2,136,809
At 31.12.2017	2,069,759	1,193	339,253	2,410,205

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6. INTANGIBLE ASSETS (cont'd)

(a) The development costs incurred in developing gas generator are amortised on a straight line basis over their useful lives of 15 years.

(b) The patents are amortised on straight line basis over their useful lives of 10 years.

(c) Goodwill acquired in the business combinations is, from the acquisition date, allocated to the cash-generating units ('CGU') that are expected to benefit from the synergies of the combination, as follows:-

	Group	
	2018 RM	2017 RM
Engineered packages/Product and services	339,253	339,253

The recoverable amounts of the cash-generating units are determined based on the computation of their value in use.

The key assumptions used in the computation of value in use are discount rate, growth rate and projected cash flows from use and disposal at the end of the useful life.

Discount rate is determined based on the pre-tax rate that reflect current market assessment of the time value of money and risks specific to the assets.

The projected cash flows from use are derived from the most recent financial budgets approved by management.

The estimate of net cash flows for the disposal of the assets at the end of its useful life is the present value of the amount that the Group expects to obtain from the disposal of the assets in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

The key assumptions used for determining the value in use, which are determined based on management's past experience and expectation of the future development, are as follows:-

	Group %
Profit margin	30
Discount rate	7

7. SUBSIDIARIES

Investment in subsidiaries

	Company	
	2018 RM	2017 RM
Unquoted shares, at cost	143,244,452	207,406,925
Less: Accumulated impairment losses	(7,861,083)	(81,523,552)
	135,383,369	125,883,373
SIS granted to employees of the subsidiaries	1,175,158	1,175,158
	136,558,527	127,058,531

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. SUBSIDIARIES (cont'd)

Investment in subsidiaries that are impaired

Investment in subsidiaries are impaired at reporting date when the net asset of the subsidiary is lower than cost of investment. The reconciliation of the allowance account is as follows:-

	Company	
	2018 RM	2017 RM
Brought forward	81,523,552	80,468,770
Charge for the financial year	–	1,202,282
Impairment losses no longer required	–	(147,500)
Written off	(36,967,378)	–
Disposal of subsidiaries	(36,695,091)	–
Carried forward	7,861,083	81,523,552

Details of the Company's subsidiaries are as follows:-

	Group Effective Interest 2018 %	Group Effective Interest 2017 %	Country of Incorporation	Principal Activities
Held by the Company:				
Tanjung Offshore Services Sdn. Bhd.	100	100	Malaysia	Integrated service provider to the oil and gas and related industries.
T7 Gastec Sdn. Bhd. (Formerly known as Gas Generators (Malaysia) Sdn. Bhd.)	100	100	Malaysia	Manufacturing and trading of all types of machinery, equipment and generators used for welding, cutting, cooking and other commercial applications.
T7 Marine Sdn. Bhd.	100	100	Malaysia	Owning and leasing offshore vessels to local and international oil industry.
T7 New Market Street Holdings Limited^	–	100	British Virgin Island	Investment holding.
T7 CSI Integrated Sdn. Bhd.	100	100	Malaysia	Supply, design, configure, intergrate, test, install and commission distributed control systems, programmable logic controllers, supervisory control and data acquisitions, safety shutdown systems, fire gas systems, fire addressable systems, liquid and gas analyser systems, control valves, instrumentation and electrical heat tracing systems and to train and supply manpower for after sales services.
Tanjung Citech UK Limited	–	100	England and Wales	Dormant.
T7 Solutions Sdn. Bhd.	100	100	Malaysia	Dormant.
T7 Resources Sdn. Bhd.	100	100	Malaysia	Mineral trading
Tanjung HMS Petroleum Sdn. Bhd.	–	51	Malaysia	Oilfield development and provision of integrated services to the oil and gas industry.
T7 Kemuncak Sdn. Bhd.	100	100	Malaysia	Property, construction and investment holding.
T7 Property Sdn. Bhd.	100	100	Malaysia	Development of building projects for own operation, for renting of space in these buildings and construction.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. SUBSIDIARIES (cont'd)

Investment in subsidiaries (cont'd)

Details of the Company's subsidiaries are as follows (cont'd):-

	Group Effective Interest 2018 %	Group Effective Interest 2017 %	Country of Incorporation	Principal Activities
Held by the Company (cont'd):				
T7 Aero Sdn. Bhd.	100	100	Malaysia	Precision engineering, manufacturing and trading of products, equipment and machines of all kinds relating to aircraft aerospace and investment holding.
T7 Kilgour Sdn. Bhd.	99.9	–	Malaysia	Manufacturing aerospace components and assemblies.
T7 Services Australia Pty. Ltd.	100	100	Australia	Dormant.
Held by Tanjung Offshore Services Sdn. Bhd.:				
T7 PetroConsult Sdn. Bhd.	100	100	Malaysia	Provision for engineering and professional manpower services to the oil and gas and related industries.
T7 Newenergy Sdn. Bhd.	100	100	Malaysia	Project management services to the engineering and energy industries.
T7 Solutions Services (S) Pte. Ltd.*	100	100	Singapore	Wholesale of general hardware and wholesale trade.
Held by Tanjung Citech UK Limited:				
Citech Energy Recovery System UK Limited	–	100	England and Wales	Dormant.
Held by T7 Gastec Sdn. Bhd. (Formerly known as Gas Generators (Malaysia) Sdn. Bhd.):-				
Universal Gas Generators (M) Sdn. Bhd.	100	100	Malaysia	Selling and letting of gas generators.
Gas Generators International Ltd*	100	100	Malaysia (Wilayah Persekutuan Labuan)	Marketing gas generator packages.
T7 Wenmax Sdn. Bhd. (Formerly known as Wenmax Sdn. Bhd.)*	51	51	Malaysia	Supplier of industrial equipment, machineries, spare parts, lubricants oil and also in the business of rental of motor vehicle.
Held by 7 New Market Street Holding Limited:				
7 New Market Street Limited^	–	100	British Virgin Island	Acquire, develop and realisation of real estate.
Held by T7 Aero Sdn. Bhd.:				
T7 Kilgour Sdn. Bhd.#	–	60	Malaysia	Dormant.
Held by T7 Marine Sdn. Bhd.:				
T7 D'Mega Sdn. Bhd.	51	51	Malaysia	Dormant.
T7 Subsea Sdn. Bhd.	55	–	Malaysia	Dormant.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. SUBSIDIARIES (cont'd)

Investment in subsidiaries (cont'd)

Details of the Company's subsidiaries are as follows (cont'd):-

	Group Effective Interest 2018 %	Group Effective Interest 2017 %	Country of Incorporation	Principal Activities
Held by T7 Solutions Sdn. Bhd.:				
T7 Generations Sdn. Bhd.	72.5	–	Malaysia	Dormant.
TCM Innovations Sdn. Bhd.	100	–	Malaysia	Dormant.
Held by T7 Kemuncak Sdn. Bhd.:				
T7 China Construction Third Engineering Sdn. Bhd.	51	–	Malaysia	Dormant.

* The financial statements of these companies are not audited by Grant Thornton Malaysia.
^ These companies are not required by their local laws to appoint statutory auditors.
# Ownership less than 0.001% in financial year 2018.

Acquisition of subsidiaries

2018

(a) On 12 January 2018, a wholly-owned subsidiary of the Company, T7 Kemuncak Sdn. Bhd., incorporated a 51% owned subsidiary, T7 China Construction Third Engineering Sdn. Bhd., with cash subscription of RM51,000.

(b) On 23 February 2018, T7 Kilgour Sdn. Bhd. ("T7 Kilgour") issue 2,500,000 new ordinary shares which was acquired by the Company for a cash consideration of RM2,500,000. As a result of this issuance of share, the Company owned 99.9% equity interest in T7 Kilgour Sdn. Bhd. The carrying amount of T7 Kilgour's net liabilities in the Group's financial statements at the date of acquisition was RM9,126. There is no significant financial impact to the Group's financial statements on this acquisition.

(c) On 7 August 2018, a wholly-owned subsidiary of the Company, T7 Marine Sdn. Bhd., incorporated a 55% owned subsidiary, T7 Subsea Sdn. Bhd., with cash subscription of RM275,000.

(d) On 8 October 2018, a wholly-owned subsidiary of the Company, T7 Solutions Sdn. Bhd. incorporated a 72.5% owned subsidiary, T7 Generations Sdn. Bhd. with cash subscription of RM145.

(e) On 5 December 2018, a wholly-owned subsidiary, T7 Solution Sdn. Bhd. incorporated 100% owned subsidiary, TCM Intelligent System Sdn. Bhd., with cash subscription of RM100.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. SUBSIDIARIES (cont'd)

Acquisition of subsidiaries (cont'd)

2017

(a) On 9 May 2017, a wholly-owned subsidiary of the Company, T7 Aero Sdn. Bhd., incorporated a 60% owned subsidiary, T7 Kilgour Sdn. Bhd., with cash subscription of RM6.

(b) On 22 May 2017, a wholly-owned subsidiary of the Company, T7 Marine Sdn. Bhd., incorporated a 51% owned subsidiary, T7 D'Mega Sdn. Bhd., with cash subscription of RM51.

(c) On 15 August 2017, the Company incorporated a wholly-owned subsidiary, T7 Services Australia Pty. Ltd. with cash subscription of AUD100 (equivalent to RM337).

(d) On 9 October 2017, a wholly-owned subsidiary, Tanjung Offshore Services Sdn. Bhd. acquired 100,000 ordinary shares which is equivalent to 100% of the equity interest in T7 Solutions Services (S) Pte. Ltd. for a total cash consideration of SGD1 (equivalent to RM3).

Disposal of subsidiaries

2018

On 18 January 2018, the Company disposed of its 100% equity interest in 7 New Market Street Holdings Limited and its subsidiary 7 New Market Street Limited ("7 New Market Group"), for a cash consideration of RM32,200,000. The subsidiary was previously reported as part of the product and services segment.

The effect of disposal of 7 New Market Group, on the financial position of the Group as at the date of disposal was as follows:-

	2018 RM
Investment properties	21,593,070
Foreign currency translation reserve	1,578,821
Net assets disposed	23,171,891
Add: Gain on disposal of subsidiaries	9,028,109
Cash consideration on disposal/Net cash inflow from disposal	32,200,000

2017

On 31 May 2017, the Company disposed of its 67% equity interest in Hills Education Group Sdn. Bhd., for a cash consideration of RM83,750. The subsidiary was previously reported as part of the product and services segment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. SUBSIDIARIES (cont'd)

Disposal of subsidiaries (cont'd)

2017 (cont'd)

The effect of disposal of Hills Education Group Sdn. Bhd., on the financial position of the Group as at the date of disposal was as follows:-

	2017 RM
Amount due from ultimate holding company	833,005
Cash and bank balances	35
Other payables and accruals	(4,334)
Tax payable	(2,600)
Net assets disposed	826,106
Goodwill arising on acquisition	96,700
Non-controlling interest	43,718
Net assets disposed	966,524
Less: Loss on disposal of subsidiary	(882,774)
Cash consideration on disposal	83,750
Less: Cash and bank balances disposed	(35)
Net cash inflow from disposal	83,715

Strike-off subsidiaries

On 25 September 2018, the Company strike-off subsidiaries its 100% equity interest in Tanjung Citech UK Limited Group and Tanjung HMS Petroleum Sdn. Bhd..

Non-controlling interest in subsidiaries

The Group's subsidiaries that have material non-controlling interests are as follows:-

	T7 Wenmax Sdn. Bhd. (Formerly known as Wenmax Sdn. Bhd.)	Other individually immaterial subsidiaries	Total
2018			
Percentage of ownership interest and voting interest (%)	51	51 - 72.5	
Carrying amount of non-controlling interest (RM)	16,498,135	218,695	16,716,830
Profit/(Loss) allocated to non-controlling interest (RM)	3,561,463	(14,968)	3,546,495

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. SUBSIDIARIES (cont'd)

Non-controlling interest in subsidiaries (cont'd)

The Group's subsidiaries that have material non-controlling interests are as follows:- (cont'd)

	T7 Wenmax Sdn. Bhd. (Formerly known as Wenmax Sdn. Bhd.)	Other individually immaterial subsidiaries	Total
2017			
Percentage of ownership interest and voting interest (%)	51	51 - 60	
Carrying amount of non-controlling interest (RM)	12,936,672	(40,391)	12,896,281
Profit allocated to non-controlling interest (RM)	3,871,904	(93,100)	3,778,804

The summary of financial information before intra-group elimination for the Group's subsidiaries that have material non-controlling interests is as below:-

T7 Wenmax Sdn. Bhd. (Formerly known as Wenmax Sdn. Bhd.)

	2018 RM	2017 RM
Non-current assets	2,051,230	2,133,219
Current assets	53,982,910	66,906,537
Total assets	56,034,140	69,039,756
Non-current liabilities	8,438	35,346
Current liabilities	22,356,039	42,603,039
Total liabilities	22,364,477	42,638,385
Equity attributable to owners of the company	33,669,663	26,401,371
Non-controlling interest	16,498,135	12,936,672
Revenue	66,677,004	63,380,646
Expenses	(59,408,712)	(55,478,802)
Profit for the financial year	7,268,292	7,901,844
Profit attributable to owners of the company	3,706,829	4,029,940
Profit attributable to the non-controlling interest	3,561,463	3,871,904
Profit for the financial year	7,268,292	7,901,844

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. SUBSIDIARIES (cont'd)

Non-controlling interest in subsidiaries (cont'd)

The summary of financial information before intra-group elimination for the Group's subsidiaries that have material non-controlling interests is as below (cont'd):-

T7 Wenmax Sdn. Bhd. (Formerly known as Wenmax Sdn. Bhd.) (cont'd)

	2018 RM	2017 RM
Total comprehensive income attributable to owners of the company	3,706,829	4,029,940
Total comprehensive income attributable to non-controlling interests	3,561,463	3,871,904
Total comprehensive income for the financial year	7,268,292	7,901,844
Net cash (outflow to)/inflow from operating activities	(327,319)	4,150,753
Net cash inflow from investing activities	280,067	138,167
Net cash outflow from financing activities	(53,171)	(161,932)
Net cash (outflow)/inflow	(100,423)	4,126,988

Amount due from/(to) subsidiaries

	Company	
	2018 RM	2017 RM
Amount due from subsidiaries	74,726,015	50,527,878
Less: Allowance for ECL	(21,547,365)	(21,563,201)
	53,178,650	28,964,677

The amount due from/(to) subsidiaries are non-trade related, unsecured and bear no interest.

Amount due from subsidiaries that are impaired

The reconciliation of the allowance for ECL is as follows:-

	Company	
	2018 RM	2017 RM
Brought forward	21,563,201	48,184,362
Charge for the financial year	5,359	169,036
Written off	(21,195)	(26,534,268)
Reversal of ECL	–	(255,929)
Carried forward	21,547,365	21,563,201

There is no changes on impairment of financial assets on adopting MFRS 9 as at 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. ASSOCIATE

Investment in associate

	Group	
	2018 RM	2017 RM
Unquoted shares, at cost	35,000	35,000
Share of attributable post acquisition losses after tax	8,730	8,730
	43,730	43,730
Less: Accumulated impairment losses	(43,730)	(8,730)
	–	35,000

Details of the Group's associate are as follows:-

	Group Effective Interest 2018 %	Group Effective Interest 2017 %	Country of Incorporation	Principal Activities
Held by T7 Gastec Sdn. Bhd. (Formerly known as Gas Generators (Malaysia) Sdn. Bhd.):				
PT. Gas Generators Indonesia*	35	35	Indonesia	Commission agent for the fabrication and supply of industrial equipment.

* The financial statements of this company is not audited by Grant Thornton Malaysia.

None of the Group's associate is material to the Group. Therefore, the summarised financial information is not presented.

Contingent liability and capital commitment

The associate has no significant contingent liability and capital commitment to which the Group is exposed, nor the Group has any significant contingent liability and capital commitment in relation to its interest in the associate company.

9. JOINT VENTURES

Investment in joint ventures

	Group	
	2018 RM	2017 RM
Unquoted shares, at cost	255,000	255,000
Share of attributable post acquisition profit after tax	983,976	913,445
	1,238,976	1,168,445

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9. JOINT VENTURES (cont'd)

Investment in joint ventures (cont'd)

Details of the Group's joint ventures are as follows:-

	Group Effective Interest 2018 %	Group Effective Interest 2017 %	Country of Incorporation	Principal Activities
Held by Tanjung Offshore Services Sdn. Bhd.:				
Fircroft Tanjung Sdn. Bhd.	51	51	Malaysia	Supply manpower for the oil and gas industry and petrochemicals industry.

The above joint arrangements are structured via separate companies and provide the Group with the rights to the net assets of the companies under the arrangements. Therefore these companies are classified as joint ventures of the Group. These joint ventures have the same reporting period as the Group. No quoted market prices are available for the shares of the Group's joint ventures as these companies are private companies.

Summarised statement of profit or loss of the material joint venture is as follows:-

	2018 RM	2017 RM
Revenue	32,760,507	36,217,018
Net profit for the year	141,061	853,867
Share of results	70,531	426,933
Total assets	13,843,573	16,189,799
Total liabilities	(11,468,607)	(13,955,894)
Net assets	2,374,966	2,233,905
Group's share of joint venture's net assets	1,238,976	1,168,445

Amount due from a joint venture

The amount due from a joint venture is non-trade related, unsecured, bear no interest, except for RM1,500,000 (2017: RM3,000,000) subject to interest rate at 8.6% (2017: 8.4%) per annum.

Contingent liabilities and capital commitments

The joint venture has no significant contingent liabilities and capital commitments to which the Group is exposed, nor has the Group any significant contingent liability and capital commitments in relation to its interest in the joint venture.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10. OTHER INVESTMENTS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Non-current				
Quoted shares in Malaysia				
At fair value:-				
Financial assets at FVTPL	2,640,000	3,475,787	–	1,960,987
Quoted shares in overseas				
At fair value:-				
Financial assets at FVOCI	4,666,203	3,292,640	812,804	–
	7,306,203	6,768,427	812,804	1,960,987
Current				
Quoted shares in overseas				
At fair value:-				
Financial assets at FVTPL	–	3,488,538	–	–
	–	3,488,538	–	–
Total	7,306,203	10,256,965	812,804	1,960,987

The Group's quoted investments amounting to RM3,853,399 (2017: RM6,781,178) are held-in-trust by a wholly-owned subsidiary.

Disclosure in accordance to MFRS 139 (Applied until 31 December 2017):-

	Group 31.12.2017 RM	Company 31.12.2017 RM
Non-current		
Quoted shares in Malaysia		
At fair value:-		
Financial assets at FVTPL	3,475,787	1,960,987
Quoted shares in overseas		
At fair value:-		
Available-for-sale financial assets	3,292,640	–
	6,768,427	1,960,987
Current		
Quoted shares in overseas		
At fair value:-		
Financial assets at FVTPL	3,488,538	–
	3,488,538	–
Total	10,256,965	1,960,987

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. OTHER RECEIVABLES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Non-trade receivables	2,330,827	2,963,128	153,339	404,343
Deposits	2,155,719	1,330,459	–	–
Prepayments	5,419,815	3,057,117	3,910	45,930
Proceeds from disposal of a subsidiary	3,771,340	4,315,670	3,771,340	4,315,670
GST receivable	1,340,407	145,722	–	–
	15,018,108	11,812,096	3,928,589	4,765,943
Less: Allowance for ECL	(4,178,597)	(1,076,759)	(3,227,000)	–
	10,839,511	10,735,337	701,589	4,765,943
Analyse as follows:				
Non-current	–	2,695,670	–	2,695,670
Current	10,839,511	8,039,667	701,589	2,070,273
	10,839,511	10,735,337	701,589	4,765,943

Included in other receivables is as follow:-

Proceeds from disposal of a subsidiary in the previous year

On 29 August 2014, the Company entered into an agreement for the disposal of its entire equity interest in Bumi Wangsa TMS Sdn. Bhd. (formerly known as Tanjung Maintenance Services Sdn. Bhd.) via a management buy-out for a total consideration of RM9,000,000. A deposit of RM900,000 has been paid by the purchasers upon signing the agreement and the remaining consideration of RM8,100,000 will be paid via five equal yearly installments of RM1,620,000 until full settlement.

<u>Other receivables that are impaired</u>

All impaired other receivables are individually determined. The reconciliation of the allowance ECL is as follows:-

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Brought forward	1,076,759	7,436,550	–	–
Charge for the financial year	3,291,198	119,079	3,227,000	–
Reversal of ECL	(189,360)	–	–	–
Written off	–	(6,478,870)	–	–
Carried forward	4,178,597	1,076,759	3,227,000	–

There is no changes on impairment of financial assets on adopting MFRS 9 as at 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12. DEFERRED TAX (ASSETS)/LIABILITIES

	Group	
	2018 RM	2017 RM
Brought forward	405,422	520,740
Effect of MFRS 9 adoption	(48,736)	–
	356,686	520,740
Recognised in profit or loss (Note 27)	(6,962,647)	(115,318)
Recognised in other comprehensive income	410,256	–
Carried forward	(6,195,705)	405,422

The above deferred tax assets are made up of tax effect on temporary differences arising from:-

	Group	
	2018 RM	2017 RM
Property, plant and equipment	919,438	450,422
Unutilised capital allowance	(7,470,399)	–
Deferred revenue	(45,000)	(45,000)
Real property gain tax	15,000	–
Others	385,256	–
	(6,195,705)	405,422
Presented as follows:-		
Deferred tax assets	(7,056,143)	–
Deferred tax liabilities	860,438	405,422
	(6,195,705)	405,422

13. INVENTORIES

	Group	
	2018 RM	2017 RM
Finished goods	4,204,191	9,438,201
Raw materials	–	86,852
Work-in-progress	–	169,671
Consignment goods	23,926,304	–
	28,130,495	9,694,724
Recognised in profit or loss:-		
Inventories recognised as cost of sales	68,805,379	62,832,734
Inventories written off	257,332	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. TRADE RECEIVABLES

	Group	
	2018 RM	2017 RM
Trade receivables	61,266,905	90,426,831
Less: Allowance for ECL	(9,788,946)	(10,115,510)
	51,477,959	80,311,321

Trade receivables are non-interest bearing and are recognised at their original invoice amounts which represent their fair values on initial recognition.

The credit term granted by the Group to trade receivables range from 30 to 90 days (2017: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

Included in the trade receivables are:-

	2018 RM	2017 RM
Amount due from a joint venture	21,570	21,570

Currency exposure profile of trade receivables is as follows:-

	Group	
	2018 RM	2017 RM
Euro Dollar ("EUR")	173,915	2,774,017
Great Britain Pound ("GBP")	1,808,132	3,159,289
Singapore Dollar ("SGD")	151,592	151,553
United States Dollar ("USD")	14,419,824	46,642,187

The movements in the allowance for ECL in respect of trade receivables during the year were as follows:-

Group	Individual impairments RM	Collective impairments RM	Total RM
2018			
Brought forward	10,115,510	–	10,115,510
Adjustment on initial application of MFRS 9	–	428,870	428,870
Balance as at 1 January 2018 under MFRS 9	10,115,510	428,870	10,544,380
Charge for the financial year	921,815	69,992	991,807
Written off	(14,454)	–	(14,454)
Reversal of ECL	(1,619,347)	(113,440)	(1,732,787)
Carried forward	9,403,524	385,422	9,788,946

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. TRADE RECEIVABLES (cont'd)

The movements in the allowance for ECL in respect of trade receivables during the year were as follows (cont'd):-

Group (cont'd)	Individual impairments RM	Collective impairments RM	Total RM
2017			
Brought forward	9,494,131	–	9,494,131
Charge for the financial year	804,444	–	804,444
Reversal of ECL	(183,065)	–	(183,065)
Carried forward	10,115,510	–	10,115,510

15. CONTRACT ASSETS/(LIABILITIES)

	Group 2018 RM	2017 RM
Contract assets	41,502,057	31,853,755
Contract liabilities	(4,843,490)	(25,874,038)

Construction contracts

Contract assets are initially recognised for costs incurred from installation services as payment to suppliers for the completion of the projects. Upon the completion of the milestone of the project, the amounts recognised as contract assets will then be reclassified to cost of sales based on the milestone of revenue billed to customers. Typically, the amount will be billed within 30 days and payment is expected within 60 days.

Contract liabilities include revenue earned from installation services as receipt of consideration and is conditional on successful completion of installation based on the milestone report. Upon completion of installation and acceptance by the customer, the amounts recognised as contract liabilities are reclassified to revenue. The contract liabilities are expected to be recognised as revenue over a period of 90 days.

Significant changes to contract liabilities balances during the year are as follow:-

	Group 2018 RM
Amount included in contract liabilities at the beginning of the financial year	25,874,038

There was no revenue recognised from performance obligations satisfied in prior financial year.

Contract value yet to be recognised as revenue

As at the reporting date, revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) of the Group is RM137,910,350. The Group expected to recognised this revenue over the next 12 to 36 months.

No significant changes to contract assets and contract liabilities balances during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15. CONTRACT ASSETS/(LIABILITIES) (cont'd)

Contract value yet to be recognised as revenue (cont'd)

Disclosure in accordance to MFRS 111 (Applied until 31 December 2017):-

Group	31.12.2017 RM
Contract costs incurred to date	307,787,549
Attributable profits recognised to date	50,599,419
	358,386,968
Less: Progress billings issued to date	(352,407,251)
	5,979,717
Presented as:	
Amount due from customers on contract	31,853,755
Amount due to customers on contract	(25,874,038)
	5,979,717

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash and bank balances	31,797,613	26,403,897	2,241,968	5,717,648
Deposits with licensed banks	4,551,510	57,657,677	42,841	39,201,717
	36,349,123	84,061,574	2,284,809	44,919,365

The interest rates of the deposits with licensed banks ranged from 2.55% to 3.35% (2017: 2.55% to 3.35%) per annum and matured within a year.

Currency exposure profile of cash and cash equivalents is as follows:-

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Australian Dollar ("AUD")	8,355	9,161	–	–
EUR	1,892,548	629,989	–	–
Japanese Yen ("JPY")	938	4,826	–	–
GBP	2,702,776	1,980,573	910,266	968,651
SGD	120,979	180,042	95,419	95,394
USD	4,119,072	8,867,956	277,510	4,376,517
Others	28,919	–	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. ASSETS CLASSIFIED AS HELD FOR SALE

(a) On 22 June 2018, the subsidiary, Tanjung Offshore Services Sdn. Bhd. ("TOS") has announced their proposed disposal of all that two (2) adjoining semi-detached plots of leasehold industrial land together with one and half storey semi-detached duplex factory, measuring approximately 3,516 square metres, with title bearing PN 4114 & PN 4115, Lot NOS. 3790 & 3791, Mukim of Teluk Kalung, District of Kemaman, State of Terengganu to Bumi Wangsa TMS Sdn. Bhd. (formerly known as Tanjung Maintenance Services Sdn. Bhd.) (Company No. 388449-k) for a total cash consideration of RM1,850,000 (Ringgit Malaysia One Million Eight Hundred Fifty Thousand only) upon the terms and conditions as stipulated in the Sales and Purchase Agreement to be executed.

The disposal has been approved by the shareholders of TOS during the Directors' Meeting held on 20 June 2018.

The disposal was not completed as at 31 December 2018.

Statement of Financial Position

The major classes of assets of TOS classified as held for sale as at 31 December 2018 are as follows:-

	Group 2018 RM
Assets:	
Property, plant and equipment	1,284,667

(b) On 17 October 2017, the Company had announced their proposed disposal of its entire equity interest in 7 New Market Street Holding Limited and its wholly-owned subsidiary, 7 New Market Street Limited ("7NMSH Group") via a conditional share sale agreement ("SSA") with Chan Wai Hung and New Sok Chin through Kenanga Investment Bank Berhad ("Kenanga IB"). The proposed disposal is consistent with Group's intention to focus on its oil and gas businesses. The proposed disposal serves to enable the Group to monetise its investment in the property, which would in turn allow the Group to strengthen its liquidity and cash flow position by raising cash proceeds of GBP5.75 million. It is the business strategy of the Board to increase operating efficiency and reduce operating costs by divesting its non-profitable investments allowing the Group to unlock and realise the value from the property and provide it with the additional resources to invest and grow its existing businesses.

The disposal has been approved by the Directors of the Company during the Extraordinary General Meeting held on 15 January 2018 and completed during the financial year

Statement of Financial Position

The major classes of assets and liabilities of 7NMSH classified as held for sale and the related asset revaluation reserve as at 31 December 2017 are as follows:-

	Group 2017 RM
Assets:	
Investment property	21,593,070
Net assets of disposal group classified as held for sale	21,593,070
Reserve:	
Foreign currency translation reserve	(1,142,336)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18. SHARE CAPITAL

	Group and Company Number of ordinary shares		Group and Company Amounts	
	2018 Unit	2017 Unit	2018 RM	2017 RM
Issued and fully paid up:-				
Brought forward	419,452,614	381,545,786	120,504,502	190,772,645
Created during the year	–	37,906,828	–	13,613,280
Transition to no-par regime	–	–	–	68,736,693
Capital reduction	–	–	–	(152,618,116)
Carried forward	419,452,614	419,452,614	120,504,502	120,504,502

Pursuant to Section 74 of the Companies Act, 2016, in Malaysia, a par value reduction will be effected via a reduction and cancellation of the shares capital of T7 Global Berhad from RM190,772,893 to RM38,154,529. RM95,552,152 from the credit of RM152,618,116 arising would be set-off against the accumulated losses of the Company and the remaining amount of RM57,065,964 would be transferred to capital reserve.

At the end of the reporting date, 7,455,500 (2017: 2,477,500) ordinary shares are held by the Company as treasury shares (Note 19 to the financial statements), and number of outstanding ordinary shares issued and fully paid (excluding treasury shares) is 411,997,114 (2017: 416,975,114) units.

19. TREASURY SHARES

During the financial year, the Company purchased 4,978,000 (2017: Nil) of its issued share capital from the open market at the average price paid of RM0.39 per share. The purchase transactions were financed by internally generated funds.

The shares purchased were retained as treasury shares. The Company has the right to re-issue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

As at the end reporting period, the Group held 7,455,500 (2017: 2,477,500) of the Company's shares and the number of ordinary shares after setting off against treasury shares is 411,996,617 (2017: 416,974,617).

20. RESERVES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Non-distributable:				
Capital reserves	37,488,993	37,488,993	59,041,426	59,041,426
Fair value reserve	1,320,133	20,990	20,990	20,990
Available-for-sale investment fair value reserve	–	2,251,609	–	–
Foreign currency translation reserve	91	(436,455)	–	–
Reserve classified as held for sale	–	(1,142,366)	–	–
	38,809,217	38,182,771	59,062,416	59,062,416

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20. RESERVES (cont'd)

Capital Reserves

The capital reserves represent the value of warrants capitalised for the issuance of serial payment bond with detachable warrants and value of warrants arising from the right issue on the basis of one (1) rights share together with one (1) free warrant for every five (5) existing ordinary shares. Upon the exercise of the warrants, the value of these warrants will be credited to share capital. Capital reserves also include all the changes in the Group's ownership interest in a subsidiary that do not result in a loss of control and capital reduction.

Fair Value Reserve

The fair value reserve comprises the cumulative net change in the fair value of equity designated at fair value through other comprehensive income (2017: available-for-sale financial assets) until the assets are derecognised or impaired.

Available-for-sale Investment Fair Value Reserve

The available-for-sale reserve arose from the changes in the value of investment recognised when they are revalued.

Foreign Currency Translation Reserve

The foreign currency translation reserve arose from the exchange differences on the translation of foreign operations.

21. FINANCE LEASE LIABILITIES

	Group	
	2018 RM	2017 RM
Minimum lease payments		
Not later than 1 year	1,224,567	1,013,529
Later than 1 year but not later than 5 years	1,351,480	1,545,487
	2,576,047	2,559,016
Less: Future finance charges	(181,877)	(200,138)
Present value of finance lease payables	2,394,170	2,358,878
Present value of finance lease payables is analysed as follows:-		
Not later than 1 year	1,168,410	897,479
Later than 1 year but not later than 5 years	1,225,760	1,461,399
	2,394,170	2,358,878

Interest charged on finance leases of the Group ranged from 3.50% to 4.85% (2017: 3.45% to 4.85%) per annum respectively.

The Group obtains the above facilities to finance the acquisition of certain motor vehicles, plant and machinery. Implicit interest rates are fixed at the date of the agreements, and the amount of the payments is fixed throughout the period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

22. BORROWINGS

	Group	
	2018 RM	2017 RM
Secured:-		
Non-current		
Term loans	14,521,147	7,187,027
Current		
Bills payable	12,692,500	6,380,869
Term loans	3,050,616	380,232
Onshore foreign currency loan	3,544,759	–
Invoice financing	5,391,242	–
	24,679,117	6,761,101
Total	39,200,264	13,948,128

Group

The above term loans are secured by means of the following:-

i) A legal charge over the Group's freehold land and building held under the individual title No. H.S. (M) 25643, P.T. 72536, Mukim Kajang, District of Hulu Langat, State of Selangor and having a postal address of at Lot No. 5202-A, Kawasan Perindustrian Balakong Jaya 2, Balakong, Selangor.

ii) Corporate guarantee by the Company.

The term loan is repayable by 180 equal monthly installments commencing after the full release of the loan.

The above borrowings obtained are secured by means of the following:-

i) A legal assignment over the contract proceeds received from contract awarder or such other Government Departments or Ministries.

ii) Corporate guarantee by the Company.

iii) A legal charge over the Group's freehold land and building held under the individual title No. HSD 49329, 49330, 63184 and 73775, Mukim Setapak, Wilayah Persekutuan Kuala Lumpur and having a postal address of at Lot 25939, 3 storey shop office at No.8-3, Jalan Puncak Setiawangsa 4, Taman Setiawangsa, 54200 Kuala Lumpur.

iv) Legal assignment over contract proceeds.

v) Joint and several guarantees of the Company's Directors.

The borrowings bear interest rate at 4.17% to 8.32% (2017: 1.27% to 5.10%) per annum.

Currency exposure profile of borrowings is as follows:-

	Group	
	2018 RM	2017 RM
USD	7,030,208	6,380,869

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23. TRADE PAYABLES

	Group	
	2018 RM	2017 RM
Trade payables	40,316,433	54,559,164
Retention sum on contract	1,591,781	–
	41,908,214	54,559,164

Currency exposure profile of trade payables is as follows:-

	Group	
	2018 RM	2017 RM
EUR	407,069	417,914
GBP	5,062,653	721,283
USD	15,573,066	36,193,505

The normal trade credit terms granted to the Group range from 30 to 90 days (2017: 30 to 90 days).

Included in the Group's trade payables is amount due to a joint venture amounting to RM8,656,892 (2017: RM4,017,704).

24. OTHER PAYABLES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Non-trade payables	3,220,291	2,267,094	81,800	211,640
Accruals of expenses	2,146,602	478,256	652,477	122,100
Amount due to a Director	337	337	337	337
Deposits received	329,340	33,057,937	–	32,200,000
SST payables	141,484	–	–	–
GST payables	–	74,827	–	–
Deferred revenue	188,761	190,208	–	–
	6,026,815	36,068,659	734,614	32,534,077

Deposits received

In prior financial year, included in the Group's and the Company's deposits received is the amount of RM32,200,000 due to the disposal of a wholly-owned subsidiary, 7 New Market Street Holdings Limited and 7 New Market Street Limited.

The disposal was completed during the financial year 2018.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25. REVENUE

25.1 Disaggregated revenue information

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Revenue from contract with customers:-				
Rendering of services	140,708,694	141,258,125	–	–
Other revenue:-				
Sundry income	1,441	–	1,441	–
Sales of goods	64,901,412	63,053,056	–	–
Dividend income	24,709	35,703	24,709	35,703
Interest income	650,901	148,437	650,901	148,437
Rental income	4,152,335	–	–	–
	210,439,492	204,495,321	677,051	184,140
Timing of revenue recognition:				
- At a point in time	76,833,401	81,260,623	677,051	184,140
- Over time	133,606,091	123,234,698	–	–
	210,439,492	204,495,321	677,051	184,140

25.2 Geographical market

The Group's revenue information based on geographical location are as follows:-

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Malaysia	206,419,792	198,144,616	677,051	184,140
Southeast Asia other than Malaysia	3,029,966	1,912,037	–	–
Others	989,734	4,438,668	–	–
	210,439,492	204,495,321	677,051	184,140

25.3 Performance Obligations

Information about the Group's performance obligations are summarised below:

Sales of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 90 days from delivery. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

Installation services

The performance obligation is satisfied over-time and payment is generally due upon completion of installation and acceptance of the customer. In some contracts, short-term advances are required before the installation service is provided.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

26. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax has been determined after charging/(crediting), amongst other, the following items:-

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
After charging/(crediting)				
Auditors' remuneration				
- Grant Thornton Malaysia				
- Statutory audit	164,400	125,400	38,000	34,000
- Other services	22,000	22,000	10,000	10,000
- Other external auditors	29,800	25,000	–	–
Amortisation of intangible assets	273,396	282,531	–	–
Bad debts written off	–	121,121	850,437	3,586
Depreciation of property, plant and equipment	2,624,878	2,774,628	–	–
Interest expenses				
- Finance lease interest	145,931	154,765	–	–
- Banker acceptance interest	137,878	–	–	–
- Invoice financing interest	88,225	–	–	–
- Foreign currency trust receipt interest	36,492	–	–	–
- Onshore foreign currency loan interest	64,381	–	–	–
- Term loan interest	451,254	295,276	–	–
- Bank guarantee interest	17,789	–	–	–
Letter of credit interests	92,835	22,809	–	–
Impairment loss of ECL				
- Trade receivables	991,807	804,444	–	–
- Other receivables	3,291,198	119,079	3,227,000	–
- Amount due from subsidiaries	–	–	5,359	169,036
Impairment losses on				
- Investment in subsidiaries	–	–	–	1,202,282
- Investment in associate	35,000	–	–	–
Investment in subsidiaries written off	–	–	2	800,000
Loss on disposal of other investment	197,936	–	183,931	–
Rental expenses	3,780,374	1,616,268	186,906	–
Realised loss on foreign exchange	1,877,062	789,691	109,584	321,010
Unrealised loss/(gain) on foreign exchange	986,162	310,852	(9,749)	714,414
Inventories written off	257,332	–	–	–
Impairment losses no longer required				
- investment in subsidiaries	–	–	–	(147,500)
Dividend income	(58,389)	(86,803)	(24,709)	(35,703)
Loss/(Gain) on fair value of other investments	268,183	(2,584,136)	148,183	(91,535)
Interest income				
- joint venture	(278,865)	(583,445)	–	–
- deposits with licensed banks	(603,552)	(183,655)	(425,130)	(103,190)
- bank balances	(392,056)	(247,714)	(225,771)	(45,247)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

26. PROFIT/(LOSS) BEFORE TAX (cont'd)

Profit/(Loss) before tax has been determined after charging/(crediting), amongst other, the following items:- (cont'd)

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
After charging/(credited)				
Reversal of ECL				
- Trade receivables	(1,732,787)	(183,065)	–	–
- Other receivables	(189,360)	–	–	–
- Amount due from subsidiaries	–	–	–	(255,929)
Share of result of joint venture	(70,531)	(426,933)	–	–
Waiver of debts	(51)	(836,653)	–	(5,368,764)
(Gain)/Loss on disposal of property, plant and equipment	(143)	21,345	–	–
Fair value gain on investment properties	(150,731)	–	–	–
(Gain)/Loss on disposal of subsidiary	(9,028,109)	882,774	(32,199,198)	83,750

27. TAX (INCOME)/EXPENSE

Tax recognised in profit or loss

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current tax				
- Current year	3,825,175	4,164,755	–	–
- Under provision in prior year	229,605	96,853	–	54,552
	4,054,780	4,261,608	–	54,552
Deferred tax				
- Transferred from deferred tax (Note 12)	(6,962,647)	(115,318)	–	–
Tax (income)/expense	(2,907,867)	4,146,290	–	54,552

Malaysian income tax is calculated at the statutory tax rate 24% (2017: 24%) of the estimated taxable profit for the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27. TAX (INCOME)/EXPENSE (cont'd)

Tax recognised in profit or loss (cont'd)

Reconciliation of tax expense applicable to profit/(loss) before tax at the statutory tax rate to tax expense at the effective tax rate of the Group and of the Company is as follows:-

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit/(Loss) before tax	7,654,203	9,808,446	17,061,473	(1,584,239)
Tax at statutory tax rate of 24% (2017: 24%)	1,837,009	2,354,027	4,094,754	(380,217)
Tax effect in respect of:-				
Expenses not deductible for tax purposes	4,994,022	3,960,277	3,639,176	388,786
Income not subject to tax	(2,667,792)	(1,926,997)	(7,733,930)	(8,569)
Movement of deferred tax assets not recognised	(7,710,337)	(334,429)	–	–
Deferred tax (under)/over recognised in prior year	394,626	(3,441)	–	–
Underprovision in prior financial year	229,605	96,853	–	54,552
Additional deferred tax liabilities on real properties gain tax	15,000	–	–	–
	(2,907,867)	4,146,290	–	54,552

Tax recognised in other comprehensive income

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Tax effect on fair value surplus for financial assets at FVOCI	410,256	–	–	–

Deferred tax assets are not recognised for the following temporary differences by certain subsidiaries:-

	Group	
	2018 RM	2017 RM
Property, plant and equipment	4,611,043	12,083,105
Unabsorbed business losses	43,339,033	43,071,801
Unutilised capital allowances	8,231,729	33,180,302
Other investment	–	(4,637,000)
Other	1,144,000	1,117,000
	57,325,805	84,815,208

Deferred tax assets are not recognised for the above temporary differences as it is not probable that future taxable profit will be available against which the deductible temporary differences and unabsorbed tax losses can be utilised by the subsidiaries.

However, the unabsorbed business losses and unutilised capital allowances may be carried forward indefinitely. At the end of each reporting period, the subsidiaries re-assess the unrecognised deferred tax assets, previously unrecognised deferred tax assets are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28. EARNINGS PER SHARE

(a) Basic earnings per ordinary shares

Basic earnings per share are calculated by dividing profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares and including mandatorily convertible instruments held by the Company.

Profits attributable to ordinary shares

	Group	
	2018 RM	2017 RM
Profit used for the computation of basic/diluted - Profit attributable to equity holders of the Company	7,015,575	1,883,352

Weighted Average Number of Ordinary Shares in issue

	Group	
	2018 RM	2017 RM
Weighted average number of ordinary shares after deducting treasury shares used for the computation of basic/diluted	415,920,355	383,011,958
Basic earnings per ordinary shares	1.69	0.49

(b) Diluted

There is no diluted earnings per share because the Company does not have any convertible financial instruments as at the end of the year.

29. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries, wages and other emoluments	11,728,641	9,592,553	3,669,060	1,329,411
Social security contributions	75,972	63,588	8,730	4,554
Defined contribution plans	1,338,280	1,209,888	445,933	150,011
Other benefits	3,567,469	1,905,997	2,377,405	634,009
Directors' fees	582,629	–	582,629	–
	17,292,991	12,772,026	7,083,757	2,117,985

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

29. EMPLOYEE BENEFITS EXPENSES (cont'd)

Included in the employee benefit expenses is the Directors' remuneration as below:-

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Executive Directors:				
Existing Directors of the Company				
Salaries and other emoluments	1,535,460	540,000	1,535,460	540,000
Social security contributions	–	829	–	829
Defined contribution plans	201,093	79,200	201,093	79,200
Other benefits	125,629	360,250	125,629	360,250
	1,862,182	980,279	1,862,182	980,279
Existing Directors of the subsidiaries				
Salaries and other emoluments	1,291,920	792,000	–	–
Social security contributions	–	829	–	–
Defined contributions plans	109,696	100,800	–	–
Other benefits	10,200	48,000	–	–
	1,411,816	941,629	–	–
Past Director of the Company				
Salaries and emoluments	–	327,634	–	–
Total Executive Directors' remuneration	3,273,998	2,249,542	1,862,182	980,279
Non-Executive Directors:				
Existing Directors of the Company				
Salaries and other emoluments	–	176,250	–	176,250
Directors' fees	582,629	–	582,629	–
	582,629	176,250	582,629	176,250
Past Directors of the Company				
Salaries and other emoluments	–	105,556	–	105,556
Total Non-Executive Directors' remuneration	582,629	281,806	582,629	281,806
Total	3,856,627	2,531,348	2,444,811	1,262,085
Other additional disclosure				
Director's remuneration paid to a Company in which connected to a Director	–	228,750	–	228,750

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

29. EMPLOYEE BENEFITS EXPENSES (cont'd)

Included in the employee benefit expenses is the Directors' remuneration as below:- (cont'd)

	Number of Directors	
	2018	2017
Non–Executive Directors:		
RM1 – RM50,000	–	2
RM50,001 – RM100,000	4*	3^
RM100,001 – RM200,000	–	–
RM200,001 and above	1	–
Executive Directors:		
Below RM100,000	–	–
RM100,001 – RM200,000	–	–
RM200,001 and above	2	3#

* One Director had resigned during the financial year.
^ Two Directors had resigned during the financial year.
# One Director had resigned during the financial year.

30. EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

At an Extraordinary General Meeting held on 22 December 2016, the Company's shareholders approved the establishment of ESOS for the eligible Directors and employees of the Group. The ESOS shall be in force for a period of ten (10) years commencing from 28 March 2017 and will expire on 27 March 2027.

The salient features of the ESOS are as follows:-

(a) the maximum number of new shares of the Company which may be issued and allotted pursuant to the exercise of the share options shall not in aggregate exceed ten percent (10%) of the issued and paid-up share capital of the Company at any point of time during the duration of the ESOS.

(b) any employee (including Executive Directors) shall be eligible to participate in the ESOS if, as at the date of offer, that person is at least eighteen (18) years of age or above and is employed full time.

(c) not more than ten per centum (10%) (or such percentage as allowable by the relevant authorities) of the shares available under the ESOS should be allocated to any individual director or employee who, either singly or collectively through his/her associates, holds twenty per centum (20%) or more in the issued and paid-up share capital of the Company.

(d) the option price shall be the higher of either the 5-day weighted average market price of the Company's shares at the date of offer, with a discount of not more than 10% as may be permitted by relevant authorities from time to time during the duration of the ESOS or the par value of the Company's share.

(e) options are exercisable, in whole or in part (provided that an Option is exercised in part in respect of 100 shares or any multiple thereof) as follows:-

Maximum Percentage of Options Exercisable from Acceptance Date				
Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
20%	40%	60%	80%	100%
Year 6	**Year 7**	**Year 8**	**Year 9**	**Year 10**
100%	100%	100%	100%	100%

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (cont'd)

The salient features of the ESOS are as follows:- (cont'd)

(f) the options shall not carry any voting rights at any general meeting of the Company and shall not be entitled to any dividends, rights and/or other distributions.

(g) the new shares to be allotted and issued upon exercise of any option shall upon allotment rank pari passu in all respects with the existing shares of the Company.

The ESOS has not been granted as at 31 December 2018.

31. RELATED PARTY DISCLOSURES

The Group has related party relationship with its significant investors, subsidiaries, associates, joint venture, Directors and key management personnel.

31.1 Transactions with related parties:-

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest income from a joint venture	278,865	583,445	–	–
Rental expenses paid to companies in which connected to a Director	636,552	636,552	–	–
Director's remuneration paid to a Company in which connected to a Director	–	228,750	–	228,750

The Directors are of the opinion that all the transactions above have been entered into the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

31.2 Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel include all Directors of the Group and an Executive Director of subsidiaries.

The remuneration of key management personnel of the Group during the financial year are as follows:-

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries and other emoluments	3,342,380	1,941,440	2,050,460	821,806
Social security contributions	–	1,658	–	829
Defined contribution plans	379,919	180,000	270,223	79,200
Other benefits	189,829	408,250	179,629	360,250
Directors' fees	582,629	–	582,629	–
	4,494,757	2,531,348	3,082,941	1,262,085

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

32. OPERATING SEGMENTS

General Information

The information reported to the Group's chief operating decision maker to make decisions about resources to be allocated and for assessing their performance is based on the nature of the activities of the Group. The Group's operating segments are as follows:-

(a) Products and services; and
(b) Engineered packages - engineering activities

Measurement of Reportable Segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements. Transactions between reportable segments are measured on the basis that is similar to those external customers. Segment results are profit earned or loss incurred by each segment without allocation of finance costs, share of profit/(loss) from joint ventures and income tax expense. There are no significant changes from prior financial year in the measurement methods used to determine reported segment results.

All the Group's assets are allocated to reportable segments other than assets used centrally for the Group, associate companies, joint venture and current and deferred tax assets. Jointly used assets are allocated on the basis of the revenues earned by individual segments.

All the Group's liabilities are allocated to reportable segments other than liabilities incurred centrally for the Group, current and deferred tax liabilities. Jointly incurred liabilities are allocated in proportion to the segment assets.

Analysis of the Group's revenue, results, assets, liabilities and other information by operating segment are shown below:-

Group 2018	Product and services RM	Engineered packages RM	Total RM	Eliminations RM	Note	Consolidated RM
Revenue						
External revenue	186,143,472	24,296,020	210,439,492	–		210,439,492
Intersegment revenue	17,750,868	2,769,638	20,520,506	(20,520,506)	A	–
Total revenue	203,894,340	27,065,658	230,959,998	(20,520,506)		210,439,492
Results						
Segment profit	33,851,603	1,437,898	35,289,501	(25,037,650)	B	10,251,851
Interest income	1,235,306	39,167	1,274,473	–		1,274,473
Finance costs	(516,828)	(517,957)	(1,034,785)	–		(1,034,785)
Depreciation and amortisation	(898,110)	(2,000,164)	(2,898,274)	–		(2,898,274)
Share of results of joint venture	70,531	–	70,531	–		70,531
Tax income	3,859,417	(951,550)	2,907,867	–		2,907,867
Other non-cash income	4,169,129	904,434	5,073,563	–	C	5,073,563
Assets						
Segment assets	174,988,094	68,118,419	243,106,513	–	D	243,106,513
Investment in associates	–	–	–	–		–
Investment in joint venture	1,238,976	–	1,238,976	–		1,238,976
Additions to non-current assets other than financial instruments	27,481,107	1,119,481	28,600,588	–	E	28,600,588
Liabilities						
Segment liabilities	(48,381,778)	(4,396,741)	(52,778,519)	–	F	(52,778,519)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

32. OPERATING SEGMENTS (cont'd)

Analysis of the Group's revenue, results, assets, liabilities and other information by operating segment are shown below (cont'd):-

Group 2017	Product and services RM	Engineered packages RM	Total RM	Eliminations RM	Note	Consolidated RM
Revenue						
External revenue	188,728,158	15,767,163	204,495,321	–		204,495,321
Intersegment revenue	1,233,052	7,918,580	9,151,632	(9,151,632)	A	–
Total revenue	189,961,270	23,685,743	213,646,953	(9,151,632)		204,495,321
Results						
Segment profit	65,516,216	737,587	66,253,803	(61,560,544)	B	4,693,259
Interest income	970,819	43,995	1,014,814	–		1,014,814
Finance costs	(467,133)	(5,717)	(472,850)	–		(472,850)
Depreciation and amortisation	(1,216,447)	(1,840,712)	(3,057,159)	–		(3,057,159)
Share of results of joint venture	426,933	–	426,933	–		426,933
Tax expenses	(3,727,686)	(418,604)	(4,146,290)	–		(4,146,290)
Other non-cash income	800,819	543,420	1,344,239	–	C	1,344,239
Assets						
Segment assets	189,444,504	70,452,208	259,896,712	–	D	259,896,712
Investment in associates	–	35,000	35,000	–		35,000
Investment in joint venture	1,168,445	–	1,168,445	–		1,168,445
Additions to non-current assets other than financial instruments	14,560,339	1,518,744	16,079,083	–	E	16,079,083
Liabilities						
Segment liabilities	(84,962,157)	(31,539,704)	(116,501,861)	–	F	(116,501,861)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

A. Intersegment revenues are eliminated on consolidation

B. The following items are added to/(deducted from) segment profit to arrive at "profit after tax" presented in the profit or loss:-

	2018 RM	2017 RM
Segment profit	10,251,851	4,693,259
Interest income	1,274,473	1,014,814
Finance costs	(1,034,785)	(472,850)
Share of results of joint venture	70,531	426,933
Profit after tax	10,562,070	5,662,156

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

32. OPERATING SEGMENTS (cont'd)

C. Other major non-cash income/(expenses) consist of the following items as presented in the respective notes to the financial statements:-

	2018 RM	2017 RM
Allowance for ECL		
- Trade receivables	(991,807)	(804,444)
- Other receivables	(3,291,198)	(119,079)
Reversal of ECL		
- Trade receivables	1,732,787	183,065
- Other receivables	189,360	–
Bad debts written off	–	(121,121)
Fair value (loss)/gain on other investment	(268,183)	2,584,136
Impairment on investment in associate	(35,000)	–
Inventories written off	(257,332)	–
Fair value gain on investment properties	150,731	–
Loss on disposal of other investment	(197,936)	–
Gain/(Loss) on disposal of subsidiary	9,028,109	(882,774)
Gain/(Loss) on disposal of property, plant and equipment	143	(21,345)
Unrealised loss on foreign exchange	(986,162)	(310,852)
Waiver of debts	51	836,653
	5,073,563	1,344,239

D. The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:-

	2018 RM	2017 RM
Segment assets	243,106,513	259,896,712
Intangible assets	2,136,809	2,410,205
Investment in associate	–	35,000
Investment in joint venture	1,238,976	1,168,445
Deferred tax assets	7,056,143	–
Tax recoverable	662,960	1,518,762
Assets classified as held for sale	1,284,667	21,593,070
Total assets	255,486,068	286,622,194

E. Additions to non-current assets other than financial instruments and deferred tax assets consist of:-

	2018 RM	2017 RM
Property, plant and equipment	27,501,319	16,077,838
Intangible assets	–	1,245
Investment properties	1,099,269	–
	28,600,588	16,079,083

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

32. OPERATING SEGMENTS (cont'd)

F. The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statements of financial position:-

	2018 RM	2017 RM
Segment liabilities	(52,778,519)	(116,501,861)
Finance lease liabilities	(2,394,170)	(2,358,878)
Borrowings	(39,200,264)	(13,948,128)
Tax payable	(1,643,757)	(1,566,328)
Deferred tax liabilities	(860,438)	(405,422)
Total liabilities	(96,877,148)	(134,780,617)

Geographical information

The Group's revenue and non-current assets information based on geographical location are as follows:-

	Revenue		Non-current assets	
	2018 RM	2017 RM	2018 RM	2017 RM
Malaysia*	206,419,792	198,144,616	72,059,098	42,556,963
Southeast Asia other than Malaysia	3,029,966	1,912,037	–	–
Others	989,734	4,438,668	–	–
	210,439,492	204,495,321	72,059,098	42,556,963

* Company's home country

Non-current assets information presented above consist of the following items as presented in the statements of financial position:-

	2018 RM	2017 RM
Property, plant and equipment	53,070,967	29,479,216
Intangible assets	2,136,809	2,410,205
Investment in associate	–	1,285
Investment in joint venture	1,238,976	1,202,160
Investment properties	1,250,000	–
Other investments	7,306,203	6,768,427
Other receivables	–	2,695,670
Deferred tax assets	7,056,143	–
	72,059,098	42,556,963

Major customer

The following is major customer with revenue equal or more than 10 percent of Group revenue:-

	Revenue	
	2018 RM	2017 RM
Customer A	54,200,758	101,997,243

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33. FINANCIAL INSTRUMENTS

33.1 Category of financial instruments

The table below provides an analysis of financial instruments categorised as follows:-

(i) Fair value through other comprehensive income ("FVOCI");

(ii) Fair value through profit or loss ("FVTPL"); and

(iii) Amortised cost ("AC")

2018 Group	Carrying amount RM	FVOCI RM	FVTPL RM	AC RM
Financial assets				
Trade receivables	51,477,959	–	–	51,477,959
Other receivables	4,079,289	–	–	4,079,289
Amount due from a joint venture	13,180,198	–	–	13,180,198
Cash and cash equivalents	36,349,123	–	–	36,349,123
Other investments	7,306,203	4,666,203	2,640,000	–
	112,392,772	4,666,203	2,640,000	105,086,569
Financial liabilities				
Trade payables	41,908,214	–	–	41,908,214
Other payables	5,696,570	–	–	5,696,570
Finance lease liabilities	2,394,170	–	–	2,394,170
Borrowings	39,200,264	–	–	39,200,264
	89,199,218	–	–	89,199,218
Company				
Financial assets				
Other receivables	697,679	–	–	697,679
Amount due from subsidiaries	53,178,650	–	–	53,178,650
Amount due from a joint venture	20,000	–	–	20,000
Other investments	812,804	812,804	–	–
Cash and cash equivalents	2,284,809	–	–	2,284,809
	56,993,942	812,804	–	56,181,138
Financial liabilities				
Other payables	734,614	–	–	734,614
Amount due to subsidiaries	4,341,294	–	–	4,341,294
	5,075,908	–	–	5,075,908

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33. FINANCIAL INSTRUMENTS (cont'd)

33.1 Category of financial instruments (cont'd)

The financial instruments classification in the prior period are in accordance with MFRS 139 as follows:-

(i) Loans and receivables ("L&R");

(ii) Available-for-sale financial assets ("AFS");

(iii) Fair value through profit or loss classified as held for trading ("FVTPL-HFT"); and

(iv) Other liabilities measured at amortised cost ("AC").

2017 Group	Carrying amount RM	L&R RM	AFS RM	FVTPL- HFT RM	AC RM
Financial assets					
Trade receivables	80,311,321	80,311,321	–	–	–
Other receivables	7,532,498	7,532,498	–	–	–
Amount due from a joint venture	3,503,820	3,503,820	–	–	–
Other investments	10,256,965	–	6,768,427	3,488,538	–
Cash and cash equivalents	84,061,574	84,061,574	–	–	–
	185,666,178	175,409,213	6,768,427	3,488,538	–
Financial liabilities					
Trade payables	54,559,164	–	–	–	54,559,164
Other payables	35,803,624	–	–	–	35,803,624
Finance lease liabilities	2,358,878	–	–	–	2,358,878
Borrowings	13,948,128	–	–	–	13,948,128
	106,669,794	–	–	–	106,669,794
Company					
Financial assets					
Other receivables	4,720,013	4,720,013	–	–	–
Amount due from subsidiaries	28,964,677	28,964,677	–	–	–
Amount due from a joint venture	20,000	20,000	–	–	–
Other investments	1,960,987	–	–	1,960,987	–
Cash and cash equivalents	44,919,365	44,919,365	–	–	–
	80,585,042	78,624,055	–	1,960,987	–
Financial liabilities					
Other payables	32,534,077	–	–	–	32,534,077
Amount due to subsidiaries	1,780,742	–	–	–	1,780,742
	34,314,819	–	–	–	34,314,819

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33. FINANCIAL INSTRUMENTS (cont'd)

33.2 Net Gains and Losses Arising from Financial Instruments

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Net (losses)/gains on:-				
Financial assets at FVOCI				
- recognised in other comprehensive income	(2,927,779)	2,252,124	–	515
Financial assets at FVTPL				
- recognised in profit or loss	(268,183)	(2,584,136)	148,183	(91,535)
Financial assets at AC				
- recognised in profit or loss	(2,360,858)	(740,458)	(3,232,359)	86,893

Disclosure in accordance to MFRS 139 (Applied until 31 December 2017):-

	Group 2017 RM	Company 2017 RM
Net (losses)/gains on:-		
Available-for-sales financial assets		
- recognised in other comprehensive income	2,252,124	515
Held for trading financial assets		
- recognised in profit or loss	(2,584,136)	(91,535)

33.3 Financial risk management objective and policies

The Group and the Company are mainly exposed to credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. The Group has formal risk management policies and guidelines, as approved by the Board of Directors, which set out its overall business strategies, its tolerance for risks and its general risk management philosophy. Such policies are monitored and undertaken by the management.

The following sections explain key risks faced by the Group and its management. Financial assets and liabilities of the Group are summarised in Note 33.1 to the financial statements.

33.3.1 Credit risk

Credit risk refers to the risk that a counterparty will default in its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company adopt the policy of dealing with customers of appropriate standing to mitigate credit risk and customers who wish to trade on credit terms are subject to credit evaluation.

Following are the areas where the Group and the Company are exposed to credit risk:-

Receivables and contract assets

Receivables and contract assets are monitored on an ongoing basis to mitigate risk of bad debts. The Group's and the Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry in which customers operate.

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's and the Company's standard payment and delivery terms and conditions are offered. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the management.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33. FINANCIAL INSTRUMENTS (cont'd)

33.3 Financial risk management objective and policies (cont'd)

33.3.1 Credit risk (cont'd)

Following are the areas where the Group and the Company are exposed to credit risk:- (cont'd)

Receivables and contract assets (cont'd)

In respect of other receivables, the Group and the Company are not subjected to significant credit risk exposure to a single counterparty or a group of counterparties having similar characteristics.

Based on historical information about customer default rates, management consider the credit quality of trade receivables that are past due but not impaired to be good.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The Group and the Company do not hold collateral as security.

An impairment analysis performed at each reporting date using a provision of matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type, customer type and rating, and other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment.

The following table provides information about the credit risk exposure on the Group's and the Company's trade receivables using a provision of matrix:-

Group	Current	Days past due 1 to 30 days RM	31 to 60 days RM	61 to 90 days RM	More than 90 days RM	Total RM
2018						
ECL rate	0.0001%	1.0500%	1.1000%	1.1500%	2.0000%	
Gross carrying amount	6,702,227	11,558,480	2,221,669	5,369,720	35,414,809	61,266,905
Gross carrying amount (Excluding individual impaired)	6,702,227	11,558,480	2,221,669	5,369,720	26,011,285	51,863,381
ECL (Collective)	2	79,558	4,058	33,492	268,312	385,422
ECL (Individual)	–	–	–	–	9,403,524	9,403,524
2017						
ECL rate	0.0001%	1.0500%	1.1000%	1.1500%	2.0000%	
Gross carrying amount	51,799,852	5,681,918	3,034,506	4,623,353	25,287,202	90,426,831
Gross carrying amount (Excluding individual impaired)	51,799,852	5,681,918	3,034,506	4,623,353	15,171,692	80,311,321
ECL (Collective)	4	52,054	29,935	69,611	227,266	428,870
ECL (Individual)	–	–	–	–	10,115,510	10,115,510

Excluded from the matrix above are customers who had already been fully impaired during the financial year, good paymasters and intercompany balances that are considered to be of low risk of default and will not be subject to provision of ECL.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33. FINANCIAL INSTRUMENTS (cont'd)

33.3 Financial risk management objective and policies (cont'd)

33.3.1 Credit risk (cont'd)

Disclosure in accordance to MFRS 139 (Applied until 31 December 2017):-

The trade receivables ageing are as follows:-

	Group 2017 RM
Neither past due not impaired	65,625,867
1 to 30 days past due but not impaired	1,987,829
31 to 60 days past due but not impaired	4,951,254
61 to 90 days past due but not impaired	1,347,027
More than 61 days past due but not impaired	6,399,344
	80,311,321
Past due and impaired	10,115,510
	90,426,831

Trade receivables that are neither past due not impaired

Trade receivables that were neither past due nor impaired relate to customers for whom there were no default. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the current financial year.

Trade receivables that were past due but not impaired relate to customers that have good track record with the Group. Based on past experience and no adverse information to date, the directors of the Group are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

Trade receivables that are impaired

Trade receivables that are determined to be impaired at the reporting date relate to customers who have significant financial difficulties or probability of insolvency and default or significant delay in payments. The receivables are not secured by any collateral or credit enhancement.

All impaired trade receivables are individually determined. The reconciliation of the allowance account is as follows:-

	Individually impaired Group	
	2018 RM	2017 RM
Brought forward	10,115,510	9,494,131
Written off	(14,454)	–
Charge for the financial year	921,815	804,444
Impairment losses no longer required	(1,619,347)	(183,065)
Carried forward	9,403,524	10,115,510

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33. FINANCIAL INSTRUMENTS (cont'd)

33.3 Financial risk management objective and policies (cont'd)

33.3.1 Credit risk (cont'd)

Exposure to credit risk

Maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of financial assets recognised at reporting date as summarised below:-

	Group	
	2018 RM	2017 RM
Classes of financial assets:-		
Other investments	7,306,203	10,256,965
Cash and cash equivalents	36,349,123	84,061,574
Trade receivables	51,477,959	80,311,321
Other receivables	4,079,289	7,532,498
Amount due from a joint venture	13,180,198	3,503,820
Carrying amount	112,392,772	185,666,178
Classes of financial assets:-		
Other investments	812,804	1,960,987
Cash and cash equivalents	2,284,809	44,919,365
Other receivables	697,679	4,720,013
Amount due from subsidiaries	53,178,650	28,964,677
Amount due from a joint venture	20,000	20,000
Carrying amount	56,993,942	80,585,042

The Group and the Company continuously monitor credit standing of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used.

The Group's and the Company's management consider that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. None of the Group's and the Company's financial assets are secured by collateral or other credit enhancements and none of the carrying amount of financial assets whose terms have been renegotiated that would otherwise be past due or impaired.

Credit risk concentration

The credit risk concentration profile by geographical on trade receivables of the Group as at the reporting date is as follows:-

	Group	
	2018 RM	2017 RM
By country:-		
Malaysia	50,050,032	74,678,371
Southeast Asia other than Malaysia	1,002,500	1,781,446
Others	425,427	3,851,504
	51,477,959	80,311,321

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33. FINANCIAL INSTRUMENTS (cont'd)

33.3 Financial risk management objective and policies (cont'd)

33.3.1 Credit risk (cont'd)

Exposure to credit risk (cont'd)

In respect of trade receivables, the Group is not subjected to significant credit risk exposure to a single counterparty or a group of counterparties having similar characteristics, except below mentioned.

	Group			
	2018		2017	
	RM	%	RM	%
A major customer	40,857,549	79	42,760,060	53

Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates, management considers the credit quality of trade receivables that are past due but not impaired to be good.

Inter-company Balances

The Group and the Company provide advances to subsidiaries and joint venture and monitors the ability of the subsidiaries and joint venture to repay the advances on an individual basis.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Generally, the Group and the Company consider loans and advances to subsidiaries and joint venture to have low credit risk. The Group and the Company assume that there is a significant increase in credit risk when the subsidiaries' or joint venture's financial position deteriorates significantly. As the Group and the Company are able to determine the timing of payments of the loans and advances when they are payable, the Group and the Company consider the loans and advances to be in default when the subsidiaries and joint venture are not able to pay when demanded. The Group and the Company consider the loan or advances to be credit impaired when the subsidiaries and joint venture are unlikely to repay their loan or advance to the Group or the Company in full, the loan or advance is overdue for more than a year, or the subsidiaries and joint venture are continuously loss making and having deficit in shareholders' funds.

The Group and the Company determine the probability of default for these loans and advances individually using internal information available.

As at the end of the reporting period, there was no indication that the intercompany amounts are not recoverable.

Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable financial institutions with high quality external credit ratings and have no history of default. Consequently, the Group and the Company are of the view that the allowance is not material and hence, it is not provided for.

Corporate Guarantee

The maximum exposure to credit risk is amounted to RM34,420,214 (2017: RM7,567,259), represented by the outstanding banking facilities of a subsidiary as at the end of the reporting period.

The Group provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Group monitors on an on-going basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

Financial guarantees have not been recognised since the fair value on initial recognition was not material.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33. FINANCIAL INSTRUMENTS (cont'd)

33.3 Financial risk management objective and policies (cont'd)

33.3.2 Liquidity risk

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting its obligations as and when they fall due. The Group's and the Company's exposure to liquidity risk arises particularly from payables, loans and borrowings and it maintains a level of cash and cash equivalents deemed adequate by management to ensure it has sufficient liquidity to meets its obligations as and when they fall due.

Analysis of financial instruments by remaining contractual maturities

The following financial liabilities of the Group and the Company are subjected to liquidity risk:-

		← Contractual cash flows →			
			Current	← Non-current →	
Group 2018	**Carrying amount RM**	**Total RM**	**On demand/ Within one year RM**	**2 to 5 years RM**	**More than 5 years RM**
Non-derivative financial liabilities					
Trade payables	41,908,214	41,908,214	41,908,214	–	–
Other payables	5,696,570	5,696,570	5,696,570	–	–
Finance lease liabilities	2,394,170	2,576,047	1,224,567	1,351,480	–
Borrowings	39,200,264	39,200,264	24,679,117	14,521,147	–
Total disclosures financial liabilities	89,199,218	89,199,218	73,508,468	15,872,627	–
2017					
Non-derivative financial liabilities					
Trade payables	54,559,164	54,559,164	54,559,164	–	–
Other payables	35,803,624	35,803,624	35,803,624	–	–
Finance lease liabilities	2,358,878	2,559,016	1,013,529	1,545,487	–
Borrowings	13,948,128	17,173,192	7,138,225	3,029,424	7,005,543
Total disclosures financial liabilities	106,669,794	110,094,996	98,514,542	4,574,911	7,005,543
Company 2018					
Non-derivative financial liabilities					
Other payables	734,614	734,614	734,614	–	–
Amount due to subsidiaries	4,341,294	4,341,294	4,341,294	–	–
Total disclosures financial liabilities	5,075,908	5,075,908	5,075,908	–	–
Financial guarantee*	34,420,214	34,420,214	–	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33. FINANCIAL INSTRUMENTS (cont'd)

33.3 Financial risk management objective and policies (cont'd)

33.3.2 Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The following financial liabilities of the Group and the Company are subjected to liquidity risk:- (cont'd)

Company 2017	Carrying amount RM	← Contractual cash flows → Total RM	Current On demand/ Within one year RM	← Non-current → 2 to 5 years RM	More than 5 years RM
Non-derivative financial liabilities					
Other payables	32,534,077	32,534,077	32,534,077	–	–
Amount due to subsidiaries	1,780,742	1,780,742	1,780,742	–	–
Total disclosures financial liabilities	34,314,819	34,314,819	34,314,819	–	–
Financial guarantee*	7,567,259	7,567,259	–	–	–

* This exposure is included in liquidity risk for illustration only. No financial guarantee was called upon by the holders as at the end of the reporting period.

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the financial liabilities at the reporting date.

33.3.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

To mitigate the Group's and the Company's exposure to foreign currency risk, the Group and the Company are exposed to foreign currency risk on sales, purchases and investments that are denominated in a currency other than the functional currencies of Company. The currency giving rise to this risk is primarily Australian Dollar ("AUD"), Euro Dollar ("EUR"), Great Britain Pound ("GBP"), Japan Yen ("JPY"), Singapore Dollar ("SGD") and United States Dollar ("USD").

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33. FINANCIAL INSTRUMENTS (cont'd)

33.3 Financial risk management objective and policies (cont'd)

33.3.3 Foreign currency risk (cont'd)

The carrying amount of the Group's and the Company's foreign currency denominated financial assets and financial liabilities at the end of the reporting year are as follows:-

Group 2018	AUD RM	EUR RM	GBP RM	JPY RM	SGD RM	USD RM	Total RM
Trade receivables	–	173,915	1,808,132	–	151,592	14,419,824	16,553,463
Cash and cash equivalents	8,355	1,892,548	2,702,776	938	120,979	4,119,072	8,844,668
Trade payables	–	(407,069)	(5,062,653)	–	–	(15,573,066)	(21,042,788)
Borrowings	–	–	–	–	–	(7,030,209)	(7,030,209)
Net exposure	8,355	1,659,394	(551,745)	938	272,571	(4,064,379)	(2,674,866)
2017							
Trade receivables	–	2,774,017	3,159,289	–	151,553	46,642,187	52,727,046
Cash and cash equivalents	9,161	629,989	1,980,573	4,826	180,042	8,867,956	11,672,547
Trade payables	–	(417,914)	(721,283)	–	–	(36,193,505)	(37,332,702)
Borrowings	–	–	–	–	–	(6,380,869)	(6,380,869)
Net exposure	9,161	2,986,092	4,418,579	4,826	331,595	12,935,769	20,686,022

Company 2018	GBP RM	SGD RM	USD RM	Total RM
Cash and cash equivalents/Net exposure	910,266	95,419	277,510	1,283,195
2017				
Cash and cash equivalents/Net exposure	968,651	95,394	4,376,517	5,440,562

Certain of the other foreign currencies are not presented as the amounts are not material.

Foreign currency risk sensitivity

The following table illustrates the sensitivity of profit or loss with regards to the Group's financial assets and financial liabilities and the RM/AUD exchange rate, RM/EUR exchange rate, RM/GBP exchange rate, RM/JPY exchange rate, RM/SGD exchange rate and RM/USD exchange rate assuming all other things being equal.

A +/-1% and +/-2% (2017: +/-1%, +/-2% and +/-3%) change in the RM/AUD, RM/EUR, RM/GBP, RM/JPY, RM/SGD and RM/USD exchange rates at the reporting period is deemed possible. Both of these percentages have been determined based on average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33. FINANCIAL INSTRUMENTS (cont'd)

33.3 Financial risk management objective and policies (cont'd)

33.3.3 Foreign currency risk (cont'd)

Foreign currency risk sensitivity (cont'd)

If the RM had strengthened/weakened against the AUD, EUR, GBP, JPY, SGD and USD by 1% and 2% (2017: 1%, 2% and 3%), then the impact would be as follows:-

	Effect on profit for the years			
	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
RM/AUD				
-Strengthened 2% (2017: 3%)	(167)	(275)	–	–
-Weakened 2% (2017: 3%)	167	275	–	–
RM/EUR				
-Strengthened 2% (2017: 2%)	(33,188)	(59,722)	–	–
-Weakened 2% (2017: 2%)	33,188	59,722	–	–
RM/GBP				
-Strengthened 1% (2017: 2%)	5,517	(88,372)	(9,103)	(19,373)
-Weakened 1% (2017: 2%)	(5,517)	88,372	9,103	19,373
RM/JPY				
-Strengthened 1% (2017: 2%)	(9)	(97)	–	–
-Weakened 1% (2017: 2%)	9	97	–	–
RM/SGD				
-Strengthened 1% (2017: 1%)	(2,726)	(3,316)	(954)	(954)
-Weakened 1% (2017: 1%)	2,726	3,316	954	954
RM/USD				
-Strengthened 1% (2017: 2%)	40,644	(258,715)	(2,775)	(87,530)
-Weakened 1% (2017: 2%)	(40,644)	258,715	2,775	87,530

Exposures to foreign exchange rates vary during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

33.3.4 Interest rate risk

Interest rate risk is caused by changes in market interest rate resulting in fluctuation in fair value or future cash flow of financial instruments of the Group. The Group's interest rate management objective is to manage interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation.

The Group's borrowing are at fixed interest rates. The exposure to interest rates for the Group's short term placement is considered immaterial.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33. FINANCIAL INSTRUMENTS (cont'd)

33.3 Financial risk management objective and policies (cont'd)

33.3.4 Interest rate risk (cont'd)

The carrying amount of the Group's and the Company's financial instruments that are exposed to interest rate risk are as follows:-

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Fixed rate instruments				
Financial asset				
Deposits with licensed banks	4,551,510	57,657,677	42,841	39,201,717
Financial liabilities				
Finance lease liabilities	(2,394,170)	(2,358,878)	–	–
Borrowings	(12,692,500)	(6,380,869)	–	–
Total financial liabilities	(15,086,670)	(8,739,747)	–	–
Floating rate instrument				
Borrowings	(26,507,764)	(7,567,259)	–	–

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss and does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/- 25 (2017: +/- 25) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each year, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Effect on profit for the year Group	
	RM	RM
2018(+/-25bp)	66,269	(66,269)
2017(+/-25bp)	18,918	(18,918)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33. FINANCIAL INSTRUMENTS (cont'd)

33.3 Financial risk management objective and policies (cont'd)

33.3.4 Interest rate risk (cont'd)

Fair value sensitivity analysis for fixed rate instruments (cont'd)

Fair value measurement

The carrying amounts of financial assets and liabilities of the Company at the reporting date approximate their fair values due to their short-term nature or they are floating rate instruments re-priced to market interest rates on or near the reporting date.

33.3.5 Equity price risk

Equity price risk is the risk that the value of an equity instrument will fluctuate as a result of changes in market prices. The Group and the Company are exposed to equity price risk mainly through the Group's and the Company's investment in quoted shares.

If the unit prices for quoted 'fair value through other comprehensive income' financial assets increased by 10% (2017: 10%), with all other variables being held constant, the Group's and the Company's 'profit for the financial year and equity' financial assets reserves at the end of the reporting period would increase approximately by RM466,620 and RM81,280 (2017: RM677,000 and RM196,000) respectively.

If the unit prices quoted 'fair value through profit or loss' financial assets decreased by 10% with all other variables held constant it would have the equal but opposite effect on the amounts shown above.

If the unit prices for quoted 'fair value through other comprehensive income and fair value through profit or loss' financial assets decreased by 10%, with all other variables being held constant, it would have the equal but opposite effect on the amounts shown above.

Reconciliation of liabilities arising from financing activities

Group	1 January 2018 RM	Cash flows RM	Acquisition of plant and machinery RM	31 December 2018 RM
Finance lease liabilities	2,358,878	(1,073,708)	1,109,000	2,394,170
Term loans	7,567,259	18,940,505	–	26,507,764
Total liabilities from financing activities	9,926,137	17,866,797	1,109,000	28,901,934

Group	1 January 2018 RM	Cash flows RM	Acquisition of plant and machinery RM	31 December 2017 RM
Finance lease liabilities	2,996,610	(927,907)	290,175	2,358,878
Borrowings	–	7,567,259	–	7,567,259
Total liabilities from financing activities	2,996,610	6,649,352	290,175	9,926,137

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities of the Group and of the Company at the reporting date approximately their fair values due to their short-term nature, insignificant impact of discounting or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

It was not practicable to estimate the fair value of the Group's and the Company's investment in unquoted shares due to the lack of comparable quoted prices in active market. In addition, it is impracticable to use valuation technique to estimate the fair value reliably as a result of significant variability in the inputs of the valuation technique. The Group and the Company do not intend to dispose of these investments in the near future.

The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance leases that market rate on interest is determined by reference to similar lease agreements. The interest rates used to discount estimated cash flows, when applicable are as follows:-

Company	2018 %	2017 %
Finance lease liabilities	3.50-4.85	3.45-4.85
Borrowings	4.17-8.32	1.27-5.10

34.1 Fair value hierarchy

The carrying amounts of financial assets and liabilities of the Group and of the Company at the reporting date approximately their fair values because they are floating rate instruments which are re-priced to market rates on or near reporting date or they have a short maturity period.

Fair Value Measurement of Financial Instruments

The following table summarises the method used in determining the fair value of financial assets on a recurring basis as at 31 December 2018 and 31 December 2017:-

	Group Fair value as at			
Financial assets	2018 RM	2017 RM	Fair value hierarchy	Valuation techniques and key inputs
Quoted investment - FVOCI	4,666,203	3,292,640	Level 1	Quoted bid prices in an active market.
Quoted investment - FVTPL	2,640,000	6,964,325	Level 1	Quoted bid prices in an active market.

	Company Fair value as at			
Financial assets	2018 RM	2017 RM	Fair value hierarchy	Valuation techniques and key inputs
Quoted investment - FVOCI	812,804	–	Level 1	Quoted bid prices in an active market.
Quoted investment - FVTPL	–	1,960,987	Level 1	Quoted bid prices in an active market.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

34. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

34.1 Fair value hierarchy (cont'd)

Disclosure in accordance to MFRS 139 (Applied until 31 December 2017):-

Financial assets	Company Fair value as at 2017 RM	Group 2017 RM	Fair value hierarchy	Valuation techniques and key inputs
Financial assets AFS	3,292,640	–	Level 1	Quoted bid prices in an active market.
Financial assets at FVTPL	6,964,325	1,960,987	Level 1	Quoted bid prices in an active market.

Fair Value Measurement of Non-financial Assets

The following table summarises the method used in determining the fair value of non-financial assets on a recurring basis as at 31 December 2018 and 31 December 2017:-

Financial assets	Group Fair value as at 2018 RM	 2017 RM	Fair value hierarchy	Valuation techniques and key inputs
Investment properties	Leasehold building	Leasehold building	Level 2	Sales companies approach which sales price of comparable properties in close proximity.
	1,250,000	–		

There were no transfers between Level in 2018 and 2017.

35. COMMITMENTS

(a) Operating lease commitments

The Group has lease commitments in respect of rented premises which are classified as operating leases. A summary of the non-cancellable long-term commitments is as follows:-

	Group 2018 RM	 2017 RM
Not later than 1 year	340,430	636,552
Later than 1 year but not later than 5 years	36,000	265,230
	376,430	901,782

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. COMMITMENTS (cont'd)

(b) Capital commitments

	Group 2018 RM	Group 2017 RM
Authorised and contracted for:		
- Acquisition of an industrial land	15,573,066	2,509,056
- Acquisition of plant and machinery	407,069	9,138,651
- Acquisition of leasehold land and building	5,062,653	–
	21,042,788	11,647,707

36. CONTINGENT LIABILITIES

	Group 2018 RM	Group 2017 RM
Unsecured:-		
Performance guarantee extended to third parties in respect of subcontractors' performance	10,120,838	11,861,873

37. CAPITAL MANAGEMENT

The primary objective of the management of the Group's and the Company's capital structure is to optimise the balance between debts and equity to achieve a low cost of capital and maximise the return to stakeholders.

The capital structure of the Group and the Company consists of debts (comprising hire purchase and finance lease) and equity (comprising issued ordinary shares, accumulated losses and other reserves). The Group and the Company monitor their capital using a gearing ratio, based on total borrowings divided by total capital. The target gearing ratio is to maintain it at below 20%. The Directors review the capital structure on a quarterly basis, and consider the cost of capital and the risks associated with each class of capital. During the current financial year, no significant changes were made in the objectives, policies or processes for managing capital.

The gearing ratio at the end of the reporting period was as follows:-

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Finance lease liabilities (Note 21)	2,394,170	2,358,878	–	–
Borrowings (Note 22)	39,200,264	13,948,128	–	–
Equity attributable to equity holders of the Company	141,892,090	138,945,296	188,663,556	173,531,607
Debt-to-equity ratio	0.2931	0.1174	–	–

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid up capital (excluding treasury shares) and such shareholders' equity is not less than RM40,000,000. The Company has complied with this requirement.

38. EVENT AFTER THE REPORTING PERIOD

On 19 March 2019, a wholly-owned subsidiary of the Company, T7 Marine Sdn. Bhd. had entered into a Head of Agreement with C2C-DB Systems Pvt. Ltd. and Marine Crest Technology Sdn. Bhd. to form a joint venture company to engage in marine services and noval technology business in Malaysia.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of the Company will be held at Open Foyer, Level 17, KL Trillion Corporate Tower, Block C, 338 Jalan Tun Razak, 50400 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 26 June 2019 at 9:00 a.m. for the following purposes: -

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and the Auditors thereon. **(Please refer to Explanatory Note 1)**

2. To approve the payment of Directors' fees of RM225,000/- for the period from 27 June 2019 to the Sixteenth Annual General Meeting of the Company in year 2020. **Resolution 1**

3. To approve the payment of benefits payable to the Non-Executive Directors up to an amount of RM245,000/- for the period from 27 June 2019 to the Sixteenth Annual General Meeting of the Company in year 2020 pursuant to Section 230(1)(b) of the Companies Act 2016. **Resolution 2**

4. To re-elect Ms. Tan Sam Eng who is retiring in accordance with Article 103 of the Company's Articles of Association and being eligible, has offered herself for re-election. **Resolution 3**

   Encik Ir. Abd Rashid Bin Md Sidek who retires in accordance with Article 103 of the Company's Articles of Association, has indicated not to seek for re-election. Hence, he will retain office until the close of the Fifteenth Annual General Meeting.

5. To re-elect the following Directors who are retiring in accordance with Article 109 of the Company's Articles of Association and being eligible, has offered themselves for re-election:-

   (i) Encik Mohd Noor Bin Setapa; and **Resolution 4**
   (ii) YBhg. Admiral (R) Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Bin Hj Ahmad Badaruddin. **Resolution 5**

6. To re-appoint Messrs. Grant Thornton Malaysia as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Resolution 6**

<u>As Special Business</u>

To consider and if thought fit, with or without any modification, to pass the following Ordinary and Special Resolutions: -

7. **ORDINARY RESOLUTION NO. 1**
   \- **AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016** **Resolution 7**

   "THAT subject always to the Companies Act 2016 ("**the Act**"), the Constitution of the Company and the approvals from the relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby authorised and empowered pursuant to the Companies Act 2016, to issue and allot shares in the Company, at any time, at such price, to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being;

   AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

8. **ORDINARY RESOLUTION NO. 2** **Resolution 8**
   - **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

"THAT, subject always to the Companies Act 2016 ("**the Act**"), the Constitution of the Company and the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, approval be and is hereby given to the Company and its subsidiaries to enter into all transactions involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the Group ("**Related Parties**") as described in the Circular/Statement to Shareholders dated 29 April 2019 ("**Recurrent RPTs**") provided that such transactions are:-
(i) recurrent transactions of a revenue or trading nature;
(ii) necessary for the day-to-day operations;
(iii) carried out in the ordinary course of business and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
(iv) are not to the detriment of the minority shareholders,

("RRPT Mandate").

AND THAT such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed; or
(b) the expiration of the period within which the next Annual General Meeting of the Company is required to be held pursuant to Section 340 of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(c) revoked or varied by a resolution passed by shareholders in a general meeting; or

whichever is earlier; and the aggregate value of the Recurrent RPTs be disclosed in the annual report of the Company.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give full effect to the RRPT Mandate."

9. **ORDINARY RESOLUTION NO. 3** **Resolution 9**
   - **PROPOSED NEW SHAREHOLDERS' MANDATE FOR NEW RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE**

"THAT, subject always to the Companies Act 2016 ("**the Act**"), the Constitution of the Company and the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, approval be and is hereby given to the Company and its subsidiaries to enter into all transactions involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the Group ("**Related Parties**") as described in the Circular/Statement to Shareholders dated 29 April 2019 ("**Recurrent RPTs**") provided that such transactions are:-

(i) recurrent transactions of a revenue or trading nature;
(ii) necessary for the day-to-day operations;
(iii) carried out in the ordinary course of business and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
(iv) are not to the detriment of the minority shareholders,

("RRPT Mandate").

AND THAT such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed; or
(b) the expiration of the period within which the next Annual General Meeting of the Company is required to be held pursuant to Section 340 of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

(c) revoked or varied by a resolution passed by shareholders in a general meeting; or

whichever is earlier; and the aggregate value of the Recurrent RPTs be disclosed in the annual report of the Company.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give full effect to the RRPT Mandate."

10. **ORDINARY RESOLUTION NO. 4** **Resolution 10**
- **Proposed renewal of AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED share buy-back authority)**

"THAT, subject always to the Companies Act 2016 ("**the Act**"), 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 applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities, upon such terms and conditions as the Directors in their discretion deem fit and expedient in the best interest of the Company, provided that:-

(i) the aggregate number of ordinary shares which may be purchased and/or held by the Company shall not exceed ten percent (10%) of the total number of issued shares of the Company as at the point of purchase(s);

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company available at the time of the purchase(s); and

(iii) the shares of the Company to be purchased may be cancelled, retained as treasury shares, distributed as dividends to the shareholders or resold on Bursa Securities, or a combination of any of the above, at the absolute discretion of the Directors.

AND THAT the authority conferred by this Resolution shall commence immediately upon the passing of this Resolution and shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such resolution was passed, at which time the authority will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or

(c) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

AND FURTHER THAT the Directors of the Company be authorised to do all acts, deeds and things and to take all such steps as they may deem fit, appropriate, expedient or necessary in the best interest of the Company to give full effect to the purchase by the Company of its own shares with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities."

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

11. **SPECIAL RESOLUTION** **Resolution 11**
    - **PROPOSED ADOPTION OF A NEW CONSTITUTION OF THE COMPANY**

    "THAT approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Part C of the Circular/Statement to Shareholders dated 29 April 2019 accompanying the Company's Annual Report 2018, be and is hereby adopted as the Constitution of the Company;

    AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

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

BY ORDER OF THE BOARD

CHUA SIEW CHUAN
TAN LOO EE
Company Secretaries

Kuala Lumpur

Dated: 29 April 2019

Explanatory Notes: -

1. **Item 1 of the Agenda - Audited Financial Statements for the financial year ended 31 December 2018**

   This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. **Items 2 and 3 of the Agenda - Directors' Fees and Benefits**

   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 and its subsidiaries shall be approved at the general meeting.

   The proposed Resolution 1, if approved, will authorise the payment of Directors' fees to the Non-Executive Directors ("NEDs") of the Company for the period from 27 June 2019 to the Sixteenth Annual General Meeting of the Company in year 2020 and to be payable on a monthly basis in arrears after each month of completed service of the Directors. This Resolution is to facilitate payment of Directors' fees on current financial year basis.

   The proposed Resolution 2, if approved, will authorise the payment of Directors' benefits to the NEDs by the Company. The benefits payable to the NED for the period from 27 June 2019 to the Sixteenth Annual General Meeting of the Company in year 2020 are derived from the estimated meeting allowance based on the number of scheduled meetings and unscheduled meetings (when necessary) for the Board and Board Committee, and number of NEDs involved in the meetings.

   In the event that the Directors' fees and benefits payable proposed are insufficient due to enlarged Board size, approval will be sought at the next Annual General Meeting for additional Directors' fees and benefits to meet the shortfall.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

3. Item 7 of the Agenda - Authority to Issue Shares Pursuant to the Companies Act 2016

The Company wishes to renew the mandate on the authority to issue and allot shares pursuant to the Companies Act 2016 at the Fifteenth Annual General Meeting of the Company (hereinafter referred to as the "General Mandate").

The Company had been granted a general mandate by its shareholders at the Fourteenth Annual General Meeting of the Company held on 26 June 2018 (hereinafter referred to as the "Previous Mandate").

As at the date of this Notice, the Company has not issued any new ordinary shares pursuant to the Previous Mandate granted by the shareholders and hence, no proceeds were raised therefrom.

The proposed resolution, if passed, will provide flexibility to the Directors of the Company to undertake any possible fund raising activities, including but not limited to placement of shares, for the purpose of funding Company's future investment projects, working capital, acquisitions and/or such other purposes as the Directors may deem fit, without having to convene a general meeting, provided that the aggregate number of the shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

4. Item 8 of the Agenda – Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Resolution 8, if passed, will provide a renewed mandate for the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company. This mandate shall lapse at the conclusion of the next Annual General Meeting unless authority for the renewal is obtained from the shareholders of the Company at a general meeting.

5. Item 9 of the Agenda – Proposed New Shareholders' Mandate for New Recurrent Related Party Transaction of a Revenue or Trading Nature

The proposed adoption of Resolution 9 is to obtain new shareholders' mandate for new recurrent related party transaction. The new shareholders' mandate will enable the Group to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

6. Item 10 of the Agenda - Proposed Share Buy-Back Authority

The proposed Resolution 10, if passed, would empower the Directors of the Company to purchase the Company's ordinary shares of up to ten per centum (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the Company's retained profits based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s).

7. Item 11 of the Agenda - Proposed Adoption of a New Constitution of the Company

The proposed Special Resolution is undertaken primarily to streamline the existing Memorandum and Articles of Association ("M&A") of the Company with the Companies Act 2016, which was effective from 31 January 2017. The proposed adoption is also to align the existing M&A with the Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad on 29 November 2017, and to provide clarity to certain provision thereof and to render consistency throughout in order to facilitate and further enhance administrative efficiency.

Please refer to Part C of the Circular/Statement to Shareholders dated 29 April 2019 for further information.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Notes :-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 June 2019 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.

2. A member entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead (subject always to a maximum of two (2) proxies of each Meeting). Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be repre*sented by each proxy.*

3. A proxy may but does not need to be a member of the Company. Notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

4. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of an officer or attorney duly authorised.

5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

6. The instrument appointing a proxy must be deposited at the Company's Share Registrar's Office at 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, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.

ANALYSIS OF SHAREHOLDINGS

As at 29 March 2019

SHARE CAPITAL

Total Number of Issued Shares (inclusive of treasury shares)	:	419,452,614 ordinary share
Class of Shares	:	Ordinary Share
Voting rights	:	One vote per ordinary share
Treasury Shares held as at 29 March 2019	:	7,455,500

DISTRIBUTION OF SHAREHOLDINGS

Size of Holding	No. of Shareholders	% of Shareholdrs	No. of Shares	%
1 - 99	154	2.669	4,154	0.001
100 - 1,000	627	10.868	381,598	0.092
1,001 - 10,000	2,816	48.812	16,581,927	4.024
10,001 - 100,000	1,874	32.483	65,500,206	15.898
100,001 - 20,599,854 (*)	296	5.130	261,234,179	63.406
20,599,855 and above (**)	2	0.034	68,295,050	15.576
Total	5,769	100.000	411,997,114	100.000

Remark: * - Less than 5% of issued shares
** - 5% and above of issued shares

Total issued shares as at 29/03/2019 : 419,452,614
Treasury shares as at 29/03/2019 : 7,455,500
'Adjusted' capital after netting treasury shares as at 29/03/2019 : 411,997,114

THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	% of Issued Share Capital
1	TAN SRI DATUK SERI TAN KEAN SOON	47,297,250	11.479
2	ABYSSINA RESOURCES (M) SDN BHD	20,997,800	5.096
3	ANUGERAH BAKTI SUPPLIES SDN BHD	16,791,000	4.075
4	PTS RESOURCES SDN BHD	16,768,000	4.069
5	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH KIN LIP	11,050,000	2.682
6	DATIN LEUNG KIT MAN	9,390,000	2.279
7	NUSA NUSANTARA SDN BHD	8,931,000	2.167
8	LIM SOON GUAN	8,920,000	2.165
9	KVC VALVE (M) SDN BHD	8,504,300	2.064

ANALYSIS OF SHAREHOLDINGS (cont'd)

THIRTY LARGEST SHAREHOLDERS (cont'd)

No.	Name	No. of Shares	% of Issued Share Capital
10	ZVS RESOURCES SDN BHD	8,503,000	2.063
11	TAN KAY VIN	7,562,500	1.835
12	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAW SIONG HIONG (7003130)	6,120,000	1.485
13	MARINE ENERGY SDN. BHD.	5,854,900	1.421
14	MARINE ENERGY SDN. BHD.	5,824,000	1.413
15	WAN AHMAD NAJMUDDIN BIN MOHD	5,772,000	1.400
16	TAN SOH GEK	5,050,000	1.225
17	KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	4,500,000	1.092
18	TAN KAY ZHUIN	3,467,000	0.841
19	TAN KAY SHEN	3,314,000	0.804
20	FTG RESOURCES SDN BHD	3,298,700	0.800
21	MEGAXUS RESOURCES SDN BHD	3,282,000	0.796
22	NG BOO KEAN @ NG BEH KIAN	3,196,100	0.775
23	NORLIYAH BINTI JAAFAR	3,187,200	0.773
24	SOH SWEE SEE	3,150,000	0.764
25	ESTHER CHONG WEN YI	2,390,000	0.580
26	CIMSEC NOMINEES (TEMPATAN) SDN BHDPLEDGED SECURITIES ACCOUNT FOR LAI KEE MING (JGOPENG-CL)	2,386,000	0.579
27	KENNETH CHONG WENG KEAT	2,370,000	0.575
28	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KAY VIN (7003128)	2,299,000	0.558
29	LAW SIONG HIONG	2,178,700	0.528
30	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOH SEE YONG (7004111)	2,000,000	0.485

ANALYSIS OF SHAREHOLDINGS (cont'd)

SUMMARY

TOTAL NO. OF HOLDERS	30
TOTAL HOLDINGS	234,354,450
TOTAL PERCENTAGE (%)	56.882
TOTAL ISSUED SHARES AS AT 29/03/2019	419,452,614
TREASURY SHARES AS AT 29/03/2019	7,455,500
'ADJUSTED' CAPITAL AFTER NETTING TREASURY SHARES AS AT 29/03/2019	411,997,114

Note:-

The analysis of shareholdings is based on the total number of issued shares of the Company as at 29 March 2019 after deducting 7,455,500 ordinary shares bought back by the Company and held as Treasury Shares as at 29 March 2019

SUBSTANTIAL SHAREHOLDERS AS AT 29 MARCH 2019
(as per Register of Substantial Shareholders)

The substantial shareholders of T7 Global Berhad (holding 5% or more of the issued shares) based on the Register of Substantial Shareholders of the Company and their respective shareholdings are as follows :-

		No. of Shares held			
No.	**Name**	**Direct**	**%**	**Indirect**	**%**
1.	Tan Sri Datuk Seri Tan Kean Soon	47,297,250	11.479	*15,613,700	3,790
2.	Abyssina Resources Sdn. Bhd.	20,997,800	5.096	–	–
3.	Datuk Seri Dr. Nik Norzrul bin N. Hassan Thani	1,000,000	0.242	**20,997,800	5.096

Note:-
* Deemed interested by virtue of his spouse and sons' shareholding in the Company pursuant to Section 59(11)(c) of the Companies Act 2016.
** Deemed interest by virtue of his interests in Abyssina Resources (M) Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

DIRECTORS' SHAREHOLDINGS AS AT 29 MARCH 2019
(as per Register of Directors' Shareholdings)

The respective shareholdings of the Directors of T7 Global Berhad based on the Register of Directors' Shareholdings are as follows:-

		No. of Shares held			
No.	**Name**	**Direct**	**%**	**Indirect**	**%**
1.	Tan Sri Datuk Seri Tan Kean Soon	47,297,250	11.479	15,613,700 (a)	3.790
2.	Tan Kay Vin	9,861,500	2.394	–	–
3.	Datuk Seri Dr. Nik Norzrul bin N. Hassan Thani	1,000,000	0.242	20,997,800 (b)	5.096
4.	Ir. Abd Rashid bin Md Sidek	–	–	–	–
5.	Datuk Sheikh Fahmi bin Sheikh Jaafar	–	–	–	–
6.	Tan Sam Eng	–	–	–	–

Note:-
(a) Deemed interest by virtue of his spouse and son's interest pursuant to Section 59 (11) of the Companies Act 2016.
(b) Deemed interest by virtue of his interests in Abyssina Resources (M) Sdn. Bhd. and pursuant to Section 8 of the Companies Act 2016.

LIST OF PROPERTIES

Title Identification/Postal Address	Description and Exisiting Use/ Ownership	Approximate Age of Building/Tenure/ Date of Expire of Lease	Land Area/ (Built-Up Area) sq.ft.	Net Book Value as at 31st December 2018 (RM)
GRN 38601 Lot No. 25929 Mukim of Setapak, District and State of Wilayah Persekutuan/ No.8-3, Jalan Puncak Setiawangsa 4, 54200 Kuala Lumpur;	3-Storey Shopoffices Owned by TOS	Age of Building: 15 Years Tenure: Freehold	1,760/ (4,634)	444,143.22
GRN 38600 Lot No. 25930 Mukim of Setapak, District and State of Wilayah Persekutuan/ No.10, Jalan Puncak Setiawangsa 4, 54200 Kuala Lumpur;	3-Storey Shopoffices Owned by TOS	Age of Building: 15 Years Tenure: Freehold	1,760/ (4,634)	528,000.24
GRN 38599 Lot No. 25931 Mukim of Setapak, District and State of Wilayah Persekutuan/ No.12, Jalan Puncak Setiawangsa 4, 54200 Kuala Lumpur;	3-Storey Shopoffices Owned by TOS	Age of Building: 15 Years Tenure: Freehold	1,760/ (4,634)	903,758.22
GRN 38598 Lot No. 25932 Mukim of Setapak, District and State of Wilayah Persekutuan/ No.14, Jalan Puncak Setiawangsa 4, 54200 Kuala Lumpur;	3-Storey Shopoffices Owned by TOS	Age of Building: 15 Years Tenure: Freehold	1,760/ (4,634)	924,000.00
PN 4114, Lot No.3790 (Formerly Known as HS (D) 2670, PT 4199), Mukim of Teluk Kalung, District of Kemaman, State of Terengganu/ Lot D1 Kawasan MIEL Teluk Kalung 24007 Kemaman Terengganu Darul Iman;	A Factory Lot Used as the Group's Kemaman Operation Centre Providing Complete Maintenance Services	Age of Building: 7 Years Tenure: 60-Year Leasehold Expiring 22/08/2057	21,427/ (8,626)	423,980.87
PN 4115, Lot No.3791 (Formerly Known as HS (D) 2671, PT 4200), Mukim of Teluk Kalung, District of Kemaman, State of Terengganu/ Lot D2 Kawasan MIEL Teluk Kalung 24007 Kemaman Terengganu;	A Factory Lot Used as the Group's Kemaman Operation Centre Providing Complete Maintenance Services	Age of Building: 6.5 Years Tenure: 60-Year Leasehold Expiring 22/08/2057	16,017/ (8,626)	660,685.89
Lot 5205-A, Kawasan Perindustrian Balakong Jaya 2, 43300 Balakong, Selangor Darul Ehsan, Malaysia;	One Unit of Single Storey Detached Factory Annexed With 3-Storey Office/Showroom	Age of Building: 2 Year Tenure: Freehold	45,940/ (32,857)	10,600,000
H.S. (D) 97483, PT29669, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan	Double Storey Terrace House at Tropica Golf & Country Resort	Tenure : 99 years Leasehold Expiring : 25/10/2090	1,765/ (2,752)	1,250,000
Lot 29138 (Plot 8), Seksyen 20, 48200 Bandar Serendah, Daerah Hulu Selangor, Selangor	A factory Lot	Tenure : 99 years Leasehold Expiring : 05/06/2094	87,120	3,000,000

T7 GLOBAL BERHAD (662315-U)
(Formerly known as Tanjung Offshore Berhad)
(Incorporated in Malaysia)

FORM OF PROXY

I/We ____________________

NRIC No./Company No.____________________

of (full address) ____________________

____

being a *member/members of T7 Global Berhad ("the Company") hereby appoint ____________________

____________________ NRIC/Passport No.____________________
(FULL NAME IN BLOCK CAPITALS)

of (full address) ____________________

or failing *him/her, ____________________ NRIC/Passport No.____________________
(FULL NAME IN BLOCK CAPITALS)

of (full address) ____________________

or failing *him/her, the *Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Fifteenth Annual General Meeting of the Company to be held at Open Foyer, Level 17, KL Trillion Corporate Tower, Block C, 338 Jalan Tun Razak, 50400 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 26 June 2019 at 9:00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the spaces provided below as to how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

Resolution	Agenda item	For	Against
1	Payment of Directors' fees		
2	Payment of benefits payable to the Non-Executive Directors		
3	Re-election of Ms. Tan Sam Eng as Director		
4	Re-election of Encik Mohd Noor Bin Setapa as Director		
5	Re-election of YBhg. Admiral (R) Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Bin Hj Ahmad Badaruddin as Director		
6	Re-appointment of Messrs. Grant Thornton Malaysia as Auditors		
As Special Business			
7	Authority to issue shares		
8	Proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature		
9	Proposed new shareholders' mandate for new recurrent related party transaction of a revenue or trading nature		
10	Proposed authority for the Company to purchase its own shares		
11	Proposed adoption of a new constitution of the Company		

As witness my/our hand(s) this day __________ of __________ 2019.

CDS Account No.
No. of Shares Held

____
Signature of Shareholder or Common Seal

*Strike out whichever not applicable

Notes :-
1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 June 2019 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead (subject always to a maximum of two (2) proxies of each Meeting). Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but does not need to be a member of the Company. Notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
4. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy must be deposited at the Company's Share Registrar Office at 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, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.

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STAMP

The Registrar
T7 GLOBAL BERHAD
(Company No.: 662315-U)
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur

fold here

T7 Global Berhad (662315-U)

C-16-01, Level 16, KL Trillion Corporate Tower, Block C
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